

**NEW HANOVER COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2013**





# **Comprehensive Annual Financial Report**

**New Hanover County, North Carolina  
For The Fiscal Year Ended June 30, 2013**

**Woody White, Chairman  
Board of Commissioners**

**Chris Coudriet  
County Manager**

**Lisa H. Wurtzbacher, CPA  
Finance Director**

**Prepared by  
New Hanover County Finance Department  
[www.nhcgov.com](http://www.nhcgov.com)**



# NEW HANOVER COUNTY, NORTH CAROLINA

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## **Our Vision For New Hanover County**

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

## **Mission Statement**

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

The New Hanover County  
Board of Commissioners  
June 2013

**BOARD OF COMMISSIONERS**



Woody White  
Chairman



Beth Dawson  
Vice-Chairman



Thomas Wolfe  
Commissioner



Jonathan Barfield, Jr.  
Commissioner



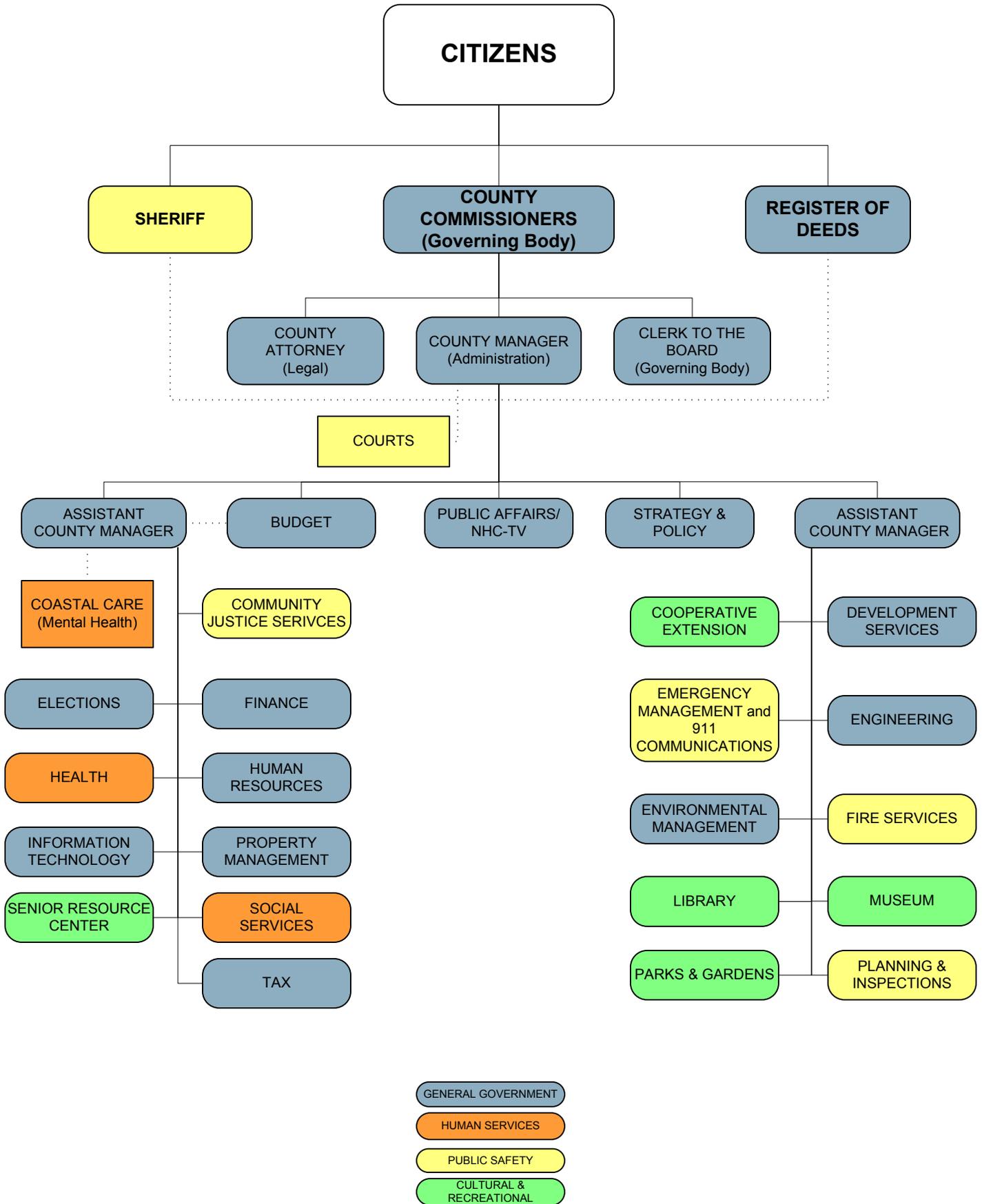
Brian M. Berger  
Commissioner

**OTHER ELECTED OFFICIALS**

Tammy Theusch Beasley  
Registrar

Edward J. McMahon  
Sheriff

# NEW HANOVER COUNTY ORGANIZATIONAL CHART





## **NEW HANOVER COUNTY FINANCE DEPARTMENT**

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**LISA H. WURTZBACHER**  
Finance Director

**BARBARA D. MCCLURE**  
Assistant Finance Director

October 31, 2013

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) on the operations of New Hanover County for the fiscal year ended June 30, 2013.

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.

Martin Starnes & Associates, 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, 2013, are free of material misstatement. The independent audit concluded that the County's financial statements for the fiscal year June 30, 2013, are fairly presented in conformity with GAAP.

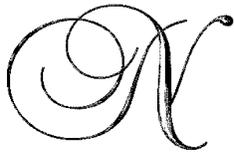
Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be 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.

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230 GOVERNMENT CENTER DRIVE, SUITE 165, WILMINGTON, NORTH CAROLINA 28403

## PROFILE OF THE COUNTY OF NEW HANOVER

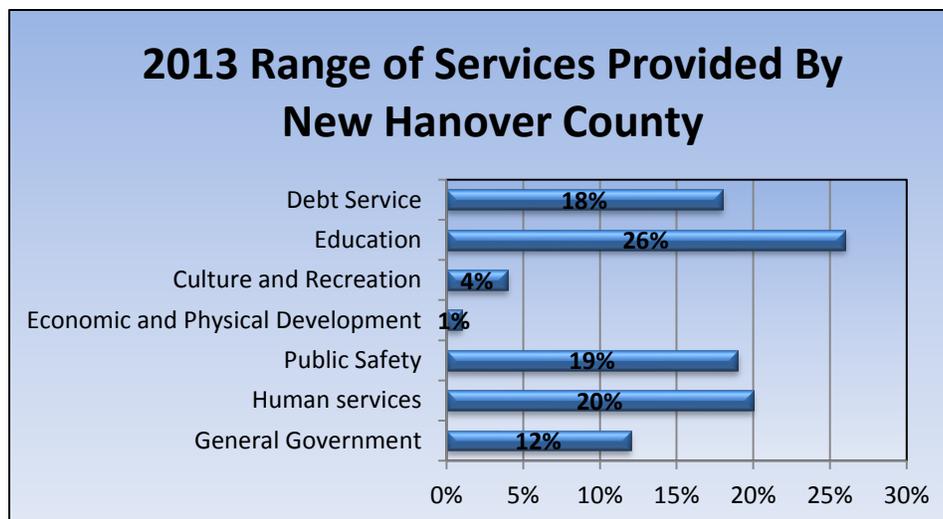


New Hanover County, established in 1729, is located in the tidewater section of Southeastern North Carolina. It is set between the Atlantic Ocean and the Cape Fear River. The surrounding terrain is low lying, with an average elevation of less than 40 feet and the highest elevation approximately 75 feet above sea level. The County is the second smallest in the state with land area totaling approximately 198 square miles, and the most densely populated with a population of over 212,000. 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.



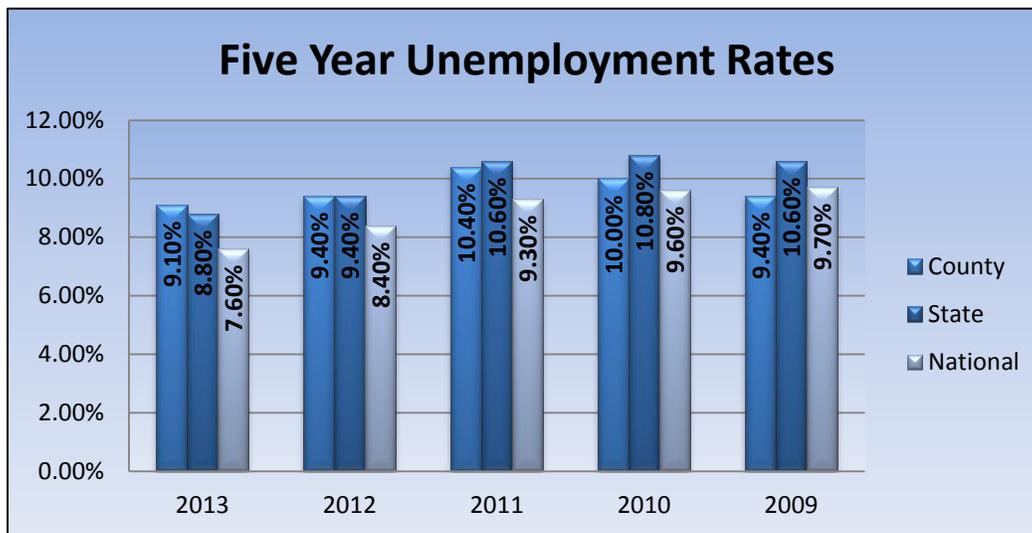
The County utilizes a County Manager form of government with five Commissioners who serve four year staggered terms. The Chairman is elected by the Commissioners each year for a one year term. The County Manager, County Attorney, and the Clerk to the Board are appointed by, and serve at the pleasure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

The County provides its citizens with a wide range of services including human services, public safety, economic and physical development, culture and recreation and environmental protection. However, the majority of the annual budget consists of public safety, human services and education. The County also extends financial support to certain agencies and commissions to assist their efforts in serving citizens. Among these is the Southeastern Center for Mental Health Local Management Entity and WAVE Transit Authority.



## ECONOMIC CONDITION AND OUTLOOK

The County continued to feel the effects of the national recession in fiscal year 2013. Unlike previous recoveries, area employment has been slow to recover during the current expansion, which officially dates from the middle of 2009. Over the past two years, New Hanover County's unemployment rate has continued to drop.



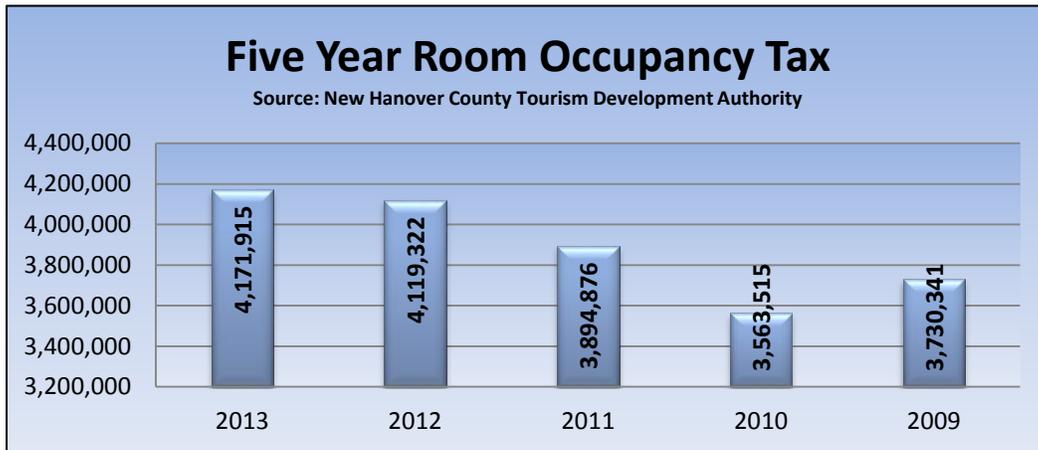
The housing market is getting stronger giving local builders a boost. New Hanover County reports show foreclosure rates in the area went from 2.67 percent in April 2012 down to 1.72 in April 2013, which is now lower than the national rate of 2.65 percent.

New Hanover County continues to attract a diverse base of employers, including manufacturing, retail, pharmaceutical, and healthcare. The County's top ten employers make up only 20.09 percent of the total employment within the County.

Top Ten Employers	2012		
	Employees	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	4,920	1	4.66%
New Hanover County Board of Education	3,900	2	3.70%
General Electric	2,250	3	2.13%
Wal-Mart Stores, Inc	2,000	4	1.90%
University of NC at Wilmington	1,840	5	1.74%
New Hanover County	1,570	6	1.49%
PPD, Inc.	1,500	7	1.42%
Verizon Wireless	1,245	8	1.18%
Corning, Inc.	1,000	9	.95%
City of Wilmington	975	10	.92%

**Sources:** Wilmington Chamber of Commerce, N.C. Commerce Economic Development

Tourism in the area has demonstrated a steady recovery since 2010 and continues to be a bright spot in our local economy. When tourism is strong, local jobs are created local citizens are employed. Tourism in New Hanover County continues to grow.



The County maintains a diverse taxpayer base, with its top ten taxpayers representing 4.65% of its total taxpayer base. This diversity is one of the many reasons the County has remained strong, financially, in this economy.

Top Ten Taxpayers			Percentage of Total County Taxable Assessed
Taxpayer	Taxable Assessed Value	Rank	Value
Progress Energy (CP&L)	355,203,355	1	1.23%
General Electric	325,745,478	2	1.13%
Corning Inc.	224,454,760	3	.78%
Fortron Industries LLC	77,356,092	4	0.27%
River Ventures	72,952,580	5	0.25%
Invista Sarl	69,201,688	6	0.24%
BellSouth Telecommunications	64,088,171	7	0.22%
Centro Independence LLC	54,078,800	8	0.19%
First Troy Spe LLC	49,993,200	9	0.17%
Wal-Mart Stores	47,929,686	10	0.17%
<b>Total</b>	<b>1,341,003,810</b>		<b>4.65%</b>

Source: New Hanover County Tax Department

## Health Care



New Hanover Regional Medical Center (NHRMC) is a level-two trauma center for the region and a not-for-profit health system. As the eighth largest hospital in the state, it specializes in many areas of health care including cardiology, neurology, community wellness and rehabilitation. As a teaching and regional referral center, NHRMC offers specialty medical and surgical care.

The hospital employs more than 4,900 people. In 2010, New Hanover Regional began to expand its physician group, acquiring several local doctors and practices. New Hanover Regional Medical Center also runs Cape Fear Hospital, a rehabilitation hospital, a behavioral health hospital, Zimmer Cancer Center, the Betty H. Cameron Women's and Children's Hospital and has an affiliation agreement with Pender Memorial Hospital. New Hanover Regional officials also have invested outside their main campus, with medical offices at Brunswick Forest and a diagnostic center in Porters Neck.

In 2012, *U.S. News & World Report* ranked New Hanover Regional Medical Center among the Best Hospitals in North Carolina and the Coastal Plain area as well as recognizing NHRMC as high-performing in several areas: cardiology and heart surgery, gastroenterology, orthopedics and pulmonology.

New Hanover County is also home to the new Veterans Affairs "Super Clinic." This 100,000 square foot clinic opened in April 2012, with primary care and mental health services as the first phase. Other specialties such as radiology, podiatry, cardiology, and dentistry will be added, based on the needs of the veterans in the area. The clinic is scheduled to see over 15,000 veterans a year.



## Industry

In CNBC's 2013 annual survey of America's Top States for Business, North Carolina placed in the top 15 and ranked third in the Workforce category. North Carolina also ranked in the top ten in Technology and Transportation.

General Electric Aviation (GE) is a global leader in jet engine and aircraft system production. GE assembles components to form state of the art engine systems. Over the past year, GE has employed 600 workers in their plant in Castle Hayne. Beginning July 2013, GE Aviation will launch an expansion in Castle Hayne. This is a \$195 million investment GE has committed through their sites in North Carolina. GE Aviation will bring at least \$63 million in new capital investments within the next 5 years. This move will also create at least 35 high-paying jobs.

In 2013, Duke Energy Progress selected a 700 acre site located in New Hanover County and Pender County. This site has been selected for their Readiness Program. This could bring more companies to New Hanover County along with more jobs for the people of the County.



### **Hollywood East - Film**

New Hanover County is home to Screen Gems Studio, the largest television and movie studio outside of the state of California. The studio is comprised of 10 stages, ranging in size from approximately 7,200 square feet to more than 37,000 square feet. Screen Gems Studio remains a busy functioning TV and movie production facility, but also serves as a popular tourist attraction for visitors to the area.

Three years ago, the North Carolina General Assembly passed a large incentive package allowing a 25 percent tax credit to production companies spending more than \$250,000 in the state. This incentive is set to expire in 2014. Last year, more than 35 productions were filmed in 30 North Carolina counties, which translates into more than \$300 million spent in the state and the creation of more than 15,000 jobs, including more than 3,300 skilled crew positions.

In 2013, the film industry has not backed down for New Hanover County. Over 15 productions have already been filmed in the County, including the new TV Series “Under the Dome”, Season 4 of “Eastbound & Down”, and the television pilot “Sleepy Hollow” to name a few.

### **Education**

The County is home to the University of North Carolina Wilmington (UNCW), the only public university in Southeastern North Carolina. Over the past year UNCW has grown 5.7 percent reaching over 14,000 students. The admission office received over 13,000 freshman applications for the fall 2013 enrollment period; of which only 1,942 applicants were accepted. Terry Curran, Associate Provost for enrollment management said “12 percent of the incoming class came from the eight Southeastern North Carolina counties, including New Hanover, Pender and Brunswick, that UNCW considers to be its local region.”



The school offers fifty-two bachelor's degrees, thirty-six master's degrees and doctoral degrees in marine biology and educational leadership and administration.

According to U.S. News & World Report’s “Best Colleges 2014” the University of North Carolina at Wilmington maintained its top 15 ranking as one of the best overall

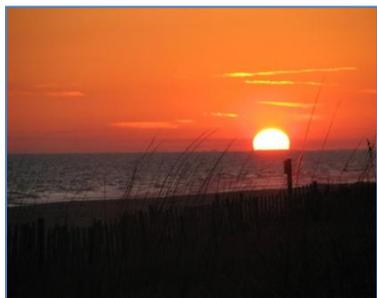
universities in the South as well as its top ten ranking as one of the best public institutions in the South.

With over 28,000 students enrolling in classes every year, Cape Fear Community College (CFCC) is the fifth largest community college in the state and is a major economic development partner in southeastern North Carolina. Last year to help accommodate CFCC's growth, Union Station was added to its campus which will be used for its health sciences programs.



When building this facility, many sustainable designs were implemented, which CFCC hopes will allow the new building to be awarded the LEED certificate. Because of the building system and design, there has been a 22% improvement of energy standards. 1,200 cars can now park in Union Station's parking deck, which would have otherwise taken up two city blocks.

## **Tourism**



The County spans from the historic downtown river district to three exquisite island beaches, Carolina Beach, Kure Beach, and Wrightsville Beach. The County's beaches provide miles of unspoiled beauty and are one of the areas' most popular tourist attractions. The County's beaches offer a unique combination of barrier islands and inland waterways. Kure Beach is also home to the North Carolina Aquarium at Fort Fisher.

The historic waterfront of downtown Wilmington offers other options for visitors with its vast array of unique stores and restaurants. From the waterfront, visitors can also view the USS North Carolina, another popular area attraction, which resides just across the Cape Fear River.



New Hanover County is also home to many beautiful parks and gardens. The Parks and Gardens division manages parks, sporting areas, public spaces and county owned properties totaling over 1,300 acres. Included in this system is Airlie Gardens, a historic landmark that encompasses 67 acres of southern landscaping featuring azaleas, camellias, and the historic 468 year old Airlie Oak and the world renowned Minnie Evans' tribute garden.

According to the governor's office, all North Carolina counties saw increases in visitor spending. New Hanover County was among the counties that experienced the greatest growth in tourism spending this year. New

Hanover County saw an 8.0 percent surge in spending. This also led to a 5.0% increase in tourism employment for New Hanover County.



**Convention Center**



In its third year of operation, the Convention Center held 142 events with over 80,000 attendees. In addition, the center generated 5,731 room nights for area hotels. The number of attendants at the Convention Center increased by 20% and total room nights increased by 51.9%. Repeat users continue to grow from 17 in fiscal year 2012 to 77 in fiscal year 2013. The Convention Center continues to get positive reviews, and expects to continue to grow, while providing New Hanover County with an ideal venue.

The Convention Center has also earned a number of awards since opening, including the Convention South 2011 New & Renovated Meeting Site Readers Choice Award. The Center is LEED certified, meaning it is a "green" or environmentally-friendly building.

<b>Convention Center</b>			
Event Types	FYE 2013	FYE 2012	% Growth
Convention/TS/Conference	8	9	-11.2%
Public Shows	14	12	16.7%
Meetings/Other	37	32	15.6%
Banquets	83	60	38.3%
<b>TOTALS</b>	<b>142</b>	<b>113</b>	<b>25.7%</b>
Attendance	80,104	66,400	20.6%
Total Room Nights	5,731	3,774	51.9%
Repeat Users	77	17	352.9%

**Sources:** Wilmington Convention Center

## 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, U.S. highways 17, 74, 76, 117, and 421 connect New Hanover County to all major cities in the area.

### *The Rail System*

CSX Corporation is one of the nation's leading transportation suppliers. The company's rail business provides rail-based transportation services including traditional rail service and the transport of intermodal containers and trailers to New Hanover County.



### *Port of Wilmington*

The Port of Wilmington is strategically located on the U.S. East Coast. 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 NC State Ports Authority is Owned and operated by the Ports Authority. North Carolina's port system combines modern facilities and abundant capacity with the commitment to excel in service to their customers, without taxpayer monies.

In June of 2013, Council of State approved a wood pellet facility to be built at the Port of Wilmington. The purpose of this facility is to receive, store, and load wood pellets for export to Europe. The pellets are used as a renewable energy source. Transportation Secretary, Tony Tat, said "This is a great way to increase the state's global connection through our ports, supporting North Carolina businesses, expanding economic opportunities, enhancing port operations and bringing jobs to the Greater Wilmington area."

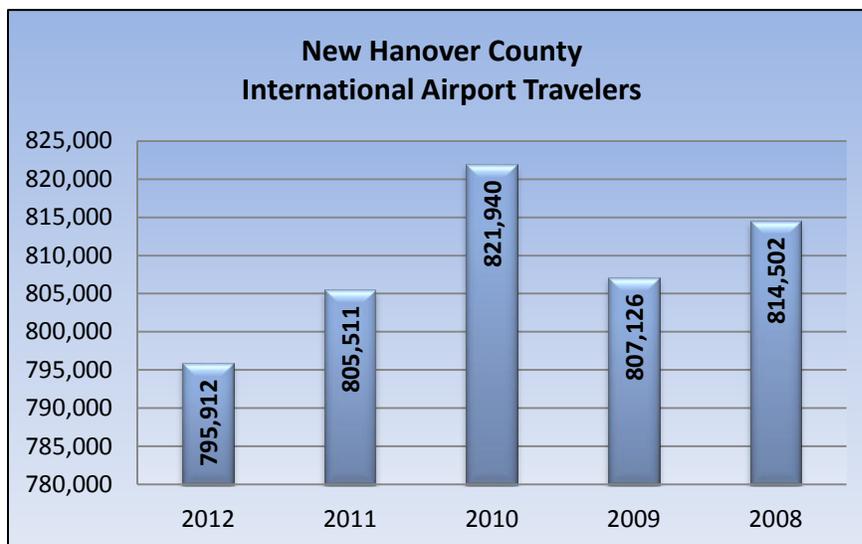


The State estimates the facility to bring in approximately \$1.2 million in annual revenue. This project estimates to create 70 new jobs at the port and support approximately 80 indirect jobs. The facility will be in operation by January 2015.

## *New Hanover County International Airport*



New Hanover County International Airport sometimes known as Wilmington International Airport (ILM) is one of the most dynamic, hospitable, progressive international airports in the Carolinas. The airport is the 4<sup>th</sup> largest in the State and offers non-stop flights to 5 major cities including: New York, Atlanta, Philadelphia, Washington DC, and Charlotte. Located midway on the East Coast, over 795,000 travelers passed through the airport last year.



## **MAJOR INITIATIVE**

### **New Hanover County Television**

In 2013, New Hanover County Television (NHCTV) rolled out a new Saturday morning block schedule of programming targeted to families. This programming is a collaboration between NHCTV, the NHC Public Library and NHC Parks and Gardens department. These programs aim to show the benefits of departments working together to serve citizens and visitors. NHCTV has started tracking and benchmarking the value of television programming for county departments who utilize its services to show the value of having a full-service production facility in house.

## **Strategic Plan**

On June 20, 2011, New Hanover County adopted its first strategic plan in nearly two decades. Part of this planning process was to establish a shared vision and a mission statement that the County could support. Our mission is that we are committed to progressive public policy, superior service, courteous contact, judicious exercise of authority, and sound fiscal management to meet the needs and concerns of our citizens today and tomorrow. The County has embraced its core values; respect, integrity, service, empathy, and excellence. The work by the Board began the path forward in decision-making for the next five years. The Board and County staff continue to build upon the strategic plan to identify stakeholders, develop strategic objectives and determine how to measure the identified objectives. The strategic focus areas identified are:

- A. Superior Public Health and Public Safety
- B. Superior Education and Workforce
- C. Intelligent Growth and Economic Development
- D. Effective County Management (Good Governance)

## **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.

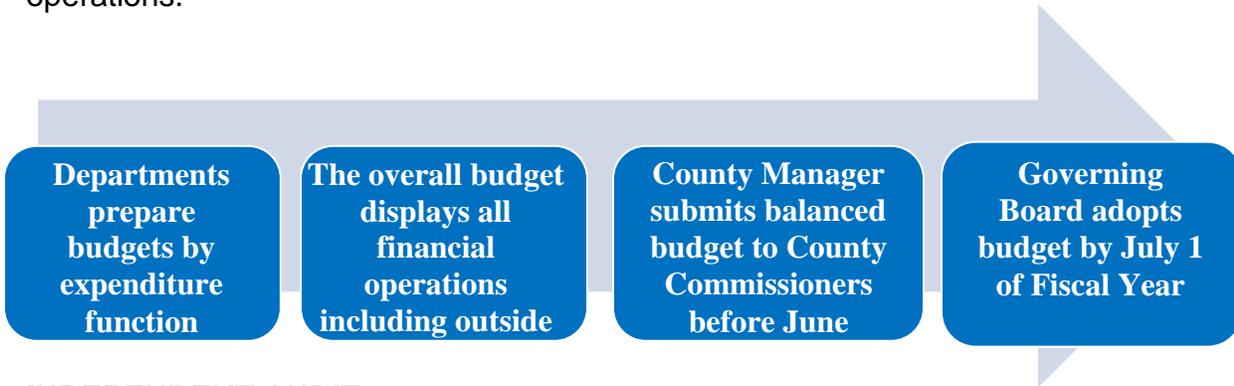
### **Bond Credit Rating**

This fiscal year New Hanover County has received the highest rating by Standard and Poor's bond rating for its general obligation bonds. Policies that focus on the County's fund balance and debt management put into place by the Board of New Hanover County, was instrumental in Standard and Poor's decision. NHC is one of only 5 counties in North Carolina, and one of 74 counties nationwide to achieve this rating from both Moody's Investor Services and Standard and Poor's Corporation.

### **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. Martin Starnes & Associates, CPAs, P.A., 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, 2013 have been prepared in conformity with generally accepted accounting principles and supported the issuance of an unqualified opinion.

## AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the thirty-second 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 2012-2013. This marks the twenty-second consecutive fiscal year the County has received this companion award. 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 2013 CAFR:

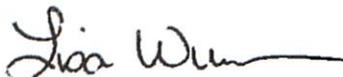
Amy Bradshaw  
Lena Butler  
Teresa Hewett  
JD Limberger  
Katrina Morris  
Shirley Shoffstall

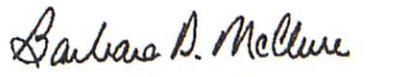
Barbara Brooks  
Lori Colon  
Jette Lawrence  
Cynthia Meadows  
Lyn Sanders  
Beverly Thomas

Linda Brothers  
Kellie Daughtry  
Teresa Lettley  
Jennifer Maready  
Bethany Scott

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

Respectfully submitted,

  
Lisa H. Wurtzbacher  
Finance Director

  
Barbara D. McClure  
Assistant Finance Director



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, 2012**

Executive Director/CEO



# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
New Hanover County  
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, as of and for the year ended June 30, 2013, 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 New Hanover Regional Medical Center and New Hanover County Airport Authority, which are discretely presented component units and represent 97.95 percent, 97.03 percent, and 96.54 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report thereon has been furnished to us and; our opinion, insofar as it relates to the amounts included for the New Hanover County Regional Medical Center and New Hanover County Airport Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of New Hanover County ABC Board and New Hanover County Tourism and Development Authority (discretely presented component units) and Airlie Gardens Foundation, Inc., a blended component unit, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position 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, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of 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 in 2013, the County adopted new accounting guidance, GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New Hanover County's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual schedules, other supplemental schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, and the other supplemental 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013 on our consideration of New Hanover County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 New Hanover County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 31, 2013



## Management's Discussion and Analysis

As management of New Hanover County, we offer readers of New Hanover County's financial statements this narrative overview and analysis of the financial activities of New Hanover County for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the transmittal letter and the County's financial statements, which follow this narrative.

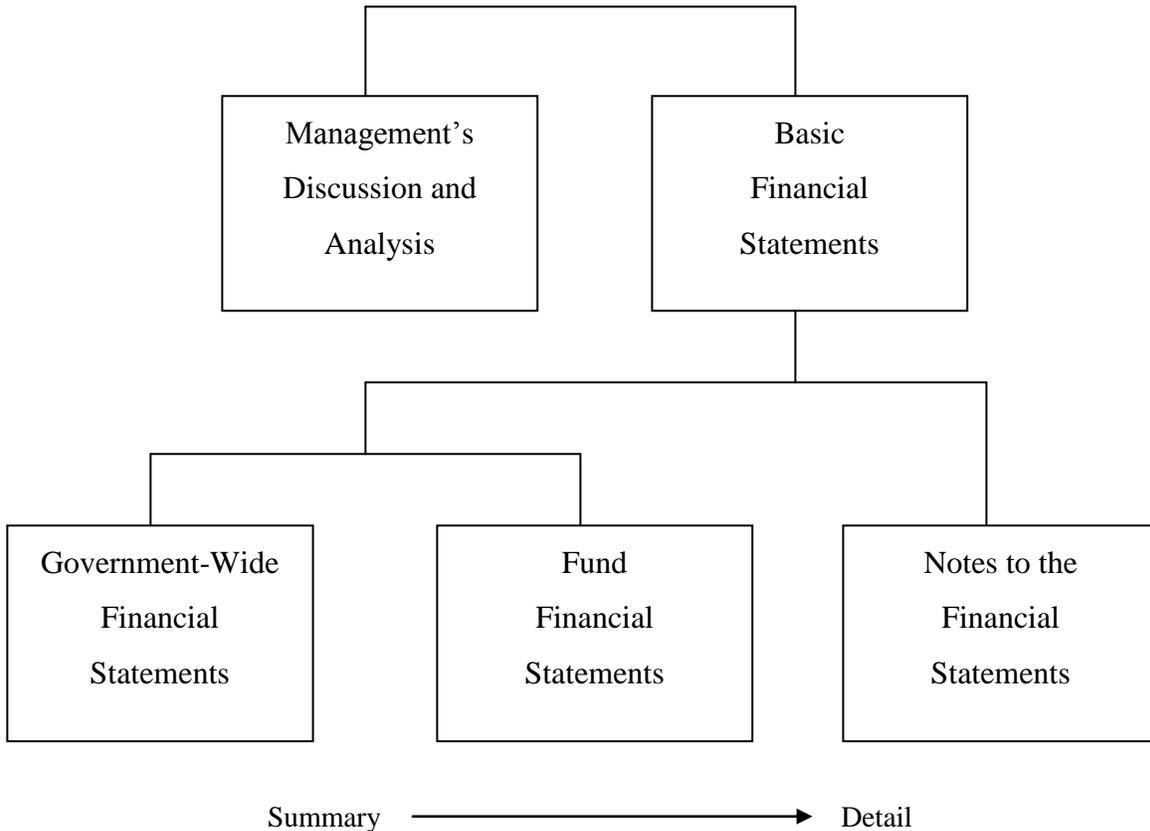
### Financial Highlights

- The government's total net position increased by \$4,429,393. This is due to an increase in net position from business-type activities. In 2012, net position decreased by \$9,235,229.
- A restatement for the prior period of \$2,050,959 was required due to the implementation of GASB Statement 65 which changed the ability to defer and amortize bond issuance costs.
- The liabilities and deferred inflows of resources of New Hanover County (primary government) exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$59,149,275 (*net deficiency*).
- As of the close of the current fiscal year, New Hanover County's governmental funds reported combined ending fund balances of \$209,569,982, an increase of \$43,937,113 in comparison with the prior year. Approximately 63.8 percent of this total amount, or \$133,724,142, is restricted or unspendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$62,334,516, or 23.3 percent of total General Fund expenditures for the fiscal years.
- New Hanover County's total bonded and installment debt increased by \$29,475,657 (7.3 percent) during the current fiscal year. This increase is due to the issuance of general obligation bond debt. The County also refunded installment debt during the current fiscal year resulting in a premium of \$1,925,000.
- New Hanover County maintained its bond rating to Aaa with Moody's Investor Service and received an upgraded bond rating of AAA from Standard and Poor's Corporation.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report



### Basic Financial Statements

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

The next statements (Exhibits C through L) 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 nonmajor governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

## **Government-Wide Financial Statements**

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services, such as public safety, parks and recreation, and general administration. Property taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. This includes environmental management services offered by New Hanover County.

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

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

## **Fund Financial Statements**

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

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

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

**Proprietary Funds** – New Hanover County has one type of proprietary fund. Enterprise Funds are used to report the environmental management operations presented as business-type activities in the government-wide financial statements. Only the environmental management operations are reflected in both the Enterprise Fund statements and the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. New Hanover County’s five fiduciary funds include a pension trust fund and four agency funds.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements 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	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 261,961,075	\$ 225,316,630	\$ 11,904,961	\$ 7,181,904	\$ 273,866,036	\$ 232,498,534
Capital assets	160,068,235	164,373,021	13,562,677	15,012,938	173,630,912	179,385,959
Total assets	422,029,310	389,689,651	25,467,638	22,194,842	447,496,948	411,884,493
Total deferred outflows of resources	1,925,000	-	-	-	1,925,000	-
Long-term liabilities						
outstanding	474,727,646	436,949,503	14,791,750	15,161,786	489,519,396	452,111,289
Other liabilities	18,277,779	19,768,601	601,883	1,357,582	18,879,662	21,126,183
Total liabilities	493,005,425	456,718,104	15,393,633	16,519,368	508,399,058	473,237,472
Total deferred inflows of resources	172,165	174,730	-	-	172,165	174,730
Net position (deficit):						
Net investment in						
capital assets	74,453,841	65,250,159	12,192,927	13,081,015	86,646,768	78,331,174
Restricted	133,680,657	89,136,681	-	-	133,680,657	89,136,681
Unrestricted	(277,357,778)	(221,590,023)	(2,118,922)	(7,405,541)	(279,476,700)	(228,995,564)
Total net position	\$ (69,223,280)	\$ (67,203,183)	\$ 10,074,005	\$ 5,675,474	\$ (59,149,275)	\$ (61,527,709)

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 \$59,149,275 as of June 30, 2013. As of June 30, 2012, the liabilities and deferred inflows of resources of New Hanover County exceeded assets and deferred outflows or resources by \$61,527,709. The County's net position increased by \$4,429,393 for the fiscal year ended June 30, 2013. Comparatively, the County's net position decreased \$9,235,229 in 2012. Effective for the year ending June 30, 2013, GASB 65 requires that deferred costs from the refunding of debt which were previously deferred and amortized be presented as deferred outflows of resources. Bond issuance costs totaling \$2,050,959 for the County were recognized as a prior period adjustment. Net position is reported in three categories: Net investment in capital assets of \$86.6 million; restricted net position of \$133.6 million; and unrestricted net position (deficit) of \$(279.4) million.

The net investment in capital assets category is defined as the County's investment in County owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment) net of accumulated depreciation, less any related debt still outstanding that was issued to acquire those items (reduced by any unspent capital fund debt proceeds). This category totals \$86.6 million at June 30, 2013. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Another category of net position is restricted net position totaling \$133.6 million at June 30, 2013. This represents resources that are subject to external restrictions on how they may be used.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position (deficit) totaled \$(279.4) million at June 30, 2013. This deficit is primarily the result of the situation described in the following paragraph.

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 \$165.5 million of the outstanding debt on the County's financial statements was related to assets included in the public schools' financial statements and \$134.4 million related to assets included in the community college financial statements – a total of \$299.9 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 was offset by the following positive factors:

- Continued diligence in the collection of property taxes by maintaining a high collection rate of 98.46 percent.
- Continued low cost of debt due to the County's high bond rating.

**New Hanover County's Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 12,255,243	\$ 10,745,642	\$ 12,570,415	\$ 12,260,605	\$ 24,825,658	\$ 23,006,247
Operating grants and contributions	49,386,172	46,239,886	453,071	661,657	49,839,243	46,901,543
Capital grants and contributions	3,142,533	3,878,594	-	-	3,142,533	3,878,594
General revenues:						
Property taxes	168,655,909	169,636,356	-	-	168,655,909	169,636,356
Other taxes	61,824,095	59,566,043	-	-	61,824,095	59,566,043
Other	459,846	395,353	10,084	1,424	469,930	396,777
Total revenues	295,723,798	290,461,874	13,033,570	12,923,686	308,757,368	303,385,560
<b>Expenses:</b>						
General government	42,674,900	41,972,224	-	-	42,674,900	41,972,224
Human services	52,229,154	57,254,304	-	-	64,335,363	61,249,146
Public safety	64,335,363	61,249,146	-	-	16,204,467	3,269,578
Economic and physical development	16,204,467	3,269,578	-	-	13,982,770	13,040,089
Culture and recreational	13,982,770	13,040,089	-	-	93,167,945	105,836,858
Education	93,167,945	105,836,858	-	-	13,105,962	16,665,752
Interest and fees on long-term debt	13,105,962	16,665,752	-	-	8,627,414	13,332,838
Environmental management	-	-	8,627,414	13,332,838	8,627,414	13,332,838
Total expenses	295,700,561	299,287,951	8,627,414	13,332,838	304,327,975	312,620,789
Increase (decrease) in net position	23,237	(8,826,077)	4,406,156	(409,152)	4,429,393	(9,235,229)
Net position, beginning, previously reported	(67,203,183)	(58,377,106)	5,675,474	6,084,626	(61,527,709)	(52,292,480)
Restatement	(2,043,334)	-	(7,625)	-	(2,050,959)	-
Net position, beginning, restated	(69,246,517)	(58,377,106)	5,667,849	6,084,626	(63,578,668)	(52,292,480)
Net position - ending	\$ (69,223,280)	\$ (67,203,183)	\$ 10,074,005	\$ 5,675,474	\$ (59,149,275)	\$ (61,527,709)

**Governmental Activities.** Governmental activities increased the County's net position by \$23,237 thereby accounting for 1% of the total growth in the net position of New Hanover County. Key elements of this increase are as follows:

- Increase in operating grants and contribution revenues due to increase in health service contributions from funds set aside over several years to pay toward the health department renovations and intergovernmental transfers.
- Additional revenues derived from charges for services attributable to increased inspection and Register of Deeds fees due primarily from new construction. Increase in human services and public safety revenues due from additional collection of health fees and animal control fees.
- Increase sales tax revenues generated due to the continued improvement of the economy.
- Decrease in expenses in education related to reduced expenditures for multi-year capital projects for Cape Fear Community College and the County's public schools.

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

- Increased expenses for economic and development activities primarily due to Mason's Inlet relocation capital project.
- Increased expenses for public safety activities related to additional full-time and temporary positions in emergency management and 9-1-1 communications. A DWI court coordinator position was also added to the newly developed community justice services department.
- During the current year, several changes were made to relocate activities between departments to better serve the community. One of these changes was the move of animal control services from human services to public safety. This move accounted for approximately \$1.9 million budgeted decrease in human services and a corresponding increase in public safety.

**Business-Type Activities.** Business-type activities increased New Hanover County's net position by \$4,406,156, accounting for 99% of the total growth in the government's net position. This compares to a decrease in net assets from business-type activities from prior year of \$409,152.

### **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 \$62,334,516, while total fund balance was \$99,443,201. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and other financing uses. At June 30, 2013, unassigned fund balance for the General Fund represented 23.3 percent

of total General Fund expenditures. The Governing Body of New Hanover County has determined that the County should maintain an unassigned fund balance of 21% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County.

Available fund balance differs from the unassigned fund balance in that available fund balance included the portion of fund balance that is unassigned, assigned, committed, or restricted except funds restricted for stabilization by State statute. At the end of the current fiscal year, New Hanover County's fund balance available in the General Fund was \$76,913,146, while total fund balance was \$99,443,201. The County currently has an available fund balance of 28.76 percent of General Fund expenditures, while total fund balance represents 37.19 percent of that same amount.

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 \$36,571,186, as compared to \$40,498,402 at June 30, 2012. The majority of this fund balance, approximately 83.6 percent, is restricted for erosion control as required by the act of the North Carolina Legislature.

The \$164 million Cape Fear Community College Bond Capital Project Fund is used to account for Cape Fear Community College capital project expenditures funded by \$164 million general obligation bonds. At the end of the current fiscal year, fund balance in this fund was \$54,207,021, as compared to a \$13,720,506 fund balance at June 30, 2012. The increase in this fund balance is due to the issuance of \$54,000,000 of debt during the year.

Other nonmajor governmental funds are combined for reporting on Exhibits C and D. At the end of the current fiscal year, fund balance for other governmental funds was \$19,348,574, of which 88.57 percent is restricted for capital project funds. At June 30, 2012, fund balance for other governmental funds was \$17,217,861.

At June 30, 2013, the governmental funds of New Hanover County reported a combined fund balance of \$209,569,982, a 26.53 percent increase over last year. This increase in fund balance is primarily due to the increase of fund balance in the \$164 million Cape Fear Community College Capital Project Fund, and the Health Department Renovation Capital Project Fund. These increases were slightly offset by a decrease in fund balance in the Room Occupancy Tax Special Revenue Fund.

**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 \$6.7 million, due primarily to the increase in intergovernmental revenues and miscellaneous revenue contributions.

Amendments to general government activities increased budgeted expenditures by \$1.9 million primarily due to an increase in operations and capital outlay. Amendments to human services activities increased budgeted expenditures by \$4.6 million primarily due to the transfer of contributions to the General Fund and an increase in operations. Amendments to public safety activities increased budgeted expenditures by \$3 million primarily due to increased expenditures for salaries, operations, and capital outlay.

The variances between the final budget and actual revenues and expenditures are noted in Exhibit F. The negative variance in ad valorem is primarily due to the 2012 property revaluation. The positive variance in other tax revenue is primarily due to increased sales tax revenues due to improvement in the economy.

**Proprietary Funds.** New Hanover County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position (deficit) of the Environmental Management Fund at the end of the fiscal year amounted to \$(2,118,922). The change in total net position for the fiscal year ended June 30, 2013 was \$4,406,156 for the Environmental Management Fund. This compares to unrestricted net position (deficit) of \$(7,405,541) in the Environmental Management Fund at June 30, 2012; as well as the change in total net position for the fund for the fiscal year ended June 30, 2012, of \$(409,152).

### 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, 2013 totals \$173,630,912 (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	
	2013	2012	2013	2012	2013	2012
Land	\$ 43,141,966	\$ 43,141,966	\$ 2,459,201	\$ 2,459,201	\$ 45,601,167	\$ 45,601,167
Buildings	135,081,972	135,066,435	23,108,578	22,983,152	158,190,550	158,049,587
Other improvements	26,999,944	25,833,990	19,239,040	19,239,040	46,238,984	45,073,030
Equipment and vehicles	52,321,441	49,431,042	27,636,242	27,577,066	79,957,683	77,008,108
Construction in progress	5,500,441	5,980,241	358,481	262,626	5,858,922	6,242,867
Total before depreciation	263,045,764	259,453,674	72,801,542	72,521,085	335,847,306	331,974,759
Less accumulated depreciation	(102,977,529)	(95,080,653)	(59,238,865)	(57,508,147)	(162,216,394)	(152,588,800)
Total net depreciation	<u>\$ 160,068,235</u>	<u>\$ 164,373,021</u>	<u>\$ 13,562,677</u>	<u>\$ 15,012,938</u>	<u>\$ 173,630,912</u>	<u>\$ 179,385,959</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, 2013, the carrying value of New Hanover County's total bonded debt outstanding was \$340,716,687, 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 340,716,687	\$ 300,721,304	\$ -	\$ -	\$ 340,716,687	\$ 300,721,304
Installment debt	89,241,868	99,207,046	1,369,750	1,924,298	90,611,618	101,131,344
Total long-term debt	<u>\$ 429,958,555</u>	<u>\$ 399,928,350</u>	<u>\$ 1,369,750</u>	<u>\$ 1,924,298</u>	<u>\$ 431,328,305</u>	<u>\$ 401,852,648</u>

New Hanover County's total bonded and installment debt increased by \$29,475,657 (7.33 percent) during the past fiscal year due to increased general obligation bond debt. General obligation debt increased \$40.00 million, and installment debt decreased by \$10.52 million.

New Hanover County maintained its bond rating of Aaa from Moody's Investor Service and received an upgraded 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 \$1,945,557,296. The County has \$40,000,000 in bonds authorized, but unissued at June 30, 2013.

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

### **Budget Highlights for the Fiscal Year Ending June 30, 2014**

**Governmental Activities.** The County has approved a \$281.6 million General Fund budget for fiscal year 2013-2014, which represents a \$13.8 million increase from the actual expenditures and other financing uses for the year ended June 30, 2013. Increases are expected in revenues for the year ended June 30, 2014 primarily due to an appropriate fund balance. The County will use these increases in revenue to finance programs currently in place.

**Business-Type Activities.** The Environmental Management Fund budget is balanced with a tipping fee of \$59.00 per ton. This remained unchanged from the previous year.

### **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, New Hanover County, 230 Government Center Drive, Suite 165, Wilmington, North Carolina 28403. You can also call (910) 798-7187, visit our website <http://www.nhcgov.com>, or email [lwurtzbacher@nhcgov.com](mailto:lwurtzbacher@nhcgov.com) for more information.



NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash, cash equivalents, and investments	\$ 137,226,572	\$ 8,653,781	\$ 145,880,353
Receivables - net of allowances for doubtful accounts	10,919,793	1,153,078	12,072,871
Due from other governments	19,127,951	2,616	19,130,567
Due from component units	300,216	-	300,216
Due from primary government	-	-	-
Inventory	8,252	2,095,486	2,103,738
Prepays	35,233	-	35,233
Restricted cash, cash equivalents, and investments	60,291,766	-	60,291,766
Restricted receivables - net of allowances for doubtful accounts	-	-	-
Pension asset	-	-	-
Investment in affiliates	-	-	-
Other long-term assets	34,051,292	-	34,051,292
Capital assets:			
Land and construction in progress	48,642,407	2,817,682	51,460,089
Other capital assets, net of depreciation	111,425,828	10,744,995	122,170,823
Total assets	<u>422,029,310</u>	<u>25,467,638</u>	<u>447,496,948</u>
<b>Deferred Outflows of Resources</b>	1,925,000	-	1,925,000
<b>Liabilities:</b>			
Accounts payable and accrued expenses	13,948,487	597,964	14,546,451
Accrued interest payable	3,727,599	3,919	3,731,518
Accrued expenses	-	-	-
Due to component unit	403,094	-	403,094
Due to primary government	-	-	-
Advances from grantors	198,568	-	198,568
Prepaid service fees	31	-	31
Long-term liabilities, net of amortized charges, discounts, and premiums:			
Due within one year	34,687,649	453,129	35,140,778
Due in more than one year	440,039,997	14,338,621	454,378,618
Total liabilities	<u>493,005,425</u>	<u>15,393,633</u>	<u>508,399,058</u>
<b>Deferred Inflows of Resources</b>	172,165	-	172,165
<b>Net Position (Deficit):</b>			
Net investment in capital assets	74,453,841	12,192,927	86,646,768
Restricted for:			
Passenger facility charges projects	-	-	-
Endowments, specific purpose donations and grants	-	-	-
Capital improvements	-	-	-
Working capital	-	-	-
Promotion and tourism	-	-	-
Stabilization by State statute	31,065,244	-	31,065,244
Register of Deeds	698,003	-	698,003
Human services	2,548,195	-	2,548,195
Public safety	5,207,586	-	5,207,586
Economic and physical development	30,573,028	-	30,573,028
Culture and recreation	8,305,893	-	8,305,893
Education	55,282,708	-	55,282,708
Unrestricted (deficit)	<u>(277,357,778)</u>	<u>(2,118,922)</u>	<u>(279,476,700)</u>
Total net position (deficit)	<u>\$ (69,223,280)</u>	<u>\$ 10,074,005</u>	<u>\$ (59,149,275)</u>

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

Exhibit A

Component Units			
New Hanover County Airport Authority	New Hanover Regional Medical Center	New Hanover County ABC Board	New Hanover County Tourism Development Authority
\$ 12,854,545	\$ 359,088,000	\$ 6,150,606	\$ 1,312,692
3,076,825	123,356,000	1,191	569,181
-	-	-	-
-	-	-	403,094
-	-	-	-
-	17,054,000	2,181,221	-
-	12,758,000	37,872	14,763
3,296,719	9,562,000	-	-
267,285	1,980,000	-	-
-	4,396,000	-	-
-	423,000	-	-
-	1,067,000	-	-
28,491,173	17,995,000	6,424,154	-
36,540,533	493,958,000	6,402,744	34,082
<u>84,527,080</u>	<u>1,041,637,000</u>	<u>21,197,788</u>	<u>2,333,812</u>
-	11,376,000	-	-
2,949,707	118,105,000	2,320,656	161,774
-	-	-	-
690,720	-	-	-
-	-	-	-
-	-	300,216	-
-	-	-	-
-	-	-	-
202,269	13,430,000	-	13,077
1,420,690	324,013,000	-	-
<u>5,263,386</u>	<u>455,548,000</u>	<u>2,620,872</u>	<u>174,851</u>
-	-	-	-
63,408,747	188,546,000	12,826,898	34,082
3,564,004	-	-	-
-	13,668,000	-	-
-	-	2,555,950	-
-	-	1,015,014	-
-	-	-	1,079,679
-	-	-	972,275
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
12,290,943	395,251,000	2,179,054	72,925
<u>\$ 79,263,694</u>	<u>\$ 597,465,000</u>	<u>\$ 18,576,916</u>	<u>\$ 2,158,961</u>

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, 2013**

<b>Functions/Programs:</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 42,674,900	\$ 3,595,872	\$ 3,027,742	\$ -
Human services	52,229,154	1,467,806	39,388,251	40,000
Public safety	64,335,363	5,423,054	4,185,726	551,486
Economic and physical development	16,204,467	-	-	230,930
Culture and recreation	13,982,770	1,768,511	2,784,453	251,238
Education	93,167,945	-	-	2,068,879
Interest and fees on long-term debt	13,105,962	-	-	-
Total governmental activities	<u>295,700,561</u>	<u>12,255,243</u>	<u>49,386,172</u>	<u>3,142,533</u>
Business-type activities:				
Environmental management	<u>8,627,414</u>	<u>12,570,415</u>	<u>453,071</u>	<u>-</u>
Total business-type activities	<u>8,627,414</u>	<u>12,570,415</u>	<u>453,071</u>	<u>-</u>
Total primary government	<u>\$ 304,327,975</u>	<u>\$ 24,825,658</u>	<u>\$ 49,839,243</u>	<u>\$ 3,142,533</u>
<b>Component Units:</b>				
NHC Airport Authority	\$ 11,653,712	\$ 7,930,780	\$ -	\$ 6,497,171
New Hanover Regional Medical Center	784,957,000	807,483,000	-	125,000
NHC ABC Board	25,611,763	26,390,375	-	-
NHC Tourism Development Authority	4,041,478	-	-	-
Total component units	<u>\$ 826,263,953</u>	<u>\$ 841,804,155</u>	<u>\$ -</u>	<u>\$ 6,622,171</u>

**General Revenues:**

Property taxes
Sales taxes
Room occupancy taxes
Other taxes
Net (decrease) in fair value of investments
Investment earnings
Miscellaneous
Total general revenues
Change in net position
Net position, beginning, previously reported
Restatement
Net position, beginning, restated
Net position, ending

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

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
\$ (36,051,286)	\$ -	\$ (36,051,286)	\$ -	\$ -	\$ -	\$ -
(11,333,097)	-	(11,333,097)	-	-	-	-
(54,175,097)	-	(54,175,097)	-	-	-	-
(15,973,537)	-	(15,973,537)	-	-	-	-
(9,178,568)	-	(9,178,568)	-	-	-	-
(91,099,066)	-	(91,099,066)	-	-	-	-
(13,105,962)	-	(13,105,962)	-	-	-	-
(230,916,613)	-	(230,916,613)	-	-	-	-
-	4,396,072	4,396,072	-	-	-	-
-	4,396,072	4,396,072	-	-	-	-
(230,916,613)	4,396,072	(226,520,541)	-	-	-	-
-	-	-	2,774,239	-	-	-
-	-	-	-	22,651,000	-	-
-	-	-	-	-	778,612	-
-	-	-	-	-	-	(4,041,478)
-	-	-	2,774,239	22,651,000	778,612	(4,041,478)
168,655,909	-	168,655,909	-	-	-	-
54,733,023	-	54,733,023	-	-	-	-
4,135,580	-	4,135,580	-	-	-	3,673,347
2,955,492	-	2,955,492	-	-	-	-
-	-	-	-	19,365,000	-	-
459,846	10,084	469,930	8,456	5,289,000	32,252	2,729
-	-	-	(477,639)	688,000	3,826	294,739
230,939,850	10,084	230,949,934	(469,183)	25,342,000	36,078	3,970,815
23,237	4,406,156	4,429,393	2,305,056	47,993,000	814,690	(70,663)
(67,203,183)	5,675,474	(61,527,709)	76,958,638	549,472,000	17,762,226	2,229,624
(2,043,334)	(7,625)	(2,050,959)	-	-	-	-
(69,246,517)	5,667,849	(63,578,668)	-	-	-	-
\$ (69,223,280)	\$ 10,074,005	\$ (59,149,275)	\$ 79,263,694	\$ 597,465,000	\$ 18,576,916	\$ 2,158,961

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

## NEW HANOVER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General	Room Occupancy Tax Special Revenue	\$164 Million CFCC Capital Project	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash, cash equivalents, and investments	\$ 89,575,982	\$ 31,014,846	\$ -	\$ 16,635,744	\$ 137,226,572
Receivables - net of allowances for doubtful accounts	22,382,616	5,985,442	-	1,679,686	30,047,744
Receivables - interfund loans	523,107	-	-	-	523,107
Due from component units	300,216	-	-	-	300,216
Inventory	8,252	-	-	-	8,252
Prepays	34,383	-	-	850	35,233
Restricted cash, cash equivalents, and investments	432	-	56,720,184	3,571,150	60,291,766
Total assets	<u>\$ 112,824,988</u>	<u>\$ 37,000,288</u>	<u>\$ 56,720,184</u>	<u>\$ 21,887,430</u>	<u>\$ 228,432,890</u>
<b>Liabilities and Fund Balances:</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 9,599,060	\$ 4,000	\$ 2,513,163	\$ 1,832,264	\$ 13,948,487
Interfund loans	-	-	-	523,107	523,107
Due to component unit	-	403,094	-	-	403,094
Advances from grantors	198,568	-	-	-	198,568
Prepaid service fees	31	-	-	-	31
Total liabilities	<u>9,797,659</u>	<u>407,094</u>	<u>2,513,163</u>	<u>2,355,371</u>	<u>15,073,287</u>
<b>Deferred Inflows of Resources</b>	3,584,128	22,008	-	183,485	3,789,621
Fund balances:					
Non-spendable:					
Inventory	8,252	-	-	-	8,252
Prepays	34,383	-	-	850	35,233
Restricted:					
Stabilization for State statute	22,487,420	5,998,158	-	2,579,666	31,065,244
Restricted - all other	698,003	30,573,028	54,207,021	17,137,361	102,615,413
Committed	-	-	-	1,130,942	1,130,942
Assigned	13,880,627	-	-	63,893	13,944,520
Unassigned	62,334,516	-	-	(1,564,138)	60,770,378
Total fund balances	<u>99,443,201</u>	<u>36,571,186</u>	<u>54,207,021</u>	<u>19,348,574</u>	<u>209,569,982</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 112,824,988</u>	<u>\$ 37,000,288</u>	<u>\$ 56,720,184</u>	<u>\$ 21,887,430</u>	
Amounts reported in the governmental activities in the Statements of Net Position (Exhibit A) are different because:					
Charges related to refunding bond issue					1,925,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					160,068,235
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					34,051,292
Liabilities for earned, but deferred inflow of resources					3,617,456
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					<u>(478,455,245)</u>
Net position of governmental activities					<u>\$ (69,223,280)</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, 2013

	General	Room Occupancy Tax Special Revenue	\$164 Million CFCC Capital Project	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 214,494,002	\$ 4,135,580	\$ -	\$ 11,623,758	\$ 230,253,340
Intergovernmental revenues	41,858,526	6,515,703	-	3,061,644	51,435,873
Special assessments	40,010	269,421	-	-	309,431
Charges for services	10,737,835	-	-	1,545,458	12,283,293
Investment earnings	161,719	57,947	35,654	204,526	459,846
Miscellaneous	5,376,522	-	-	27,602	5,404,124
Total revenues	<u>272,668,614</u>	<u>10,978,651</u>	<u>35,654</u>	<u>16,462,988</u>	<u>300,145,907</u>
<b>Expenditures:</b>					
Current:					
General government	32,322,623	-	-	-	32,322,623
Human services	52,659,109	-	-	-	52,659,109
Public safety	50,056,939	-	-	9,805,332	59,862,271
Economic and physical development	615,237	11,872,244	-	-	12,487,481
Culture and recreation	11,073,548	-	-	1,285,233	12,358,781
Education - community college and schools	7,839,548	-	-	-	7,839,548
Education - public schools	62,187,450	-	-	-	62,187,450
Capital outlay	-	-	20,361,748	8,609,879	28,971,627
Debt service:					
Principal - bonds	21,075,000	-	-	-	21,075,000
Interest and fees	12,490,750	-	-	-	12,490,750
Installment debt payments	13,771,386	-	-	1,055,537	14,826,923
Bond issuance costs	289,014	-	-	-	289,014
Total expenditures	<u>264,380,604</u>	<u>11,872,244</u>	<u>20,361,748</u>	<u>20,755,981</u>	<u>317,370,577</u>
Revenues over (under) expenditures	<u>8,288,010</u>	<u>(893,593)</u>	<u>(20,326,094)</u>	<u>(4,292,993)</u>	<u>(17,224,670)</u>
<b>Other Financing Sources (Uses):</b>					
Sale of capital assets	30,999	-	-	-	30,999
Insurance claim proceeds	29,161	-	-	-	29,161
Long-term debt issued	-	-	54,000,000	-	54,000,000
Premium on long-term debt issued	-	-	6,812,609	-	6,812,609
Refunding bonds issued	20,540,000	-	-	-	20,540,000
Payment to refunded bond escrow agent	(22,465,000)	-	-	-	(22,465,000)
Premium refunding bonds	2,214,014	-	-	-	2,214,014
Transfers from other funds	28,050	-	-	6,707,756	6,735,806
Transfers to other funds	(3,418,133)	(3,033,623)	-	(284,050)	(6,735,806)
Total other financing sources (uses)	<u>(3,040,909)</u>	<u>(3,033,623)</u>	<u>60,812,609</u>	<u>6,423,706</u>	<u>61,161,783</u>
Net change in fund balances	5,247,101	(3,927,216)	40,486,515	2,130,713	43,937,113
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>94,196,100</u>	<u>40,498,402</u>	<u>13,720,506</u>	<u>17,217,861</u>	<u>165,632,869</u>
End of year - June 30	<u>\$ 99,443,201</u>	<u>\$ 36,571,186</u>	<u>\$ 54,207,021</u>	<u>\$ 19,348,574</u>	<u>\$ 209,569,982</u>

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

**NEW HANOVER COUNTY, NORTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

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

Net change in fund balances - total governmental funds	\$ 43,937,113
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.	(4,304,786)
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.	(4,291,920)
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.	(27,450,898)
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>(7,866,272)</u>
Change in net position of governmental activities	<u>\$ 23,237</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, 2013

	General Fund			Variance from Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Ad valorem, including interest	\$ 160,084,721	\$ 160,084,721	\$ 159,760,979	\$ (323,742)
Other	50,495,968	51,259,968	54,733,023	3,473,055
Total taxes	<u>210,580,689</u>	<u>211,344,689</u>	<u>214,494,002</u>	<u>3,149,313</u>
Special assessments	-	-	40,010	40,010
Intergovernmental revenue	39,446,510	42,388,132	41,624,015	(764,117)
Charges for services	9,175,479	9,175,479	10,737,835	1,562,356
Investment earnings	131,000	131,000	158,338	27,338
Miscellaneous	2,637,778	5,650,097	5,376,522	(273,575)
Total revenues	<u>261,971,456</u>	<u>268,689,397</u>	<u>272,430,722</u>	<u>3,741,325</u>
<b>Expenditures:</b>				
Current:				
General government	33,299,598	35,373,741	32,322,623	3,051,118
Human services	54,818,253	56,662,246	52,659,109	4,003,137
Public safety	49,255,036	52,260,494	50,056,939	2,203,555
Economic and physical development	790,237	1,187,573	615,237	572,336
Culture and recreation	11,445,390	11,832,546	11,073,548	758,998
Education - community college	7,191,767	7,839,548	7,839,548	-
Debt service:				
Principal retirement	7,627,965	7,627,965	7,627,965	-
Interest and fees	7,147,777	6,477,652	5,364,078	1,113,574
Installment lease payments	14,422,837	13,976,087	13,198,038	778,049
Bond issuance costs	-	289,014	289,014	-
Total expenditures	<u>185,998,860</u>	<u>193,526,866</u>	<u>181,046,099</u>	<u>12,480,767</u>
Revenues over (under) expenditures	<u>75,972,596</u>	<u>75,162,531</u>	<u>91,384,623</u>	<u>16,222,092</u>
<b>Other Financing Sources (Uses):</b>				
Sale of capital assets	-	-	30,999	30,999
Insurance claims proceeds	-	-	29,161	29,161
Refunding bonds issued	-	20,540,000	20,540,000	-
Payment to refunded bond escrow agent	-	(22,465,000)	(22,465,000)	-
Premium refunding bonds	-	2,214,014	2,214,014	-
Transfers from other funds	-	39,785	28,050	(11,735)
Transfers to other funds	(82,972,596)	(86,930,439)	(86,541,287)	389,152
Appropriated fund balance	7,000,000	11,439,109	-	(11,439,109)
Total other financing sources (uses)	<u>(75,972,596)</u>	<u>(75,162,531)</u>	<u>(86,164,063)</u>	<u>(11,001,532)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,220,560</u>	<u>\$ 5,220,560</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, 2013

	<u>General Fund</u>			<b>Variance from Final Budget Over/Under</b>
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
<b>Fund Balance:</b>				
Beginning of year - July 1			91,642,014	
End of year - June 30			96,862,574	
A legally budget Public Schools Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			3,381	
Intergovernmental revenue			234,511	
Transfer-in from other funds			83,123,154	
Expenditures			(62,187,450)	
Debt service:				
Principal			(13,447,035)	
Interest and fees			(7,126,672)	
Installment lease payments			(573,348)	
Beginning of year - July 1			2,554,086	
End of year - June 30 (Exhibit D)			<u>\$ 99,443,201</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  
ROOM OCCUPANCY TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over/Under</u>
<b>Revenues:</b>				
Room occupancy taxes	\$ 3,464,500	\$ 3,464,500	\$ 4,135,580	\$ 671,080
Special assessments	317,532	317,532	269,421	(48,111)
Intergovernmental revenue		1,180,000	6,515,703	5,335,703
Investment earnings	-	-	57,947	57,947
Total revenues	<u>3,782,032</u>	<u>4,962,032</u>	<u>10,978,651</u>	<u>6,016,619</u>
<b>Expenditures:</b>				
Current:				
Collection fee to New Hanover County	18,000	18,000	18,000	-
Tourism distributions to TDA and municipalities	1,293,500	1,293,500	1,825,609	(532,109)
Erosion control	<u>2,470,532</u>	<u>10,063,360</u>	<u>10,028,635</u>	<u>34,725</u>
Total expenditures	<u>3,782,032</u>	<u>11,374,860</u>	<u>11,872,244</u>	<u>(497,384)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(6,412,828)</u>	<u>(893,593)</u>	<u>5,519,235</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	-	9,446,451	-	(9,446,451)
Transfers to other funds	-	<u>(3,033,623)</u>	<u>(3,033,623)</u>	-
Total other financing sources (uses)	-	<u>6,412,828</u>	<u>(3,033,623)</u>	<u>(9,446,451)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,927,216)</u>	<u>\$ (3,927,216)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>40,498,402</u>	
End of year - June 30			<u>\$ 36,571,186</u>	

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

## NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	<b>Environmental Management Fund</b>
	<u>                    </u>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 8,653,781
Receivables	1,155,694
Inventory	<u>2,095,486</u>
Total current assets	<u>11,904,961</u>
Non-current assets:	
Capital assets:	
Land and construction in progress	2,817,682
Other capital assets, net of depreciation	<u>10,744,995</u>
Total non-current assets	<u>13,562,677</u>
Total assets	<u>25,467,638</u>
<b>Liabilities:</b>	
Current liabilities:	
Current portion of long-term obligations	453,129
Accounts payable and accrued expenses	<u>601,883</u>
Total current liabilities	<u>1,055,012</u>
Non-current liabilities:	
Accrued landfill closure and post-closure care costs	13,263,779
Long-term obligations, net of amortized charge, discount, and premiums	<u>1,074,842</u>
Total non-current liabilities	<u>14,338,621</u>
Total liabilities	<u>15,393,633</u>
<b>Net Position:</b>	
Net investment in capital assets	12,192,927
Unrestricted	<u>(2,118,922)</u>
Total net position	<u>\$ 10,074,005</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, 2013**

	<b>Environmental Management Fund</b>
	<u>                    </u>
<b>Operating Revenues:</b>	
Charges for services	\$ 12,188,059
Other	<u>382,356</u>
Total operating revenues	<u>12,570,415</u>
<b>Operating Expenses:</b>	
Personnel	1,909,856
System maintenance	4,793,267
Depreciation	<u>1,886,302</u>
Total operating expenses	<u>8,589,425</u>
Operating income (loss)	<u>3,980,990</u>
<b>Non-Operating Revenues (Expenses):</b>	
Investment earnings	10,084
Intergovernmental revenues	453,071
Interest and fees	<u>(37,989)</u>
Total non-operating revenues (expenses)	<u>425,166</u>
Change in net position	4,406,156
<b>Net Position:</b>	
Beginning of year - July 1	<u>5,667,849</u>
End of year - June 30	<u>\$ 10,074,005</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, 2013

	<b>Environmental Management Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 12,408,481
Cash payments from suppliers for system maintenance	(5,310,124)
Cash paid to employees for services	(1,937,124)
Other operating revenues	429,235
Net cash provided (used) by operating activities	<u>5,590,468</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Proceeds from intergovernmental revenue	453,071
Net cash provided (used) by non-capital financing activities	<u>453,071</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisitions and construction of capital assets	(482,920)
Principal paid on long-term debt	(557,435)
Interest paid on long-term debt	(44,838)
Net cash provided (used) by capital and related financing activities	<u>(1,085,193)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest on investments	10,084
Net cash provided (used) by investing activities	<u>10,084</u>
Net increase (decrease) in cash and cash equivalents	4,968,430
<b>Cash and Cash Equivalents:</b>	
Beginning of year - July 1	3,685,351
End of year - June 30	<u>\$ 8,653,781</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ 3,980,990
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,886,302
Loss on disposal of capital assets	46,879
Landfill closure and post-closure care costs	219,405
Changes in assets and liabilities:	
(Increase) decrease in receivables	220,422
(Increase) decrease in inventory	17,326
Increase (decrease) in accounts payable and accrued expenses	(780,856)
Net cash provided (used) by operating activities	<u>\$ 5,590,468</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, 2013

	<b>Law Enforcement Officers' Pension Trust Fund</b>	<b>Agency Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,079,388	\$ 8,151,990
Accounts receivable	<u>69,324</u>	<u>2,879,018</u>
Total assets	<u>1,148,712</u>	<u>11,031,008</u>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	15,554	1,320,803
Due to other governmental units	-	2,421,208
Escrow funds and deposits	<u>-</u>	<u>7,288,997</u>
Total liabilities	<u>15,554</u>	<u>11,031,008</u>
<b>Net Position:</b>		
Held in trust for employees' pension benefits	<u>\$ 1,133,158</u>	<u>\$ -</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, 2013

	<b>Law Enforcement Officers' Pension Trust Fund</b>
<b>Additions:</b>	
Employer contributions	\$ 518,335
Investment earnings	1,187
Total additions	<u>519,522</u>
<b>Deductions:</b>	
Salaries and benefits	<u>264,601</u>
Total deductions	<u>264,601</u>
Change in net position	254,921
<b>Net Position:</b>	
Beginning of year - July 1	<u>878,237</u>
End of year - June 30	<u>\$ 1,133,158</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, 2013

### 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 212,000 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, 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., and The Public Health Foundation of New Hanover County, Inc., 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
The 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 Airport Authority	Discrete	The Authority is governed by a five 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 COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 <sup>th</sup> 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.	New Hanover County Tourism Development Authority 505 Nutt Street, Unit A Wilmington, NC 28401
Industrial Facilities and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued.

The New Hanover Regional Medical Center Foundation, Inc. (*Foundation*), and Carolina Healthcare Associates, Inc. (*CHA*) are included in the Medical Center's financial statements as blended component units. The Foundation is a 501(c)(3) nonprofit organization which was founded by the Medical Center in 1991. CHA began operations effective January 1, 1998 and is a 501(c)(3) nonprofit entity which provides physician services and other professional medical services. Lower Cape Fear Hospice, Incorporated (*LCFH*) is an affiliated organization of the Medical Center. The Trustees of the Medical Center appoint 80% of the board of directors of LCFH, a non-profit organization which provides professional care to the terminally ill and support and education to family and community. The organization currently serves 12 counties in southeastern North Carolina. LCFH is included in the Medical Center's reporting entity as a discretely presented component unit. Pender Memorial Hospital, Incorporated (*PMH*) is an affiliated organization of the Medical Center through a twenty-year operating agreement. The Medical Center is required by the operating agreement to fund any operating deficit of PMH during any fiscal year that the agreement is in effect. PMH is a nonprofit acute care hospital, which provides inpatient, outpatient and emergency care services to the residents of Pender County and vicinity. PMH is included in the Medical Center's reporting entity as a discretely presented component unit.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 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. Eliminations have been made to minimize the double counting of internal activities. 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 were not made. 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 nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. 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. Debt service payments for the governmental long-term debt are accounted for in the General Fund, except those accounted for in special revenue funds. For statement presentation in accordance with 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.

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

**\$164 Million Cape Fear Community College Bonds Fund.** This fund accounts for all transactions relative to the Cape Fear Community College capital projects funded through \$164 million general obligation bonds.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The County reports the following major Enterprise Fund:

**Environmental Management Fund.** This fund accounts for the Landfill and Waste-to-Energy Facility operations, recycling, and related construction projects.

The County reports the following fiduciary fund types:

**Pension Trust Fund.** The County's Pension Trust Fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, defined benefit, public safety employee retirement system. The Pension Trust Fund is accounted for in essentially the same manner as proprietary funds.

**Agency Funds.** Agency funds are custodial in nature, used to account for assets held by the County for individuals, private organizations, other governmental units and other funds. The agency funds include room occupancy tax, social services, tax clearing, and other escrows.

### C. Measurement Focus and Basis of Accounting

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

**Government-Wide, Proprietary, and Fiduciary Fund Financial Statements.** The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**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. Long-term debt issued and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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 County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 1, 2012 through February 28, 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

Sales taxes 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. 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 are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

### **D. Assets, Liabilities, and Deferred Inflows and Outflows**

#### **Cash, Cash Equivalents, Deposits and Investments**

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

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

State law [G.S. 159-30(c)] authorizes the County, Authority, Medical Center, ABC Board, and TDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and North Carolina Capital Management Trust (NCCMT). Additionally, the Medical Center is authorized to invest in Department of State Treasurer Short Term Investment Fund and Department of State Treasurer Trust Funds – Investment Program – Equity Investment Fund.

The County pools substantially all cash and investments from all funds utilizing a single central depository. Each fund owns a pro rata 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, Medical Center, and ABC Board consider demand deposits and short-term, highly liquid investments maturing in three months or less from the date of purchase, to be cash and cash equivalents.

The County, Authority, and ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, is valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost. The Medical Center reports all investments at fair value.

### **Ad Valorem (Property) Taxes Receivable**

According to the North Carolina General Statutes, ad valorem taxes are levied on July 1, the beginning of the fiscal year, and are due September 1 at which time they become a lien on the property. The collection period runs from September 1 until January 5. Late payment interest begins to accrue January 6. These taxes are based on January 1, 2012 assessed values on property other than vehicles.

### **Restricted Assets and Liabilities**

When capital projects are funded primarily by debt issues, interest on unspent debt proceeds, or Federal and State grants, the current assets and current liabilities related to those projects are shown as restricted assets and liabilities.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### **Allowances for Doubtful Accounts**

Allowances for doubtful accounts are maintained for all types of receivables which historically experience uncollectible accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

### **Inventory**

Inventories of supplies and parts held at the County's garage (General Fund) are valued at cost (first-in, first-out method), which approximates market. Inventories held for use in operations in the County's waste-to-energy facility and landfill (Environmental Management Fund), 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 inventoriable supplies and parts are not charged to operations until consumed or sold.

### **Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets.

### **Capital Assets**

Capital assets, which include equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in proprietary fund financial statements. Capital assets are not recognized in governmental fund financial statements. Capital outlays are recognized as expenditures.

The County's capital assets and those of the Authority, Medical Center, ABC Board, and TDA are valued at original cost or estimated original cost if actual historical cost was not available due to lack of detailed records in earlier years. Donated capital assets are valued at their estimated fair market value on the date donated.

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

Minimum capitalization costs of the Medical Center are capital assets with a cost of \$1,000 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; and all computers are capitalized regardless of cost.

## **NEW HANOVER COUNTY, NORTH CAROLINA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

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 LCFH's capital assets is in LCFH'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 for \$1 per year through 2019 with an option to renew for an additional thirty years between the County and the Authority, gives the Authority full use of the facilities. The lease contains certain restrictions including requiring that the facility be used as an airport, and that the Authority carry insurance, maintain the facilities, notify the County prior to disposing of certain assets, and certain other restrictions.

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

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

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

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

**NEW HANOVER COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

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

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Airfield improvements	10 years
Airfield building	25 years
Building improvements	5-15 years
Vehicles	5-20 years
Machinery and equipment	5-15 years

Depreciable capital assets of the Medical Center are depreciated over their estimated useful lives on a straight-line basis as recommended by the America Hospital Association.

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:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Equipment	5-10 years

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### **Intangible Capital Assets**

Intangible capital assets of the Medical Center consist of bond issuance costs, goodwill, and other intangibles and are recorded net of amortization. Goodwill and other intangibles are recorded at historical cost and amortized over the estimated life of the expected economic benefit, using the straight-line method. Bond issuance costs are amortized over the life of the related bond issue using the effective interest method for fixed rate bonds and the straight-line method for variable rate bonds.

### **Medical Insurance**

The County is self-insured for group medical insurance. The County's losses are limited under the contract by specific and aggregate stop-loss insurance coverage for claims above specific amounts. Provisions for estimated unpaid claims outstanding at June 30, 2013 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, 2012 have been made.

### **Deferred outflows/inflows of resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County has one item that meets this criterion – a charge on refunding that had previously been classified as an asset. In addition to liabilities, the Statement of Net Position will sometimes 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has four items that meet the criterion for this category - prepaid taxes, property taxes receivable, assessment receivable, and other receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### **Long-Term Debt**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term debt obligations are reported as liabilities. The unamortized charge, the difference between the reacquisition price and the net carrying amount of old debt, on refundings of debt is deferred and amortized to interest expense using the proportionate-to-stated-interest method in business-type activities/proprietary fund types.

In the governmental fund financial statements, the face amount of long-term debt issued is reported as another financing source and is not considered a fund liability.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### **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 did not disclose their policies. The ABC Board employees may accumulate up to the maximum of leave accumulated in one year which is based on time of service. The personal leave policy of the TDA generally provides for the accumulation of up to one year's earned personal leave, with such leave being fully vested when earned. For the County's government-wide financial statements and proprietary funds, Authority, Medical Center, and TDA, an expense and a liability for compensated absences and the salary-related payments are recorded as the personal leave is earned. Compensated absences are reported in governmental funds only if they are matured.

The sick leave policy of the County 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, 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. The ABC Board employees can accumulate an unlimited amount of sick leave. The ABC Board has no obligation for accumulated sick leave until it is actually taken and, therefore, no accrual for sick leave has been made.

### **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.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Comparative Data/Reclassifications

Comparative data for prior years has been presented for individual funds in the fund financial statements, the Management Discussion and Analysis report, the Notes to the Financial Statements, and the Statistical Tables in order to provide an understanding of the changes in the financial position and operations of the County. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

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

#### Fund Balances

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

The governmental fund types classify fund balances as follows:

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

*Inventories* – 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.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

*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 of State Statute* – portion of fund balance that is restricted by State Statute [G.S. §159-8(a)].

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

*Restricted for Human Services* – portion of fund balance that is restricted by revenue source for health and human services.

*Restricted for Public Safety* – portion of fund balance that is restricted by revenue source for public safety related activities, such as police, fire, and 911.

*Restricted for Economic and Physical Development* – portion of fund balance that is restricted by revenue source for economic and physical development, including erosion control.

*Restricted for Culture and Recreation* – portion of fund balance that is restricted by revenue source for culture and recreation related activities, including parks and gardens.

*Restricted for Education* – portion of fund balance that is restricted by revenue source to support public education.

<u>Purpose</u>	<u>General Fund</u>	<u>Room Occupancy Fund</u>	<u>\$164M CFCC Capital Project Fund</u>	<u>Other Governmental Funds</u>
Register of Deeds	\$ 698,003	\$ -	\$ -	\$ -
Human services	-	-	-	2,548,195
Public safety	-	-	-	5,207,586
Economic and physical development	-	30,573,028	-	-
Culture and recreation	-	-	-	8,305,893
Education	-	-	54,207,021	1,075,687
<b>Total</b>	<u>\$ 698,003</u>	<u>\$ 30,573,028</u>	<u>\$ 54,207,021</u>	<u>\$ 17,137,361</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.

**NEW HANOVER COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

*Committed for Economic and Physical Development* – portion of fund balance budgeted by the Board to be used for the maintenance of the Masons Inlet relocation and Bald Eagle water expansion capital projects.

*Committed for Culture and Recreation* – portion of fund balance budgeted by the Board to be used for Bike and Pedestrian Path and Smith Creek Park capital projects.

<u>Purpose</u>	<u>Other Governmental Funds</u>
Economic and physical development	\$ 1,062,314
Culture and recreation	68,628
Total	<u>\$ 1,130,942</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.

*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.

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

*Assigned for Public Schools* – portion of fund balance that has been budgeted by the Board to fund the operating expenditures and debt service of the New Hanover County public schools.

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

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Subsequent year's expenditures	\$ 9,000,000	\$ -
Post-employment benefits	2,300,000	-
Public schools	2,580,627	-
Revolving loans	-	63,893
Total	<u>\$ 13,880,627</u>	<u>\$ 63,893</u>

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**Unassigned Fund Balance** – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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	\$ 99,443,201
Less:	
Inventories	8,252
Prepays	34,383
Stabilization by State statute	<u>22,487,420</u>
Total available fund balance	<u>\$ 76,913,146</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 percent 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 of 21 percent of the General Fund expenditures at the end of each fiscal year.

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	\$ 2,693,444
Room Occupancy Tax	34,724
Special Fire District	162,286
\$35.5M Parks & Recreation	61,229
Burn Pit	21,135
Cobb Annex Repairs	38,385
Federal Forfeited Property	21,162
Masons Inlet Relocation	26,053
Health Department Renovations	87,464
Chestnut Street Renovation	473,201
CDBG Scattered Site Housing	<u>192,550</u>
Total encumbrances	<u>\$ 3,811,633</u>

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### F. Reconciliation of Government-Wide and Fund Financial Statements

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 (\$278,793,262) consists of several elements as follows:

Deferred charges related to refunding bond issue - included on government-wide Statement of Net Position, but are not current financial resources	\$ 1,925,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (total capital assets on government-wide statement in governmental activities column)	160,068,235
Other long-term assets are not available to pay for current period expenditures	34,051,292
Liabilities for deferred inflows of resources are reported in the fund statements, but not for government-wide	3,617,456
Liabilities that, because they are due and payable in the current period, do not require current resources to pay and, therefore, are recorded in the fund statements:	
Bonds and installment financing	(429,958,555)
Accrued interest payable	(3,727,599)
Compensated absences	(6,189,304)
New pension obligation	(605,509)
Net OPEB obligation	(37,889,278)
Claims and judgments	<u>(85,000)</u>
Total adjustment	<u>\$ (278,793,262)</u>

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Net 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 \$(43,913,876) as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 4,349,882
Loss on disposal of assets	(130,189)
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	(8,524,479)
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	(21,071,731)
Changes on unamortized debt discounts and premiums	(6,812,609)
Net amortization of discounts and premiums on debt	(102,531)
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:	
Deferred charges related to refunded bond issue	1,925,000
Accrued interest payable	535,973
Claims and judgments	(10,000)
Compensated absences	(149,208)
Net pension obligation	(43,173)
Net OPEB obligation	(9,588,891)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements. 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	(3,929,058)
Decrease in deferred inflows of resources-special assessments	(283,239)
Decrease in deferred inflows of resources-miscellaneous revenue	(280,095)
Reversal of deferred inflow of resources-tax revenue recorded at June 30, 2012	(2,492,043)
Recording of deferred inflow of resources- taxes receivable in the fund statements as of June 30, 2013	<u>2,692,515</u>
Total adjustment	<u>\$ (43,913,876)</u>

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 2. Stewardship, Compliance, and Accountability

#### A. 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 \$23,535,734 during the fiscal year ended June 30, 2013.

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, 2013 was as follows:

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

The Public Health Foundation of New Hanover County, Inc., 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.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2013, the expenditures made in the County's Room Occupancy Tax Fund exceeded the authorized appropriations made by the governing board for these expenditures by \$497,384. This over-expenditure occurred because of increased revenue received from room occupancy tax that is required to be distributed to TDA and the other municipalities within the County. The appropriation for the distribution was not amended to cover the additional revenue received therefore causing the expenditure to exceed the appropriations. Management and the Board will more closely review the budget reports to ensure compliance in future years.

### 3. Detail Notes On All Funds

#### A. Assets

#### Cash, Cash Equivalents, Deposits, and Investments

**Deposits.** All of the County, Authority, Medical Center, ABC Board, 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, Authority, Medical Center, ABC Board, 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 undercollateralization, 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, 2013, the County's deposits had a carrying amount of \$81,445,735 and a bank balance of \$82,230,402. Of the bank balance, \$769,838 was covered by Federal depository insurance, and \$81,460,564 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, 2013**

At June 30, 2013, the Authority's deposits had a carrying amount of \$12,468,325 and a bank balance of \$12,693,592. Of the bank balance, \$250,000 was covered by Federal depository insurance, and the remainder was covered by collateral held under the Pooling Method.

At September 30, 2012, the Medical Center's deposits had a carrying amount of \$33,437,000 and a bank balance of \$37,711,000. 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, 2012, LCFH had cash balances in a financial institution that from time to time have exceeded Federal depository insurance coverage. The carrying amount and bank balance were \$4,166,000 and \$4,533,000, respectively. Bank balances in excess of Federal depository insurance limits are uninsured and uncollateralized.

At September 30, 2012, 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 \$1,903,000 and \$1,919,000, respectively. Bank balances in excess of Federal depository insurance limits are uninsured and uncollateralized.

At September 30, 2012, 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 \$1,352,000 and \$2,094,000, respectively.

At June 30, 2013, the ABC Board's deposits had a carrying amount of \$6,119,806 and a bank balance of \$6,141,003. Bank balances over the Federal depository insurance limits are collateralized under the dedicated method.

At June 30, 2013, the TDA's deposits had a carrying amount of \$272,424 and a bank balance of \$317,928. Of the bank balance, \$282,078 was covered by Federal depository insurance, and \$35,850 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, 2013

### Investments

At June 30, 2013, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>More Than 12 Months</u>
Commercial Paper	\$ 10,989,418	\$ 11,000,000	\$ 3,000,000	\$ -
US Government Agencies	91,872,649	25,500,000	21,000,000	44,800,000
US Treasury	5,010,318	-	-	5,000,000
NC Capital Management Trust - Cash portfolio	13,980,698	-	-	-
NC Capital Management Trust - Term portfolio	10,007,324	-	-	-
Fixed Income Securities - Airlie Foundation	577,292	-	-	-
Mutual Funds - Airlie Foundation	1,268,111	-	-	-
Money Market - Airlie Foundation	139,612	-	-	-
<b>Total</b>	<u>\$ 133,845,422</u>	<u>\$ 36,500,000</u>	<u>\$ 24,000,000</u>	<u>\$ 49,800,000</u>

**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 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

**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, 2013, the County's investments in commercial paper were rated A1 by Standard & Poor's and P1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2013. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in US Government Agencies and US Treasuries are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

The Authority policy is to limit investments to the provisions of G.S. 159-30 and restrict the purchase of securities to the highest possible ratings whenever particular types of securities are rated

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**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. At June 30, 2013, the Airlie Gardens Foundation had \$577,292 invested in fixed income securities held by counterparties in the name of Airlie Gardens Foundation, Inc. The County had no policy on custodial credit risk, but it contracts with the trust department of a financial institution to hold its investments in the County's name.

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

**Concentration of Credit Risk.** The County places a limit of no more than 50% of the investment portfolio may be invested in any one institution. Also, no more than 50% of the investment portfolio may be invested in any one investment vehicle. No investments in the portfolio of the County violate this credit risk concentration. More than 5% of the County's US Government Agencies investments are in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and the Federal National Management Association. These investments make up 18.61%, 7.07%, 6.12%, and 11.21% of the County's investments, excluding investments with NC Capital Management Trust, respectively.

At June 30, 2013, the Authority's investments of \$3,681,939 in the North Carolina Capital Management Trust Cash Portfolio which carried a credit rating of AAAM by Standard & Poor's, Inc.

At September 30, 2012, the Medical Center's investment balance (including \$18,146,000 and \$754,000 from Lower Cape Fear Hospice and Pender Memorial Hospital, respectively; and \$308,863,000 from the Medical Center) consisted of the following (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>11-20 Years</u>	<u>More Than 20 Years</u>
US Government Treasuries	\$ 45,798	\$ -	\$ -	\$ 45,798	\$ -	\$ -
US Government Agencies	121,111	-	41,003	1,516	43,603	34,989
NC Capital Management - Management Trust	72,023	-	-	-	-	-
Department of State Treasurer - Short-Term Investment Fund (STIF)	68	-	-	-	-	-
Department of State Treasurer Trust Funds Investment Program - Equity Investment Fund	62,700	-	-	-	-	-
Bond Funds	7,379	-	-	-	-	-
Mutual Funds	16,648	-	-	-	-	-
Municipal Bonds	2,036	-	-	-	-	-
<b>Total</b>	<u>\$ 327,763</u>	<u>\$ -</u>	<u>\$ 41,003</u>	<u>\$ 47,314</u>	<u>\$ 43,603</u>	<u>\$ 34,989</u>

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**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.** NC General 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, 2012. The Medical Center's investment portfolio holds debentures and mortgage backed securities issued by Fannie Mae, Freddie Mac, Vendee Mortgage Trust, and GNMA and debentures issued by Federal Home Loan Bank and Federal Farm Credit Bank, and certain municipal bonds. All are rated Aaa by Moody's Investors Service or backed by the full faith of the US Government, which is rated Aaa, as of September 30, 2012.

**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 NC General Statutes; however, it places no limit on the amount the Medical Center may invest in any one issuer. As of September 30, 2012, securities issued/guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae represent 15.3%, 15.2%, and 4.70% of the Medical Center's investment portfolio, respectively. As of September 30, 2011, securities issued/backed by Fannie Mae, Freddie Mac, and Ginnie Mae represent 15.8%, 16.1%, and 6.0% of the Medical Center's investment portfolio, respectively.

At June 30, 2013, the TDA had \$1,040,268 invested with the North Carolina Capital Management Trust's Cash Portfolio which carries a credit rating of AAAM by Standard & Poor's. The TDA has no policy regarding credit risk.

**NEW HANOVER COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Cash, cash equivalents, and investments of the County can be summarized as follows as of June 30, 2013:

	<b><u>Total</u></b>
Cash on hand and undeposited items	\$ 112,340
Deposits	81,445,735
Investments	<u>133,845,422</u>
Total	<u>\$ 215,403,497</u>
Primary government, unrestricted	\$ 145,880,353
Primary government, restricted	60,291,766
Law Enforcement Officers' Pension Trust Fund, unrestricted	1,079,388
Agency Funds, unrestricted	<u>8,151,990</u>
Total	<u>\$ 215,403,497</u>

Cash, cash equivalents, and investments of the Authority can be summarized as follows as of June 30, 2013:

	<b><u>Total</u></b>
Cash on hand	\$ 1,000
Deposits	12,468,325
Investments	<u>3,681,939</u>
Total	<u>\$ 16,151,264</u>
Unrestricted	\$ 12,854,545
Restricted	<u>3,296,719</u>
Total	<u>\$ 16,151,264</u>

Cash, cash equivalents and investments of the Medical Center can be summarized as follows as of September 30, 2012:

Deposits	\$ 40,858,000
Investments	<u>327,763,000</u>
Total	<u>\$ 368,650,000</u>
Unrestricted	\$ 359,088,000
Restricted	<u>9,562,000</u>
Total	<u>\$ 368,650,000</u>

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Cash, cash equivalents, and investments of the ABC Board can be summarized as follows as of June 30, 2013:

	<u><b>Total</b></u>
Cash on hand	\$ 30,800
Deposits	<u>6,119,806</u>
Total	<u><u>\$ 6,150,606</u></u>

Cash, cash equivalents, and investments of the TDA can be summarized as follows as of June 30, 2013:

	<u><b>Total</b></u>
Deposits	\$ 272,424
Investments	<u>1,040,268</u>
Total	<u><u>\$ 1,312,692</u></u>

### Receivables

The County divested its water and sewer assets and operations to Cape Fear Public Utility Authority (CFPUA) on July 1, 2008. As part of the divestiture, CFPUA assumed all of the County's liabilities including the long-term debt. However, certain term debt issuances of the County were combined between the governmental and business-type activities and, as such, could not be transferred as part of the inter-local agreement. Accordingly, the County is continuing to service the outstanding term debt and has recorded a receivable in its governmental activities in the government-wide statements from CFPUA in the same amount as the outstanding debt issuances which were not legally transferred to CFPUA. These debt balances are now considered governmental activities debt in the government-wide statements. The term and interest rate of the receivable corresponds to the terms and interest rates of the aforementioned debt. The long-term receivable balance from the Authority is \$19,491,600 at June 30, 2013, 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, 2013.

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 and recreation bonds were issued in 2008 and 2010 for these projects. Accordingly, the County is servicing the outstanding debt for bonds issued in 2008 and 2010. 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 \$14,559,692 at June 30, 2013 which is recorded as other

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

long-term receivables of governmental activities on the Statement of Net Position. The related long-term debt balances of \$29,685,000, 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, 2013.

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, 2013:

	<b>Property Taxes (Other Sources)</b>	<b>Other Governmental Units</b>	<b>Other Sources (1)</b>	<b>Total</b>
<b>Governmental Activities:</b>				
General:				
Local sales tax	\$ -	\$ 13,491,815	\$ -	\$ 13,491,815
Grants	-	3,298,716	-	3,298,716
Other	2,500,214	941,350	2,150,521	5,592,085
Subtotal	2,500,214	17,731,881	2,150,521	22,382,616
Special Revenue	183,485	661,780	6,085,573	6,930,838
Capital Projects	-	734,290	-	734,290
Total Governmental Activities	2,683,699	19,127,951	8,236,094	30,047,744
<b>Business-Type Activities:</b>				
Enterprise	-	2,616	1,153,078	1,155,694
<b>Fiduciary Activities:</b>				
Agency Fund	2,085,116	16,938	776,964	2,879,018
Total	<u>\$ 4,768,815</u>	<u>\$ 19,147,505</u>	<u>\$ 10,166,136</u>	<u>\$ 34,082,456</u>
Primary Government - unrestricted			\$ 31,203,438	
Agency Funds - unrestricted			<u>2,879,018</u>	
Total			<u>\$ 34,082,456</u>	

(1) Other sources are primarily due from customers of New Hanover County and special assessments of \$24,289 which are due annually through fiscal year 2014.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Allowances for Doubtful and Uncollectible Accounts

The amounts shown in Exhibit A for receivables of the County is net of the following allowances for doubtful accounts:

**Governmental Activities:**

Allowance for uncollectible property taxes	\$	4,205,909
Allowance for other uncollectible receivables		<u>4,319,544</u>
Total governmental activities	\$	<u>8,525,453</u>

The amount shown in Exhibit A for receivables of the Authority is 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 \$72,876,000.

### Ad Valorem Taxes

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

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

	<u>Total Property Valuation</u>	<u>Rate per \$100</u>	<u>Levy</u>
2012 Levy - County-wide (1)		\$ 0.5540	\$ 161,584,797
Add: Discoveries and fees			<u>75,372</u>
Subtotal			161,660,169
Less: Abatements and adjustments			<u>1,940,395</u>
Total adjusted levy	<u>\$ 28,879,596,607</u>		<u>\$ 159,719,774</u>
 Collections			 <u>\$ 157,265,840</u>
 Percent collected			 <u>98.46%</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, 2013**

Analysis of General Fund property taxes receivable by year:

<u>Tax Year</u>	<u>Taxes Receivable June 30, 2012</u>	<u>2012 Levy Discoveries and Fees</u>	<u>Collections</u>	<u>Abatements and Adjustments</u>	<u>Taxes Receivable June 30, 2013</u>
Prior	\$ 6,285,967	\$ 2,598	\$ 1,817,256	\$ 364,316	\$ 4,106,993
2012	-	161,660,169	157,265,840	1,940,395	2,453,934
Total	<u>\$ 6,285,967</u>	<u>\$ 161,662,767</u>	<u>\$ 159,083,096</u>	<u>\$ 2,304,711</u>	\$ 6,560,927
Less: Allowance for uncollectible property taxes					<u>4,060,714</u>
Net property taxes receivable					<u>\$ 2,500,213</u>

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

	<u>Total Property Valuation</u>	<u>Rate per \$100</u>	<u>Levy</u>
2012 Levy - County-wide (1)		\$ 0.0790	\$ 8,771,225
Add: Discoveries and fees			<u>3,993</u>
Subtotal			8,775,218
Less: Abatements and adjustments			<u>63,428</u>
Total adjusted levy	<u>\$ 11,050,094,708</u>		<u>\$ 8,711,790</u>
Collections			<u>\$ 8,565,148</u>
Percent collected			<u>98.32%</u>

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

Analysis of Special Fire District property taxes receivable by year:

<u>Tax Year</u>	<u>Taxes Receivable June 30, 2012</u>	<u>2012 Levy Discoveries and Fees</u>	<u>Collections</u>	<u>Abatements and Adjustments</u>	<u>Taxes Receivable June 30, 2013</u>
Prior	\$ 291,590	\$ 330	\$ 112,374	\$ (2,492)	\$ 182,038
2012	-	8,775,218	8,565,148	63,428	146,642
Total	<u>\$ 291,590</u>	<u>\$ 8,775,548</u>	<u>\$ 8,677,522</u>	<u>\$ 60,936</u>	\$ 328,680
Less: Allowance for uncollectible property taxes					<u>145,195</u>
Net property taxes receivable					<u>\$ 183,485</u>

**NEW HANOVER COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Use-Value Assessment on Certain Lands:

In accordance with North Carolina General Statutes, agriculture, horticulture, and forest land may be taxed at present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years along with accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that would become due if present use-value eligibility is lost on June 30, 2013. These amounts have not been recorded in the financial statements, since they are not available under the modified accrual basis of accounting.

<b>Year Levied</b>	<b>Contigent - Gain Tax Capture</b>
2009	\$ 399,599
2010	423,513
2011	429,411
2012	815,938
Total	<u>\$ 2,068,461</u>

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Capital Assets

Capital assets activity of the primary government for the year ended June 30, 2013 is as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Governmental Activities:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 43,141,966	\$ -	\$ -	\$ 43,141,966
Construction in progress	<u>5,980,241</u>	<u>2,581,450</u>	<u>3,061,250</u>	<u>5,500,441</u>
Total non-depreciable capital assets	<u>49,122,207</u>	<u>2,581,450</u>	<u>3,061,250</u>	<u>48,642,407</u>
<b>Depreciable Capital Assets:</b>				
Buildings	135,066,435	15,537	-	135,081,972
Other improvements	25,833,990	1,165,954	-	26,999,944
Equipment and vehicles	<u>49,431,042</u>	<u>3,648,191</u>	<u>757,792</u>	<u>52,321,441</u>
Total depreciable capital assets	<u>210,331,467</u>	<u>4,829,682</u>	<u>757,792</u>	<u>214,403,357</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	43,935,875	3,198,794	-	47,134,669
Other improvements	16,909,266	1,290,716	-	18,199,982
Equipment and vehicles	<u>34,235,512</u>	<u>4,034,969</u>	<u>627,603</u>	<u>37,642,878</u>
Total accumulated depreciation	<u>95,080,653</u>	<u>8,524,479</u>	<u>627,603</u>	<u>102,977,529</u>
Total depreciable capital assets, net	<u>115,250,814</u>			<u>111,425,828</u>
Governmental activities capital assets, net	<u>\$ 164,373,021</u>			<u>\$ 160,068,235</u>

**NEW HANOVER COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Business-Type Activities</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 2,459,201	\$ -	\$ -	\$ 2,459,201
Construction in progress	<u>262,626</u>	<u>335,112</u>	<u>239,257</u>	<u>358,481</u>
Total non-depreciable capital assets	<u>2,721,827</u>	<u>335,112</u>	<u>239,257</u>	<u>2,817,682</u>
<b>Depreciable Capital Assets:</b>				
Buildings	22,983,152	125,426	-	23,108,578
Other improvements	19,239,040	-	-	19,239,040
Equipment and vehicles	<u>27,577,066</u>	<u>261,639</u>	<u>202,463</u>	<u>27,636,242</u>
Total depreciable capital assets	<u>69,799,258</u>	<u>387,065</u>	<u>202,463</u>	<u>69,983,860</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	15,331,471	466,595	-	15,798,066
Other improvements	18,098,296	743,502	-	18,841,798
Equipment and vehicles	<u>24,078,380</u>	<u>676,205</u>	<u>155,584</u>	<u>24,599,001</u>
Total accumulated depreciation	<u>57,508,147</u>	<u>1,886,302</u>	<u>155,584</u>	<u>59,238,865</u>
 Total depreciable capital assets, net	 <u>12,291,111</u>			 <u>10,744,995</u>
 Business-type activities capital assets, net	 <u>\$ 15,012,938</u>			 <u>\$ 13,562,677</u>

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

**Governmental Activities:**

General government	\$ 1,449,429
Human services	501,819
Public safety	5,125,598
Culture and recreation	1,446,505
Education	<u>1,128</u>
Total depreciation, governmental activities	<u>\$ 8,524,479</u>

**Business-Type Activities:**

Environmental management	<u>\$ 1,886,302</u>
Total depreciation, business-type activities	<u>\$ 1,886,302</u>

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Capital assets activity for the Airport Authority for the year ended June 30, 2013:

	<b>Balance</b> <b>July 1, 2012</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance</b> <b>June 30, 2013</b>
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 14,766,055	\$ 10,122	\$ -	\$ -	\$ 14,776,177.00
Easements	567,880	101,034	-	-	668,914
Construction in progress	<u>13,435,127</u>	<u>8,010,547</u>	<u>2,826,900</u>	<u>(5,572,692)</u>	<u>13,046,082</u>
Total non-depreciable capital assets	<u>28,769,062</u>	<u>8,121,703</u>	<u>2,826,900</u>	<u>(5,572,692)</u>	<u>28,491,173</u>
<b>Depreciable Capital Assets:</b>					
Land improvements	370,191	31,225	-	-	401,416
Building and improvements - (Airfield and building)	104,307,575	60,461	207,207	4,980,641	109,141,470
Vehicles	1,587,083	-	23,598	-	1,563,485
Machinery and equipment	<u>3,933,031</u>	<u>116,499</u>	<u>282,278</u>	<u>592,051</u>	<u>4,359,303</u>
Total depreciable capital assets	<u>110,197,880</u>	<u>208,185</u>	<u>513,083</u>	<u>5,572,692</u>	<u>115,465,674</u>
<b>Less Accumulated Depreciation:</b>					
Land improvements	12,812	19,951	-	-	32,763
Building and improvements - (Airfield and building)	70,467,263	5,273,507	58,709	-	75,682,061
Vehicles	670,469	80,568	23,598	-	727,439
Machinery and equipment	<u>2,503,010</u>	<u>262,146</u>	<u>282,278</u>	<u>-</u>	<u>2,482,878</u>
Total accumulated depreciation	<u>73,653,554</u>	<u>5,636,172</u>	<u>364,585</u>	<u>-</u>	<u>78,925,141</u>
Total depreciable capital assets, net	<u>36,544,326</u>				<u>36,540,533</u>
Capital assets, net	<u>\$ 65,313,388</u>				<u>\$ 65,031,706</u>

**NEW HANOVER COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Capital assets activity for the Medical Center for the year ended September 30, 2012 were:

	<b>Balance October 1, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30, 2012</b>
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 15,023,000	\$ 1,301,000	\$ -	\$ 16,324,000
Construction in progress	28,425,000	41,291,000	68,045,000	1,671,000
Total non-depreciable capital assets	<u>43,448,000</u>	<u>42,592,000</u>	<u>68,045,000</u>	<u>17,995,000</u>
<b>Depreciable Capital Assets:</b>				
Intangible assets	71,623,000	180,000	-	71,803,000
Buildings and leasehold improvements	512,227,000	9,530,000	722,000	521,035,000
Equipment	281,795,000	70,033,000	16,934,000	334,894,000
Total depreciable capital assets	<u>865,645,000</u>	<u>79,743,000</u>	<u>17,656,000</u>	<u>927,732,000</u>
<b>Less Accumulated Depreciation:</b>				
Intangible assets	21,351,000	3,410,000	-	24,761,000
Buildings and leasehold improvements	383,333,000	42,904,000	17,224,000	409,013,000
Total accumulated depreciation	<u>404,684,000</u>	<u>46,314,000</u>	<u>17,224,000</u>	<u>433,774,000</u>
Total depreciable capital assets, net	<u>460,961,000</u>			<u>493,958,000</u>
Capital assets, net	<u>\$ 504,409,000</u>			<u>\$ 511,953,000</u>

Capital assets for the ABC Board at June 30, 2013 were:

<b>Non-Depreciable Capital Assets:</b>	
Land	\$ 4,946,076
Construction in progress	<u>1,478,078</u>
Total non-depreciable capital assets	<u>6,424,154</u>
<b>Depreciable Capital Assets:</b>	
Buildings and improvements	9,180,226
Vehicles	126,157
Fixtures and equipment	<u>767,835</u>
Total depreciable capital assets	<u>10,074,218</u>
Less: Accumulated depreciation	<u>3,671,474</u>
Total depreciable capital assets, net	<u>6,402,744</u>
Capital assets, net	<u>\$ 12,826,898</u>

**NEW HANOVER COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Capital assets activity for the TDA for the year ended June 30, 2013 were:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Depreciable Capital Assets:</b>				
Equipment	\$ 113,303	\$ 10,826	\$ 3,381	\$ 120,748
Less: Accumulated depreciation	<u>76,198</u>	<u>13,849</u>	<u>3,381</u>	<u>86,666</u>
Capital assets, net	<u>\$ 37,105</u>	<u>\$ (3,023)</u>	<u>\$ -</u>	<u>\$ 34,082</u>

**B. Liabilities**

**Payables**

Accounts payable and accrued expenses at the government-wide level at June 30, 2013 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ 4,701,844	\$ 4,897,216	\$ 9,599,060
Special revenue	337,990	376,432	714,422
Capital projects	<u>3,634,302</u>	<u>703</u>	<u>3,635,005</u>
Total governmental activities	<u>\$ 8,674,136</u>	<u>\$ 5,274,351</u>	<u>\$ 13,948,487</u>
<b>Business-Type Activities:</b>			
Environmental management	\$ 491,333	\$ 106,631	\$ 597,964
Total business-type activities	<u>\$ 491,333</u>	<u>\$ 106,631</u>	<u>\$ 597,964</u>

**Pension Plan Obligations**

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

**Local Governmental Employees' Retirement System of North Carolina**

**Plan Description**

The County, Authority and ABC Board contribute to the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Main Service Center, Raleigh, North Carolina 27699-1410, or by calling (919)981-5454.

### **Funding Policy**

Plan members are required to contribute six percent of their annual covered salary. The County, Authority and ABC Board are required to contribute to an actuarially determined rate. For the County, the 2013 rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. For the Authority, the current rate for employees not engaged in law enforcement is 6.74% of annual covered payroll. The Authority's rate for law enforcement officers is 6.77%. For the ABC Board, the current rate for employees not engaged in law enforcement is 7.04% of annual covered payroll. The contribution requirements of members of the County, the Authority, and the ABC Board are established and may be amended by the North Carolina General Assembly.

The County's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$4,808,648, \$4,797,584, and \$4,313,040, respectively.

The Authority's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$154,346, \$198,677, and \$171,573, respectively.

The ABC Board's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$139,095, \$129,786, and \$114,560, respectively.

The contributions made by the County, the Authority, and the ABC Board equaled the required contributions for each year.

### **Law Enforcement Officers' Special Separation Allowance**

#### **Plan Description**

The County and the Authority each administer a public employee retirement system (LEO System), a single-employer defined benefit pension plan that provides retirement benefits to the County's and Authority's qualified sworn law enforcement officers. The LEO System is equal to .85 percent 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 LEO System of the County is reported in the CAFR as a Pension Trust Fund. A separate financial report is not issued for the LEO System of the County or the Authority.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

All full-time County and Authority law enforcement officers are covered by the LEO System. At December 31, 2012, the LEO System's membership consisted of:

	<u>County</u>	<u>Authority</u>
Retirees receiving benefits	20	-
Active plan members	<u>343</u>	<u>9</u>
Total	<u><u>363</u></u>	<u><u>9</u></u>

### Summary of Significant Accounting Policies

*Basis of Accounting.* Financial statements for the County's LEO System are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan. The Authority's LEO System is not considered to be part of the County's or Authority's reporting entity as the Authority has chosen to fund the separation allowance on a pay-as-you-go basis. Pension expense is recorded in these statement on the accrual basis.

*Method Used to Value Investments.* The County's LEO System investments are reported at market value. In the Authority's LEO System, no funds are set aside to pay benefits and administration costs. These expenses are paid as they come due.

### Funding Policy

The County and Authority are required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and have chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations as needed and pay-as-you-go basis, respectively. For the current year, the County contributed \$518,335, or 3.21% of annual covered payroll, and the Authority did not contribute funds as of June 30, 2013. There were no contributions made by employees of the County or the Authority. The County's and Authority's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the LEO System are financed through investment earnings.

## NEW HANOVER COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The County's and the Authority's annual pension cost and net pension obligation to the LEO System for the current year were as follows:

	<u>County</u>	<u>Authority</u>
Annual required contribution	\$ 568,386	\$ 11,117
Interest on net pension obligation	28,117	986
Adjustment to annual required contribution	(34,995)	(1,227)
Annual pension cost	561,508	10,876
Contributions made	518,335	-
Increase (decrease) in net pension obligation	43,173	10,876
Net pension obligation:		
Beginning of year - July 1	562,336	19,721
End of year - June 30	\$ 605,509	\$ 30,597

The annual required contribution of the County for the fiscal year ended June 30, 2013 was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.5% to 7.85% per year. The inflation component was 3.0%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

#### Three-Year Trend Information for County

	<b>Annual</b>	<b>Percentage</b>	<b>Net</b>
<b>Year Ended</b>	<b>Pension</b>	<b>of APC</b>	<b>Pension</b>
<b>June 30</b>	<b>Cost (APC)</b>	<b>Contributed</b>	<b>Obligation</b>
2011	\$ 510,481	75.99%	\$ 561,456
2012	512,914	99.83%	562,336
2013	561,508	92.31%	605,509

As of December 31, 2012, the most recent actuarial valuation date, the County's plan was 13.97 percent funded. The actuarial accrued liability for benefits was \$5,104,664, and the actuarial value of assets was \$713,125, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,391,539. The covered payroll (annual payroll of active employees covered by the plan) was \$17,397,076, and the ratio of the UAAL to the covered payroll was 25.24 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The annual required contribution of the Authority for the fiscal year ended June 30, 2013 was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.0%. The assumptions did not include post-retirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

<b>Three-Year Trend Information for Authority</b>			
<b>Year Ended June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2011	\$ 8,641	148.54%	\$ 19,038
2012	9,815	93.04%	19,721
2013	10,876	0.00%	30,597

As of December 31, 2012, the most recent actuarial valuation date, the Authority's plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$58,390. The covered payroll (annual payroll of active employees covered by the plan) was \$368,530, and the ratio of the UAAL to the covered payroll was 15.84 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### **Supplemental Retirement Income Plan of North Carolina**

*Plan Description.* The County and the Authority each contribute to the Supplemental Retirement Income Plan of North Carolina, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement employees and general employees employed by the County and the Authority. Article 5 of G.S. Chapter 135 assigns the Authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919)981-5454.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County and the Authority to contribute an amount equal to five percent 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. The Authority elected to contribute on behalf of employees not engaged in law enforcement at the same rate as for law enforcement. Contributions of the County for the year ended June 30, 2013 were \$1,816,387, which consisted of \$888,702 from the County and \$927,685 from the law enforcement employees and general employees. Contributions of the Authority for the year ended June 30, 2013 were \$347,070, which consisted of \$122,649 from the Authority and \$224,421 from the law enforcement and general employees.

### **Register of Deeds' Supplemental Pension Fund**

*Plan Description.* The County contributes to the Register of Deeds' Supplemental Pension Fund (the "Fund"), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county Register of Deeds who is retired under the Local Government 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. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register 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.

*Funding Policy.* The County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$24,289.

### **New Hanover Regional Medical Center (NHRMC) Pension Plan**

**NHRMC Plan Description.** NHRMC sponsors and has fiduciary responsibility for The Pension Plan of New Hanover Regional Medical Center (the "NHRMC Plan"). The Plan was originally effective June 14, 1967 and amended and restated effective January 1, 2005. The Plan was amended and restated twice during 2009. The first amendment was effective January 1, 2009 (the 2009 Amendment); the second amendment was effective March 1, 2009 (the 2009-1 Amendment). Prior to the 2009 Amendment, the Plan was a cost-sharing, multiple-employer, non-contributory defined benefit plan covering all employees of NHRMC (including Foundation and CHA), LCFH, and SEAHEC (see Note 8 – Transactions with Health Sciences Foundation,

## NEW HANOVER COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Inc.) who met eligibility requirements. Subsequent to the 2009 Amendment, the Plan is a single employer plan, covering all employees of NHRMC (including Foundation and CHA) who meet eligibility requirements. Subsequent to the 2009-1 Amendment, employees of CHA who were not employees prior to March 1, 2009 are no longer eligible for the Plan, except for those who became employees between March 1, 2009 and April 1, 2009, who were formerly employed by Health Sciences Foundation, Inc. (SEAHEC).

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 thirty years and .65% of the excess, if any, of the average compensation over Social Security covered compensation, times the years of service up to thirty 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 thirty years and .65% of the excess, if any, of the average compensation over Social Security covered compensations, times the years of service up to thirty years. The average compensation is the average salary of the employee during the five highest paid consecutive calendar years of creditable service during the ten calendar years preceding the employee's retirement date. Employees may retire with reduced retirement benefits after reaching age 55 and completing five years of creditable service. Plan provisions also include death and disability retirement benefits, whereby the disabled employee is entitled to receive their normal retirement benefit accrued up to the date of disability retirement. Upon death of an employee before retirement, benefit payments will be paid to the surviving spouse, if any. If there is no surviving spouse, the death benefit will be split among surviving children or paid to a designated beneficiary. Upon the death of an employee after retirement, benefit payments will be distributed in accordance with the method elected by the employee.

The Plan issues a separate, stand-alone financial report that can be obtained by contacting the office of the Executive Vice-President/CFO, P.O. Box 9000, Wilmington, North Carolina 28402. The Plan was created by act of the Trustees of New Hanover Regional Medical Center, who have the authority to amend or terminate the Plan.

**Funding Policy.** The contribution requirements of the contributing employers to the NHRMC plan are established by the Plan document and determined annually by NHRMC based on actuarial recommendations.

## NEW HANOVER COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**Annual Pension Cost and Net Pension Asset.** NHRMC's annual pension cost and net pension assets were as follows for the years ended September 30, 2012 and 2011;

	<b>2012</b>	<b>2011</b>
Annual required contribution	\$ 10,600,000	\$ 9,781,000
Interest on net pension obligation	(352,000)	(353,000)
Adjustment to annual required contribution	362,000	363,000
Annual pension cost	10,610,000	9,791,000
Contributions made	10,600,000	9,781,000
Other	10,000	(85,000)
Increase (decrease) in net pension obligation	-	95,000
Net pension obligation:		
Beginning of year - July 1	(4,396,000)	(4,491,000)
End of year - June 30	\$ (4,396,000)	\$ (4,396,000)

The annual required contribution for the basic plan for the 2012 year was determined as part of the January 1, 2011 actuarial valuation. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5% per year. Both (a) and (b) included an inflation component of 3%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets is valued at a market-related value that spreads gains and losses over five years. The actuarial funding method is currently the Projected Unit Credit Method. The 26% corridor limit for asset smoothing will be reduced by 2% per year until 20% and the amortization period is 30 years. The annual contributions for NHRMC for the years ended September 30, 2012 and 2011 were approximately \$10,600,000 and \$9,781,000, respectively.

**Significant Accounting Policies of the Plan.** The Plan prepares its financial statements on the accrual basis of accounting. Employer contributions are recognized when due and receivable. Distributions to participants are recognized when due and payable in accordance with the terms of the Plan. Investments are valued at fair value based on quoted market prices. The Plan's fiscal year end is December 31.

**NEW HANOVER COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

The Three-Year Trend information is as follows:

Employer Contributions:

<b>Three-Year Trend Information for Medical Center</b>			
<b>Year Ended September 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Asset</b>
2010	\$ 8,970,000	100%	\$ 4,491,000
2011	9,791,000	100%	4,396,000
2012	10,610,000	100%	4,396,000

Funded Status and Funding Progress:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Accrued Liability (AAL) (b)</b>	<b>Deficit of Assets over AAL (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Annual Covered Payroll (C)</b>	<b>((a-b)/c)</b>
1/1/2009	\$ 166,373,000	\$ 177,016,000	\$ (10,643,000)	94%	\$ 201,438,000	-5.28%
1/1/2010	163,563,000	181,718,000	(18,155,000)	90%	200,573,000	-9.05%
1/1/2011	170,571,000	194,762,000	(24,191,000)	88%	205,914,000	-11.75%
1/1/2012	177,056,000	201,062,000	(24,006,000)	88%	214,146,000	-11.21%

**Pender Memorial Hospital (PMH) Pension Plan**

**PMH Plan Description.** PMH sponsors a single-employer, non-contributory defined benefit pension plan covering substantially all employees. 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 percent after five years of service. Employees 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. Employees may retire with reduced retirement benefits after reaching age 60 and completing ten years of creditable service. The Plan also provides a death benefit for surviving spouses of vested employees.

The Plan issues a separate, stand-alone financial report that can be obtained by contacting the office of the Financial Officer, 507 Fremont Street, Burgaw, North Carolina 28425.

**NEW HANOVER COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Funding Policy.** PMH is required to fund the Plan, as determined by an annual actuarial valuation. 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.

**Annual Pension Cost and Net Pension Obligation.** PMH's annual pension cost and net pension obligation were as follows for the year ended September 30, 2012 and 2011;

	<u>2012</u>	<u>2011</u>
Annual required contribution	\$ 359,000	\$ 317,000
Interest on net pension obligation	18,000	18,000
Adjustment to annual required contribution	<u>(19,000)</u>	<u>(19,000)</u>
Annual pension cost	358,000	316,000
Contributions made	<u>358,000</u>	<u>316,000</u>
Increase (decrease) in net pension obligation	-	-
Net pension obligation:		
Beginning of year - July 1	<u>231,000</u>	<u>231,000</u>
End of year - June 30	<u>\$ 231,000</u>	<u>\$ 231,000</u>

The annual required contribution for the basic plan for the 2012 year was determined as part of the January 1, 2011 actuarial valuation. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5% per year. Both (a) and (b) included an inflation component of 3%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The actuarial funding method is currently the Projected Unit Credit Method. The 28% corridor limit for asset smoothing will be reduced by 2% per year until 20% and the amortization period is 30 years. The annual contributions for PMH for the years ended September 30, 2012 and 2011 were approximately \$358,000 and \$316,000, respectively.

The Three-Year Trend information is as follows:

<u>Three-Year Trend Information for Pender Memorial Hospital</u>			
<u>Year Ended</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>September 30</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
2010	\$ 267,000	100%	\$ 231,000
2011	316,000	100%	231,000
2012	358,000	100%	231,000

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Funded Status and Funding Progress are:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Deficit of Assets over AAL (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (C)	((a-b)/c)
1/1/2010	\$ 3,388,000	\$ 4,266,000	\$ (878,000)	79%	\$ 6,875,000	-12.77%
1/1/2011	3,552,000	4,689,000	(1,137,000)	76%	7,231,000	-15.72%
1/1/2012	3,739,000	5,068,000	(1,329,000)	74%	8,372,000	-15.87%

### **New Hanover Regional Medical Center (NHRMC) Defined Contribution Retirement Plans**

**Plan Description.** NHRMC 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, NHRMC 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, 1,000 hours worked in each year.

NHRMC employer required and actual matching contributions totaled approximately \$232,000 and \$146,000, and employee optional contributions totaled approximately \$8,799,000 and \$8,478,000, for the years ended September 30, 2012 and 2011, respectively. Employee contribution percentages were 3.33% and 3.65% of total payroll for the years ended September 30, 2012 and 2011, respectively.

As of January 1, 2009, LCFH adopted a defined contribution plan under IRS code section 403(b) and an elective deferral plan. The plans cover qualified employees of LCFH, which are generally all employees. LCFH can match contributions to the 403(b) plan, but is not required to do so. Employer contributions vest after three complete years of service. Employer contributions to these plans for the years ended September 30, 2012 and 2011 were \$696,000 and \$265,000, respectively.

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

### **New Hanover County ABC Board Pension Plan Obligations**

*Plan Description.* The ABC Board contributes to the State-wide Local Governmental Employee's Retirement System (LGERS), as cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. The Board has also elected to provide death benefits to employees through the Death Benefit Plan for members of the LGERS. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North

## NEW HANOVER COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Carolina General Assembly. The Local Government Employee's Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410 or by calling (919)981-5454.

*Funding Policy.* Plan members are required to contribute 6% of their annual covered salary. The Board is required to contribute at an actuarially determined rate. For the year ended June 30, 2013, the Board's current rate for employees not engaged in law enforcement is 7.04% of annual covered payroll. The contribution requirements of members and of the Board are established and may be amended by the North Carolina General Assembly. The Board's contributions to LGERS were \$139,095, \$129,786, and \$114,560 for the years ended June 30, 2013, 2012, and 2011 respectively. The contributions made by the Board equaled the required contributions for the year.

#### **New Hanover County ABC Board Supplemental Retirement Plan**

*Plan Description.* The ABC contributes to the Supplemental Retirement Income Plan, a defined contribution pension plan administered by the Department of the State Treasurer and a Board of Trustees. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919)981-5454.

The plan covers all employees who are also eligible to participate in the Local Government Employee's Retirement System. The Board's contribution is based on matching 100% of employee's contributions ranging from 2% to 5% of salary deferral elected by each eligible employee. The Board's contribution for the years ended June 30, 2013 and 2012 were \$49,927 and \$43,821, respectively.

#### **New Hanover County Tourism Development Authority Employee Pension Plan**

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

During the years ended June 30, 2013 and 2012, the TDA's contributions to the plan totaled \$48,912 and \$31,197, representing 10.0% and 7.5%, respectively, of eligible employees' salaries.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Deferred Compensation Plan

The County and the Authority offer its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the plans are held in trust for the exclusive benefit of the participants and their beneficiaries.

The Medical Center (NHRMC) offers all employees a retirement plan created in accordance with the Internal Revenue Code Section 457(b). NHRMC 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 NHRMC's financial statements. In addition, NHRMC offers two supplemental retirement plans under IRC Section 457(f) to certain eligible employees. NHRMC has recorded a liability of approximately \$1,437,000 and \$1,221,000 as of September 30, 2012 and 2011, respectively, in accordance with the provisions of these plans.

NHRMC 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 balance sheet date. There are no additional deferrals being made to the plan and no active employees participating.

### Other Post-Employment Benefits

The County, the Authority, and the ABC Board provide other post-employment benefits and implemented Governmental Accounting Standards Board Statement Number 45 during the year ended June 30, 2009. Previously, the costs were recognized only on a pay-as-you-go basis.

*Plan Description.* 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. A separate report was not issued for the plan. The plan is a single employer defined benefit plan.

Membership in the plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	299
Terminated employees entitled to, but not yet, receiving benefits	-
Active plan members	<u>1,477</u>
Total	<u><u>1,776</u></u>

**NEW HANOVER COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

*Funding Policy.* The County pays a portion of the cost of coverage based on the following scale:

<u>Years of Service in Retirement System</u>	<u>Percent of Cost Paid by Retiree</u>
At least 5, but less than 15	100%
At least 15, but less than 20	75%
At least 20, but less than 25	50%
At least 25, but less than 30	25%
30 or more	Prevailing payroll rate for individual coverage

The County has chosen to continue to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 17.91% of annual covered payroll. For the current year, the County contributed \$1,559,802 or 2.31% of annual covered payroll. In 2012, \$1,058,576 was contributed.

*Summary of Significant Accounting Policies.* Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*Annual OPEB Cost and Net OPEB Obligation.* The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 11,098,104
Interest on net OPEB obligation	1,132,015
Adjustments to annual required contribution	<u>(1,081,426)</u>
Annual OPEB cost (expense)	11,148,693
Contributions made	<u>1,559,802</u>
Increase (decrease) in net OPEB obligation	9,588,891
Net OPEB obligation:	
Beginning of year - July 1	<u>28,300,387</u>
End of year - June 30	<u><u>\$ 37,889,278</u></u>

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2012, and 2013 were as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2011	\$ 6,981,320	15.77%	\$ 18,550,944
2012	10,808,019	9.79%	28,300,387
2013	11,148,693	14.00%	37,889,278

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$129,123,507. The covered payroll (annual payroll of active employees covered by the plan) was \$67,382,162, and the ratio of the UAAL to the covered payroll was 191.6 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 8.50 to 5.00 percent annually. Both rates included a 3.0 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

*Plan Description.* Under the terms of an Authority resolution, the Authority also administers a single-employer defined healthcare benefits plan. 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 Governmental Employees' Retirement System (the "System"). If the retiree's age and service equal 70 years with ten years of creditable service, the Authority will pay 100% of the premium not to exceed \$300 per month, and with 5 years of creditable service, the Authority will pay 50% of the premium not to exceed \$150 per month. The Authority may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the healthcare benefits plan consisted of the following at June 30, 2010, the date of the latest actuarial valuation:

Retirees receiving benefits	3
Active plan members	<u>40</u>
Total	<u>43</u>

*Funding Policy.* By Authority resolution, the Authority pays the aforementioned health insurance benefits to qualified retirees. Post-employment expenses are recorded in these statements on the accrual basis. No funds are set aside to pay benefits and administration costs. These expenses are paid as they come due. For four eligible retirees in 2013, the Authority's total contributions were \$10,200.

*Annual OPEB Cost and Net OPEB Obligation.* The Authority's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Authority has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represented a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation for the post-employment health insurance benefits:

Annual required contribution	\$ 14,144
Interest on net OPEB obligation	1,306
Adjustments to annual required contribution	<u>(1,888)</u>
Annual OPEB cost (expense)	13,562
Contributions made	<u>(10,200)</u>
Increase (decrease) in net OPEB obligation	3,362
Net OPEB obligation:	
Beginning of year - July 1	<u>32,652</u>
End of year - June 30	<u>\$ 36,014</u>

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2012, and 2013 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2011	\$ 14,797	60.82%	\$ 28,007
2012	13,645	65.96%	32,652
2013	13,562	75.21%	36,014

The net OPEB obligation of \$36,014 at June 30, 2013 is included in accrued expenses on the Statement of Net Position.

*Funded Status and Funding Progress.* As of June 30, 2010, the actuarial liability for benefits was \$188,082, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,164,859, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.69 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presented information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement Age for Active Employees.* Based on the historical retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

*Turnover.* Non-group-specific age-based turnover data from GASB Statement 45 was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for development of an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

*Health Insurance Premiums.* 2010 monthly healthcare benefits of \$300 and \$150, respectively, as described in the plan description, were used as the basis for calculation of the present value of total benefits to be paid.

As the plan benefits are for the employee and all qualifying employees are anticipated to participate in the plan, assumptions for *Marital Status and Mortality* were not included in the basis for calculations. The assumptions for *Inflation Rate and Payroll Growth Rate* were also not included in the basis for calculations, as the plan pays a defined benefit.

Based on the historical and expected returns of the Authority's short-term investment portfolio, a discount rate of 4.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis. The remaining amortization period at June 30, 2010 was thirty years.

*Plan Description.* The ABC Board has adopted, by resolution, a single employer, defined benefit health insurance plan, whereas upon retirement of each employee who has been continuously employed by said ABC Board for thirty or more years of service, or each employee who has been continuously employed by said ABC Board for twenty-five years of service and reached age 60, the ABC Board shall pay and provide medical insurance coverage at no cost to said employee until such time as said employee is eligible for Medicare Benefits. Thereafter, the ABC Board shall pay and provide to each qualifying employee, supplemental insurance to Medicare Benefits they are eligible to receive. A separate report was not issued for the plan.

Membership of health insurance benefit plan consisted of the following at December 31, 2012, the date of the last actuarial valuation:

<b>Active Members:</b>	
General employees	55
<b>Retired Members:</b>	
Age 65+	5
Under age 65	6

## NEW HANOVER COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

*Funding Policy.* The New Hanover County Alcoholic Beverage Control Board is required to contribute 100% of the premiums required to provide post-employment health benefits for eligible employees under an ABC Board resolution that can be amended by the ABC Board. The ABC Board has chosen to fund the health benefits on a pay-as-you-go basis. During the fiscal years ended June 30, 2013 and 2012, the Board's contributions were \$30,162 and \$41,347, respectively.

	<b>2013</b>
Annual required contribution	\$ 49,984
Interest on net pension obligation	16,983
Adjustment to annual required contribution	(16,224)
Annual pension cost	50,743
Contributions made	30,162
Increase (decrease) in net pension obligation	20,581
Net pension obligation:	
Beginning of year - July 1	424,565
End of year - June 30	\$ 445,146

Annual OPEB Cost and Net OPEB Obligation. The ABC Board's annual OPEB cost (expense) is calculated based on the *annual contribution of the employer* (ARC) calculated using the alternative measurement method for groups with less than 100 members. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the ABC Board's annual OPEB cost for the years, the amount actually contributed to the plan, and changes in the ABC Board's net OPEB obligation for the healthcare benefits:

The ABC Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for 2013, 2012, 2011, and 2010 were as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2013	\$ 50,743	59.44%	\$ 445,146
2012	98,363	42.03%	424,565
2011	104,936	31.49%	367,529
2010	104,936	18.27%	295,641

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

*Funded Status and Funding Progress.* As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL), was \$791,283. The covered payroll was \$2,037,135, and the ratio of the UAAL to the covered payroll was 38.84%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a four percent (4%) rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an initial annual medical cost trend increase of 9.5% (pre-Medicare), or 7% (post-Medicare) annually, decreasing to 5% by 2018. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 29 years.

### **Other Employment Benefits**

The County and the Authority have elected to provide death benefits to employees through the Death Trust Plan for members of the Local Governmental Employees' Retirement System (Death Trust Plan), a multi-employer State administered cost-sharing plan funded on a one-year term cost basis. Death benefits are provided to employees 1) who die in active service after one year of contributing membership in the System or 2) 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.

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. All death benefit payments are made from the Death Trust Plan. The County and the Authority have no liability beyond the payment of monthly contributions.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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. Because the benefit payments are made by the Death Trust Plan and not by the County, the County does not determine the number of eligible participants. Due to a surplus, a decision was made by LGERS to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. There will, therefore, be a temporary relief period based on the number of years the employer has contributed to the Death Benefit Plan as of December 31, 2010. The County has a three-year temporary relief period.

### Long-Term Debt of the County

*Limited Obligation Refunding Bond.*: On September 12, 2012, the County issued \$20,540,000 of limited obligation refunding bonds, of which \$23,186,395 was used to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust, of which \$22,465,000 was for the purpose of general resources for all future debt service payments. The remaining \$716,800 was a County contribution. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the governmental activities column of the Statement of Net Position. The net carrying amount of the old debt exceeded the re-acquisition price by \$1,925,000. This amount is being amortized over the life of the new debt, which is equal to the life of the refunded debt. This refunding was undertaken to reduce total debt service payments over the next 16 years by \$3,891,941 and resulted in an economic gain of \$2,597,237.

### Debt Related to Capital Activities

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

Capital assets, net of accumulated depreciation		\$ 160,068,235
Deferred outflows of resources		1,925,000
Less: capital debt		
Gross debt	\$ (429,958,555)	
Debt related to assets to which the County does not capitalize	336,127,859	
Unspent debt proceeds, non school related debt	<u>6,291,302</u>	<u>(87,539,394)</u>
Net investment in capital assets		<u>\$ 74,453,841</u>

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

Capital assets, net of accumulated depreciation		\$ 13,562,677
Less: capital debt		
Gross debt	\$ (1,369,750)	
Unspent debt proceeds	<u>-</u>	<u>(1,369,750)</u>
Net investment in capital assets		<u>\$ 12,192,927</u>

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Changes in long-term debt of the County during the year ended June 30, 2013 are:

<b>Governmental Activities</b>	<b>Balance July 1, 2012 (1)</b>	<b>Additions/ Transfers</b>	<b>Retirements</b>	<b>Net Unamortized Premium and (Discount)</b>	<b>Balance June 30, 2013</b>	<b>Due Within One Year</b>
General obligation bonds	\$ 292,639,997	\$ 54,000,000	\$ 21,075,000	\$ 15,151,690	\$ 340,716,687	\$ 21,040,000
Installment debt	96,596,436	20,540,000	32,393,268	4,498,700	89,241,868	10,294,150
Compensated absences	6,040,096	3,080,845	2,931,637	-	6,189,304	3,353,499
Net pension obligations	562,336	561,508	518,335	-	605,509	-
Net OPEB obligations	28,300,387	11,148,693	1,559,802	-	37,889,278	-
Claims and judgments	75,000	85,000	75,000	-	85,000	-
Total governmental activities	<u>\$ 424,214,252</u>	<u>\$ 89,416,046</u>	<u>\$ 58,553,042</u>	<u>\$ 19,650,390</u>	<u>\$ 474,727,646</u>	<u>\$ 34,687,649</u>

(1) Balance at July 1, 2012 is not net of unamortized premiums and discounts of \$12,735,250.

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

<b>Business-Type Activities</b>	<b>Balance July 1, 2012 (1)</b>	<b>Additions/ Transfers</b>	<b>Retirements</b>	<b>Premium and (Discount)</b>	<b>Balance June 30, 2013</b>	<b>Due Within One Year</b>
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Installment debt	1,903,923	-	557,435	23,262	1,369,750	392,640
Accrued landfill closure and post-closure care costs	13,044,374	219,405	-	-	13,263,779	-
Compensated absences	185,489	25,611	52,879	-	158,221	60,489
Total business-type activities	<u>\$ 15,133,786</u>	<u>\$ 245,016</u>	<u>\$ 610,314</u>	<u>\$ 23,262</u>	<u>\$ 14,791,750</u>	<u>\$ 453,129</u>

(1) Balance at July 1, 2012 is not net of unamortized premiums and discounts of \$28,000.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

General obligation bonds of the County are direct obligations and pledge the full faith and credit of the County. General obligation bonds of the Water and Sewer District are direct obligations and pledge the full faith and credit of the District. General obligation bonds consist of the following individual issues outstanding as of June 30, 2013:

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

\$47,425,000 Refunding General Obligation Bonds, Series 2004, issued March 1, 2004, due in remaining annual installments of \$3,755,000 to \$7,570,000 through November 1, 2019; interest at 5% due semi-annually through November 1, 2019; \$35,130,000 principal plus unamortized premium of \$1,089,160, less unamortized charge of \$1,679,717. Serviced by General Fund and Public Schools Fund.	\$ 34,539,443
\$18,265,000 Refunding General Obligation Bonds, Series 2005, issued September 1, 2005, due in remaining annual installments ranging from \$1,595,000 to \$2,410,000 through February 1, 2018 interest at rates ranging from 3.50% to 5.25%, due semi-annually through February 1, 2018; \$9,645,000 principal plus unamortized premium of \$204,580, less unamortized charge of \$280,330. Serviced by General Fund and Public Schools Fund.	9,641,250
\$30,000,000 General Obligation School Bonds, Series 2006, issued February 1 and 9, 2006, due in remaining semi-annual installments of \$1,500,000 through February 1, 2026; interest on \$15,000,000 (variable) is at variable rates based on a weekly rate - determined by a remarketing agent and interest of \$15,000,000 (fixed) is at rates ranging from 3.75% to 4.25%, due semi-annually through February 1, 2026. \$19,500,000 principal plus unamortized premium of \$38,079, less unamortized charge of \$17,612. Serviced by General Fund and Public Schools Fund.	19,520,467
\$50,000,000 General Obligation School Bonds, Series 2007, issued October 30, 2007, due in remaining annual installments of \$2,500,000 to \$3,500,000, beginning February 1, 2009 through February 1, 2026; interest rates ranging from 4.00% to 5.00%, DUE semi-annually through February 1, 2026. Serviced by Public Schools Fund. \$37,500,000 principal plus unamortized bond premium of \$119,580.	37,619,580

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

\$18,000,000 General Obligation Parks and Recreation Bonds, School Bonds, Series 2008, issued June 17, 2008, due in remaining annual installments of \$750,000 to \$1,100,000 beginning June 1, 2010 through June 1, 2029; interest rates ranging from 3.5% to 5.0% due semi-annually through June 1, 2029. Serviced by General Fund. \$15,000,000 principal plus unamortized bond premium of \$3,073.	15,003,073
\$43,000,000 General Obligation Bonds, Series 2009, issued June 9, 2009, due in remaining annual installments of \$1,500,000 to \$4,000,000 beginning June 1, 2011 through June 1, 2029; interest rates ranging from 3.0% to 5.0%, due semi-annually. Serviced by Public Schools Fund. \$38,500,000 principal plus unamortized bond premium of \$1,359,527.	39,859,527
\$48,970,000 2009 Refunding General Obligation Bonds, due in remaining annual installments ranging from \$1,925,000 to \$7,695,000 through December 1, 2021; interest rates ranging from 3.00% to 5.00%, due semi-annually through December 1, 2012. Serviced by General Fund and Public Schools Fund. \$41,564,997 principal plus unamortized premium of \$3,421,201.	44,986,198
\$83,030,000 2010 A&B General Obligation Bonds, due in remaining annual installments ranging from \$4,150,000 to \$4,155,000 through August 1, 2030; interest rates ranging from 2.00% to 5.00%, due semi-annually through August 1, 2030. Serviced by the General Fund. \$74,725,000 principal plus unamortized premium of \$4,009,574.	78,734,574
\$54,000,000 2013A General Obligation Bonds, due in remaining annual installments ranging form \$1,750,000 to \$2,750,000 through June 1, 2034; interest reates ranging form 3.00% to 5.00%, due semiannually through June 1 ,2034. Serviced by the General fund. \$54,000,000 principal plus unamortized premium of \$6,812,575.	<u>60,812,575</u>
Total General and Public School Special Revenue Funds (Governmental Activities)	340,716,687
Total Enterprise Funds (Business-Type Activities)	<u>-</u>
Total General Fund Obligation Bonds, net of unamortized charges and premiums	<u>\$ 340,716,687</u>

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Installment debt consists of the following at June 30, 2013:

\$33,725,000 Certificates of Participation, Series 2005A&B, issued July 19, 2005, due in annual installments through September 1, 2018; interest at rates ranging from 3.00% to 5.00%; principal of \$27,380,000 plus unamortized premium of \$600,969 less unamortized charge of \$817,239. Serviced by the General Fund and enterprise funds.	\$ 27,163,730
\$49,835,000 2010 Refunding Limited Obligation Bonds, issued June 2, 2010, due in annual installments through December 1, 2025; interest rates ranging 2.00% to 5.00%; principal of \$33,873,785 plus unamortized premium of \$2,708,209. Serviced by the General Fund, Fire District Special Revenue, and enterprise funds.	36,581,994
\$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 \$4,104,787. Serviced by the Public Schools Fund.	4,104,787
\$20,540,000 2012 Refunding Limited Obligation Bonds, issued September 12, 2012, due in annual installments through December 1, 2022; interest rates ranging from 1.00% to 5.00%; principal of \$19,135,000 plus unamortized premium of \$2,030,024. Services by the General Fund and Fire District Special Revenue.	21,165,024
Other installment debt; interest at rates ranging from 2.60% to 6.00%. Serviced by the General Fund, special revenue funds, and enterprise funds.	<u>1,596,083</u>
Total installment debt - Governmental and Business-Type Activities	<u>\$ 90,611,618</u>
Total installment debt - Governmental Activities	<u>\$ 89,241,868</u>
Total installment debt - Business-Type Activities	<u>\$ 1,369,750</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Annual maturity requirements on the County's long-term debt (except compensated absences, net pension obligations, claims and judgments and accrued landfill closure and post-closure care costs) with related interest as of June 30, 2013, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2014	\$ 31,334,150	\$ 17,582,866	\$ 392,640	\$ 34,443	\$ 49,344,099
2015	33,510,795	16,497,269	396,927	27,088	50,432,079
2016	33,440,200	15,094,182	149,118	20,305	48,703,805
2017	33,082,793	13,717,605	150,189	15,550	46,966,137
2018	33,043,895	12,254,471	89,271	10,841	45,398,478
2019-2023	137,395,365	40,621,029	168,342	12,978	178,197,714
2024-2028	78,600,967	16,112,037	-	-	94,713,004
2029-2033	28,150,000	3,122,017	-	-	31,272,017
2034	1,750,000	70,000	-	-	1,820,000
Total	<u>410,308,165</u>	<u>135,071,476</u>	<u>1,346,487</u>	<u>121,205</u>	<u>546,847,333</u>
Less: Unamortized discounts	(2,714,168)	-	(8,730)	-	(2,722,898)
Add: Unamortized premiums	22,364,558	-	31,993	-	22,396,551
Net	<u>\$ 429,958,555</u>	<u>\$ 135,071,476</u>	<u>\$ 1,369,750</u>	<u>\$ 121,205</u>	<u>\$ 566,520,986</u>

#### Other

The County's legal debt margin at June 30, 2013 was \$1,945,557,296

Debt authorized, but unissued, at June 30, 2013 is as follows:

Cape Fear Community College Bonds	<u>\$ 40,000,000</u>
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#### Long-Term Debt of the Authority

The Authority incurred, in 2003, long-term debt in order to finance a terminal expansion and renovation project. Financing was acquired through participation with New Hanover County's issuance of Certificates of Participation, which was paid off in 2013.

The Authority incurred an additional long-term debt in 2008 of \$2,700,000 in order to finance a new international terminal building construction project. Financing was acquired through an inter-local agreement with New Hanover County. Interest rates are currently ranging from 2.0% to 5.0%, as a result of the County's refunding with Limited Obligation Bonds in 2010.

The aggregate balance of long-term debt at June 30, 2013 is \$1,622,959. The Authority's debt service for the year ended June 30, 2013 was \$592,090 for principal and \$81,458 for interest.

## NEW HANOVER COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

During the Fiscal year ended June 30, 2013, the Authority entered into an agreement with New Hanover County for a loan, not to exceed \$4,500,000, to finance the construction of a new rental car service facility. The Authority made no draws on this loan until fiscal year 2014. The repayment on the note will be semi-annual payments, at 2.0% interest over ten years. Repayment is to begin once all funds for the completion of the construction have been advanced to the Authority. The Authority anticipates that repayment could begin in 2014.

#### Long-Term Debt of the Medical Center

Changes in long-term debt of the Medical Center during the year ended September 30, 2012.

	<u>Balance</u> <u>October 1,</u> <u>2011 (1)</u>	<u>Additions</u>	<u>Retirements</u>	<u>(Loss) and</u> <u>Unamortized</u> <u>(Discount)</u>	<u>Balance</u> <u>September 30,</u> <u>2012</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Revenue bonds	\$ 327,780,000	\$ -	\$ 7,930,000	\$ (4,781,000)	\$ 315,069,000	\$11,565,000
Capital leases	7,000	-	4,000	-	3,000	3,000
Other obligations	10,562,000	1,446,000	1,761,000	-	10,247,000	1,862,000
<b>Total</b>	<u>\$ 338,349,000</u>	<u>\$ 1,446,000</u>	<u>\$ 9,695,000</u>	<u>\$ (4,781,000)</u>	<u>\$ 325,319,000</u>	<u>\$13,430,000</u>

(1) Balance at October 1, 2011 is not net of unamortized premium of \$(2,778,000) and deferred loss on refunding of \$1,456,000.

NHRMC and LCFH have entered into interest rate swap agreements to modify interest rates on certain outstanding debt. Net interest expenditures resulting from these agreements and the resulting accrued receivable or payable under the swap agreements are reflected in the financial statements. As discussed in Note 7, in accordance with GASB Statement 53, the estimated fair values of interest in rate swaps at September 30, 2012 of \$12,124,000 are recorded as a liability on the balance sheet. 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 Assets 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, 2012 were as follows (in thousands):

<u>Associated Bond Issues</u>	<u>Notional</u>	<u>Start Date</u>	<u>End Date</u>	<u>Fair Value</u>
Series 2005A-1	\$ 8,390	December 14, 2005	October 1, 2023	\$ (1,323)
Series 2005A-2	8,375	December 14, 2005	October 1, 2023	(1,320)
Series 2005B-1	22,605	December 14, 2005	October 1, 2026	(4,189)
Series 2005B-2	22,595	December 14, 2005	October 1, 2026	(4,188)

## NEW HANOVER COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

As of September 30, 2012, the swaps were determined to be effective cash flow hedging derivative instruments in accordance with GASB Statement 53. Accordingly, the fair value of these swaps is recorded as a liability for interest rate swap agreements and a deferred outflow of resources in the balance sheet, and the change in fair value impacts only these balance sheet amounts.

The Medical Center or the counterparties may terminate the swap if the other party fails to perform under the terms of the contract or there is a termination event, as defined in the contract.

If the swaps are terminated, the variable rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swaps have negative fair values, the Medical Center would be liable to the counterparties for their payments equal to the swaps' fair values.

During fiscal year 2002, the Medical Center entered into a nineteen 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, 2012 and 2011, the basis swap had an estimated negative fair value of approximately \$748,000 and \$1,786,000, respectively, which is recorded as a liability in the balance sheet. Under GASB 53, the basis swap qualifies as an investment derivative and changes in fair value of \$1,038,000 and \$89,000 for years ended September 30, 2012 and 2011, respectively, have been recorded as a component of net increase (decrease) in fair value of investments in Statement of Revenue, Expenses, and Change in Net Assets.

LCFH hedged \$2,000 of its interest rate exposure associated with the LCFH 2007 Bonds through an interest rate swap agreement with a bank. As of September 30, 2012 and 2011, the \$1,850 and \$1,900 amounts, respectively, are hedged at an interest rate of 3.885%. Based on market tax-exempt interest rates of about .164% and .2780%, the present value of cash payment under the swap arrangement is a negative position of approximately \$356 and \$308 as of September 30, 2012 and 2011, respectively, which is recognized as a liability. The objective of the swap agreement was to effectively change one half of the LCFH 2007 Bonds variable rate to a fixed rate of 3.885%, to provide LCFH with a reduced possibility of a negative budget outcome. This swap has been effective from inception through September 30, 2012. The term of the LCFH 2007 Bonds and the swap are essentially the same, 20 years.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Revenue Bonds of the Medical Center

Series 1999, 2005, 2006, 2007, and 2008 Revenue Bonds of the Medical Center consist of the following at September 30, 2012:

#### Series 2005 Refunding Bonds

Series 2005A Variable Rate Refunding Bonds, demand obligations, with mandatory redemptions annually through 2023	\$ 16,765,000
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Series 2005B Variable Rate Refunding Bonds, demand obligations, with mandatory redemptions annually through 2026	45,200,000
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#### Series 2006 Revenue Bonds

Serial revenue bonds with interest rates ranging from 3.0% to 5.0% maturing through 2024	60,000,000
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Term revenue bonds maturing in 2027, with stated interest rate of 5.0%	26,440,000
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Term revenue bonds maturing in 2031, with stated interest rate of 5.125%	33,560,000
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#### Series 2007 Variable Rate Health Care Facility Revenue Bonds

Series 2007 Variable Rate Health Care Facility Revenue Bonds, variable rate of LIBOR plus 1.9%, repayment of principal is due annually through October 2027	3,700,000
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#### Series 2008 Revenue Bonds

Series 2008A Variable Rate Revenue Bonds, demand obligations, with mandatory redemptions annually through 2038	18,910,000
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Series 2008B Variable Rate Revenue Bonds, demand obligations, with mandatory redemptions annually through 2038	18,910,000
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# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Series 2011 Revenue Bonds

Serial revenue bonds with interest rates ranging from 3.0% to 5.0% maturing annually (beginning October 2012) through 2025 61,075,000

Term revenue bonds maturing in October 2026, with stated interest rates of 4.625% and 5% 7,535,000

Term revenue bonds maturing in October 2027, with stated interest rates of 4.625% and 5% 12,375,000

Term revenue bonds maturing in October 2028, with stated interest rates of 4.625% and 5% 12,980,000

### Series 2011 Variable Rate Health Care Facility Revenue Bonds

Series 2011 Variable Rate Health Care Facility Revenue Bonds, variable rate of 78% of LIBOR plus 1.3%, repayment of principal is due annually through August 2033 2,400,000

Total long-term debt 319,850,000

Unamortized discount 2,521,000

Deferred loss on refundings (7,302,000)

Total long-term debt, net of unamortized discount and loss \$ 315,069,000

Due within one year \$ 11,565,000

Due in more than one year \$ 303,504,000

The Series 2005, 2006, 2008, and 2011 Revenue Bonds are secured by, and payable from the net revenue of the Medical Center and CHA, 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 Medical Center and CHA revenues are security for the revenue bonds.

Under the terms of the Bond indentures and related lease agreement with the County, the Medical Center, and the CHA (excluding the Foundation component unit) are required to make semi-annual debt service payments on unpaid fixed rate debt (1999, 2006 and 2011 bonds), monthly debt service payments on variable rate demand bonds (2005 and 2008 bonds), and is also required to comply with certain restrictive covenants, including limitations on incurrence of additional debt, limitations on transfer of assets, and maintenance of certain measure of financial performance including a minimum long-term debt service ratio, for as long as the bonds are outstanding. The Medical Center was in compliance with all debt covenants as of September 30, 2012.

**NEW HANOVER COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Annual maturity requirements on outstanding revenue bonds of the Medical Center with related interest as of September 30, 2012 are as follows (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 11,565	\$ 9,972	\$ 21,537
2014	12,033	9,714	21,747
2015	12,490	9,433	21,923
2016	12,940	9,130	22,070
2017	13,437	8,805	22,242
2018-2022	75,637	38,581	114,218
2023-2027	93,408	26,573	119,981
2028-2032	74,390	8,487	82,877
2033-2037	9,560	54	9,614
2038-2040	4,390	4	4,394
<b>Total</b>	<b>\$ 319,850</b>	<b>\$ 120,753</b>	<b>\$ 440,603</b>

Interest paid related to these bonds is approximately \$13,032,000 during fiscal year ended September 30, 2012.

As of August 1, 2013, and subsequent to the Medical Center's year end of September 30, 2012, the Medical Center issued \$56,745,000 County of New Hanover, North Carolina Hospital Revenue Refunding Bonds, Series 2013, using the funds to refund all of the County's outstanding Series 2005 Bonds and make payments necessary to amend certain interest rate hedging agreements entered into by New Hanover Regional Medical Center related to the Series 2005 Bonds.

**Long-Term Debt of the TDA**

Changes in long-term liabilities of the TDA for the year ended June 30, 2013 are as follows:

	<b>Balance July 1, 2012</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2013</b>	<b>Due Within One Year</b>
Accrued vacation	\$ 12,338	\$ 739	\$ -	\$ 13,077	\$ 13,077

Accrued vacation is included in accounts payable and accrued expenses in the Statement of Net Position.

**Leases and Other Obligations**

The County leases land and the airport facilities to the Authority at \$1 per year through 2019 with an option to renew for an additional thirty years. As the assets were acquired by the County for use in airport operations, they are reported in the Authority component unit.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 inter-local 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 \$3,000,000.

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 4, 2009, extends the lease through October 2038. As the assets were acquired by the County for use in Medical Center operations, they are reported by the Medical Center component unit.

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

Minimum operating lease payments to be received by the Authority as of June 30, 2013 are:

<b>Year Ending June 30</b>	<b>Operating Lease Payments</b>
2014	\$ 1,457,736
2015	1,459,054
2016	1,449,227
2017	672,592
2018	694,658
Thereafter	16,892,590
Total	\$ 22,625,857

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

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

<b>Year Ending September 30</b>	<b>Operating Lease Obligations</b>
2013	\$ 10,411,000
2014	9,971,000
2015	7,390,000
2016	6,311,000
2017	5,390,000
2018-2022	8,492,000
Total	\$ 47,965,000

## NEW HANOVER COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Rent expense on operating leases for the Medical Center totaled approximately \$10,373,000 and \$10,078,000 in 2012 and 2011, respectively.

LCFH leases office space under various non-cancelable operating lease agreements, which expire over the next two years. Rent expense related to these agreements totaled approximately \$61,000 and \$52,000 in 2012 and 2011, respectively.

PMH, under an amended and restated lease agreement dated November 15, 2004, leases its main facilities and equipment and all future improvements from Pender County for an initial period of twenty years with an option (at the Medical Center's direction) to renew for ten additional years. Pender County and PMH maintain limited rights under the lease agreement to terminate the lease if specified provisions cannot be cured with 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 non-cancelable operating lease, which expires in fiscal year 2013. In addition, PMH leases certain medical equipment under operating leases that expire between 2013 and 2017.

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

<u>Year Ending September 30</u>	<u>Lease Obligations</u>
2013	\$ 281,000
2014	43,000
2015	34,000
2016	34,000
2017	<u>31,000</u>
Total	<u>\$ 423,000</u>

Rent expense on operating leases for PMH totaled \$395,000 and \$426,000 in 2012 and 2011, respectively.

PMH also leases various capital assets under non-cancelable capital leases. As of September 30, 2012 and 2011, the leased assets had been recorded at \$109,000 and \$109,000, respectively, and had accumulated amortization of \$109,000 and \$109,000, respectively. A summary of capital leases of PMH is as follows at September 30, 2012:

	<u>2012</u>
Capital lease obligations, with an interest rate of 8.9% collateralized by leased equipment	\$ 3,000
Less current portion	<u>(3,000)</u>
Capital lease obligations, less current portion	<u>\$ -</u>

**NEW HANOVER COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Scheduled payments on PMH’s capital lease obligations are as follows:

<u>Year Ending September 30</u>	<u>Capital Lease Obligations</u>
2013	\$ 3,000
Total minimum payments	3,000
Less: Amount representing interest	-
Present value of net minimum payments	<u>\$ 3,000</u>

The TDA leased its facilities from the County. Rent expense for the facility during the years ended June 30, 2013 and 2012 was \$50,974 and \$50,974, respectively. The minimum lease commitments on the facility lease are as follows:

<u>Year Ending September 30</u>	<u>Total</u>
2013	<u>\$ 50,974</u>

**Conduit Debt Obligations**

Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are collateralized by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, the amount of industrial revenue bonds outstanding was \$2,425,000.

**Accrual for Closure and Post-Closure Care Costs**

Federal and State 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 thirty 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 \$13,263,779 reported as landfill closure and post-closure care liability at June 30, 2013 represents (1) a cumulative amount of \$5,724,902 for final closure and post-closure care based on the full use of the total estimated capacity of the landfill and (2) \$7,538,877 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

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

what it would cost to perform all closure and post-closure care in 2013. The County expects to close this developed portion of the landfill by Fiscal Year 2019. The undeveloped portion of the landfill is expected to serve the County for an additional fifteen 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 Federal and State laws and regulations that helps determine if a unit is financially able to meet closure and post-closure care requirements.

### Deferred Outflows and Inflows of Resources

The amount of deferred outflows of resources is a charge on refunding of debt of \$1,925,000. The balance in deferred inflows and unearned revenues on the fund statements and on the government-wide financial statements at June 30, 2013 are composed of the following elements:

	<b>Unavailable Revenue</b>	<b>Unearned Revenue</b>
Prepaid property taxes not yet earned (General)	\$ -	\$ 172,165
Net taxes receivable (General)	2,500,265	-
Net taxes receivable (Special Revenue)	192,250	-
Special assessments receivable (General)	11,046	-
Special assessments receivable (Special Revenue)	13,243	-
Scattered site/SARF receivables (General)	405,056	-
CFPUA Economic Development receivable (General)	495,596	-
Total	\$ 3,617,456	\$ 172,165

### Interfund Receivables and Payables

Amounts classified on the balance sheet as “Receivables – interfund loans” and “Interfund loans” at June 30, 2013 include the following:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	CDBG Scatter Site Housing Fund	\$ 22,929
General Fund	\$35.5 Million Park and Recreation Bond Project	200,636
General Fund	320 Chestnut Street Renovations Project	281,673
General Fund	Cobb Annex Repairs Project	17,869
Total		\$ 523,107

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Due from/to Primary Government and Component Units:

<b>Primary Government:</b>	<b>Component Unit:</b>	
General Fund	New Hanover County ABC Board for	
	intergovernmental revenues due at June 30, 2013	\$ 300,216
<b>Component Unit:</b>	<b>Primary Government:</b>	
NHC Tourism Development Authority	Room Occupancy Tax Fund for room occupancy tax	
	collections held by the County	403,094
Total		<u><u>\$ 703,310</u></u>

### C. Other

#### Interfund Transfers

Interfund transfers presented in the fund financial statements for the year ended June 30, 2013 can be summarized as follows:

<u>Transfers Out:</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>	<u>Environmental Management Fund</u>	<u>Total</u>
General Fund	\$ -	\$ -	\$ 3,418,133	\$ -	\$ 3,418,133
Special revenue funds	-	-	3,289,623	-	3,289,623
Capital projects funds	28,050	-	-	-	28,050
Environmental Management Fund	-	-	-	-	-
Total	<u><u>\$ 28,050</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,707,756</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,735,806</u></u>

Interfund transfers are made to accumulate resources for funding of capital projects and to supplement other funding sources in the Special Revenue and the Environmental Management funds.

#### 4. Major Customers

Approximately 74% of Environmental Management revenues can be attributed to its largest three (3) customers, one of which is the City of Wilmington.

The Authority's operating revenues consist of rents, commissions, 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.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Exclusive of parking lot fees, transactions with five customers accounted for the following revenues and related trade accounts receivable balances at June 30, 2013:

<u>Customer</u>	<u>Revenues</u>	<u>Percentage</u>	<u>Receivable</u>
A	\$ 1,623,538	29%	\$ 94,190
B	1,021,709	18%	82,495
C	794,373	14%	25,680
D	616,904	11%	80,524
E	583,721	10%	1,212
	<u>\$ 4,640,245</u>		<u>\$ 284,101</u>

Medicare services represented 40% and Medicaid services represented 14% of net patient service revenue of the Medical Center for the fiscal year ended September 30, 2012.

LCFH's revenues are 90% from Medicare and 4% from Medicaid for the fiscal year ended September 30, 2012.

PMH's revenues are 56% from Medicare and 21% from Medicaid for the fiscal year ended September 30, 2012.

The TDA received approximately 100% of its revenue from room occupancy tax revenues assessed by other governments and collected by the County during the year ended June 30, 2013. Receivables consist totally of Room Occupancy Taxes collected on behalf of the TDA.

### 5. Joint Ventures

The County, in conjunction with Brunswick County and Pender County, participates in a joint venture to operate the Southeastern Center for Mental Health, Developmental Disabilities, and Substance Abuse Services (the "Center"). The counties appoint seven, five, and three members, respectively, to the fifteen member Board of the Center. The County has an ongoing financial responsibility for the Center because the Center's continued existence depends on the participating governments' continued funding. The County provided \$2,144,452 to the Center during the year for its ongoing 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, 2013. Complete financial statements for the Center can be obtained from the Center at 2023 South 17<sup>th</sup> Street, Wilmington, North Carolina 28401.

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.

## **NEW HANOVER COUNTY, NORTH CAROLINA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

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 ongoing financial responsibility for the College because of the statutory responsibilities to provide funding for the College's facilities. The County contributed \$7,839,548 to the College for operating purposes during the fiscal year ended June 30, 2013. In addition, the County made debt service payments of \$10,100,425 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, 2013. Complete financial statements for the College may be obtained from the College's administrative office at 321 North Front Street, Wilmington, North Carolina 28401.

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

In March 2005, the Medical Center invested in Atlantic Surgicenter, LLC, a joint venture formed to operate a freestanding ambulatory surgery center consisting of four general operating rooms and one non-licensed procedure room, located in New Hanover County, North Carolina. Annually, NHRMC invests additional funds as needed to maintain its 40% ownership in the joint venture. In May, the Surgicenter entered into a commitment letter in the amount of \$2,781 with TD Bank, N.A., and NHRMC signed as the guarantor. NHRMC has guaranteed a portion of the debt up to their ownership percentage in the joint venture. In June 2012, resolutions were adopted by the members of the joint venture resulting in an increase in NHRMC ownership in the joint venture to 46% with additional capital contribution of \$767.

On October 1, 2012, NHRMC and Atlantic Surgicenter, LLC entered into a Facility and Services Agreement whereby the Surgicenter will provide NHRMC with the space, equipment, and services to operate the ambulatory surgical facility as a hospital-based facility.

In 2005, the Medical Center entered into a joint venture agreement to form Porters Neck Imaging, LLC committing to contribute capital for a 50% ownership in the joint venture. PNI was formed to provide mobile MRI services to New Hanover County 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, 2013

In July 2007, the Medical Center entered into a joint venture agreement to form Coastal Carolina Heart, LLC (the "CCH"). The Medical Center's ownership percentage (82%) was based on the fair market value of CCH's access to future revenue streams arising from the existing hospital-based volumes in the Medical Center's cardiac catheterization and EP labs. As a result of the joint venture agreement, the Medical Center contracted with CCH to manage the existing hospital-based cardiac catheterization and EP labs, and agreed to pay CCH a per procedure fee for services provided by CCH to the Medical Center's patients. In May 2011, NHRMC purchases the remaining 18% of minority interest in the joint venture and bought out existing management contracts the joint venture was party to for approximately \$5,189,000. As of September 30, 2012 and 2011, NHRMC had recorded an intangible asset related to the purchase of the minority interest of \$2,626 and \$3,359, respectively, net of related amortization. Subsequent to the acquisition of the remaining minority interest, a final distribution of all net assets in the joint venture was made to NHRMC, and all operations of the joint venture were consolidated into the Hospital.

During its operation, the agreements related to the services provided by CCH were treated by NHRMC as an outsourcing arrangement. As such, the allocated income from CCH (approximately \$3,476,000 for the year ended September 30, 2011) was considered a reduction in the costs of services provided by CCH, resulting in decreased operating costs. During the year ended September 30, 2011, NHRMC recorded per-procedure fees for services provided by CCH, net of NHRMC's earnings from CCH operations, of approximately \$7,861,000 which are included in Purchased Services and Other in the Statement of Revenues, Expenses, and Changes in Net Assets.

In March 2012, NHRMC 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 State laws that are designed to ensure access to safe, affordable, quality healthcare.

### **6. Jointly Governed Organizations**

The County, in conjunction with Brunswick County, Columbus County, and Pender County, 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 \$25,788 to the Council during the fiscal year ended June 30, 2013.

The Lower Cape Fear Water and Sewer Authority (the "Sewer Authority") provides raw water to its membership, which includes the County and other municipalities. The County appoints two of the thirteen members of the Sewer Authority. The County has no financial transactions with the Sewer Authority.

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. The County paid \$1.9 million for CFPUA during fiscal year ended June 30, 2013. CFPUA paid the County \$488,200 in connection with debt the County is servicing for CFPUA for the fiscal year ended June 30, 2013. See Note 10 for further details.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 7. Benefit Payments Issued By The State

The following amounts were paid directly to recipients by the State from Federal and State monies on behalf of the County. County personnel are involved with certain functions, primarily eligibility determinations, that cause benefit payments to be issued by the State. These amounts disclose additional aid to County recipients which do not appear in the preceding basic financial statements because they are not revenues and expenditures of the County.

	<b>Federal</b>	<b>State</b>
WIC	\$ 2,936,028	\$ -
Supplemental Nutrition Assistance Program	45,895,544	-
Medical Assistance	133,053,547	73,922,283
Independent Living	33,217	-
IV-E Adoption	1,384,033	368,617
Refugee Assistance	5,020	-
AFDC Payments & Penalty	(594)	(163)
AFDC Unemployed Parents	(19)	(5)
AFDC-Trans Child Care	(134)	-
Special Child Adoption	13,200	-
TANF Payments & Penalty	1,024,056	(418)
CWS Adoption Subsidy	648,638	919,171
Foster Care Special Provision	-	5,804
SC/SA Domiciliary Care	-	1,254,571
Total	\$ 184,992,536	\$ 76,469,860

### 8. Public School Building Capital Fund

This program is funded using a portion of the corporate income taxes which are imposed on corporations doing business in the State, as well as a portion of the total proceeds from the North Carolina Education Lottery as described below. The Office of State Budget and Management establishes and maintains an ADM allocation account for the County for these funds.

Corporate income tax funds are allocated to New Hanover County, on the basis of the average daily membership (ADM) for New Hanover County Board of Education as determined and certified by the State Board of Education. This allocation is computed as the amount equal to five sixty-ninths (5/69) of the net collections of corporate income taxes received during the previous quarter minus \$2.5 million, which it deposits into the Critical School Facilities Needs Fund. At June 30, 2013, the balance of the County's ADM allocation account related to corporate income taxes was \$4,956. 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, 2013, the ADM funds in the County's disbursing account had a balance of \$90,000.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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, 2013, the County drew down in the public school building capital funds \$-0- of ADM allocation and \$1,834,368 of lottery allocation.

Of the 35% of the proceeds of the North Carolina Education Lottery sales designated for education, approximately 40% is designated for school construction, broken down as follows: 65% allocated to counties bases on the ADM of school districts and 35% allocated to counties which have a property tax rate above the State average (numerical average of all one hundred counties), which New Hanover did not exceed for the year ended June 30, 2013. As of June 30, 2013, the County's allocated balance of lottery proceeds was \$2,812,706. \$11,282,892 has been approved by the State for construction projects at June 30, 2013. During the fiscal years ended June 30, 2008 through June 30, 2013, the County drew down \$9,035,489 of these funds, leaving a disbursing account balance of \$2,247,403.

### 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 Lexington Insurance Company equal to the replacement cost values of owned property, subject to a loss limit of \$50,000,000 for any one occurrence, with a sub-limit of \$25,000,000 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 \$4,000,000 each occurrence from Travelers Indemnity Insurance Company. Crime insurance in the amount of \$500,000 per claim is obtained through Travelers Casualty & Surety Company of America.

The County is self-insured for workers compensation and employers' liability insurance, and purchases Specific and Aggregate Excess Workers' Compensation and Employer's Liability Indemnity Insurance. The County contracted with PMA, Inc., a provider of claims administrative services, to administer the program. The program provides that the County is responsible for the first \$400,000 for Fire and Sheriff employees and \$300,000 for all other 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 Employer's Liability Indemnity insurance provides protection against compensable claims during the policy year above the self-insured specific retention of \$300,000/\$400,000, 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 \$2,015,843 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 Lexington Insurance Company. The limit for loss within a Special Flood Hazard Area is \$2,500,000 and \$10,000 for all other zones.

## NEW HANOVER COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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. The Tax Collector has a Performance Bond in the amount of \$100,000 through a Commercial Bonding Company.

Following is a reconciliation of changes in the recorded aggregate liability for the County's claims for group medical insurance:

<u>For Fiscal Year Ended</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Unpaid claims at July 1	\$ 1,675,842	\$ 1,639,322
Provisions for claims	19,157,894	16,909,275
Payments for claims	(17,564,290)	(15,695,324)
Administrative fees	(1,285,752)	(1,177,431)
Unpaid claims at June 30	<u>\$ 1,983,694</u>	<u>\$ 1,675,842</u>

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

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. The Authority participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the Authority obtains property coverage equal to replacement cost values of owned property subject to a limit of \$54.6 million for any one occurrence, auto, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and health and dental insurance for Authority employees. Workers' Compensation is carried by Liberty Mutual Max Indemnity with a limit of \$2 million.

The pools are audited annually by certified public accountants, and the audited financial statements are available to the Authority upon request. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for public liability coverage, \$600,000 of aggregate losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$250,000 for Workers' Compensation. For health and dental insurance, the Authority is reinsured through the pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through commercial carriers for individual losses in excess of \$100,000.

The Authority carries flood insurance through NCACC. The annual aggregate coverage is \$5 million, subject to shared re-insurance limits of \$200 million with other members of the NCACC liability and property pool.

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.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

The Medical Center, 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 \$600,000,000 for 2012 and \$600,000,000 for 2011 with a deductible of \$100,000 for all perils except named windstorm. For 2012 and 2011, the minimum deductible for named storms is \$5,000,000 per location, with a maximum deductible of \$25,000,000 per location. For 2012 and 2011, the Medical Center has self-insured for Workers' Compensation and Employer's Liability up to \$350,000 per claim. A specific limit of \$25,000,000 applies to Workers' Compensation. For 2012 and 2011, the Medical Center was also self-insured for hospital professional liability claims and general liability claims up to the first \$5,000,000 per claim and no annual aggregate. In both 2012 and 2011 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).

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 recorded aggregate liability for the Medical Center claims (in thousands), which is included in accounts payable and other liabilities and professional liability claims:

<b>For Fiscal Year Ended</b>	<b>September 30, 2012</b>	<b>September 30, 2011</b>	<b>September 30, 2010</b>
Unpaid claims at October 1	\$ 29,779	\$ 24,951	\$ 24,016
Provisions for claims	52,956	50,680	45,065
Payments for claims	(52,791)	(43,821)	(42,251)
Administrative fees	(1,987)	(2,031)	(1,879)
Unpaid claims at September 30	<u>\$ 27,957</u>	<u>\$ 29,779</u>	<u>\$ 24,951</u>

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The ABC Board is exposed to various risks of loss related to torts; errors and omissions; injuries to employees; and natural disasters. The ABC Board has commercial property, general liability, auto liability, Workers' Compensation, and employee health coverage.

The ABC Board also has liquor legal liability. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the past three years.

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.

All ABC store managers and employees who have access to funds are insured for \$25,000.

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 insurance for all risks of loss. No claims have been experienced under these policies for any of the past two years.

The TDA's Board is covered under New Hanover County's public officials' liability policy. The County participates in a financing pool through the risk management agency of the North Carolina Association of County Commissioners. Through this pool, the County obtains general liability coverage of \$2 million per occurrence.

In accordance with G.S. 159-29, TDA employees that have access to \$100 or more at any given time of TDA funds are performance bonded through a commercial surety bond. 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.

### **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, 2013, 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 in the Capital Project funds was approximately \$199,120 million as of June 30, 2013.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Pursuant to the inter-local 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. Under Section 2.10 of the inter-local agreement, the County has agreed to a reduction in the amount of the debt service contributed from the Authority (debt payment reduction amounts) for a period of 10 years starting in the year ended June 30, 2009. The debt payment reduction amount, which reduces the debt service payments to be paid to the County by the Authority was \$1.9 million in the current year and an additional \$1.9 million each year for the next three years. Beginning in the sixth year (2014), the debt payment reduction amounts will consist of \$1.577 million for the sixth year, \$1.254 million for the seventh year, \$950,000 for the eighth year, \$627,000 for the ninth year, and \$304,000 for the tenth year. If at any time the debt payments reduction amounts in a given year are greater than the amounts required to be paid by the Authority to the County, the County will pay the Authority the difference.

Pursuant to a management agreement, the Authority retains USA Parking System, Inc. to provide management and operational services for the parking lot and skycap services. The agreement provides that USA Parking System, Inc. shall employ, furnish, and supervise certain personnel necessary for the management of the parking lot and skycap services. The Authority reimburses USA Parking System, Inc. for all operating expenses incurred in the management of the parking lot and skycap services in addition to annual management, insurance, and accounting services. In May 2012, the Authority entered into an amended contract with USA Parking System, Inc. for five years, effective November 1, 2012 through October 31, 2017. After October 31, 2017, the agreement allows the Authority to continue the contract by one additional five year period. The Authority may cancel the agreement at any time after October 31, 2017 by providing USA Parking System, Inc. thirty days prior written notice. For the year ended June 30, 2013, the Authority paid fees and expenses totaling \$400,276, which is included in contracted services.

Estimated future commitments under the agreement are as follows:

<u>Year Ending</u>	
2014	\$ 408,000
2015	417,000
2016	425,000
2017	433,000
2018	148,000
Total	<u>\$ 1,831,000</u>

The Authority has entered into several contracts and agreements as of June 30, 2013, primarily related to construction projects and equipment. The remaining commitment under these contracts and agreements is approximately \$4,500,000.

## **NEW HANOVER COUNTY, NORTH CAROLINA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

The Authority has entered into an employment agreement with one employee that provides for payment of certain benefits if the Authority, in its discretion, terminates the employee. The agreement was automatically renewed for a three-year term on June 30, 2012, and renews automatically thereafter for three additional years.

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

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.

Carolina Healthcare Associates (the "CHA"), doing business as NHRMC Physicians Group, is a non-profit corporation that provides an integrated primary and specialty care physician practice network to NHRMC in the form of physician and nurse practitioner services within NHRMC clinical areas and office location in the NHRMC service area. CHA's operating revenue was \$83,294,000 in fiscal year 2012 and \$57,824,000 in fiscal year 2011.

During fiscal year 2011, CHA expanded primarily through two major practice acquisitions. In November 2010, CHA acquired New Hanover Medical Group, consisting of 23 physicians, 2 mid-level providers, and 3 office locations in Wilmington, North Carolina. In March 2011, CHA acquired by merger two cardiology practices in Wilmington, North Carolina consisting of 16 physicians, 6 nurse practitioners and 19 mid-level providers. At the end of fiscal year 2012, CHA consisted of 99 physicians, 15 nurse practitioners, and 25 mid-level providers.

CHA has engaged Carolinas Physician Network (the "CPN"), a physician practice network within the non-profit corporation of Carolinas Health Care Systems, through contractual agreements, to operate and manage each of the medical practices owned by CHA and provide certain professional medical services for each of those practices. CPN provides physicians and mid-level providers to operate each of the medical practices owned by CHA and provide certain professional medical services for each of those practices. In exchange, CHA pays a flat annual fee adjusted annually to equal the estimated compensation of the Practice Provides. In its role as manager, CPN provides management and billing services, practice acquisition services, provider recruiting, and access to its practice management system. Fees under the management agreement are based on the number and specialties of the practices. The Management Services and Professional Services Agreements expire in 2014 and may be renewed for successive one year terms. During the years ended September 30, 2012 and 2011, CHA paid \$422,025,000 and \$301,200,000, respectively, to CPN under these agreements.

# NEW HANOVER COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The ABC Board has elected to pay direct costs of employment security benefits in lieu of employment security taxes on payroll. A liability for the benefit payments could accrue in the year following discharge of employees. During the years ended June 30, 2012 and 2011, employment security benefits paid to former employees were immaterial.

### 11. Subsequent Events

On July 18, 2013, the County issued \$31,335,000 million in general obligation refunding bonds bearing an average coupon of 1.93 percent. These bonds were executed and delivered to provide funds to refinance a portion of the remaining principal components of the County's General Obligation Bonds, Series 2006 and 2007. The Refunded 2006 Bonds maturing on or after February 1, 2017 will be irrevocably called for prepayment on February 1, 2016, at a prepayment price equal to 100% of the principal amount of such Refunded 2006 Bonds to be prepaid plus accrued interest to the prepayment date. The Refunded 2007 Bonds maturing on or after February 1, 2021 will be irrevocably called for prepayment on February 1, 2017, at a prepayment price equal to 100% of the principal amount of such Refunded 2006 Bonds to be prepaid plus accrued interest to the prepayment date. This Refunding was undertaken to reduce total debt service payments over the next 13 years and resulted in a net present value benefit of approximately \$2,238,356 million.

On August 7, 2013, the County issued \$32,220,000 million in General Obligation Refunding Bonds bearing an average coupon rate of 1.42 percent. These bonds were executed and delivered to provide funds to refinance a portion of the remaining principal components of the County's General Obligation Refunding Bonds, Series 2004. The Refunded 2004 Bonds maturing on or after November 1, 2014 will be irrevocably called for prepayment on November 1, 2013, at a prepayment price equal to 100% of the principal amount of such Refunded 2004 Bonds to be prepaid plus accrued interest to the prepayment date. This Refunding was undertaken to reduce total debt service payments over the next 7 years and resulted in a net present value benefit of approximately \$3,161,197 million.

### 12. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously Reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, GASB 65 requires that deferred costs from the refunding of debt which were previously deferred and amortized be presented as deferred outflows of resources. Bond issuance costs totaling \$2,043,334 for governmental funds and \$7,625 for business type funds were recognized as expenditures in the current year. As a result, beginning net position decreased from (\$67,203,183) to (\$69,246,517) in the governmental funds and decreased from \$5,675,474 to \$5,667,849 in the business type funds.

**NEW HANOVER COUNTY, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
<b>New Hanover County Law Enforcement Officers' Special Separation Allowance:</b>		
2004	\$ 243,875	93.5%
2005	304,978	80.0%
2006	331,460	92.0%
2007	328,307	101.0%
2008	306,872	107.0%
2009	358,511	85.6%
2010	405,798	88.3%
2011	512,034	75.8%
2012	518,335	98.8%
2013	568,386	91.2%

**New Hanover County Airport Authority Law Enforcement Officers' Special Separation Allowance:**

2004	\$ 10,055	31.4%
2005	11,129	36.7%
2006	8,867	88.6%
2007	6,969	102.4%
2008	7,257	176.9%
2009	7,177	178.8%
2010	6,602	194.4%
2011	8,723	147.1%
2012	9,999	91.3%
2013	11,117	0.0%

**New Hanover Regional Medical Center Pension Plan:**

2003	\$ 5,023,547	100.0%
2004	8,159,380	100.0%
2005	8,760,456	100.0%
2006	8,832,780	100.0%
2007	8,218,000	100.0%
2008	8,263,000	100.0%
2009	8,428,000	100.0%
2010	8,960,000	100.0%
2011	9,781,000	100.0%
2012	10,600,000	100.0%

**NEW HANOVER COUNTY, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
<b>Pender Memorial Hospital Pension Plan:</b>		
2003	\$ 105,547	100.0%
2004	176,300	100.0%
2005	185,319	100.0%
2006	200,416	100.0%
2007	197,000	100.0%
2008	213,000	100.0%
2009	247,000	100.0%
2010	268,000	100.0%
2011	317,000	100.0%
2012	359,000	100.0%
<b>New Hanover County Other Post-Employment Benefits:</b>		
2009	\$ 4,268,246	13.3%
2010	6,911,756	13.5%
2011	6,981,320	15.8%
2012	10,774,858	9.8%
2013	11,098,104	14.0%
<b>New Hanover County Airport Authority Other Post-Employment Benefits:</b>		
2009	\$ 18,261	60.8%
2010	18,261	49.3%
2011	14,144	63.6%
2012	14,144	63.6%
2013	14,144	72.1%
<b>New Hanover County ABC Board Other Post-Employment Benefits:</b>		
2009	\$ 104,936	0.0%
2010	104,936	18.3%
2011	104,936	31.5%
2012	104,936	39.4%
2013	49,984	60.3%

**NEW HANOVER COUNTY, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
SCHEDULE OF FUNDING PROGRESSS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Projected Unit Credit</u>	<u>Excess (Deficit) of Assets Over AAL</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll for Year Ending on Valuation Date</u>	<u>Excess (Deficit) as a Percentage of Covered Payroll</u>
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**New Hanover County Law Enforcement Officers' Special Separation Allowance (1):**

12/31/2003	\$ 229,103	\$ 2,439,375	\$ (2,210,272)	9.39%	\$ 11,006,067	-20.08%
12/31/2004	243,252	2,701,937	(2,458,685)	9.00%	11,619,995	-21.16%
12/31/2005	374,857	2,593,801	(2,218,944)	14.45%	13,103,102	-16.93%
12/31/2006	564,252	2,765,097	(2,200,845)	20.41%	13,186,998	-16.69%
12/31/2007	350,340	3,107,557	(2,757,217)	11.27%	14,144,196	-19.49%
12/31/2008	442,060	3,515,534	(3,073,474)	12.57%	15,510,994	-19.81%
12/31/2009	457,304	4,567,208	(4,109,904)	10.01%	14,627,764	-28.10%
12/31/2010	477,368	4,521,066	(4,043,698)	10.56%	14,565,306	-27.76%
12/31/2011	494,732	4,775,981	(4,281,249)	10.36%	15,967,718	-26.81%
12/31/2012	713,125	5,104,664	(4,391,539)	13.97%	17,397,076	-25.24%

**New Hanover County Airport Authority Law Enforcement Officers' Special Separation Allowance (2):**

12/31/2003	\$ -	\$ 86,472	\$ (86,472)	0.00%	\$ 441,100	-19.60%
12/31/2004	-	74,049	(74,049)	0.00%	381,755	-19.40%
12/31/2005	-	74,232	(74,232)	0.00%	303,056	-24.49%
12/31/2006	-	66,280	(66,280)	0.00%	396,598	-16.71%
12/31/2007	-	62,086	(62,086)	0.00%	355,262	-17.48%
12/31/2008	-	50,131	(50,131)	0.00%	320,969	-15.62%
12/31/2009	-	54,225	(54,225)	0.00%	361,651	-14.99%
12/31/2010	-	53,679	(53,679)	0.00%	365,801	-14.67%
12/31/2011	-	53,679	(53,679)	0.00%	411,372	-13.05%
12/31/2012	-	58,390	(58,390)	0.00%	368,530	-15.84%

**New Hanover County Regional Medical Center Pension Plan (2):**

1/1/2003	\$ 113,938,037	\$ 121,089,407	\$ (7,151,370)	94.09%	\$ 143,177,352	-4.99%
1/1/2004	129,523,435	135,764,516	(6,241,081)	95.40%	175,010,789	-3.57%
1/1/2005	133,897,230	141,242,243	(7,345,013)	94.80%	182,282,839	-4.03%
1/1/2006	141,520,596	145,541,727	(4,021,131)	97.24%	184,743,315	-2.18%
1/1/2007	150,774,000	153,919,000	(3,145,000)	97.96%	192,601,000	-1.63%
1/1/2008	163,463,000	165,667,000	(2,204,000)	98.67%	202,700,000	-1.09%
1/1/2009	166,373,000	177,016,000	(10,643,000)	93.99%	201,438,000	-5.28%
1/1/2010	163,563,000	181,718,000	(18,155,000)	90.01%	200,573,000	-9.05%
1/1/2011	170,571,000	194,762,000	(24,191,000)	87.58%	205,914,000	-11.75%
1/1/2012	177,056,000	201,062,000	(24,006,000)	88.06%	214,146,000	-11.21%

**NEW HANOVER COUNTY, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Projected Unit Credit</u>	<u>Excess (Deficit) of Assets Over AAL</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll for Year Ending on Valuation Date</u>	<u>Excess (Deficit) as a Percentage of Covered Payroll</u>
<b>Pender Memorial Pension Plan (2):</b>						
1/1/2003	\$ 2,225,458	\$ 2,595,198	\$ (369,740)	85.75%	\$ 4,298,691	-8.60%
1/1/2004	2,461,615	2,763,000	(301,385)	89.09%	4,407,340	-6.84%
1/1/2005	2,558,827	2,932,888	(374,061)	87.25%	4,861,261	-7.69%
1/1/2006	2,671,113	3,167,084	(495,971)	84.34%	4,441,209	-11.17%
1/1/2007	2,857,000	3,399,000	(542,000)	84.05%	4,917,000	-11.02%
1/1/2008	31,400,000	3,659,000	27,741,000	858.16%	5,632,000	492.56%
1/1/2009	3,268,000	3,938,000	(670,000)	82.99%	6,412,000	-10.45%
1/1/2010	3,388,000	4,266,000	(878,000)	79.42%	6,875,000	-12.77%
1/1/2011	3,552,000	4,689,000	(1,137,000)	75.75%	7,231,000	-15.72%
1/1/2012	3,739,000	5,068,000	(1,329,000)	73.78%	8,372,000	-15.87%

**New Hanover County Other Post-Employment Benefits (OPEB) (2):**

12/31/2005	\$ -	\$ 58,559,274	\$ (58,559,274)	0.00%	\$ 56,909,965	-102.90%
12/31/2008	-	78,484,700	(78,484,700)	0.00%	70,084,683	-111.99%
12/31/2010	-	116,907,724	(116,907,724)	0.00%	64,891,230	-180.16%
12/31/2012	-	129,123,507	(129,123,507)	0.00%	67,382,162	-191.63%

**New Hanover County Airport Authority Other Post-Employment Benefits (OPEB) (2):**

6/30/2007	\$ -	\$ 227,578	\$ (227,578)	0.00%	\$ 1,830,709	-12.43%
6/30/2010	-	188,082	(188,082)	0.00%	2,164,859	-8.69%

**New Hanover County ABC Board Other Post-Employment Benefits (OPEB) (2):**

6/30/2009	\$ -	\$ 880,945	\$ (880,945)	0.00%	\$ 1,980,624	-44.48%
12/31/2011	-	791,283	(791,283)	0.00%	2,037,135	-38.84%

**Notes:**

- (1) Pension Trust Fund is in the reporting entity.
- (2) Pension Trust Fund is not in the reporting entity.

**NEW HANOVER COUNTY, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
NOTES TO REQUIRED SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2013**

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations and alternative measurement method valuations at the dates indicated. Additional information as of the latest actuarial valuation and alternative method valuations follows:

**New Hanover County Law Enforcement Officers' Special Separation Allowance:**

Valuation date	December 31, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	19 years
Asset valuation method	Market value

**Actuarial Assumptions:**

Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
Cost of living adjustments	None

\* Includes inflation at 3.00%

**New Hanover County Airport Authority Law Enforcement Officers' Special Separation Allowance:**

Valuation date	December 31, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	19 years
Asset valuation method	Market value

**Actuarial Assumptions:**

Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
Cost of living adjustments	None

\* Includes inflation at 3.00%

**NEW HANOVER COUNTY, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
NOTES TO REQUIRED SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2013**

**New Hanover Regional Medical Center Pension Plan:**

Valuation date	January 1, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	30 years
Asset valuation method	Market value
<b>Actuarial Assumptions:</b>	
Investment rate of return*	8.00%
Projected salary increases*	5.00% per year
Cost of living adjustments	None

\* Includes inflation at 3.00%

**Pender Memorial Hospital Pension Plan:**

Valuation date	January 1, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	30 years
Asset valuation method	Market value
<b>Actuarial Assumptions:</b>	
Investment rate of return*	8.00%
Projected salary increases*	5.00%
Cost of living adjustments	None

\* Includes inflation at 3.00%

**NEW HANOVER COUNTY, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
NOTES TO REQUIRED SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2013**

**New Hanover County Other Post-Employment Benefits (OPEB):**

Valuation date	December 31, 2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value

**Actuarial Assumptions:**

Investment rate of return*	4.00%
Medical cost trend*	
Pre-Medicare cost trend*	8.50% - 5.00%
Post-Medicare cost trend*	6.25% - 5.00%
Year of ultimate trend rate*	2018

\* Includes inflation at 3.00%

**New Hanover County Airport Authority Other Post-Employment Benefits (OPEB):  
(Authority used alternative measurement method permitted by GASB Statement 45)**

Valuation date	June 30, 2010
Actuarial cost method	Unit credit cost
Amortization method	Level dollar amount, open
Remaining amortization period	30 years
Asset valuation method	Market value

**Actuarial Assumptions:**

Investment rate of return*	4.00%
Projected salary increases*	N/A
Cost of living adjustments	None

\* Includes N/A

**NEW HANOVER COUNTY, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
NOTES TO REQUIRED SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2013**

**New Hanover County ABC Board Other Post-Employment Benefits (OPEB):  
(Authority used alternative measurement method permitted by GASB Statement 45)**

Valuation date	December 31, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	29 years
Asset valuation method	Market value

**Actuarial Assumptions:**

Investment rate of return*	4.00%
Medical cost trend*	
Pre-Medicare cost trend*	9.50% to 5.00%
Post-Medicare cost trend*	7.00% to 5.00%
Year of ultimate trend rate*	2018

\* Includes inflation at 3.00%



## NEW HANOVER COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and investments	\$ 8,035,232	\$ 8,600,512	\$ 16,635,744
Restricted cash	-	3,571,150	3,571,150
Receivables:			
Intergovernmental	661,780	734,290	1,396,070
Other sources, net	283,616	-	283,616
Prepays	<u>850</u>	<u>-</u>	<u>850</u>
 Total assets	 <u>\$ 8,981,478</u>	 <u>\$ 12,905,952</u>	 <u>\$ 21,887,430</u>
 <b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 710,422	\$ 1,121,842	\$ 1,832,264
Interfund loans	<u>-</u>	<u>523,107</u>	<u>523,107</u>
Total liabilities	<u>710,422</u>	<u>1,644,949</u>	<u>2,355,371</u>
 <b>Deferred Inflows of Resources</b>			
Taxes receivable	<u>183,485</u>	<u>-</u>	<u>183,485</u>
Total deferred inflows of resources	<u>183,485</u>	<u>-</u>	<u>183,485</u>
 <b>Fund Balances:</b>			
Non-spendable	850	-	850
Restricted:			
Stabilization for State statute	924,197	1,655,469	2,579,666
Restricted, all other	7,098,631	10,038,730	17,137,361
Committed	-	1,130,942	1,130,942
Assigned	63,893	-	63,893
Unassigned	<u>-</u>	<u>(1,564,138)</u>	<u>(1,564,138)</u>
Total fund balances	<u>8,087,571</u>	<u>11,261,003</u>	<u>19,348,574</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ 8,981,478</u>	 <u>\$ 12,905,952</u>	 <u>\$ 21,887,430</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, 2013**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
Taxes	\$ 11,623,758	\$ -	\$ 11,623,758
Intergovernmental revenues	146,585	2,915,059	3,061,644
Charges for services	1,545,458	-	1,545,458
Investment earnings	193,489	11,037	204,526
Miscellaneous	34,635	(7,033)	27,602
Total revenues	<u>13,543,925</u>	<u>2,919,063</u>	<u>16,462,988</u>
<b>Expenditures:</b>			
Current:			
Public safety	9,805,332	-	9,805,332
Culture and recreation	1,285,233	-	1,285,233
Capital outlay	854,107	7,755,772	8,609,879
Debt service:			
Installment debt payments	1,055,537	-	1,055,537
Total expenditures	<u>13,000,209</u>	<u>7,755,772</u>	<u>20,755,981</u>
Revenues over (under) expenditures	<u>543,716</u>	<u>(4,836,709)</u>	<u>(4,292,993)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to other funds	(256,000)	(28,050)	(284,050)
Transfers from other funds	-	6,707,756	6,707,756
Total other financing sources (uses)	<u>(256,000)</u>	<u>6,679,706</u>	<u>6,423,706</u>
Net change in fund balances	287,716	1,842,997	2,130,713
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>7,799,855</u>	<u>9,418,006</u>	<u>17,217,861</u>
End of year - June 30	<u>\$ 8,087,571</u>	<u>\$ 11,261,003</u>	<u>\$ 19,348,574</u>

**NEW HANOVER COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET**

**NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS**

**JUNE 30, 2013**

	<u>Special Fire District</u>	<u>Local Law Enforcement Block Grant</u>	<u>Emergency Telephone System Grant</u>
<b>Assets:</b>			
Cash and investments	\$ 4,678,063	\$ 16,034	\$ 833,578
Receivables:			
Intergovernmental	661,780	-	-
Other sources, net	185,109	-	93,425
Prepays	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 5,524,952</u>	<u>\$ 16,034</u>	<u>\$ 927,003</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	<u>\$ 563,552</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>563,552</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>			
Taxes receivable	<u>183,485</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>183,485</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Non-spendable:			
Prepays	-	-	-
Stabilization for State statute	825,690	-	93,425
Restricted, all other	3,952,225	16,034	833,578
Assigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>4,777,915</u>	<u>16,034</u>	<u>927,003</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 5,524,952</u>	<u>\$ 16,034</u>	<u>\$ 927,003</u>

**Schedule 3**

<b>Revolving Loan Program</b>	<b>Arlie Gardens Foundation, Inc.</b>	<b>Public Health Foundation</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 63,893	\$ 2,423,826	\$ 19,838	\$ 8,035,232
-	-	-	661,780
-	5,082	-	283,616
-	850	-	850
<b>\$ 63,893</b>	<b>\$ 2,429,758</b>	<b>\$ 19,838</b>	<b>\$ 8,981,478</b>
\$ -	\$ 146,870	\$ -	\$ 710,422
-	146,870	-	710,422
-	-	-	183,485
-	-	-	183,485
-	850	-	850
-	5,082	-	924,197
-	2,276,956	19,838	7,098,631
63,893	-	-	63,893
<b>63,893</b>	<b>2,282,888</b>	<b>19,838</b>	<b>8,087,571</b>
<b>\$ 63,893</b>	<b>\$ 2,429,758</b>	<b>\$ 19,838</b>	<b>\$ 8,981,478</b>

**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, 2013**

	<b>Special Fire District</b>	<b>Local Law Enforcement Block Grant</b>	<b>Emergency Telephone System Grant</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Revenues:</b>			
Taxes:			
Ad valorem, including interest	\$ 8,694,458	\$ -	\$ -
Other taxes	2,368,750	-	560,550
Total taxes	11,063,208	-	560,550
Charges for services	99,194	-	-
Intergovernmental revenues	146,585	-	-
Investment earnings	10,341	27	1,611
Miscellaneous	16,853	-	-
Total revenues	<u>11,336,181</u>	<u>27</u>	<u>562,161</u>
<b>Expenditures:</b>			
Current:			
Operating costs	9,416,358	-	367,560
Capital outlay	854,107	-	-
Debt service:			
Installment debt payments	<u>1,055,537</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>11,326,002</u>	<u>-</u>	<u>367,560</u>
Revenues over (under) expenditures	<u>10,179</u>	<u>27</u>	<u>194,601</u>
<b>Other Financing Sources (Uses):</b>			
Transfer to other funds	<u>(256,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(256,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(245,821)	27	194,601
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>5,023,736</u>	<u>16,007</u>	<u>732,402</u>
End of year - June 30	<u>\$ 4,777,915</u>	<u>\$ 16,034</u>	<u>\$ 927,003</u>

**Schedule 4**

<b>Revolving Loan Program</b>	<b>Arlie Gardens Foundation, Inc.</b>	<b>Public Health Foundation</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ 8,694,458
-	-	-	2,929,300
-	-	-	11,623,758
-	1,446,264	-	1,545,458
-	-	-	146,585
106	181,404	-	193,489
<u>14,028</u>	<u>3,754</u>	<u>-</u>	<u>34,635</u>
<u>14,134</u>	<u>1,631,422</u>	<u>-</u>	<u>13,543,925</u>
19,207	1,285,233	2,207	11,090,565
-	-	-	854,107
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,055,537</u>
<u>19,207</u>	<u>1,285,233</u>	<u>2,207</u>	<u>13,000,209</u>
<u>(5,073)</u>	<u>346,189</u>	<u>(2,207)</u>	<u>543,716</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(256,000)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(256,000)</u>
(5,073)	346,189	(2,207)	287,716
<u>68,966</u>	<u>1,936,699</u>	<u>22,045</u>	<u>7,799,855</u>
<u>\$ 63,893</u>	<u>\$ 2,282,888</u>	<u>\$ 19,838</u>	<u>\$ 8,087,571</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS  
JUNE 30, 2013

	\$123M School Bond Expenditure Capital Project	\$35.5M Park Bond Capital Project	Health Department Renovation Capital Project	Smith Creek Park Capital Project	Public School Building Capital Fund Capital Project	Burn Pit Capital Project	Qualified School Construction Bond Capital Project	Murrayville Fire Station Capital Project
<b>Assets:</b>								
Cash and investments	\$ 850,067	\$ 6,291,302	\$ -	\$ 11,131	\$ -	\$ 133,860	\$ -	\$ -
Restricted cash	-	-	2,633,176	-	-	-	762,551	162,684
Receivables:								
Intergovernmental	-	258,273	-	-	392,108	-	-	-
Total assets	<u>\$ 850,067</u>	<u>\$ 6,549,575</u>	<u>\$ 2,633,176</u>	<u>\$ 11,131</u>	<u>\$ 392,108</u>	<u>\$ 133,860</u>	<u>\$ 762,551</u>	<u>\$ 162,684</u>
<b>Liabilities and Fund Balances:</b>								
<b>Liabilities:</b>								
Accounts payable and accrued liabilities	\$ -	\$ 500	\$ 17,355	\$ -	\$ 392,108	\$ -	\$ 549,670	\$ -
Interfund loans	-	200,636	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>201,136</u>	<u>17,355</u>	<u>-</u>	<u>392,108</u>	<u>-</u>	<u>549,670</u>	<u>-</u>
<b>Fund Balances:</b>								
Restricted:								
Stabilization for State statute	-	319,502	87,464	-	392,108	21,135	-	-
Restricted, all other	850,067	6,028,937	2,528,357	-	-	112,725	212,881	162,684
Committed	-	-	-	11,131	-	-	-	-
Unassigned	-	-	-	-	(392,108)	-	-	-
Total fund balances	<u>850,067</u>	<u>6,348,439</u>	<u>2,615,821</u>	<u>11,131</u>	<u>-</u>	<u>133,860</u>	<u>212,881</u>	<u>162,684</u>
Total liabilities and fund balances	<u>\$ 850,067</u>	<u>\$ 6,549,575</u>	<u>\$ 2,633,176</u>	<u>\$ 11,131</u>	<u>\$ 392,108</u>	<u>\$ 133,860</u>	<u>\$ 762,551</u>	<u>\$ 162,684</u>

Controlled Substance Tax Capital Project	Federal Forfeited Property Capital Project	\$38.3 Million CFCC Bond Expenditure Capital Project	Masons Inlet Relocation Capital Project	Scattered Site Housing Capital Project	Bike/Pedestrian Paths Capital Project	Cobb Annex Repairs Capital Project	Bald Eagle Public Water Expansion Capital Project	Airport Rental Car Parking Deck Capital Project	320 Chestnut Street Renovation Capital Project	Total Nonmajor Capital Project Funds
\$ 46,484	\$ 121,705	\$ -	\$ 203,952	\$ -	\$ 57,497	\$ -	\$ 884,514	\$ -	\$ -	\$ 8,600,512
-	-	12,739	-	-	-	-	-	-	-	3,571,150
-	-	-	-	83,909	-	-	-	-	-	734,290
<u>\$ 46,484</u>	<u>\$ 121,705</u>	<u>\$ 12,739</u>	<u>\$ 203,952</u>	<u>\$ 83,909</u>	<u>\$ 57,497</u>	<u>\$ -</u>	<u>\$ 884,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,905,952</u>
\$ 7,287	\$ 9,400	\$ -	\$ 99	\$ 64,107	\$ -	\$ 3,746	\$ -	\$ 6,686	\$ 70,884	\$ 1,121,842
-	-	-	-	22,929	-	17,869	-	-	281,673	523,107
<u>7,287</u>	<u>9,400</u>	<u>-</u>	<u>99</u>	<u>87,036</u>	<u>-</u>	<u>21,615</u>	<u>-</u>	<u>6,686</u>	<u>352,557</u>	<u>1,644,949</u>
-	21,162	-	26,053	276,459	-	38,385	-	-	473,201	1,655,469
39,197	91,143	12,739	-	-	-	-	-	-	-	10,038,730
-	-	-	177,800	-	57,497	-	884,514	-	-	1,130,942
-	-	-	-	(279,586)	-	(60,000)	-	(6,686)	(825,758)	(1,564,138)
<u>39,197</u>	<u>112,305</u>	<u>12,739</u>	<u>203,853</u>	<u>(3,127)</u>	<u>57,497</u>	<u>(21,615)</u>	<u>884,514</u>	<u>(6,686)</u>	<u>(352,557)</u>	<u>11,261,003</u>
<u>\$ 46,484</u>	<u>\$ 121,705</u>	<u>\$ 12,739</u>	<u>\$ 203,952</u>	<u>\$ 83,909</u>	<u>\$ 57,497</u>	<u>\$ -</u>	<u>\$ 884,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,905,952</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, 2013

	<u>\$123M</u> <u>School Bond</u> <u>Expenditure</u> <u>Capital</u> <u>Project</u>	<u>\$35.5M</u> <u>Park</u> <u>Bond</u> <u>Capital</u> <u>Project</u>	<u>Health</u> <u>Department</u> <u>Renovation</u> <u>Capital</u> <u>Project</u>	<u>Smith</u> <u>Creek</u> <u>Park</u> <u>Capital</u> <u>Project</u>	<u>Public School</u> <u>Building</u> <u>Capital Fund</u> <u>Capital</u> <u>Project</u>	<u>Burn</u> <u>Pit</u> <u>Capital</u> <u>Project</u>	<u>Qualified School</u> <u>Construction</u> <u>Bond</u> <u>Capital</u> <u>Project</u>	<u>Murrayville</u> <u>Fire</u> <u>Station</u> <u>Capital</u> <u>Project</u>
<b>Revenues:</b>								
Intergovernmental revenues	\$ -	\$ 258,272	\$ 40,000	\$ -	\$ 1,834,368	\$ 42,231	\$ -	\$ -
Investment earnings	464	4,872	1,801	17	-	241	1,633	-
Miscellaneous	-	(4,895)	-	(2,138)	-	-	-	-
Total revenues	<u>464</u>	<u>258,249</u>	<u>41,801</u>	<u>(2,121)</u>	<u>1,834,368</u>	<u>42,472</u>	<u>1,633</u>	<u>-</u>
<b>Expenditures:</b>								
Supplies	-	-	-	-	-	-	-	-
Capital outlay	272,303	421,619	141,234	1,940	1,834,368	-	671,400	-
Contracted services	-	-	-	-	-	42,218	-	-
Total expenditures	<u>272,303</u>	<u>421,619</u>	<u>141,234</u>	<u>1,940</u>	<u>1,834,368</u>	<u>42,218</u>	<u>671,400</u>	<u>-</u>
Revenues over (under) expenditures	<u>(271,839)</u>	<u>(163,370)</u>	<u>(99,433)</u>	<u>(4,061)</u>	<u>-</u>	<u>254</u>	<u>(669,767)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>								
Transfers to other funds	-	-	-	-	-	-	-	-
Transfers from other funds	-	-	2,715,254	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,715,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(271,839)</u>	<u>(163,370)</u>	<u>2,615,821</u>	<u>(4,061)</u>	<u>-</u>	<u>254</u>	<u>(669,767)</u>	<u>-</u>
<b>Fund Balances:</b>								
Beginning of year - July 1	<u>1,121,906</u>	<u>6,511,809</u>	<u>-</u>	<u>15,192</u>	<u>-</u>	<u>133,606</u>	<u>882,648</u>	<u>162,684</u>
End of year - June 30	<u>\$ 850,067</u>	<u>\$ 6,348,439</u>	<u>\$ 2,615,821</u>	<u>\$ 11,131</u>	<u>\$ -</u>	<u>\$ 133,860</u>	<u>\$ 212,881</u>	<u>\$ 162,684</u>

Controlled Substance Tax Capital Project	Federal Forfeited Property Capital Project	\$38.3 Million CFCC Bond Expenditure Capital Project	Masons Inlet Relocation Capital Project	Scattered Site Housing Capital Project	Bike/Pedestrian Paths Capital Project	Cobb Annex Repairs Capital Project	Bald Eagle Public Water Expansion Capital Project	Airport Rental Car Parking Deck Capital Project	320 Chestnut Street Renovation Capital Project	Total Nonmajor Capital Project Funds
\$ 125,616	\$ 383,642	\$ -	\$ -	\$ 230,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,915,059
59	368	-	1,585	(944)	72	-	869	-	-	11,037
-	-	-	-	-	-	-	-	-	-	(7,033)
<u>125,675</u>	<u>384,010</u>	<u>-</u>	<u>1,585</u>	<u>229,986</u>	<u>72</u>	<u>-</u>	<u>869</u>	<u>-</u>	<u>-</u>	<u>2,919,063</u>
80,709	281,472	-	-	-	-	-	-	-	-	362,181
12,000	277,932	-	3,107,183	228,945	-	21,615	-	6,686	352,557	7,349,782
1,590	1	-	-	-	-	-	-	-	-	43,809
<u>94,299</u>	<u>559,405</u>	<u>-</u>	<u>3,107,183</u>	<u>228,945</u>	<u>-</u>	<u>21,615</u>	<u>-</u>	<u>6,686</u>	<u>352,557</u>	<u>7,755,772</u>
31,376	(175,395)	-	(3,105,598)	1,041	72	(21,615)	869	(6,686)	(352,557)	(4,836,709)
-	(28,050)	-	-	-	-	-	-	-	-	(28,050)
-	-	-	3,051,438	-	57,419	-	883,645	-	-	6,707,756
-	(28,050)	-	3,051,438	-	57,419	-	883,645	-	-	6,679,706
31,376	(203,445)	-	(54,160)	1,041	57,491	(21,615)	884,514	(6,686)	(352,557)	1,842,997
7,821	315,750	12,739	258,013	(4,168)	6	-	-	-	-	9,418,006
<u>\$ 39,197</u>	<u>\$ 112,305</u>	<u>\$ 12,739</u>	<u>\$ 203,853</u>	<u>\$ (3,127)</u>	<u>\$ 57,497</u>	<u>\$ (21,615)</u>	<u>\$ 884,514</u>	<u>\$ (6,686)</u>	<u>\$ (352,557)</u>	<u>\$ 11,261,003</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

GENERAL FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 89,575,982	\$ 85,523,152
Restricted cash	432	467
Receivables:		
Interfund loans	523,107	219,407
Intergovernmental	18,081,613	18,346,053
Other sources, net	4,301,003	4,216,897
Due from component units	300,216	313,521
Inventory	8,252	15,737
Prepays	<u>34,383</u>	<u>31,053</u>
Total assets	<u>\$ 112,824,988</u>	<u>\$ 108,666,287</u>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 9,599,060	\$ 10,547,382
Advances from grantor	198,568	193,024
Prepaid service fees	<u>31</u>	<u>-</u>
Total liabilities	<u>9,797,659</u>	<u>10,740,406</u>
<b>Deferred Inflows of Resources</b>		
Prepaid property taxes not yet earned	172,165	174,730
Taxes receivable	2,500,265	2,328,663
Special assessments receivable	11,046	46,659
Scattered site/SARF receivables	405,056	529,729
CFPUA Economic Development receivable	<u>495,596</u>	<u>650,000</u>
Total deferred inflows of resources	<u>3,584,128</u>	<u>3,729,781</u>
<b>Fund Balances:</b>		
Non-spendable:		
Inventory	8,252	15,737
Prepays	34,383	31,053
Restricted:		
Stabilization for State statute	22,487,420	21,142,808
Register of Deeds	698,003	625,992
Assigned:		
Subsequent years' expenditures	9,000,000	7,000,000
Post-employment benefits	2,300,000	1,900,000
Public schools	2,580,627	2,554,087
Unassigned	<u>62,334,516</u>	<u>60,926,423</u>
Total fund balances	<u>99,443,201</u>	<u>94,196,100</u>
Total liabilities and fund balances	<u>\$ 112,824,988</u>	<u>\$ 108,666,287</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Taxes:				
Ad valorem taxes	\$ 160,084,721	\$ 159,760,979	\$ (323,742)	\$ 160,778,932
Other	51,259,968	54,733,023	3,473,055	52,668,352
Total taxes	211,344,689	214,494,002	3,149,313	213,447,284
Special assessments	-	40,010	40,010	135,802
Intergovernmental revenue	42,388,132	41,624,015	(764,117)	47,230,250
Charges for services	9,175,479	10,737,835	1,562,356	9,876,604
Investment earnings	131,000	158,338	27,338	173,026
Miscellaneous	5,650,097	5,376,522	(273,575)	2,344,700
Total revenues	268,689,397	272,430,722	3,741,325	273,207,666
<b>Expenditures:</b>				
Current:				
General government	35,373,741	32,322,623	3,051,118	30,553,554
Human services	56,662,246	52,659,109	4,003,137	53,674,258
Public safety	52,260,494	50,056,939	2,203,555	49,639,910
Economic and physical development	1,187,573	615,237	572,336	1,549,730
Culture and recreation	11,832,546	11,073,548	758,998	10,068,625
Education - community college	7,839,548	7,839,548	-	6,191,767
Debt service:				
Principal	7,627,965	7,627,965	-	8,846,390
Education - public schools	6,477,652	5,364,078	1,113,574	5,629,202
Installment lease payments	13,976,087	13,198,038	778,049	14,317,874
Bond issuance costs	289,014	289,014	-	-
Total expenditures	193,526,866	181,046,099	12,480,767	180,471,310
Revenues over (under) expenditures	75,162,531	91,384,623	16,222,092	92,736,356
<b>Other Financing Sources (Uses):</b>				
Sales of capital assets	-	30,999	30,999	74,003
Insurance claim proceeds	-	29,161	29,161	40,140
Transfers from other funds	39,785	28,050	(11,735)	-
Transfer to other funds	(86,930,439)	(86,541,287)	389,152	(82,036,119)
Refunding bonds issued	20,540,000	20,540,000	-	-
Payment to refunded bond escrow agent	(22,465,000)	(22,465,000)	-	-
Premium refunding bonds	2,214,014	2,214,014	-	-
Appropriated fund balance	11,439,109	-	(11,439,109)	-
Total other financing sources (uses)	(75,162,531)	(86,164,063)	(11,001,532)	(81,921,976)
Net change in fund balance	\$ -	5,220,560	\$ 5,220,560	10,814,380
<b>Fund Balance:</b>				
Beginning of year - July 1		91,642,014		80,827,634
End of year - June 30		96,862,574		91,642,014

## 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, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 3,381	\$ 3,381	\$ 7,634
Intergovernmental revenues	244,965	234,511	(10,454)	263,453
Total revenues	244,965	237,892	(7,073)	271,087
<b>Expenditures:</b>				
Current:				
Payments to schools:				
Operating expenditures	62,187,450	62,187,450	-	62,558,440
Debt service:				
Principal	13,447,035	13,447,035	-	13,553,610
Interest and fees	7,521,042	7,126,672	394,370	7,740,315
Installment lease payments	573,348	573,348	-	591,836
Total expenditures	83,728,875	83,334,505	394,370	84,444,201
Revenues over (under) expenditures	(83,483,910)	(83,096,613)	387,297	(84,173,114)
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	82,348,306	83,123,154	774,848	83,372,666
Appropriated fund balance	1,135,604	-	(1,135,604)	-
Total other financing sources (uses)	83,483,910	83,123,154	(360,756)	83,372,666
Net change in fund balance	\$ -	26,541	\$ 26,541	(800,448)
<b>Fund Balance:</b>				
Beginning of year - July 1		2,554,086		3,354,534
End of year - June 30		\$ 2,580,627		\$ 2,554,086

## NEW HANOVER COUNTY, NORTH CAROLINA

ROOM OCCUPANCY TAX FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 31,014,846	\$ 40,028,676
Receivables:		
Other sources, net	<u>5,985,442</u>	<u>896,586</u>
Total assets	<u>\$ 37,000,288</u>	<u>\$ 40,925,262</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 4,000	\$ 4,000
Due to component unit	<u>403,094</u>	<u>161,801</u>
Total liabilities	<u>407,094</u>	<u>165,801</u>
<b>Deferred Inflows of Resources</b>		
Taxes receivable	13,243	190
Special assessments receivable	<u>8,765</u>	<u>260,869</u>
Total deferred inflows of resources	<u>22,008</u>	<u>261,059</u>
<b>Fund Balance:</b>		
Restricted:		
Economic and physical development	30,573,028	39,620,019
Stabilization by State statute	<u>5,998,158</u>	<u>878,383</u>
Total fund balance	<u>36,571,186</u>	<u>40,498,402</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 37,000,288</u>	<u>\$ 40,925,262</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**ROOM OCCUPANCY TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Room occupancy taxes	\$ 3,464,500	\$ 4,135,580	\$ 671,080	\$ 3,945,345
Special assessments	317,532	269,421	(48,111)	350,060
Intergovernmental revenue	1,180,000	6,515,703	5,335,703	347,680
Investment earnings	-	57,947	57,947	78,266
Total revenues	<u>4,962,032</u>	<u>10,978,651</u>	<u>6,016,619</u>	<u>4,721,351</u>
<b>Expenditures:</b>				
Current:				
Collection fee to New Hanover County	18,000	18,000	-	18,000
Tourism distributions to TDA and municipalities	1,293,500	1,825,609	(532,109)	1,477,166
Erosion control	<u>10,063,360</u>	<u>10,028,635</u>	<u>34,725</u>	<u>199,033</u>
Total expenditures	<u>11,374,860</u>	<u>11,872,244</u>	<u>(497,384)</u>	<u>1,694,199</u>
Revenues over (under) expenditures	<u>(6,412,828)</u>	<u>(893,593)</u>	<u>5,519,235</u>	<u>3,027,152</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	9,446,451	-	(9,446,451)	-
Transfer to other funds	<u>(3,033,623)</u>	<u>(3,033,623)</u>	<u>-</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>6,412,828</u>	<u>(3,033,623)</u>	<u>(9,446,451)</u>	<u>(50,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,927,216)</u>	<u>\$ (3,927,216)</u>	<u>2,977,152</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>40,498,402</u>		<u>37,521,250</u>
End of year - June 30		<u>\$ 36,571,186</u>		<u>\$ 40,498,402</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 4,678,063	\$ 4,963,082
Receivables:		
Intergovernmental	661,780	574,148
Other sources, net	<u>185,109</u>	<u>164,843</u>
Total assets	<u>\$ 5,524,952</u>	<u>\$ 5,702,073</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	<u>\$ 563,552</u>	<u>\$ 514,129</u>
Total liabilities	<u>563,552</u>	<u>514,129</u>
<b>Deferred Inflows of Resources</b>		
Taxes receivable	<u>183,485</u>	<u>164,208</u>
Total deferred inflows of resources	<u>183,485</u>	<u>164,208</u>
<b>Fund Balance:</b>		
Restricted:		
Stabilization by State statute	825,690	797,620
Public safety	<u>3,952,225</u>	<u>4,226,116</u>
Total fund balance	<u>4,777,915</u>	<u>5,023,736</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 5,524,952</u>	<u>\$ 5,702,073</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

## SPECIAL FIRE DISTRICT FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes, including interest	\$ 8,632,104	\$ 8,694,458	\$ 62,354	\$ 8,768,488
Other taxes	1,946,519	2,368,750	422,231	2,031,599
Miscellaneous	2,000	16,853	14,853	76,262
Intergovernmental revenue	15,457	146,585	131,128	138,764
Charges for services	40,000	99,194	59,194	75,775
Investment earnings	5,800	10,341	4,541	11,181
Total revenues	<u>10,641,880</u>	<u>11,336,181</u>	<u>694,301</u>	<u>11,102,069</u>
<b>Expenditures:</b>				
Current:				
Operating expenditures	9,854,377	9,416,358	438,019	9,008,613
Capital outlay	953,491	854,107	99,384	527,128
Installment debt purchases	<u>1,113,933</u>	<u>1,055,537</u>	<u>58,396</u>	<u>1,079,345</u>
Total expenditures	<u>11,921,801</u>	<u>11,326,002</u>	<u>595,799</u>	<u>10,615,086</u>
Revenues over (under) expenditures	<u>(1,279,921)</u>	<u>10,179</u>	<u>1,290,100</u>	<u>486,983</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	959,949	-	(959,949)	-
Long-term debt issued	575,972	-	(575,972)	-
Sale of capital assets	-	-	-	92,523
Transfer to other funds	<u>(256,000)</u>	<u>(256,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,279,921</u>	<u>(256,000)</u>	<u>(1,535,921)</u>	<u>92,523</u>
Net change in fund balance	<u>\$ -</u>	<u>(245,821)</u>	<u>\$ (245,821)</u>	<u>579,506</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>5,023,736</u>		<u>4,444,230</u>
End of year - June 30		<u>\$ 4,777,915</u>		<u>\$ 5,023,736</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

LOCAL LAW ENFORCEMENT BLOCK GRANT FUND  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 16,034	\$ 16,007
Total assets	<u>\$ 16,034</u>	<u>\$ 16,007</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
<b>Fund Balance:</b>		
Restricted:		
Public safety	<u>16,034</u>	<u>16,007</u>
Total fund balance	<u>16,034</u>	<u>16,007</u>
Total liabilities and fund balance	<u>\$ 16,034</u>	<u>\$ 16,007</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**LOCAL LAW ENFORCEMENT BLOCK GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Intergovernmental revenue	\$ 42,410	\$ -	\$ (42,410)	\$ 53,663
Investment earnings	-	27	27	30
Total revenues	<u>42,410</u>	<u>27</u>	<u>(42,383)</u>	<u>53,693</u>
<b>Expenditures:</b>				
Current:				
Operating expenditures	<u>42,410</u>	-	<u>42,410</u>	<u>53,663</u>
Total expenditures	<u>42,410</u>	-	<u>42,410</u>	<u>53,663</u>
Net change in fund balance	<u>\$ -</u>	27	<u>\$ 27.00</u>	30
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>16,007</u>		<u>15,977</u>
End of year - June 30		<u>\$ 16,034</u>		<u>\$ 16,007</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

## EMERGENCY TELEPHONE SYSTEM FUND - ARTICLE 3

## COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 833,578	\$ 681,787
Receivables:		
Other sources, net	<u>93,425</u>	<u>53,415</u>
Total assets	<u>\$ 927,003</u>	<u>\$ 735,202</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 2,800
Total liabilities	<u>-</u>	<u>2,800</u>
<b>Fund Balance:</b>		
Restricted:		
Public safety	833,578	678,987
Stabilization by State statute	<u>93,425</u>	<u>53,415</u>
Total fund balance	<u>927,003</u>	<u>732,402</u>
Total liabilities and fund balance	<u>\$ 927,003</u>	<u>\$ 735,202</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND - ARTICLE 3**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Other taxes	\$ 560,550	\$ 560,550	\$ -	\$ 640,978
Investment earnings	-	1,611	1,611	2,250
Total revenues	<u>560,550</u>	<u>562,161</u>	<u>1,611</u>	<u>643,228</u>
<b>Expenditures:</b>				
Current:				
Operating expenditures	665,295	367,560	297,735	694,905
Capital outlay	-	-	-	263,329
Total expenditures	<u>665,295</u>	<u>367,560</u>	<u>297,735</u>	<u>958,234</u>
Revenues over (under) expenditures	<u>(104,745)</u>	<u>194,601</u>	<u>299,346</u>	<u>(315,006)</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>104,745</u>	-	(104,745)	-
Total other financing sources (uses)	<u>104,745</u>	-	<u>(104,745)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>194,601</u>	<u>\$ 194,601</u>	<u>(315,006)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>732,402</u>		<u>1,047,408</u>
End of year - June 30		<u>\$ 927,003</u>		<u>\$ 732,402</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**REVOLVING LOAN PROGRAM  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 63,893	\$ 69,766
Total assets	<u>\$ 63,893</u>	<u>\$ 69,766</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 800
Total liabilities	<u>-</u>	<u>800</u>
<b>Fund Balance:</b>		
Assigned:		
Revolving loans	<u>63,893</u>	<u>68,966</u>
Total fund balance	<u>63,893</u>	<u>68,966</u>
Total liabilities and fund balance	<u>\$ 63,893</u>	<u>\$ 69,766</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

## REVOLVING LOAN PROGRAM

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Miscellaneous revenue	\$ 7,000	\$ 14,028	\$ 7,028	\$ 17,397
Investment earnings	-	106	106	131
Total revenues	<u>7,000</u>	<u>14,134</u>	<u>7,134</u>	<u>17,528</u>
<b>Expenditures:</b>				
Current:				
Operating expenditures	<u>68,391</u>	<u>19,207</u>	<u>49,184</u>	<u>8,142</u>
Total expenditures	<u>68,391</u>	<u>19,207</u>	<u>49,184</u>	<u>8,142</u>
Revenues over (under) expenditures	<u>(61,391)</u>	<u>(5,073)</u>	<u>56,318</u>	<u>9,386</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>61,391</u>	-	<u>(61,391)</u>	-
Total other financing sources (uses)	<u>61,391</u>	-	<u>(61,391)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>(5,073)</u>	<u>\$ (5,073)</u>	9,386
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>68,966</u>		<u>59,580</u>
End of year - June 30		<u>\$ 63,893</u>		<u>\$ 68,966</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**AIRLIE GARDENS FOUNDATION, INC.  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 2,423,826	\$ 2,084,948
Receivables:		
Other sources, net	5,082	1,905
Prepays	<u>850</u>	<u>1,802</u>
Total assets	<u>\$ 2,429,758</u>	<u>\$ 2,088,655</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	<u>\$ 146,870</u>	<u>\$ 151,956</u>
Total liabilities	<u>146,870</u>	<u>151,956</u>
<b>Fund Balance:</b>		
Non-spendable:		
Prepays	850	1,802
Restricted:		
Parks and recreation	2,276,956	1,932,992
Stabilization by State statute	<u>5,082</u>	<u>1,905</u>
Total fund balance	<u>2,282,888</u>	<u>1,936,699</u>
Total liabilities and fund balance	<u>\$ 2,429,758</u>	<u>\$ 2,088,655</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**AIRLIE GARDENS FOUNDATION, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Public support and rescue	\$ -	\$ 1,446,264	\$ 1,446,264	\$ 793,263
Investment earnings	-	181,404	181,404	32,667
Miscellaneous	-	3,754	3,754	778
Total revenues	-	<u>1,631,422</u>	<u>1,631,422</u>	<u>826,708</u>
<b>Expenditures:</b>				
Current:				
Operating expenditures	-	<u>1,285,233</u>	<u>(1,285,233)</u>	<u>660,259</u>
Total expenditures	-	<u>1,285,233</u>	<u>(1,285,233)</u>	<u>660,259</u>
Net change in fund balance	\$ -	<u>346,189</u>	<u>\$ 346,189</u>	<u>166,449</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>1,936,699</u>		<u>1,770,250</u>
End of year - June 30		<u>\$ 2,282,888</u>		<u>\$ 1,936,699</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**PUBLIC HEALTH FOUNDATION  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 19,838	\$ 22,045
Total assets	<u>\$ 19,838</u>	<u>\$ 22,045</u>
<b>Liabilities and Fund Balance:</b>		
<b>Fund Balance:</b>		
Restricted:		
Human services	\$ 19,838	\$ 22,045
Total fund balance	<u>19,838</u>	<u>22,045</u>
Total liabilities and fund balance	<u>\$ 19,838</u>	<u>\$ 22,045</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

## PUBLIC HEALTH FOUNDATION

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>			<u>2012</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Contributions	\$ -	\$ -	\$ -	\$ 2,271
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,271</u>
<b>Expenditures:</b>				
Current:				
Operating expenditures	-	<u>2,207</u>	<u>(2,207)</u>	<u>969</u>
Total expenditures	<u>-</u>	<u>2,207</u>	<u>(2,207)</u>	<u>969</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,207)</u>	<u>\$ (2,207)</u>	<u>1,302</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>22,045</u>		<u>20,743</u>
End of year - June 30		<u>\$ 19,838</u>		<u>\$ 22,045</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**\$164 MILLION CFCC BOND EXPENDITURE CAPITAL PROJECT FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Restricted cash	\$ 56,720,184	\$ 16,741,168
Total assets	<u>\$ 56,720,184</u>	<u>\$ 16,741,168</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 2,513,163	\$ 3,000,124
Interfund loan	-	20,538
Total liabilities	<u>2,513,163</u>	<u>3,020,662</u>
<b>Fund Balance:</b>		
Restricted:		
Education	<u>54,207,021</u>	<u>13,720,506</u>
Total fund balance	<u>54,207,021</u>	<u>13,720,506</u>
Total liabilities and fund balance	<u>\$ 56,720,184</u>	<u>\$ 16,741,168</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**\$164 MILLION CFCC BOND EXPENDITURE CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 179,809	\$ 35,654	\$ 215,463
Total	<u>-</u>	<u>179,809</u>	<u>35,654</u>	<u>215,463</u>
<b>Expenditures:</b>				
Capital outlay:				
Construction	164,000,000	56,459,303	20,361,748	76,821,051
Total expenditures	<u>164,000,000</u>	<u>56,459,303</u>	<u>20,361,748</u>	<u>76,821,051</u>
Revenues over (under) expenditures	<u>(164,000,000)</u>	<u>(56,279,494)</u>	<u>(20,326,094)</u>	<u>(76,605,588)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	164,000,000	66,211,254	54,000,000	120,211,254
Premium on long-term debt issued	<u>-</u>	<u>3,788,746</u>	<u>6,812,609</u>	<u>10,601,355</u>
Total other financing sources (uses)	<u>164,000,000</u>	<u>70,000,000</u>	<u>60,812,609</u>	<u>130,812,609</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,720,506</u>	40,486,515	<u>\$ 54,207,021</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>13,720,506</u>	
End of year - June 30			<u>\$ 54,207,021</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

**\$123M SCHOOL BOND EXPENDITURE CAPITAL PROJECT FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 850,067	\$ 1,401,595
Total assets	<u>\$ 850,067</u>	<u>\$ 1,401,595</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 279,689
Total liabilities	<u>-</u>	<u>279,689</u>
<b>Fund Balance:</b>		
Restricted:		
Education	<u>850,067</u>	<u>1,121,906</u>
Total fund balance	<u>850,067</u>	<u>1,121,906</u>
Total liabilities and fund balance	<u>\$ 850,067</u>	<u>\$ 1,401,595</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**\$123M SCHOOL BOND EXPENDITURE CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
<b>Revenues:</b>				
Intergovernmental revenue	\$ 6,524,753	\$ 6,524,753	\$ -	\$ 6,524,753
Investment earnings	3,187,924	3,242,775	464	3,243,239
Total revenues	<u>9,712,677</u>	<u>9,767,528</u>	<u>464</u>	<u>9,767,992</u>
<b>Expenditures:</b>				
Capital outlay:				
Construction	<u>129,524,753</u>	<u>129,250,450</u>	<u>272,303</u>	<u>129,522,753</u>
Total expenditures	<u>129,524,753</u>	<u>129,250,450</u>	<u>272,303</u>	<u>129,522,753</u>
Revenues over (under) expenditures	<u>(119,812,076)</u>	<u>(119,482,922)</u>	<u>(271,839)</u>	<u>(119,754,761)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	123,000,000	123,000,000	-	123,000,000
Premiums on long-term debt issued	1,600,000	2,129,299	-	2,129,299
Transfers to other funds	<u>(4,787,924)</u>	<u>(4,524,471)</u>	-	<u>(4,524,471)</u>
Total other financing sources (uses)	<u>119,812,076</u>	<u>120,604,828</u>	<u>-</u>	<u>120,604,828</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,121,906</u>	(271,839)	<u>\$ 850,067</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>1,121,906</u>	
End of year - June 30			<u>\$ 850,067</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

**\$35.5 MILLION PARKS & REC BONDS CAPITAL PROJECT FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 6,291,302	\$ 6,978,679
Receivables:		
Intergovernmental	<u>258,273</u>	<u>-</u>
Total assets	<u>\$ 6,549,575</u>	<u>\$ 6,978,679</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 500	\$ 466,870
Interfund loan	<u>200,636</u>	<u>-</u>
Total liabilities	<u>201,136</u>	<u>466,870</u>
<b>Fund Balance:</b>		
Restricted:		
Stabilization by State statute	319,502	80,457
Parks and recreation	<u>6,028,937</u>	<u>6,431,352</u>
Total fund balance	<u>6,348,439</u>	<u>6,511,809</u>
Total liabilities and fund balance	<u>\$ 6,549,575</u>	<u>\$ 6,978,679</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**\$35.5 MILLION PARKS & REC BONDS CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
Intergovernmental revenues	\$ 287,817	\$ -	\$ 258,272	\$ 258,272
Investment earnings	69,531	328,772	4,872	333,644
Sales tax refund	28,773	38,564	(4,895)	33,669
Total revenues	<u>386,121</u>	<u>367,336</u>	<u>258,249</u>	<u>625,585</u>
<b>Expenditures:</b>				
Capital outlay:				
Land	9,214,357	4,045,189	5,169,168	9,214,357
Construction	29,452,805	28,096,338	(4,747,549)	23,348,789
Total expenditures	<u>38,667,162</u>	<u>32,141,527</u>	<u>421,619</u>	<u>32,563,146</u>
Revenues over (under) expenditures	<u>(38,281,041)</u>	<u>(31,774,191)</u>	<u>(163,370)</u>	<u>(31,937,561)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	35,500,000	34,179,083	-	34,179,083
Premiums on long-term debt issued	1,696	1,327,572	-	1,327,572
Transfers (to) other funds	(251,805)	(251,805)	-	(251,805)
Transfers from other funds	3,031,150	3,031,150	-	3,031,150
Total other financing sources (uses)	<u>38,281,041</u>	<u>38,286,000</u>	<u>-</u>	<u>38,286,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,511,809</u>	<u>(163,370)</u>	<u>\$ 6,348,439</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>6,511,809</u>	
End of year - June 30			<u>\$ 6,348,439</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

**HEALTH DEPARTMENT RENOVATION CAPITAL PROJECT FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Restricted cash	\$ 2,633,176	\$ -
Total assets	<u>\$ 2,633,176</u>	<u>\$ -</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 17,355	\$ -
Total liabilities	<u>17,355</u>	<u>-</u>
<b>Fund Balance:</b>		
Restricted:		
Stabilization by State Statute	87,464	-
Human services	<u>2,528,357</u>	<u>-</u>
Total fund balance	<u>2,615,821</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,633,176</u>	<u>\$ -</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**HEALTH DEPARTMENT RENOVATION CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Project Authorization</b>	<b>Actual</b>		<b>Total to Date</b>
		<b>Prior Years</b>	<b>Current Year</b>	
<b>Revenues:</b>				
Intergovernmental revenues	\$ 40,000	\$ -	\$ 40,000	\$ 40,000
Investment earnings	-	-	1,801	1,801
Total revenues	<u>40,000</u>	<u>-</u>	<u>41,801</u>	<u>41,801</u>
<b>Expenditures:</b>				
Capital outlay:				
Construction	<u>2,755,254</u>	-	<u>141,234</u>	<u>141,234</u>
Total expenditures	<u>2,755,254</u>	<u>-</u>	<u>141,234</u>	<u>141,234</u>
Revenues over (under) expenditures	<u>(2,715,254)</u>	<u>-</u>	<u>(99,433)</u>	<u>(99,433)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer from other funds	<u>2,715,254</u>	-	<u>2,715,254</u>	<u>2,715,254</u>
Total other financing sources (uses)	<u>2,715,254</u>	<u>-</u>	<u>2,715,254</u>	<u>2,715,254</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,615,821	<u>\$ 2,615,821</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ 2,615,821</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

SMITH CREEK PARK CAPITAL PROJECT FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 11,131	\$ 15,192
Total assets	<u>\$ 11,131</u>	<u>\$ 15,192</u>
<b>Liabilities and Fund Balance:</b>		
<b>Fund Balance:</b>		
Committed	\$ 11,131	\$ 15,192
Total fund balance	<u>11,131</u>	<u>15,192</u>
Total liabilities and fund balance	<u>\$ 11,131</u>	<u>\$ 15,192</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**SMITH CREEK PARK CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Project Authorization</b>	<b>Actual</b>		
		<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 1,144,206	\$ 1,144,206	\$ -	\$ 1,144,206
Investment earnings	78,592	83,300	17	83,317
Sales tax refund	-	5,732	(2,138)	3,594
Fees	35,000	35,000	-	35,000
Total revenues	<u>1,257,798</u>	<u>1,268,238</u>	<u>(2,121)</u>	<u>1,266,117</u>
<b>Expenditures:</b>				
Capital outlay:				
Construction	<u>1,447,798</u>	<u>1,443,046</u>	<u>1,940</u>	<u>1,444,986</u>
Total expenditures	<u>1,447,798</u>	<u>1,443,046</u>	<u>1,940</u>	<u>1,444,986</u>
Revenues over (under) expenditures	<u>(190,000)</u>	<u>(174,808)</u>	<u>(4,061)</u>	<u>(178,869)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	205,000	205,000	-	205,000
Transfers (to) other funds	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>
Total other financing sources (uses)	<u>190,000</u>	<u>190,000</u>	<u>-</u>	<u>190,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 15,192</u>	<u>(4,061)</u>	<u>\$ 11,131</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>15,192</u>	
End of year - June 30			<u>\$ 11,131</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC SCHOOL BUILDING CAPITAL PROJECT FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Receivables:		
Intergovernmental	\$ 392,108	\$ 279,689
Total assets	<u>\$ 392,108</u>	<u>\$ 279,689</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 392,108	\$ 91,538
Interfund loan	-	188,151
Total liabilities	<u>392,108</u>	<u>279,689</u>
<b>Fund Balance:</b>		
Restricted:		
Stabilization by State statute	392,108	279,689
Unassigned	<u>(392,108)</u>	<u>(279,689)</u>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 392,108</u>	<u>\$ 279,689</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**PUBLIC SCHOOL BUILDING CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 9,636,596	\$ 5,325,399	\$ 1,834,368	\$ 7,159,767
Total revenues	<u>9,636,596</u>	<u>5,325,399</u>	<u>1,834,368</u>	<u>7,159,767</u>
<b>Expenditures:</b>				
Capital outlay:				
Construction	9,636,596	5,325,399	1,834,368	7,159,767
Total expenditures	<u>9,636,596</u>	<u>5,325,399</u>	<u>1,834,368</u>	<u>7,159,767</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

**BURN PIT CAPITAL PROJECT FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 133,860	\$ 133,606
Total assets	<u>\$ 133,860</u>	<u>\$ 133,606</u>
<b>Liabilities and Fund Balance:</b>		
<b>Fund Balance:</b>		
Restricted:		
Stabilization by State Statute	\$ 21,135	\$ -
Public Safety	<u>112,725</u>	<u>133,606</u>
Total fund balance	<u>133,860</u>	<u>133,606</u>
Total liabilities and fund balance	<u>\$ 133,860</u>	<u>\$ 133,606</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**BURN PIT CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 1,512,650	\$ 1,512,649	\$ 42,231	\$ 1,554,880
Investment earnings	269,934	269,995	241	270,236
Total revenues	<u>1,782,584</u>	<u>1,782,644</u>	<u>42,472</u>	<u>1,825,116</u>
<b>Expenditures:</b>				
Capital outlay:				
Utilities	81,877	63,968	-	63,968
Contracted services	2,193,808	2,078,172	42,218	2,120,390
Training and travel	<u>1,899</u>	<u>1,898</u>	<u>-</u>	<u>1,898</u>
Total expenditures	<u>2,277,584</u>	<u>2,144,038</u>	<u>42,218</u>	<u>2,186,256</u>
Revenues over (under) expenditures	<u>(495,000)</u>	<u>(361,394)</u>	<u>254</u>	<u>(361,140)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	625,000	625,000	-	625,000
Transfers (to) other funds	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>	<u>(130,000)</u>
Total other financing sources (uses)	<u>495,000</u>	<u>495,000</u>	<u>-</u>	<u>495,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 133,606</u>	254	<u>\$ 133,860</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>133,606</u>	
End of year - June 30			<u>\$ 133,860</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

**QUALIFIED SCHOOL CONSTRUCTION BOND**  
**EXPENDITURE CAPITAL PROJECT FUND**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Restricted cash	\$ 762,551	\$ 929,435
Total assets	<u>\$ 762,551</u>	<u>\$ 929,435</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 549,670	\$ 46,787
Total liabilities	<u>549,670</u>	<u>46,787</u>
<b>Fund Balance:</b>		
Restricted:		
Education	<u>212,881</u>	<u>882,648</u>
Total fund balance	<u>212,881</u>	<u>882,648</u>
Total liabilities and fund balance	<u>\$ 762,551</u>	<u>\$ 929,435</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

QUALIFIED SCHOOL CONSTRUCTION BOND  
EXPENDITURE CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 10,196	\$ 1,633	\$ 11,829
Total revenues	<u>-</u>	<u>10,196</u>	<u>1,633</u>	<u>11,829</u>
<b>Expenditures:</b>				
Capital outlay:				
Construction	4,925,744	4,053,292	671,400	4,724,692
Total expenditures	<u>4,925,744</u>	<u>4,053,292</u>	<u>671,400</u>	<u>4,724,692</u>
Revenues over (under) expenditures	<u>(4,925,744)</u>	<u>(4,043,096)</u>	<u>(669,767)</u>	<u>(4,712,863)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	4,925,744	4,925,744	-	4,925,744
Total other financing sources (uses)	<u>4,925,744</u>	<u>4,925,744</u>	<u>-</u>	<u>4,925,744</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 882,648</u>	(669,767)	<u>\$ 212,881</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>882,648</u>	
End of year - June 30			<u>\$ 212,881</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

MURRAYVILLE FIRE STATION CAPITAL PROJECT FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Restricted cash	\$ 162,684	\$ 162,684
Total assets	<u>\$ 162,684</u>	<u>\$ 162,684</u>
<b>Liabilities and Fund Balance:</b>		
<b>Fund Balance:</b>		
Restricted:		
Public Safety	\$ 162,684	\$ 162,684
Total fund balance	<u>162,684</u>	<u>162,684</u>
Total liabilities and fund balance	<u>\$ 162,684</u>	<u>\$ 162,684</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**MURRAYVILLE FIRE STATION CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 23,379	\$ -	\$ 23,379
Sales tax refund	-	54,036	-	54,036
Total revenues	<u>-</u>	<u>77,415</u>	<u>-</u>	<u>77,415</u>
<b>Expenditures:</b>				
Capital outlay:				
Construction	<u>3,549,966</u>	<u>3,464,697</u>	<u>-</u>	<u>3,464,697</u>
Total expenditures	<u>3,549,966</u>	<u>3,464,697</u>	<u>-</u>	<u>3,464,697</u>
Revenues over (under) expenditures	<u>(3,549,966)</u>	<u>(3,387,282)</u>	<u>-</u>	<u>(3,387,282)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	<u>3,549,966</u>	<u>3,549,966</u>	<u>-</u>	<u>3,549,966</u>
Total other financing sources (uses)	<u>3,549,966</u>	<u>3,549,966</u>	<u>-</u>	<u>3,549,966</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 162,684</u>	<u>-</u>	<u>\$ 162,684</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>162,684</u>	
End of year - June 30			<u>\$ 162,684</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

**CONTROLLED SUBSTANCE TAX CAPITAL PROJECT FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 46,484	\$ 18,956
Total assets	<u>\$ 46,484</u>	<u>\$ 18,956</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 7,287	\$ 11,135
Total liabilities	<u>7,287</u>	<u>11,135</u>
<b>Fund Balance:</b>		
Restricted:		
Public Safety	<u>39,197</u>	<u>7,821</u>
Total fund balance	<u>39,197</u>	<u>7,821</u>
Total liabilities and fund balance	<u>\$ 46,484</u>	<u>\$ 18,956</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**CONTROLLED SUBSTANCE TAX CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Project Authorization</b>	<b>Actual</b>		
		<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
Intergovernmental revenue	\$ 1,356,793	\$ 1,247,678	\$ 125,616	\$ 1,373,294
Miscellaneous	49,707	49,707	-	49,707
Investment earnings	29,121	29,075	59	29,134
Total revenues	<u>1,435,621</u>	<u>1,326,460</u>	<u>125,675</u>	<u>1,452,135</u>
<b>Expenditures:</b>				
Supplies	741,902	638,512	80,709	719,221
Capital outlay	639,626	627,625	12,000	639,625
Contracted services	20,444	18,853	1,590	20,443
Total expenditures	<u>1,401,972</u>	<u>1,284,990</u>	<u>94,299</u>	<u>1,379,289</u>
Revenues over (under) expenditures	<u>33,649</u>	<u>41,470</u>	<u>31,376</u>	<u>72,846</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (to) other funds	<u>(33,649)</u>	<u>(33,649)</u>	<u>-</u>	<u>(33,649)</u>
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>\$ 7,821</u>	31,376	<u>\$ 39,197</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>7,821</u>	
End of year - June 30			<u>\$ 39,197</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

**FEDERAL FORFEITED PROPERTY CAPITAL PROJECT FUND  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 121,705	\$ 345,243
Receivables:		
Other sources	<u>-</u>	<u>(1,499)</u>
Total assets	<u>\$ 121,705</u>	<u>\$ 343,744</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	<u>\$ 9,400</u>	<u>\$ 27,994</u>
Total liabilities	<u>9,400</u>	<u>27,994</u>
<b>Fund Balance:</b>		
Restricted:		
Stabilization by State statute	21,162	75,603
Public Safety	<u>91,143</u>	<u>240,147</u>
Total fund balance	<u>112,305</u>	<u>315,750</u>
Total liabilities and fund balance	<u>\$ 121,705</u>	<u>\$ 343,744</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**FEDERAL FORFEITED PROPERTY CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Intergovernmental revenue	\$ 5,506,862	\$ 5,159,805	\$ 383,642	\$ 5,543,447
Miscellaneous	174,170	174,170	-	174,170
Investment earnings	40,257	39,936	368	40,304
Total revenues	<u>5,721,289</u>	<u>5,373,911</u>	<u>384,010</u>	<u>5,757,921</u>
<b>Expenditures:</b>				
Supplies	1,215,927	880,284	281,472	1,161,756
Capital outlay	3,469,927	3,182,229	277,932	3,460,161
Contracted services	131,465	131,463	1	131,464
Total expenditures	<u>4,817,319</u>	<u>4,193,976</u>	<u>559,405</u>	<u>4,753,381</u>
Revenues over (under) expenditures	<u>903,970</u>	<u>1,179,935</u>	<u>(175,395)</u>	<u>1,004,540</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (to) other funds	<u>(903,970)</u>	<u>(864,185)</u>	<u>(28,050)</u>	<u>(892,235)</u>
Total other financing sources (uses)	<u>(903,970)</u>	<u>(864,185)</u>	<u>(28,050)</u>	<u>(892,235)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 315,750</u>	<u>(203,445)</u>	<u>\$ 112,305</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>315,750</u>	
End of year - June 30			<u>\$ 112,305</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

**\$38.3M CFCC BOND EXPENDITURE CAPITAL PROJECT FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Restricted cash	\$ 12,739	\$ 12,739
Total assets	<u>\$ 12,739</u>	<u>\$ 12,739</u>
<b>Liabilities and Fund Balance:</b>		
<b>Fund Balance:</b>		
Restricted:		
Education	\$ 12,739	\$ 12,739
Total fund balance	<u>12,739</u>	<u>12,739</u>
Total liabilities and fund balance	<u>\$ 12,739</u>	<u>\$ 12,739</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**\$38.3M CFCC BOND EXPENDITURE CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Investment earnings	\$ 2,297,424	\$ 2,310,164	\$ -	\$ 2,310,164
Total revenues	<u>2,297,424</u>	<u>2,310,164</u>	<u>-</u>	<u>2,310,164</u>
<b>Expenditures:</b>				
Capital outlay:				
Land	7,623,383	7,623,383	-	7,623,383
Construction	<u>30,676,617</u>	<u>30,676,618</u>	<u>-</u>	<u>30,676,618</u>
Total expenditures	<u>38,300,000</u>	<u>38,300,001</u>	<u>-</u>	<u>38,300,001</u>
Revenues over (under) expenditures	<u>(36,002,576)</u>	<u>(35,989,837)</u>	<u>-</u>	<u>(35,989,837)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	38,300,000	38,300,000	-	38,300,000
Transfers (to) other funds	<u>(2,297,424)</u>	<u>(2,297,424)</u>	<u>-</u>	<u>(2,297,424)</u>
Total other financing sources (uses)	<u>36,002,576</u>	<u>36,002,576</u>	<u>-</u>	<u>36,002,576</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 12,739</u>	<u>-</u>	<u>\$ 12,739</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>12,739</u>	
End of year - June 30			<u>\$ 12,739</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

MASONS INLET RELOCATION CAPITAL PROJECT FUND  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 203,952	\$ 258,013
Total assets	<u>\$ 203,952</u>	<u>\$ 258,013</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 99	\$ -
Total liabilities	<u>99</u>	<u>-</u>
<b>Fund Balance:</b>		
Restricted:		
Stabilization by State statute	26,053	198,380
Committed	<u>177,800</u>	<u>59,633</u>
Total fund balance	<u>203,853</u>	<u>258,013</u>
Total liabilities and fund balance	<u>\$ 203,952</u>	<u>\$ 258,013</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

MASONS INLET RELOCATION CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
<b>Revenues:</b>				
Investment earnings	\$ 100,000	\$ 133,282	\$ 1,585	\$ 134,867
Sales tax refund	162	162	-	162
Total revenues	<u>100,162</u>	<u>133,444</u>	<u>1,585</u>	<u>135,029</u>
<b>Expenditures:</b>				
Land	340,153	340,153	-	340,153
Construction	<u>13,448,239</u>	<u>10,172,070</u>	<u>3,107,183</u>	<u>13,279,253</u>
Total expenditures	<u>13,788,392</u>	<u>10,512,223</u>	<u>3,107,183</u>	<u>13,619,406</u>
Revenues over (under) expenditures	<u>(13,688,230)</u>	<u>(10,378,779)</u>	<u>(3,105,598)</u>	<u>(13,484,377)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	<u>13,688,230</u>	<u>10,636,792</u>	<u>3,051,438</u>	<u>13,688,230</u>
Total other financing sources (uses)	<u>13,688,230</u>	<u>10,636,792</u>	<u>3,051,438</u>	<u>13,688,230</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 258,013</u>	(54,160)	<u>\$ 203,853</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>258,013</u>	
End of year - June 30			<u>\$ 203,853</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

## SCATTERED SITE HOUSING CAPITAL PROJECT FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Receivables:		
Intergovernmental	\$ 83,909	\$ 11,550
Total assets	<u>\$ 83,909</u>	<u>\$ 11,550</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 64,107	\$ 5,000
Interfund loan	22,929	10,718
Total liabilities	<u>87,036</u>	<u>15,718</u>
<b>Fund Balance:</b>		
Restricted:		
Stabilization by State statute	276,459	18,970
Unassigned	<u>(279,586)</u>	<u>(23,138)</u>
Total fund balance	<u>(3,127)</u>	<u>(4,168)</u>
Total liabilities and fund balance	<u>\$ 83,909</u>	<u>\$ 11,550</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**SCATTERED SITE HOUSING CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Intergovernmental revenue	\$ 2,100,000	\$ 1,165,766	\$ 230,930	\$ 1,396,696
Sales tax refund	-	1,284	-	1,284
Investment earnings	-	5,364	(944)	4,420
Total revenues	<u>2,100,000</u>	<u>1,172,414</u>	<u>229,986</u>	<u>1,402,400</u>
<b>Expenditures:</b>				
Construction	<u>2,076,657</u>	<u>1,153,239</u>	<u>228,945</u>	<u>1,382,184</u>
Total expenditures	<u>2,076,657</u>	<u>1,153,239</u>	<u>228,945</u>	<u>1,382,184</u>
Revenues over (under) expenditures	<u>23,343</u>	<u>19,175</u>	<u>1,041</u>	<u>20,216</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	<u>(23,343)</u>	<u>(23,343)</u>	-	<u>(23,343)</u>
Total other financing sources (uses)	<u>(23,343)</u>	<u>(23,343)</u>	-	<u>(23,343)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (4,168)</u>	1,041	<u>\$ (3,127)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>(4,168)</u>	
End of year - June 30			<u>\$ (3,127)</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

## BIKE/PEDESTRIAN PATHS CAPITAL PROJECT FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 57,497	\$ 6
Total assets	<u>\$ 57,497</u>	<u>\$ 6</u>
<b>Liabilities and Fund Balance:</b>		
<b>Fund Balance:</b>		
Committed	\$ 57,497	\$ 6
Total fund balance	<u>57,497</u>	<u>6</u>
Total liabilities and fund balance	<u>\$ 57,497</u>	<u>\$ 6</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**BIKE/PEDESTRIAN PATHS CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
Intergovernmental revenues	\$ 489,674	\$ -	\$ -	\$ -
Investment earnings	-	6	72	78
Total revenues	<u>489,674</u>	<u>6</u>	<u>72</u>	<u>78</u>
<b>Expenditures:</b>				
Capital outlay:				
Construction	<u>587,093</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total expenditures	<u>587,093</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Revenues over (under) expenditures	<u>(97,419)</u>	<u>(39,994)</u>	<u>72</u>	<u>(39,922)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	<u>97,419</u>	<u>40,000</u>	<u>57,419</u>	<u>97,419</u>
Total other financing sources (uses)	<u>97,419</u>	<u>40,000</u>	<u>57,419</u>	<u>97,419</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6</u>	57,491	<u>\$ 57,497</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>6</u>	
End of year - June 30			<u>\$ 57,497</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

## COBB ANNEX REPAIRS CAPITAL PROJECT FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ -	\$ -
Receivables:		
Intergovernmental	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 3,746	\$ -
Interfund loan	<u>17,869</u>	<u>-</u>
Total liabilities	<u>21,615</u>	<u>-</u>
<b>Fund Balance:</b>		
Restricted		
Stabilization for State Statute	38,385	
Unassigned	<u>(60,000)</u>	<u>-</u>
Total fund balance	<u>(21,615)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**COBB ANNEX REPAIRS CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>Expenditures:</b>				
Capital outlay:				
Construction	\$ 3,945,900	\$ -	\$ 21,615	\$ 21,615
Total expenditures	<u>3,945,900</u>	<u>-</u>	<u>21,615</u>	<u>21,615</u>
Revenues over (under) expenditures	<u>(3,945,900)</u>	<u>-</u>	<u>(21,615)</u>	<u>(21,615)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	<u>3,945,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>3,945,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(21,615)</u>	<u>\$ (21,615)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ (21,615)</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

## BALD EAGLE PUBLIC WATER EXPANSION CAPITAL PROJECT FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ 884,514	\$ -
Total assets	<u>\$ 884,514</u>	<u>\$ -</u>
<b>Liabilities and Fund Balance:</b>		
<b>Fund Balance:</b>		
Committed	\$ 884,514	\$ -
Total fund balance	<u>884,514</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 884,514</u>	<u>\$ -</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**BALD EAGLE PUBLIC WATER EXPANSION CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
Investment earnings	\$ -	\$ -	\$ 869	\$ 869
Total revenues	-	-	869	869
<b>Expenditures:</b>				
Capital outlay:				
Construction	883,645	-	-	-
Total expenditures	883,645	-	-	-
Revenues over (under) expenditures	(883,645)	-	869	869
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	883,645	-	883,645	883,645
Total other financing sources (uses)	883,645	-	883,645	883,645
Net change in fund balance	\$ -	\$ -	884,514	\$ 884,514
<b>Fund Balance:</b>				
Beginning of year - July 1			-	
End of year - June 30			\$ 884,514	

## NEW HANOVER COUNTY, NORTH CAROLINA

**AIRPORT RENTAL CAR PARKING DECK CAPITAL PROJECT FUND  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ -	\$ -
Receivables:		
Intergovernmental	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	<u>\$ 6,686</u>	<u>\$ -</u>
Total liabilities	<u>6,686</u>	<u>-</u>
<b>Fund Balance:</b>		
Unassigned	<u>(6,686)</u>	<u>-</u>
Total fund balance	<u>(6,686)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**AIRPORT RENTAL CAR PARKING DECK CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Expenditures:</b>				
Capital outlay:				
Construction	\$ 4,500,000	\$ -	\$ 6,686	\$ 6,686
Total expenditures	<u>4,500,000</u>	<u>-</u>	<u>6,686</u>	<u>6,686</u>
Revenues over (under) expenditures	<u>(4,500,000)</u>	<u>-</u>	<u>(6,686)</u>	<u>(6,686)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	<u>4,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>4,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(6,686)</u>	<u>\$ (6,686)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ (6,686)</u>	

## NEW HANOVER COUNTY, NORTH CAROLINA

**320 CHESTNUT STREET RENOVATION CAPITAL PROJECT FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Cash and investments	\$ -	\$ -
Receivables:		
Intergovernmental	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities and Fund Balance:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 70,884	\$ -
Interfund loan	<u>281,673</u>	<u>-</u>
Total liabilities	<u>352,557</u>	<u>-</u>
<b>Fund Balance:</b>		
Restricted		
Stabilization by state statute	473,201	-
Unassigned	<u>(825,758)</u>	<u>-</u>
Total fund balance	<u>(352,557)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**320 CHESTNUT STREET RENOVATION CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Expenditures:</b>				
Capital outlay:				
Construction	\$ 10,000,000	\$ -	\$ 352,557	\$ 352,557
Total expenditures	<u>10,000,000</u>	<u>-</u>	<u>352,557</u>	<u>352,557</u>
Revenues over (under) expenditures	<u>(10,000,000)</u>	<u>-</u>	<u>(352,557)</u>	<u>(352,557)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(352,557)</u>	<u>\$ (352,557)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ (352,557)</u>	

## 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, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Charges for services	\$ 11,800,000	\$ 12,188,059	\$ 388,059	\$ 11,705,667
Intergovernmental revenues	336,225	453,071	116,846	661,658
Investment earnings	-	5,757	5,757	296
Other	876,061	429,235	(446,826)	574,335
Total revenues	<u>13,012,286</u>	<u>13,076,122</u>	<u>63,836</u>	<u>12,941,956</u>
<b>Expenditures:</b>				
Current:				
Salaries and employee benefits	2,071,212	1,937,124	134,088	1,969,388
Operating expenditures	5,355,326	4,639,003	716,323	4,148,548
Installment debt payments	617,545	602,274	15,271	291,821
Capital expenditures	565,030	315,332	249,698	1,285,969
Total expenditures	<u>8,609,113</u>	<u>7,493,733</u>	<u>1,115,380</u>	<u>7,695,726</u>
Revenue over (under) expenditures	<u>4,403,173</u>	<u>5,582,389</u>	<u>(1,051,544)</u>	<u>5,246,230</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	-	-	-	1,039,482
Transfers to other funds	(1,971,457)	(1,489,000)	482,457	(2,300,000)
Administrative reserve	(3,046,572)	-	3,046,572	-
Appropriated fund balance	614,856	-	(614,856)	-
Total other financing sources (uses)	<u>(4,403,173)</u>	<u>(1,489,000)</u>	<u>2,914,173</u>	<u>(1,260,518)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 4,093,389</u>	<u>\$ 4,093,389</u>	<u>\$ 3,985,712</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 4,093,389		\$ 3,985,712
Reconciling items:				
Revenues and other sources - capital project funds		4,327		1,128
Accrued vacation		27,268		(29,073)
Depreciation and amortization expenses		(1,886,302)		(2,298,769)
Capital outlay, costs, capitalized		380,473		1,349,079
Landfill closure costs		(219,405)		(4,915,880)
Long-term debt proceeds, premiums		-		(1,039,482)
Principal payments on debt		557,436		250,481
Interest expense accrual		6,849		7,048
Loss on disposal of assets		(46,879)		(19,396)
Transfer (from) to capital project		<u>1,489,000</u>		<u>2,300,000</u>
Change in net position		<u>\$ 4,406,156</u>		<u>\$ (409,152)</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND  
 CELL 6E CONSTRUCTION AND CELL 5 PARTIAL CLOSURE CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES  
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 1,128	\$ 4,218	\$ 5,346
Total revenues	-	1,128	4,218	5,346
<b>Expenditures:</b>				
Capital outlay:				
Construction	3,539,000	256,035	92,950	348,985
Total expenditures	3,539,000	256,035	92,950	348,985
Revenues over (under) expenditures	(3,539,000)	(254,907)	(88,732)	(343,639)
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	3,539,000	2,300,000	1,239,000	3,539,000
Total other financing sources (uses)	3,539,000	2,300,000	1,239,000	3,539,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 2,045,093	\$ 1,150,268	\$ 3,195,361

## NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND  
 LANDFILL NORTHERN PROPERTY CLOSURE CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES  
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Investment earnings	\$ -	\$ -	\$ 109	\$ 109
Total revenues	<u>-</u>	<u>-</u>	<u>109</u>	<u>109</u>
<b>Expenditures:</b>				
Capital outlay:				
Construction	<u>250,000</u>	<u>-</u>	<u>9,497</u>	<u>9,497</u>
Total expenditures	<u>250,000</u>	<u>-</u>	<u>9,497</u>	<u>9,497</u>
Revenues over (under) expenditures	<u>(250,000)</u>	<u>-</u>	<u>(9,388)</u>	<u>(9,388)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Total other financing sources (uses)	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,612</u>	<u>\$ 240,612</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2013</b>
<b>Room Occupancy Tax Agency Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 475,471	\$ 13,982,044	\$ 13,987,767	\$ 469,748
Receivables	662,028	658,588	662,029	658,587
Total assets	<u>\$ 1,137,499</u>	<u>\$ 14,640,632</u>	<u>\$ 14,649,796</u>	<u>\$ 1,128,335</u>
<b>Liabilities:</b>				
Accounts payable	\$ 476,968	\$ 5,312,429	\$ 4,679,612	\$ 1,109,785
Due to other governmental units	660,531	9,328,203	9,970,184	18,550
Total liabilities	<u>\$ 1,137,499</u>	<u>\$ 14,640,632</u>	<u>\$ 14,649,796</u>	<u>\$ 1,128,335</u>
<b>Tax Clearing Agency Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 329,325	\$ 69,725,448	\$ 69,737,231	\$ 317,542
Receivables	2,599,365	67,828,882	68,343,131	2,085,116
Total assets	<u>\$ 2,928,690</u>	<u>\$ 137,554,330</u>	<u>\$ 138,080,362</u>	<u>\$ 2,402,658</u>
<b>Liabilities:</b>				
Due to other governmental units	\$ 2,928,690	\$ 137,554,330	\$ 138,080,362	\$ 2,402,658
Due to NC Department of Motor Vehicles	-	75,957	75,957	-
Total liabilities	<u>\$ 2,928,690</u>	<u>\$ 137,630,287</u>	<u>\$ 138,156,319</u>	<u>\$ 2,402,658</u>
<b>Social Services Agency Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 235,093	\$ 755,786	\$ 771,637	\$ 219,242
Total assets	<u>\$ 235,093</u>	<u>\$ 755,786</u>	<u>\$ 771,637</u>	<u>\$ 219,242</u>
<b>Liabilities:</b>				
Accounts payable	\$ 30,725	\$ 365,627	\$ 367,206	\$ 29,146
Escrow funds	204,368	390,159	404,431	190,096
Total liabilities	<u>\$ 235,093</u>	<u>\$ 755,786</u>	<u>\$ 771,637</u>	<u>\$ 219,242</u>
<b>Other Escrows Agency Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 8,661,832	\$ 6,497,012	\$ 8,013,386	\$ 7,145,458
Receivables	1,113,124	135,315	1,113,124	135,315
Total assets	<u>\$ 9,774,956</u>	<u>\$ 6,632,327</u>	<u>\$ 9,126,510</u>	<u>\$ 7,280,773</u>
<b>Liabilities:</b>				
Accounts payable	\$ 88,423	\$ 1,699,202	\$ 1,605,753	\$ 181,872
Due to NC Treasurer - ROD Deed of Trust	-	207,595	207,595	-
Escrow funds	9,686,533	4,933,125	7,520,757	7,098,901
Total liabilities	<u>\$ 9,774,956</u>	<u>\$ 6,839,922</u>	<u>\$ 9,334,105</u>	<u>\$ 7,280,773</u>
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and investments	\$ 9,701,721	\$ 90,960,290	\$ 92,510,021	\$ 8,151,990
Receivables	4,374,517	68,622,785	70,118,284	2,879,018
Cash and receivables	<u>\$ 14,076,238</u>	<u>\$ 159,583,075</u>	<u>\$ 162,628,305</u>	<u>\$ 11,031,008</u>
<b>Liabilities:</b>				
Accounts payable	\$ 596,116	\$ 7,377,258	\$ 6,652,571	\$ 1,320,803
Due to other governmental units	3,589,221	146,882,533	148,050,546	2,421,208
Due to NC Department of Motor Vehicles	-	75,957	75,957	-
Due to NC Treasurer - ROD Deed of Trust	-	207,595	207,595	-
Escrow funds	9,890,901	5,323,284	7,925,188	7,288,997
Intergovernmental payable	<u>\$ 14,076,238</u>	<u>\$ 159,866,627</u>	<u>\$ 162,911,857</u>	<u>\$ 11,031,008</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

## SCHEDULE BY SOURCE

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 43,141,966	\$ 43,141,966
Buildings	135,081,972	135,066,435
Improvements other than buildings	26,999,944	25,833,990
Equipment and buildings	52,321,441	49,431,042
Construction in progress	5,500,441	5,980,241
Total governmental funds capital assets	<u>\$ 263,045,764</u>	<u>\$ 259,453,674</u>
 <b>Investment in Governmental Funds Capital Assets by Source:</b>		
General obligation bonds	\$ 19,453,384	\$ 20,484,764
Federal and state grants	23,662,162	23,362,375
General Fund revenues	212,666,795	208,357,441
Contributions	4,336,817	4,336,817
Gifts and other donated	2,926,606	2,912,277
Total governmental funds capital assets	<u>\$ 263,045,764</u>	<u>\$ 259,453,674</u>

## NEW HANOVER COUNTY, NORTH CAROLINA

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<b>Function and Activity</b>	<b>Total</b>	<b>Land</b>	<b>Buildings</b>	<b>Improvements Other Than Buildings</b>	<b>Equipment and Vehicles</b>
<b>General Government:</b>					
Governing Body	\$ 14,686,346	\$ 855,736	\$ 12,724,094	\$ 837,871	\$ 268,645
County Manager	17,643,062	285,450	16,478,929	60,366	818,317
Human Resources	64,157	-	-	5,466	58,691
Finance	71,353	-	-	-	71,353
Information Technology	5,235,955	-	-	138,265	5,097,690
Tax Administration	469,773	16,461	-	136,815	316,497
Legal	38,020	-	-	-	38,020
Elections	1,123,511	-	-	79,150	1,044,361
Register of Deeds	794,012	-	-	-	794,012
Property Management	2,256,836	-	620,282	376,869	1,259,685
Engineering	1,017,513	876,890	-	-	140,623
Planning	6,868,987	6,823,754	-	-	45,233
Total general government	<u>50,269,525</u>	<u>8,858,291</u>	<u>29,823,305</u>	<u>1,634,802</u>	<u>9,953,127</u>
<b>Human Services:</b>					
Health	5,342,370	-	2,972,847	186,746	2,182,777
Public Assistance	8,078,034	500,000	5,212,579	233,119	2,132,336
Human Services Transportation System	469,141	-	-	-	469,141
Human Relations	11,970	-	-	-	11,970
Aging Services	2,527,577	-	2,017,354	398,473	111,750
Total human services	<u>16,429,092</u>	<u>500,000</u>	<u>10,202,780</u>	<u>818,338</u>	<u>4,907,974</u>
<b>Public Safety:</b>					
Public Safety Communications Center	1,549,080	-	-	-	1,549,080
Sheriff	69,424,614	5,396,703	50,520,435	324,112	13,183,364
Emergency Management	14,082,460	-	2,263,381	764,063	11,055,016
Clerk of Court	19,651,392	-	18,819,599	639,683	192,110
Inspections	348,328	-	-	20,855	327,473
Fire Operations	13,686,648	377,686	4,467,245	611,929	8,229,788
Juvenile Services	1,151,424	7,000	1,128,558	-	15,866
Total public safety	<u>119,893,946</u>	<u>5,781,389</u>	<u>77,199,218</u>	<u>2,360,642</u>	<u>34,552,697</u>
<b>Culture and Recreation:</b>					
Library	13,884,201	392,720	12,588,605	157,250	745,626
Parks and Recreation	37,390,245	15,940,171	209,341	19,786,640	1,454,093
Museum	5,304,213	160,101	3,689,486	1,174,356	280,270
Cooperative Extension Service	832,956	40,006	553,380	96,468	143,102
Airlie Gardens	13,541,145	11,469,288	815,857	971,448	284,552
Total culture and recreation	<u>70,952,760</u>	<u>28,002,286</u>	<u>17,856,669</u>	<u>22,186,162</u>	<u>2,907,643</u>
Total	257,545,323	43,141,966	135,081,972	26,999,944	52,321,441
<b>Construction in Progress</b>	<u>5,500,441</u>				
Total governmental funds capital assets	<u>\$ 263,045,764</u>				

## NEW HANOVER COUNTY, NORTH CAROLINA

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<b>Function and Activity</b>	<b>Governmental Funds Capital Assets</b>				<b>Governmental Funds Capital Assets</b>
	<b>June 30, 2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>Transfers</b>	<b>June 30, 2013</b>
<b>General Government:</b>					
Governing Body	\$ 14,686,346	\$ -	\$ -	\$ -	\$ 14,686,346
County Manager	17,643,062	-	-	-	17,643,062
Human Resources	80,545	-	16,388	-	64,157
Finance	71,353	-	-	-	71,353
Information Technology Systems	5,166,887	69,068	-	-	5,235,955
Tax Administration	469,773	-	-	-	469,773
Legal	16,524	29,500	8,004	-	38,020
Elections	942,994	190,590	10,073	-	1,123,511
Register of Deeds	790,122	12,365	8,475	-	794,012
Property Management	2,253,808	73,221	70,193	-	2,256,836
Engineering	1,017,513	-	-	-	1,017,513
Planning	6,868,987	-	-	-	6,868,987
Total general government	<u>50,007,914</u>	<u>374,744</u>	<u>113,133</u>	<u>-</u>	<u>50,269,525</u>
<b>Human Services:</b>					
Health	6,641,740	-	33,495	(1,265,875)	5,342,370
Veterans Services	-	-	-	-	-
Public Assistance	7,146,260	931,774	-	-	8,078,034
Human Services Transportation System	493,324	-	24,183	-	469,141
Human Relations	11,970	-	-	-	11,970
Aging Services	2,527,577	-	-	-	2,527,577
Total human services	<u>16,820,871</u>	<u>931,774</u>	<u>57,678</u>	<u>(1,265,875)</u>	<u>16,429,092</u>
<b>Public Safety:</b>					
Public Safety Communications Center	1,549,080	-	-	-	1,549,080
Sheriff	67,270,460	1,393,721	432,383	1,192,816	69,424,614
Emergency Management	14,011,431	99,632	28,603	-	14,082,460
Clerk of Court	19,651,392	-	-	-	19,651,392
Inspections	348,328	-	-	-	348,328
Fire Operations	12,934,295	752,353	-	-	13,686,648
Juvenile Services	1,192,631	-	41,207	-	1,151,424
Total public safety	<u>116,957,617</u>	<u>2,245,706</u>	<u>502,193</u>	<u>1,192,816</u>	<u>119,893,946</u>
<b>Culture and Recreation:</b>					
Library	13,832,160	52,041	-	-	13,884,201
Parks and Recreation	36,176,557	1,225,417	11,729	-	37,390,245
Museum	5,304,213	-	-	-	5,304,213
Cooperative Extension Service	832,956	-	-	-	832,956
Airlie Gardens	13,541,145	-	-	-	13,541,145
Total culture and recreation	<u>69,687,031</u>	<u>1,277,458</u>	<u>11,729</u>	<u>-</u>	<u>70,952,760</u>
Total	253,473,433	4,829,682	684,733	(73,059)	257,545,323
<b>Construction in Progress</b>	<u>5,980,241</u>	<u>2,581,450</u>	<u>3,061,250</u>	<u>-</u>	<u>5,500,441</u>
Total governmental funds capital assets	<u>\$ 259,453,674</u>	<u>\$ 7,411,132</u>	<u>\$ 3,745,983</u>	<u>\$ (73,059)</u>	<u>\$ 263,045,764</u>



## STATISTICAL SECTION

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

### Financial Trends

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

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

### Revenue Capacity

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

- Governmental Funds Tax Revenues by Source
- Assessed Value and Actual Value of Taxable Property
- Principal Property Taxpayers
- Property Tax Levies and Collections
- Direct and Overlapping Property Tax Rates

### Debt Capacity

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

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin

### Demographic and Economic Information

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

- Demographic and Economic Statistics

### Operating Information

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

- Principal Employers
- Full-Time Equivalent Government Employees by Function
- Operating Indicators by Function
- Capital Asset Statistics by Function

NEW HANOVER COUNTY, NORTH CAROLINA

Table 1  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	2004	2005	2006	2007
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 52,356,061	\$ 48,307,214	\$ 59,002,384	\$ 72,043,292
Restricted	24,295,051	28,053,183	29,964,424	34,667,984
Unrestricted (deficit)	(105,039,478)	(92,508,730)	(88,071,607)	(103,984,499)
<b>Total governmental activities net position</b>	<b>\$ (28,388,366)</b>	<b>\$ (16,148,333)</b>	<b>\$ 895,201</b>	<b>\$ 2,726,777</b>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 95,420,626	\$ 102,451,280	\$ 122,905,015	\$ 149,121,226
Restricted	-	-	-	-
Unrestricted	40,949,197	48,129,812	44,494,678	33,168,433
<b>Total business-type activities net position</b>	<b>\$ 136,369,823</b>	<b>\$ 150,581,092</b>	<b>\$ 167,399,693</b>	<b>\$ 182,289,659</b>
<b>Primary government:</b>				
Net investment in capital assets	\$ 147,776,687	\$ 150,758,494	\$ 181,907,399	\$ 221,164,518
Restricted	24,295,051	28,053,183	29,964,424	34,667,984
Unrestricted (deficit)	(64,090,281)	(44,378,918)	(43,576,929)	(70,816,066)
<b>Total primary government net position</b>	<b>\$ 107,981,457</b>	<b>\$ 134,432,759</b>	<b>\$ 168,294,894</b>	<b>\$ 185,016,436</b>

Source: County records.

Fiscal Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$ 67,481,986	\$ 83,439,070	\$ 55,968,137	\$ 58,853,344	\$ 65,250,159	\$ 74,453,841
39,177,585	44,795,381	45,015,518	130,178,769	89,136,681	133,680,657
(110,557,739)	(176,522,103)	(172,250,627)	(247,409,219)	(221,590,023)	(277,357,778)
<b>\$ (3,898,168)</b>	<b>\$ (48,287,652)</b>	<b>\$ (71,266,972)</b>	<b>\$ (58,377,106)</b>	<b>\$ (67,203,183)</b>	<b>\$ (69,223,280)</b>
\$ 178,756,569	\$ 15,175,229	\$ 16,238,444	\$ 14,575,511	\$ 13,081,015	\$ 12,192,927
-	-	-	-	-	-
13,176,137	(7,973,065)	(9,889,909)	(8,490,885)	(7,405,541)	(2,118,922)
<b>\$ 191,932,706</b>	<b>\$ 7,202,164</b>	<b>\$ 6,348,535</b>	<b>\$ 6,084,626</b>	<b>\$ 5,675,474</b>	<b>\$ 10,074,005</b>
\$ 246,238,555	\$ 98,614,299	\$ 72,206,581	\$ 73,428,855	\$ 78,331,174	\$ 86,646,768
39,177,585	46,200,679	45,015,518	130,178,769	89,136,681	133,680,657
(97,381,602)	(185,900,466)	(182,140,536)	(255,900,104)	(228,995,564)	(279,476,700)
<b>\$ 188,034,538</b>	<b>\$ (41,085,488)</b>	<b>\$ (64,918,437)</b>	<b>\$ (52,292,480)</b>	<b>\$ (61,527,709)</b>	<b>\$ (59,149,275)</b>

NEW HANOVER COUNTY, NORTH CAROLINA

Table 2  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	2004	2005	2006	2007
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 22,930,685	\$ 22,735,211	\$ 28,646,061	\$ 25,075,713
Human services	56,599,476	59,656,469	59,482,529	61,763,804
Public safety	41,202,875	50,863,103	52,164,537	56,064,864
Economic and physical development	1,944,882	1,625,159	2,589,960	4,666,707
Environmental protection	-	-	-	-
Culture and recreation	10,346,308	8,953,895	10,779,828	11,388,613
Education	62,175,007	65,419,664	76,306,547	87,853,626
Interest and fees on long-term debt	13,167,607	14,383,524	13,813,775	14,400,529
<b>Total governmental activities expenses</b>	<b>208,366,840</b>	<b>223,637,025</b>	<b>243,783,237</b>	<b>261,213,856</b>
Business-type activities:				
Water and Sewer District	10,852,350	12,012,782	12,713,572	15,163,822
Environmental Management	10,603,313	12,013,594	12,125,044	13,628,225
<b>Total business-type activities expenses</b>	<b>21,455,663</b>	<b>24,026,376</b>	<b>24,838,616</b>	<b>28,792,047</b>
<b>Total primary government expenses</b>	<b>\$ 229,822,503</b>	<b>\$ 247,663,401</b>	<b>\$ 268,621,853</b>	<b>\$ 290,005,903</b>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
General government	\$ 3,719,408	\$ 3,745,357	\$ 4,155,603	\$ 3,964,266
Human services	1,245,438	1,292,818	1,349,844	1,341,106
Public safety	5,770,241	6,095,398	6,176,537	5,631,483
Economic and physical development	15,884	180,993	18,256	-
Environmental protection	-	-	-	-
Culture and recreation	384,704	317,205	310,590	323,016
Operating grants and contributions	39,977,442	40,596,299	38,480,337	39,296,595
Capital grants and contributions	5,879,384	1,184,293	7,469,412	2,738,000
<b>Total governmental activities program revenues</b>	<b>56,992,501</b>	<b>53,412,363</b>	<b>57,960,579</b>	<b>53,294,466</b>
Business-type activities:				
Charges for services:				
Water and Sewer District	11,051,713	11,937,188	13,004,665	15,733,105
Environmental Management	12,359,404	13,707,987	13,744,115	14,011,076
Operating grants and contributions	319,562	355,797	409,913	516,394
Capital grants and contributions	12,280,800	8,602,855	9,767,281	8,998,927
<b>Total business-type activities program revenues</b>	<b>36,011,479</b>	<b>34,603,827</b>	<b>36,925,974</b>	<b>39,259,502</b>
<b>Total primary government program revenues</b>	<b>\$ 93,003,980</b>	<b>\$ 88,016,190</b>	<b>\$ 94,886,553</b>	<b>\$ 92,553,968</b>

Source: County records.

Fiscal Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$ 37,732,749	\$ 36,390,593	\$ 43,718,901	\$ 36,568,270	\$ 41,972,224	\$ 42,674,900
62,746,345	58,923,066	53,703,464	52,463,115	57,254,304	52,229,154
56,865,683	57,968,693	56,726,590	58,689,889	61,249,146	64,335,363
3,192,042	2,537,751	5,934,637	2,590,876	3,269,578	16,204,467
-	178,589	-	-	-	-
11,746,120	21,404,716	15,257,799	13,046,607	13,040,089	13,982,770
98,176,881	122,419,312	100,584,303	96,348,851	105,836,858	93,167,945
14,209,311	15,825,728	15,296,312	17,842,985	16,665,752	13,105,962
284,669,131	315,648,448	291,222,006	277,550,593	299,287,951	295,700,561
20,166,337	-	-	-	-	-
14,441,845	14,102,891	13,981,178	13,418,203	13,332,838	8,627,414
34,608,182	14,102,891	13,981,178	13,418,203	13,332,838	8,627,414
\$ 319,277,313	\$ 329,751,339	\$ 305,203,184	\$ 290,968,796	\$ 312,620,789	\$ 304,327,975
\$ 3,863,383	\$ 3,427,781	\$ 3,186,784	\$ 3,149,377	\$ 3,511,381	\$ 3,595,872
1,913,407	2,210,078	1,948,892	1,924,882	2,108,510	1,467,806
5,161,256	4,322,688	3,499,298	3,322,685	4,054,577	5,423,054
-	2,877,649	-	-	-	-
-	7,320	-	-	-	-
320,428	1,190,437	294,407	317,941	1,071,174	1,768,511
39,611,425	41,290,965	43,499,099	42,960,426	46,239,886	49,386,172
8,575,692	2,115,369	6,429,061	1,576,193	3,878,594	3,142,533
59,445,591	57,442,287	58,857,541	53,251,504	60,864,122	64,783,948
16,018,463	-	-	-	-	-
13,148,959	12,966,160	12,548,760	12,282,592	12,260,605	12,570,415
1,636,025	365,405	368,072	426,674	661,657	453,071
8,621,273	-	-	-	-	-
39,424,720	13,331,565	12,916,832	12,709,266	12,922,262	13,023,486
\$ 98,870,311	\$ 70,773,852	\$ 71,774,373	\$ 65,960,770	\$ 73,786,384	\$ 77,807,434

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

	2004	2005	2006	2007
<b>Net (expense)/revenue:</b>				
Governmental activities	\$ (151,374,339)	\$ (170,224,661)	\$ (185,822,658)	\$ (207,919,390)
Business-type activities	14,555,816	10,577,451	12,087,358	10,467,455
<b>Total primary government net expense</b>	<b>\$ (136,818,523)</b>	<b>\$ (159,647,210)</b>	<b>\$ (173,735,300)</b>	<b>\$ (197,451,935)</b>
<b>General revenues and other changes in net position:</b>				
<b>Governmental activities:</b>				
Taxes:				
Property taxes	\$ 122,709,618	\$ 126,325,033	\$ 132,303,679	\$ 138,440,818
Sales taxes	41,610,428	46,150,292	51,812,405	54,444,788
Room occupancy taxes	3,001,420	3,202,223	3,544,585	4,121,562
Other taxes	2,664,525	3,722,678	5,880,307	4,472,729
Investment earnings	2,050,325	3,840,774	6,249,595	8,286,962
Miscellaneous	1,181,911	1,487,939	4,995,154	1,706,135
Transfers	(1,907,304)	(2,264,245)	(1,919,533)	(1,722,028)
<b>Total governmental activities</b>	<b>171,310,923</b>	<b>182,464,694</b>	<b>202,866,192</b>	<b>209,750,966</b>
<b>Business-type activities:</b>				
Investment earnings	682,589	1,369,573	2,811,710	2,700,483
Special item - net assets contributed to CFPUA and other funds	-	-	-	-
Transfers	1,907,304	2,264,245	1,919,533	1,722,028
<b>Total business-type activities</b>	<b>2,589,893</b>	<b>3,633,818</b>	<b>4,731,243</b>	<b>4,422,511</b>
<b>Total primary government</b>	<b>\$ 173,900,816</b>	<b>\$ 186,098,512</b>	<b>\$ 207,597,435</b>	<b>\$ 214,173,477</b>
<b>Change in net position:</b>				
Governmental activities	\$ 19,936,584	\$ 12,240,033	\$ 17,043,534	\$ 1,831,576
Business-type activities	17,145,709	14,211,269	16,818,601	14,889,966
<b>Total primary government</b>	<b>\$ 37,082,293</b>	<b>\$ 26,451,302</b>	<b>\$ 33,862,135</b>	<b>\$ 16,721,542</b>

Source: County records.

Fiscal Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$ (225,223,540)	\$ (258,206,161)	\$ (232,364,465)	\$ (224,299,089)	\$ (238,423,829)	\$ (230,916,613)
4,816,538	(771,326)	(1,064,346)	(708,937)	(410,576)	4,396,072
<b>\$ (220,407,002)</b>	<b>\$ (258,977,487)</b>	<b>\$ (233,428,811)</b>	<b>\$ (225,008,026)</b>	<b>\$ (238,834,405)</b>	<b>\$ (226,520,541)</b>
\$ 145,564,877	\$ 157,318,774	\$ 160,751,779	\$ 166,565,832	\$ 169,636,356	\$ 168,655,909
54,997,366	45,568,819	41,271,837	47,359,441	52,668,352	54,733,023
4,245,495	3,836,382	3,338,308	3,630,298	4,163,935	4,135,580
4,581,292	4,062,176	2,649,403	2,977,009	2,733,756	2,955,492
6,150,700	2,409,565	695,767	535,595	395,353	459,846
5,321,087	381,294	-	-	-	-
(2,262,222)	239,667	678,051	(445,000)	-	-
218,598,595	213,816,677	209,385,145	220,623,175	229,597,752	230,939,850
2,564,287	6,160	24	28	1,424	10,084
-	(183,725,709)	-	-	-	-
2,262,222	(239,667)	(678,051)	445,000	-	-
4,826,509	(183,959,216)	(678,027)	445,028	1,424	10,084
<b>\$ 223,425,104</b>	<b>\$ 29,857,461</b>	<b>\$ 208,707,118</b>	<b>\$ 221,068,203</b>	<b>\$ 229,599,176</b>	<b>\$ 230,949,934</b>
\$ (6,624,945)	\$ (44,389,484)	\$ (22,979,320)	\$ (3,675,942)	\$ (8,826,077)	\$ 23,237
9,643,047	(184,730,542)	(1,742,373)	(263,909)	(409,152)	4,406,156
<b>\$ 3,018,102</b>	<b>\$ (229,120,026)</b>	<b>\$ (24,721,693)</b>	<b>\$ (3,939,851)</b>	<b>\$ (9,235,229)</b>	<b>\$ 4,429,393</b>

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

	2004	2005	2006	2007
<b>General Fund:</b>				
Reserved	\$22,003,676	\$21,154,326	\$28,234,515	\$26,399,536
Unreserved	45,853,905	48,591,036	51,971,455	45,956,885
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total general fund</b>	<b>\$67,857,581</b>	<b>\$69,745,362</b>	<b>\$80,205,970</b>	<b>\$72,356,421</b>
<b>All other governmental funds:</b>				
Reserved	27,425,437	31,895,531	39,174,539	36,228,468
Unreserved, reported in:				
Capital projects funds	21,389,105	13,740,132	21,474,166	11,032,783
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Restricted, reported in capital projects funds	-	-	-	-
Committed	-	-	-	-
Committed, reported in capital projects funds	-	-	-	-
Assigned	-	-	-	-
Unassigned, reported in capital projects funds	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$48,814,542</b>	<b>\$45,635,663</b>	<b>\$60,648,705</b>	<b>\$47,261,251</b>

**Source:** County records.

Fiscal Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$26,484,878	\$21,950,297	\$24,485,236	\$ -	\$ -	\$ -
42,019,663	44,071,691	45,692,878	-	-	-
-	-	-	79,851	46,790	<b>42,635</b>
-	-	-	24,193,303	21,768,800	<b>23,185,423</b>
-	-	-	7,945,535	11,454,087	<b>13,880,627</b>
-	-	-	51,963,479	60,926,423	<b>62,334,516</b>
<b>\$68,504,541</b>	<b>\$66,021,988</b>	<b>\$70,178,114</b>	<b>\$84,182,168</b>	<b>\$94,196,100</b>	<b>\$99,443,201</b>
45,990,813	47,881,841	45,995,827	-	-	-
57,064,438	41,423,716	95,370,068	-	-	-
-	-	-	-	1,802	<b>850</b>
-	-	-	41,449,014	44,001,373	<b>44,594,014</b>
-	-	-	64,536,452	23,366,508	<b>65,901,220</b>
-	-	-	3,374,752	4,226,116	-
-	-	-	193,613	74,831	<b>1,130,942</b>
-	-	-	59,433	68,966	<b>63,893</b>
-	-	-	(525,173)	(302,827)	<b>(1,564,138)</b>
<b>\$103,055,251</b>	<b>\$89,305,557</b>	<b>\$141,365,895</b>	<b>\$109,088,091</b>	<b>\$71,436,769</b>	<b>\$110,126,781</b>

**NEW HANOVER COUNTY, NORTH CAROLINA**  
**Table 4**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	2004	2005	2006	2007
<b>Revenues:</b>				
Taxes	\$ 170,039,210	\$ 179,510,144	\$ 193,537,310	\$ 201,239,764
Intergovernmental revenue	45,629,680	41,826,632	46,318,701	42,447,237
Special assessments	2,727,217	1,762,456	588,600	205,448
Charges for services	11,135,675	11,467,639	12,010,830	11,259,871
Miscellaneous	2,689,503	4,136,828	9,804,195	8,668,800
<b>Total revenues</b>	<b>232,221,285</b>	<b>238,703,699</b>	<b>262,259,636</b>	<b>263,821,120</b>
<b>Expenditures:</b>				
General government	19,714,483	22,418,450	29,368,933	29,818,279
Human services	56,236,427	59,389,334	59,686,429	61,353,480
Public safety	37,948,261	42,876,389	48,324,982	51,430,478
Economic and physical development	1,944,882	1,625,159	2,589,960	4,666,707
Culture and recreation	9,084,074	8,985,440	9,897,296	10,450,324
Education-community college and schools	57,983,369	58,513,627	63,280,896	67,473,345
Stormwater drainage	-	-	-	-
Capital outlay	13,290,196	21,645,262	21,977,861	35,629,488
Debt service:				
Interest and fees - bonds	7,999,793	9,046,742	8,434,272	8,815,049
Principal - bonds	10,304,654	12,140,000	11,220,001	11,885,000
Interest and fees - installment debt				4,536,863
Principal - installment debt				6,677,082
Installment debt payments	8,333,737	8,937,062	10,085,823	
<b>Total expenditures</b>	<b>222,839,876</b>	<b>245,577,465</b>	<b>264,866,453</b>	<b>292,736,095</b>
<b>Revenues over (under) expenditures</b>	<b>9,381,409</b>	<b>(6,873,766)</b>	<b>(2,606,817)</b>	<b>(28,914,975)</b>
<b>Other financing sources (uses):</b>				
Sale of capital assets				
Insurance claim proceeds				
Long-term debt issued	-	7,846,913	30,000,000	9,400,000
Transfers from other funds	77,970,906	75,339,629	81,784,172	85,492,995
Transfers to other funds	(79,878,210)	(77,603,874)	(83,703,705)	(87,215,023)
<b>Total other financing sources (uses)</b>	<b>(1,907,304)</b>	<b>5,582,668</b>	<b>28,080,467</b>	<b>7,677,972</b>
Net change in fund balances	<b>\$ 7,474,105</b>	<b>\$ (1,291,098)</b>	<b>\$ 25,473,650</b>	<b>\$ (21,237,003)</b>
Debt service as % of noncapital expenditures	12.27%	12.97%	11.73%	11.73%

**Source:** County records.

Fiscal Year Ended June 30						
2008	2009	2010	2011	2012	2013	
\$ 209,046,468	\$ 211,395,647	\$ 207,845,642	\$ 219,397,404	\$ 229,052,284	\$ 230,253,340	
47,892,597	88,511,868	52,045,370	41,719,627	51,294,237	51,435,873	
235,651	1,993,591	650,392	549,508	485,862	309,431	
11,092,496	9,537,859	8,929,381	8,714,885	10,745,642	12,283,293	
11,657,419	4,535,922	2,527,215	8,065,255	2,843,795	5,863,970	
279,924,631	315,974,887	271,998,000	278,446,679	294,421,820	300,145,907	
32,906,560	29,016,838	29,485,936	29,479,030	30,553,554	32,322,623	
62,122,735	58,211,859	53,253,360	52,148,036	53,674,258	52,659,109	
53,979,168	54,101,446	53,111,567	54,056,134	59,406,202	59,862,271	
3,192,043	2,537,751	5,715,018	2,438,992	3,114,839	12,487,481	
10,999,579	11,318,913	10,228,183	10,124,210	10,732,645	12,358,781	
72,049,228	71,524,315	67,750,207	67,650,207	68,750,207	70,026,998	
-	82,996	-	-	-	-	
38,890,813	62,970,803	39,698,425	38,141,227	44,277,295	28,971,627	
8,298,196	10,866,108	11,449,659	12,588,240	13,369,517	12,779,764	
12,545,000	16,845,000	17,845,000	19,030,000	22,400,000	21,075,000	
4,335,233	6,155,264	5,784,678	4,943,284	5,071,790	4,898,655	
8,708,483	53,584,747	11,438,674	11,519,621	10,917,265	9,928,268	
308,027,038	377,216,040	305,760,707	302,118,981	322,267,572	317,370,577	
(28,102,407)	(61,241,153)	(33,762,707)	(23,672,302)	(27,845,752)	(17,224,670)	
				166,526	30,999	
				40,140	29,161	
82,306,749	44,933,855	89,301,120	5,843,552	1,696	61,101,623	
91,898,546	85,890,267	84,163,317	3,024,201	1,516,547	6,735,806	
(94,160,768)	(85,815,216)	(83,485,266)	(3,469,201)	(1,516,547)	(6,735,806)	
80,044,527	45,008,906	89,979,171	5,398,552	208,362	61,161,783	
\$ 51,942,120	\$ (16,232,247)	\$ 56,216,464	\$ (18,273,750)	\$ (27,637,390)	\$ 43,937,113	
11.53%	23.53%	15.47%	16.40%	16.50%	15.77%	

**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
2004	\$ 122,763	\$ 41,610	\$ 3,001	\$ 2,138	\$ 527	\$ 170,039
2005	126,435	46,260	3,202	3,114	499	179,510
2006	132,300	51,812	3,545	3,570	2,310	193,537
2007	138,200	54,445	4,122	2,303	2,170	201,240
2008	145,222	54,997	4,245	2,056	2,526	209,046
2009	157,929	45,569	3,836	1,162	2,900	211,396
2010	160,694	41,272	3,338	1,168	1,374	207,846
2011	166,566	47,359	3,630	1,043	1,934	220,532
2012	169,636	52,668	4,164	1,162	1,572	229,202
<b>2013</b>	<b>168,455</b>	<b>53,812</b>	<b>4,172</b>	<b>1,436</b>	<b>2,386</b>	<b>230,261</b>

**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
2004	\$ 14,420,634,198	\$ 2,558,812,808	\$ 384,537,371	\$ 17,363,984,377	\$ 0.6800
2005	14,884,549,443	2,618,007,183	393,744,013	17,896,300,639	0.6800
2006	15,517,664,081	2,816,218,962	420,887,963	18,754,771,006	0.6800
2007	16,178,353,253	3,011,560,967	309,421,127	19,499,335,347	0.6800
2008	29,119,602,647	3,312,348,337	430,519,407	32,862,470,391	0.4200
2009	29,717,299,349	3,258,906,341	448,155,872	33,424,361,562	0.4525
2010	30,090,822,904	3,122,851,620	460,830,945	33,674,505,469	0.4525
2011	30,261,859,704	3,114,706,992	429,491,376	33,806,058,072	0.4655
2012	30,442,282,655	3,313,128,898	435,115,395	34,190,526,948	0.4655
<b>2013</b>	<b>24,960,307,036</b>	<b>3,408,471,354</b>	<b>510,818,217</b>	<b>28,879,596,607</b>	<b>0.5540</b>

**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 Ten Years Ago**

Taxpayer	2013				2003			
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	
Progress Energy	\$ 355,203,355	1	1.23%		\$ 228,828,612	2	1.35%	
General Electric Company	325,745,478	2	1.13%		96,088,555	4	0.57%	
Corning, Inc.	224,454,760	3	0.78%		301,434,335	1	1.78%	
Fortron Industries LLC	77,356,092	4	0.27%		--		--	
River Ventures	72,952,580	5	0.25%		--		--	
Invista Sarl	69,201,688	6	0.24%		--		--	
BellSouth Telecommunications	64,088,171	7	0.22%		99,590,417	3	0.59%	
Centro Independence LLC	54,078,800	8	0.19%		38,014,279	8	--	
First Troy Spe LLC	49,993,200	9	0.17%		--		--	
Wal Mart Property	47,929,686	10	0.17%		--		--	
Celanese Corporation	--		--		--		--	
Arteva Specialties	--		--		46,197,399	7	0.27%	
Global Nuclear Fuel Americas LLC	--		--		56,539,267	6	0.33%	
URDT of North Carolina LLC	--		--		59,256,668	5	0.35%	
Occidental Electrochemical Corporation	--		--		32,854,475	9	0.19%	
Landfall Associates	--		--		23,830,412	10	0.14%	
<b>Total</b>	<b>\$ 1,341,003,810</b>		<b>4.64%</b>		<b>\$ 982,634,419</b>		<b>5.56%</b>	
Total taxable assessed value	<u>\$ 28,879,596,607</u>				<u>\$16,976,207,211</u>			

Source: County Tax Department.

**NEW HANOVER COUNTY, NORTH CAROLINA**

**Table 8**

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy		Property Tax Collections in Subsequent Years	Property Tax Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 118,502,456	\$ 116,273,246	98.12%	\$ 2,152,668	\$ 118,425,914	99.94%
2005	121,948,982	119,911,021	98.33%	2,013,235	121,924,256	99.98%
2006	127,712,283	125,732,975	98.45%	1,810,494	127,543,469	99.87%
2007	133,831,150	131,522,360	98.27%	1,718,400	133,240,760	99.56%
2008	139,222,476	136,794,279	98.26%	1,751,897	138,546,176	99.51%
2009	151,208,013	149,085,288	98.60%	2,040,367	151,125,655	99.95%
2010	152,793,146	150,719,243	98.64%	1,763,311	152,482,554	99.80%
2011	158,470,084	155,710,692	98.25%	1,566,776	157,277,468	99.25%
2012	159,752,984	157,409,935	98.53%	2,451,860	159,861,795	100.07%
<b>2013</b>	<b>159,719,773</b>	<b>157,265,840</b>	<b>98.47%</b>	<b>1,817,256</b>	<b>159,083,096</b>	<b>99.60%</b>

Source: County Tax Department.

**NEW HANOVER COUNTY, NORTH CAROLINA**

**Table 9**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)**

Fiscal Year	New Hanover County	Special Fire District	City of Wilmington	Wrightsville Beach	Carolina Beach	Kure Beach
2003	\$ 0.690	\$ 0.050	\$ 0.470	\$ 0.143	\$ 0.395	\$ 0.295
2004	0.680	0.060	0.470	0.143	0.380	0.295
2005	0.680	0.060	0.460	0.143	0.380	0.295
2006	0.680	0.060	0.460	0.143	0.380	0.295
2007	0.685	0.060	0.460	0.143	0.380	0.295
2008	0.420	0.050	0.300	0.0634	0.175	0.135
2009	0.4525	0.050	0.3325	0.080	0.175	0.135
2010	0.4525	0.060	0.3325	0.080	0.175	0.135
2011	0.4655	0.060	0.3700	0.099	0.175	0.135
2012	0.4655	0.068	0.3700	0.099	0.175	0.163
<b>2013</b>	<b>0.5540</b>	<b>0.079</b>	<b>0.4500</b>	<b>0.133</b>	<b>0.235</b>	<b>0.0026</b>

Source: County Tax Department.

Overlapping rates are rates of local governments that apply to the property owners within New Hanover County. Not all overlapping rates apply to all New Hanover County property owners; for example the rates of the Special Fire District apply only to the proportion of the New Hanover County's property owners whose property is located within the geographic boundaries of the Special Fire District.

**NEW HANOVER COUNTY, NORTH CAROLINA**

**Table 10**

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Participation	Other Installment Debt	General Obligation Bonds	Certificates of Participation	Other Installment Debt			
2004	\$ 187,770,000	\$ 96,532,227	\$ 1,376,228	\$ 24,845,000	\$ 37,872,773	\$ 606,663	\$ 349,002,891	6.27%	\$ 1,987.26
2005	175,630,000	92,499,701	8,789,308	19,955,000	36,170,299	519,921	333,564,229	5.50%	1,835.55
2006	194,525,000	87,988,034	8,133,018	15,850,000	34,621,966	320,520	341,438,538	5.20%	1,830.65
2007	182,640,000	82,888,727	16,340,243	11,645,000	32,821,273	708,315	327,043,558	4.71%	1,722.59
2008	238,095,000	76,991,623	27,994,703	7,345,000	72,988,380	1,207,653	424,622,359	6.02%	2,182.50
2009	270,815,000	99,160,947	24,727,589	355,000	1,044,053	760,880	396,863,469	5.55%	1,990.78
2010	334,069,997	62,898,500	49,416,186	175,000	241,500	1,154,399	447,955,582	6.28%	2,213.10
2011	315,039,997	56,820,000	50,443,221	-	215,000	899,921	423,418,139	N/A	2,050.90
2012	292,639,997	50,697,400	45,899,037	-	187,600	1,716,322	391,140,356	N/A	1,867.30
<b>2013</b>	<b>340,716,687</b>	<b>27,012,659</b>	<b>62,229,209</b>	<b>-</b>	<b>151,071</b>	<b>1,218,679</b>	<b>431,328,305</b>	<b>N/A</b>	<b>2,054.30</b>

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

Source: County records.

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**
2004	\$ 187,770,000	1.08%	\$ 1,069.18
2005	175,630,000	0.98%	966.47
2006	194,525,000	1.04%	1,042.96
2007	182,640,000	0.94%	961.99
2008	238,095,000	0.72%	1,223.77
2009	270,815,000	0.81%	1,358.48
2010	334,069,997	0.99%	1,650.45
2011	325,844,881	0.96%	1,578.29
2012	302,178,637	0.88%	1,442.60
<b>2013</b>	<b>340,716,687</b>	<b>1.18%</b>	<b>1,622.74</b>

\* 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.

**NEW HANOVER COUNTY, NORTH CAROLINA**  
**Table 12**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2013**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County direct debt	\$ 410,308,166	100.00%	\$ 410,308,166
City of Wilmington debt	174,705,500	100.00%	174,705,500
Town of Wrightsville Beach debt	4,714,286	100.00%	4,714,286
Town of Carolina Beach debt	7,214,609	100.00%	7,214,609
Town of Kure Beach debt	2,149,421	100.00%	2,149,421
<b>Subtotal, overlapping debt</b>			<u>188,783,816</u>
<b>Total direct and overlapping debt:</b>			<u><u>\$ 599,091,982</u></u>

**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**

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**New Hanover County**

	2004	2005	2006	2007	2008
Debt limit	\$ 1,389,118,750	\$ 1,431,704,051	\$ 1,500,381,680	\$ 1,559,946,828	\$ 2,618,030,818
Total net debt applicable to limit	299,421,053	403,590,274	385,228,686	400,873,158	359,875,000
Legal debt margin	\$ 1,089,697,697	\$ 1,028,113,777	\$ 1,115,152,994	\$ 1,159,073,670	\$ 2,258,155,818
Total net debt applicable to the limit as a percentage of debt limit	21.55%	28.19%	25.68%	25.70%	13.75%

<b>Legal Debt Margin Calculation for June 30, 2013</b>	
<b>Total assessed value</b>	<b>\$ 28,879,596,607</b>
<b>Debt limit (8% of assessed value)</b>	<b>2,310,367,729</b>
<b>Debt applicable to limit:</b>	
<b>General obligation bonds</b>	<b>325,564,997</b>
<b>Certificates of participation</b>	<b>27,380</b>
<b>Installment</b>	<b>58,709,656</b>
<b>Authorized but unissued debt</b>	<b>40,000,000</b>
<b>Less:</b>	
<b>Water Sewer</b>	<b>(19,491,600)</b>
<b>Authorized but unissued debt</b>	<b>(40,000,000)</b>
<b>Total net applicable to limit</b>	<b>364,810,433</b>
<b>Legal debt margin</b>	<b>\$ 1,945,557,296</b>

Fiscal Year Ended June 30				
2009	2010	2011	2012	2013
\$ 2,673,948,925	\$ 2,693,960,438	\$ 2,704,484,646	\$ 2,735,242,156	\$ 2,310,367,729
552,875,000	491,384,997	476,879,881	437,524,997	364,810,433
<b>\$ 2,121,073,925</b>	<b>\$ 2,202,575,441</b>	<b>\$ 2,227,604,765</b>	<b>\$ 2,297,717,159</b>	<b>\$ 1,945,557,296</b>
20.68%	18.24%	17.63%	16.00%	15.79%

**NEW HANOVER COUNTY, NORTH CAROLINA**  
**Table 14**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population <sup>1</sup>	Personal Income (000's) <sup>1</sup>	Per Capita Personal Income <sup>2</sup>	Median Age <sup>3</sup> (Years)	School Enrollment <sup>4</sup>	Unemployment Rate <sup>1</sup>
2004	175,620	\$ 5,567,376	\$ 30,466	36.3	22,173	4.0%
2005	181,724	6,061,123	32,607	37.0	23,020	4.5%
2006	186,512	6,569,209	33,705	36.0	23,848	3.5%
2007	189,856	3,949,636	35,461	38.0	23,781	3.9%
2008	194,558	7,293,899	36,629	37.1	23,757	5.1%
2009	199,351	7,152,155	36,662	36.9	23,825	9.6%
2010	202,411	7,131,435	29,363	37.3	23,722	9.4%
2011	206,455	N/A	N/A	N/A	24,060	10.1%
2012	209,468	N/A	N/A	N/A	24,464	9.3%
<b>2013</b>	<b>212,484</b>	N/A	N/A	<b>37.6</b>	<b>25,088</b>	<b>9.10%</b>

<sup>1</sup> **Source:** Office of State Budget Management

<sup>2</sup> **Source:** Federal Agency Data: Bureau of Economic Analysis

<sup>3</sup> **Source:** U. S. Census Bureau

<sup>4</sup> **Source:** New Hanover County Board of Education.

**NEW HANOVER COUNTY, NORTH CAROLINA**  
**Table 15**  
**Principal Employers**  
**Current Fiscal Year and Ten Years Ago**

Employer (Top Ten)	2013			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	4,920	1	4.66%	4,000	1	4.74%
New Hanover County Board of Education	3,900	2	3.70%	3,087	2	3.66%
General Electric	2,250	3	2.13%	2,100	3	2.49%
Wal-Mart Stores, Inc.	2,000	4	1.90%	-----	-----	-----
University of NC at Wilmington	1,840	5	1.74%	1,493	5	1.77%
New Hanover County	1,570	6	1.49%	1,356	6	1.61%
PPD, Inc.	1,500	7	1.42%	600	10	0.71%
Verizon Wireless	1,245	8	1.18%	-----	-----	-----
Corning Incorporated	1,000	9	0.95%	1,700	4	2.02%
City of Wilmington	975	10	0.92%	927	7	1.10%
Progress Energy	-----	-----	-----	-----	-----	-----
NC Department of Transportation	-----	-----	-----	694	8	0.82%
Liberty Home Health Care	-----	-----	-----	650	9	0.77%
Total New Hanover County Employment	<u>105,535</u>			<u>84,318</u>		

**Sources:** Wilmington Chamber of Commerce, NC State Demographics Web Site, and New Hanover County

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

Function	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	231	234	238	243	248	263	276	268	268	265
Human services	463	481	486	497	517	524	517	509	495	471
Public safety	485	510	578	586	620	632	632	635	651	680
Culture and recreation	97	98	108	110	115	117	117	123	126	127
Environmental Management	71	71	72	73	88	88	88	88	31	31
Water and Sewer	43	45	55	64	64	0	0	0	0	0
<b>Total</b>	<b>1,390</b>	<b>1,439</b>	<b>1,537</b>	<b>1,573</b>	<b>1,652</b>	<b>1,624</b>	<b>1,630</b>	<b>1,623</b>	<b>1,571</b>	<b>1,574</b>

**Source:** County Budget Department.



**NEW HANOVER COUNTY, NORTH CAROLINA**  
**Table 17**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	2004	2005	2006	2007
<b>Public safety:</b>				
Sheriff:				
# of divisions	6	6	7	7
# of sheriff personnel	302	359	367	374
# of arrests made	3,035	3,261	6,023	6,704
# of service calls	165,256	171,684	181,351	101,877
Fire Services:				
# of stations	8	8	6	6
# of fire personnel	250	250	90	110
# of calls answered	5,000	5,935	6,704	6,425
<b>Culture and recreation:</b>				
Library:				
# of circulations	1,107,522	1,129,675	1,114,502	1,200,000
Museum:				
Attendance	34,702	36,885	32,251	31,000

**Source:** County records.

Fiscal Year Ended June 30					
2008	2009	2010	2011	2012	2013
6	6	6	6	6	8
382	420	384	384	423	455
6,430	7,011	6,364	6,613	6,506	5,536
175,770	173,502	190,539	190,500	132,492	137,954
8	8	8	8	8	8
96	95	95	95	217	197
5,139	4,676	4,665	4,823	5,600	5,242
1,231,467	1,320,486	1,340,000	1,350,000	1,387,929	1,398,310
38,504	41,683	47,128	49,261	47,223	42,877

**NEW HANOVER COUNTY, NORTH CAROLINA**  
**Table 18**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	2004	2005	2006	2007
<b>Public safety (1):</b>				
Sheriff:				
# of stations	2	2	2	2
# of vehicles	215	260	281	303
<b>Human services (1):</b>				
Health Department:				
# of vehicles	40	40	41	43
<b>Culture and recreation (1):</b>				
Parks:				
# of parks	23	23	23	23
Park acreage	792	807	807	807

**Source:** County records.

(1) Information represents vehicles currently owned as of June 30, 2013 by the County.

Fiscal Year Ended June 30						
2008	2009	2010	2011	2012	<b>2013</b>	
2	2	2	2	2	<b>2</b>	
321	301	277	290	279	<b>298</b>	
45	51	37	29	23	<b>22</b>	
34	34	35	35	35	<b>35</b>	
1,100	1,100	1,310	1,310	1,310	<b>1,310</b>	

NEW HANOVER COUNTY, NORTH CAROLINA

Table 19  
Analysis of Current Tax Levy  
County-Wide Levy  
June 30, 2013

	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	\$27,564,590,224	\$0.5540	\$152,707,830	\$152,707,830	\$ -
Motor vehicles	1,641,874,655	0.5540	8,576,402	-	8,576,402
Penalties	-		300,565	300,565	-
Total	<u>29,206,464,879</u>		<u>161,584,797</u>	<u>153,008,395</u>	<u>8,576,402</u>
Discoveries:					
Current year	-		75,372	75,372	-
	-		<u>75,372</u>	<u>75,372</u>	-
Abatements	(326,868,272)		(1,940,396)	(1,940,396)	-
Total property valuation	<u>\$28,879,596,607</u>				
Net levy			159,719,773	151,143,371	8,576,402
Uncollected taxes at June 30, 2012			2,453,933	1,371,350	1,082,583
Current year's taxes collected			<u>\$157,265,840</u>	<u>\$149,772,021</u>	<u>\$7,493,819</u>
Current levy collection percentage			98.46%	99.09%	87.38%

**Secondary Market Disclosures:**

Assessed Valuation:	
Assessment Ratio	100%
Real Property	\$24,960,307,036
Personal Property	3,408,471,354
Public Service Companies	510,818,217
Total Assessed Valuation	<u>28,879,596,607</u>
Tax rate per \$100	<u>0.5540</u>
Levy (includes discoveries, abatements, penalties, fees, and cleaning liens)	<u>\$159,719,773</u>

In addition to the County-wide rate, the following table lists the levy by the County on behalf of a Special Fire District for the fiscal year ended June 30, 2013.

Special Fire District	<u>\$8,711,790</u>
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