



*New Hanover
County
North Carolina*



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010



Comprehensive Annual Financial Report

**New Hanover County, North Carolina
For The Fiscal Year Ended June 30, 2010**

**Jason R. Thompson, Jr., Chairman
Board of Commissioners**

**Bruce T. Shell
County Manager**

**Avril M. Pinder
Finance Director**

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



INTRODUCTORY SECTION



NEW HANOVER COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2010

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Mission Statement

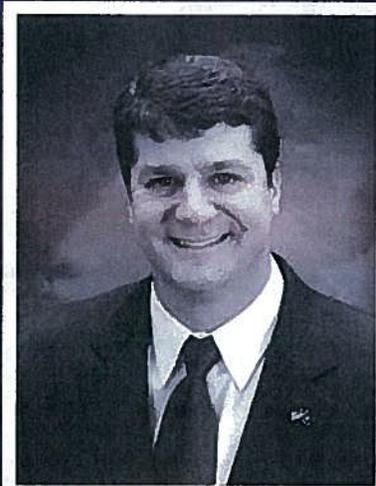
adopted by
The New Hanover County
Board of Commissioners
November 2001

In partnership with our citizens,
the government of New Hanover County
is dedicated to promoting orderly growth,
while preserving the outstanding quality of life
which has made our County
a desirable place to live and work.

The government of New Hanover County
will provide the necessary services
to protect the health, safety, welfare,
cultural resources, and environment of
citizens and business consistent with the
community=s values, priorities and fiscal capacity.

**NEW HANOVER COUNTY
BOARD OF COMMISSIONERS AND OTHER ELECTED OFFICIALS
JUNE 30, 2010**

BOARD OF COMMISSIONERS



**Jason R. Thompson, Jr.
Chairman**



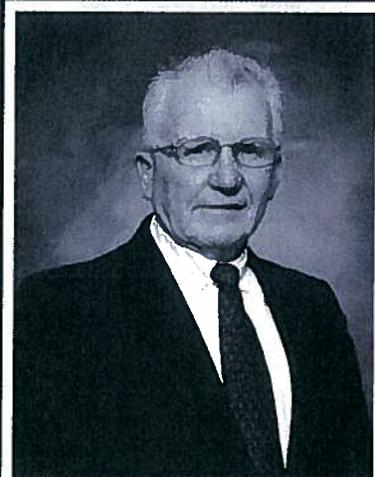
**Jonathan Barfield, Jr.
Vice-Chairman**



**Robert G. Greer
Commissioner**



**Ted Davis, Jr.
Commissioner**



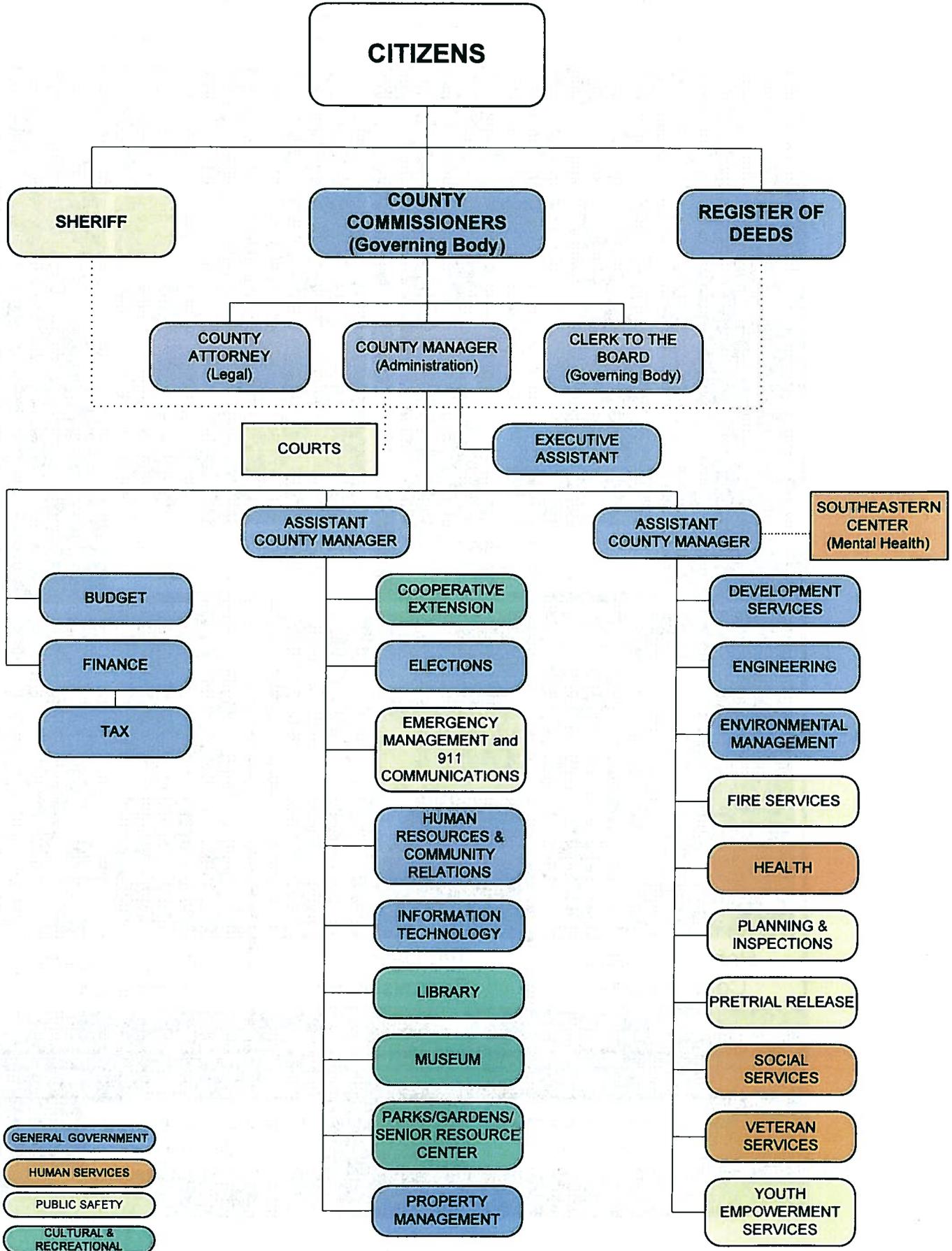
**William A. Caster
Commissioner**

OTHER ELECTED OFFICIALS

**Jennifer H. MacNeish
*Registrar***

**Edward J. McMahon
*Sheriff***

NEW HANOVER COUNTY ORGANIZATIONAL CHART



Letter of Transmittal





NEW HANOVER COUNTY FINANCE DEPARTMENT

AVRIL M. PINDER
Finance Director

BARBARA D. MCCLURE
Assistant Finance Director

October 29, 2010

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010.

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 complete set of financial statements annually. 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.

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.

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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"Underneath it All"

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THE COUNTY

New Hanover County, established in 1729, is located in the tidewater section on southeastern North Carolina on the Atlantic Coast. 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 202,411 (State Office of Budget and Management LINC). 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, storm water management 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

In fiscal year 2010, the local economy continued to feel the effects of the current national recession. Our unemployment rate of 9.4% for June 30, 2010, down .2% from June 30, 2009, is below the State rate of 10.2% and below the nation's 9.6%. Growth in most sectors of the local economy has slowed, with the housing industry accounting for most of the job losses. During the expected economic recovery, the County's economic base is expected to grow in diversity given its regional importance as a retail services and health care center for Southeastern North Carolina, as well as a tourism destination and educational community.

Health Care

The New Hanover Regional Medical Center recently completed a major facility improvement and expansion of its main campus, with addition of a new 194,995 square foot women's and children's center and 186,804 square foot surgical pavilion. Other renovations are currently underway including the patient tower, emergency department and the heart center totaling 289,320 square feet of space.

Manufacturing

Titan America, doing business as Carolina Cement, selected the County as the site for a new cement plant along the Cape Fear River. They are currently in the process of obtaining the required environmental permits. The plant is estimated to create 160 jobs. GE Hitachi is also pursuing permits to expand its facilities to accommodate laser enrichment technology which is estimated to create 900 jobs.

Education

With over 26,500 students enrolling in classes every year, Cape Fear Community College is the fifth largest community college in the state and is a major economic development partner in southeastern North Carolina. To accommodate this growth, voters passed a \$164 million bond referendum to provide additional facilities. The County issued \$70 million in general obligation bonds of the authorized debt. Construction is currently underway on a 139,000 square foot Humanities and Fine Arts building for the CFCC main campus.

The County is also home to University of North Carolina – Wilmington (UNCW), the only public university in Southeastern North Carolina. For the 12th straight year, *US News & World Report* has ranked UNCW as one of the top 10 public regional undergraduate universities in the South and was named as a 2010 Military Friendly School by *G.I. Jobs* magazine.

Tourism

The County's beaches provide miles of unspoiled beauty and are one of the areas' most popular tourist attractions. The historic waterfront, the USS North Carolina Battleship Memorial and the North Carolina Aquarium at Fort Fisher are other popular area attractions. The economic impact from tourism expenditures in the County for 2010 totaled \$390.4 million. This number represents a 7.6% decrease over the previous year. Despite the decrease, the County maintained its rank as number eight among North Carolina's 100 counties in tourism expenditures. The recently completed Wilmington Convention Center will help draw new visitors to the area starting in November of 2010.

MAJOR INITIATIVES

Technology

The County, in conjunction with the City of Wilmington, was granted an experimental license to test white space technology by the Federal Communications Commission, one of five in the country. White space is the vacant airwaves between TV channels that is now available due to the conversion to digital signals. The County has been a pioneer in testing the use of white spaces and is noted in the FCC's National Broadband plan as a model of the usability of the spectrum. In addition to providing wireless Internet at local parks, white space spectrum is also used locally for video surveillance at the park and at Wilmington's Creekwood Housing Development.

Citizen Interaction

In April of 2010, County Commissioners initiated the program "Underneath it All", designed to educate area residents about the responsibilities and partnerships forged by the County which improve and sustain the community's quality of life. The program will re-introduce our citizens to the vast array of programs and services provided by the County, including the mandated health and safety services many to not realize are funded through the county.

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: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) 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.

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.

Cash Management

The County's pooled deposits and investments are invested pursuant to North Carolina General Statutes 159-30. The County's investment policy seeks the preservation of capital, liquidity and yield, in that order of priority. Deposits are either insured by the federal depository insurance or are collateralized by securities held by the State Treasurer's agent in the name of the State Treasurer. The earned yield for the fiscal year 2009-2010 was .392%.

OTHER RELEVANT INFORMATION

The County's Board of Commissioners are currently in contract negotiations with R3 Environmental, LLC for assuming operational control and responsibility of the County's solid waste system. This will allow the County to significantly increase the diversion of solid waste from our landfill through more effective recycling and the creation of bio-mass product at a lower operational cost.

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, 2010 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,

2009. This was the twenty-ninth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

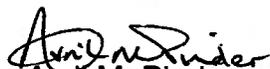
In addition, the government has received the GFOA's Distinguished Budget Presentation Award for its annual budget document for Fiscal Year 2009-2010. This marks the nineteenth consecutive fiscal year the County has received this companion award. In order to qualify for the Distinguished Budget Presentation 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.

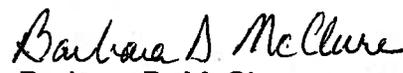
ACKNOWLEDGEMENTS

Thanks are given to each member of the Finance Department for their assistance in the preparation of this report. It is due to their professional competency and dedication that this CAFR was completed and contains full financial information about the County's

operations. 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,


Avril M. Pinder
Finance Director


Barbara D. McClure
Assistant Finance Director

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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink, likely belonging to the President mentioned in the text below.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



FINANCIAL SECTION



Independent Auditor's Report



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

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

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
New Hanover County
Wilmington, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of New Hanover County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of New Hanover County's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the New Hanover County Airport Authority, the New Hanover Regional Medical Center, the New Hanover County ABC Board, or the New Hanover County Tourism Development Authority, which are discretely presented component units. We also did not audit the financial statements of Airlie Gardens Foundation, Inc., which is a blended component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and, our opinion, insofar as it relates to the amounts included in the aggregate discretely presented components units for the New Hanover County Airport Authority, the New Hanover Regional Medical Center, the New Hanover County ABC Board, and the New Hanover County Tourism Development Authority, and in the blended component units for Airlie Gardens Foundation, Inc., is based on the reports 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 basic financial statements are free of material misstatement. The financial statements of the New Hanover County ABC Board and the New Hanover County Tourism Development Authority (discretely presented component units) and the financial statements of Airlie Gardens Foundation, Inc., a blended component unit, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of New Hanover County, North Carolina, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund, the Public Schools Fund, and the Room Occupancy Tax Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010, on our consideration of New Hanover County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the required supplementary information for various pension plans sponsored by the reporting entity are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of New Hanover County, North Carolina. The introductory section, combining and individual nonmajor fund financial statements and schedules, the statistical tables, and additional financial data are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and additional financial data have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, are fairly stated, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 29, 2010

Management's Discussion and Analysis



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, 2010. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the transmittal letter beginning on page xiii and the County's financial statements, which follow this narrative.

Financial Highlights

- The liabilities of New Hanover County (primary government) exceeded its assets at the close of the fiscal year by \$64,918,437 (*net deficiency*).
- The government's total net assets decreased by \$24,721,693, primarily due to a decrease in net assets from governmental activities. This compares to a decrease in net assets of \$229,120,026 in 2009 which resulted from a special item in the business-type activities – the divestiture of water and sewer net assets of \$183,725,709 to Cape Fear Public Utility Authority.
- As of the close of the current fiscal year, New Hanover County's governmental funds reported combined ending fund balances of \$211,544,009 an increase of \$56,216,464 in comparison with the prior year. Approximately 66.68 percent of this total amount, or \$141,062,946, is available for spending at the government's discretion (*unreserved fund balance*). In 2009, the unreserved fund balance was \$85,495,407, or 55.04 percent of total fund balance.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$45,692,878 or 18.30 percent of total general fund expenditures and other financing uses (including transfers) for the fiscal year. In 2009, unreserved fund balance in the General Fund was \$44,071,691 or 14.64 percent of total expenditures and other financing uses (including transfers).
- New Hanover County's total bonded and installment debt increased by \$65,968,994 (16.57 percent) during the current fiscal year. This increase is due to an increase in general obligation bonds offset in part by a decrease in installment debt.
- New Hanover County increased its bond rating to Aaa with Moody's Investor Service and maintained its bond rating of AA+ from Standard and Poor's Corporation.

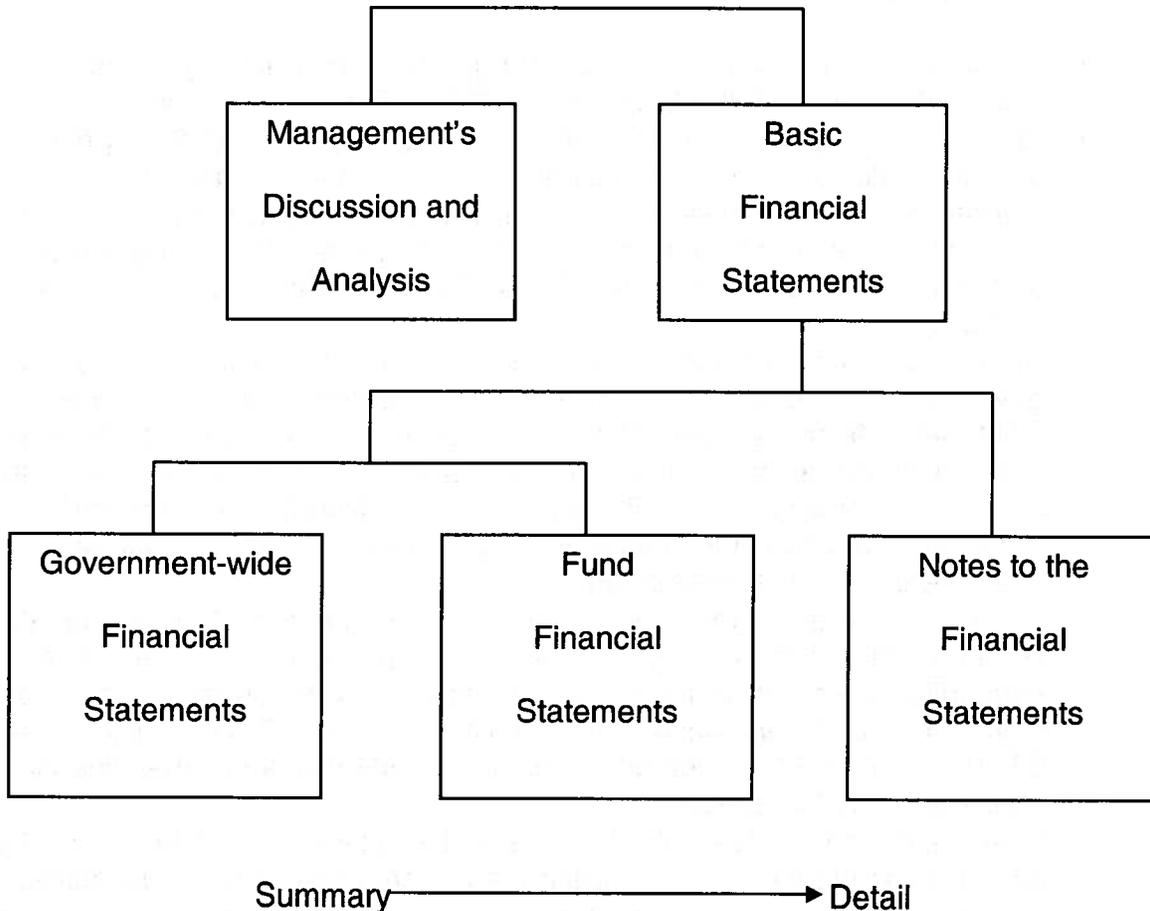
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to New Hanover County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements

(see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information to enhance the reader's understanding of the financial condition of New Hanover County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) 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 3 through 12) 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.

Immediately following the notes is certain **required supplemental information**. This section contains funding information about the County's pension plans and other post employment benefits. After the notes and required supplemental information, **supplemental information** is provided to show details about the County's non-major governmental 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.

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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets 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 state and federal 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 health care 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 1 and 2 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 government activities (reported in the Statement of Net Assets 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 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 kind 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 Assets 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 are Exhibit 13 of 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 Assets
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 261,315,128	\$ 206,276,982	\$ (827,816)	\$ 931,432	\$ 260,487,312	\$ 207,208,414
Capital assets	166,044,474	169,982,537	17,847,637	17,311,333	183,892,111	187,293,870
Total assets	\$ 427,359,602	\$ 376,259,519	\$ 17,019,821	\$ 18,242,765	\$ 444,379,423	\$ 394,502,284
Long-term liabilities outstanding	\$ 481,068,236	\$ 408,667,251	\$ 9,982,317	\$ 10,515,993	\$ 491,050,553	\$ 419,183,244
Other liabilities	17,558,338	15,879,920	688,969	524,608	18,247,307	16,404,528
Total liabilities	\$ 498,626,574	\$ 424,547,171	\$ 10,671,286	\$ 11,040,601	\$ 509,297,860	\$ 435,587,772
Net assets (deficit):						
Invested in capital assets, net of related debt	\$ 55,968,137	\$ 83,439,070	\$ 16,238,444	\$ 15,175,229	\$ 72,206,581	\$ 98,614,299
Restricted	45,015,518	46,200,679	-	-	45,015,518	46,200,679
Unrestricted	(172,250,627)	(177,927,401)	(9,889,909)	(7,973,065)	(182,140,536)	(185,900,466)
Total net assets	\$ (71,266,972)	\$ (48,287,652)	\$ 6,348,535	\$ 7,202,164	\$ (64,918,437)	\$ (41,085,488)

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The liabilities of New Hanover County exceeded its assets by \$64,918,437 as of June 30, 2010. As of June 30, 2009, the liabilities of New Hanover County exceeded assets by \$41,085,488. The County's net assets decreased by \$24,721,693 for the fiscal year ended June 30, 2010. Comparatively, the County's net assets decreased \$229,120,026 in 2009. Net assets are reported in three categories: Invested in capital assets, net of related debt of \$72.2 million; Restricted net assets of \$45.0 million; and Unrestricted net assets (deficit) of \$(182.1) million.

The invested in capital assets, net of related debt 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 \$72.2 million at June 30, 2010. 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 assets is restricted net assets totaling \$45.0 million at June 30, 2010. This represents resources that are subject to external restrictions on how they may be used.

The final category of net assets is unrestricted net assets. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net assets (deficit) totaled \$(182.1) million at June 30, 2010. 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 assets 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 \$202.4 million of the outstanding debt on the County's financial statements was related to assets included in the public schools financial statements and \$95.2 million related to assets included in the community college financial statements – a total of \$297.6 million. However, since the majority of this schools related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to

rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

The impact on unrestricted governmental net assets 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 collection percentage of 98.64, higher than the statewide average of 97.05 percent.
- Continued low cost of debt due to the County's high bond rating.

New Hanover County Changes in Net Assets Figure 3

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 8,929,381	\$ 14,035,953	\$ 12,548,760	\$ 12,966,160	\$ 21,478,141	\$ 27,002,113
Operating grants and contributions	43,499,099	41,290,965	368,072	365,405	43,867,171	41,656,370
Capital grants and contributions	6,429,061	2,115,369	-	-	6,429,061	2,115,369
General revenues:						
Property taxes	160,751,779	157,318,774	-	-	160,751,779	157,318,774
Other Taxes	47,259,548	53,467,377	-	-	47,259,548	53,467,377
Other	695,767	2,790,859	24	6,160	695,791	2,797,019
Total revenues	<u>267,564,635</u>	<u>271,019,297</u>	<u>12,916,856</u>	<u>13,337,725</u>	<u>280,481,491</u>	<u>284,357,022</u>
Expenses:						
General government	43,718,901	36,390,593	-	-	43,718,901	36,390,593
Human services	53,703,464	58,923,066	-	-	53,703,464	58,923,066
Public safety	56,726,590	57,968,693	-	-	56,726,590	57,968,693
Economic and physical development	5,934,637	2,537,751	-	-	5,934,637	2,537,751
Environmental protection	-	178,589	-	-	-	178,589
Culture and recreation	15,257,799	21,404,716	-	-	15,257,799	21,404,716
Education	100,584,303	122,419,312	-	-	100,584,303	122,419,312
Interest and fees on long-term debt	15,296,312	15,825,728	-	-	15,296,312	15,825,728
Environmental management	-	-	13,981,178	14,102,891	13,981,178	14,102,891
Total expenses	<u>291,222,006</u>	<u>315,648,448</u>	<u>13,981,178</u>	<u>14,102,891</u>	<u>305,203,184</u>	<u>329,751,339</u>
Increase (decrease) in net assets before transfers & special item	(23,657,371)	(44,629,151)	(1,064,322)	(765,166)	(24,721,693)	(45,394,317)
Special item - net assets contributed to Cape Fear Public Utility Authority and other funds	-	-	-	(183,725,709)	-	(183,725,709)
Transfers	678,051	239,667	(678,051)	(239,667)	-	-
Increase (decrease) in net assets	<u>(22,979,320)</u>	<u>(44,389,484)</u>	<u>(1,742,373)</u>	<u>(184,730,542)</u>	<u>(24,721,693)</u>	<u>(229,120,026)</u>
Net assets - beginning of year	(48,287,652)	(3,898,168)	7,202,164	191,932,706	(41,085,488)	188,034,538
Prior period adjustment	-	-	888,744	-	888,744	-
Net assets - beginning of year, as restated	<u>(48,287,652)</u>	<u>(3,898,168)</u>	<u>8,090,908</u>	<u>191,932,706</u>	<u>(40,196,744)</u>	<u>188,034,538</u>
Net assets - ending	<u>\$ (71,266,972)</u>	<u>\$ (48,287,652)</u>	<u>\$ 6,348,535</u>	<u>\$ 7,202,164</u>	<u>\$ (64,918,437)</u>	<u>\$ (41,085,488)</u>

Governmental activities. Governmental activities decreased the County's net assets by \$22,979,320, accounting for 92.95 percent of the total decrease in net assets of New Hanover County. Key elements of this decrease are as follows:

- Decreased revenues from charges for services as special assessment fees, inspection fees, and register of deeds fees decreased.
- Decreased revenues from other taxes such as sales tax revenues and room occupancy tax revenues due to the continued sluggish economy.
- Decreased other revenues due to a decrease in investment earnings.
- Increased general government expenses primarily due to a county-wide increase in health insurance costs and restructuring of various departments across the county.
- Increased economic and physical development expenses resulting from additional costs of beach renourishment.

The decrease in net assets was less than the prior year's decrease in net assets. This can be attributed to the following items that offset a portion of the current year's decrease in net asset as represented in the items above:

- Increased operating and capital grant revenues resulting from new ARRA grant money in 2010 along with additional state grant money to various departments within the County.
- Increased property tax revenue due primarily to an increase in the property tax collection rate and an increase in the assessed value of property.
- Decreased human services expenses due to the restructuring of certain human service departments.
- Decreased public safety expenses due to the restructuring of the planning, zoning and inspections departments.
- Decreased culture and recreation expenses due to fewer projects being undertaken in 2010.
- Decreased educational expenses due to a reduction in school capital projects activity and reduced appropriation to the public schools.

Business-type activities: Business-type activities decreased New Hanover County's net assets by \$1,742,373, accounting for 7.05 percent of the total decrease in net assets of New Hanover County. This compares to a decrease in net assets from business-type activities from prior year of \$184,730,542 which included a special item – the divestiture of water and sewer net assets of \$183,725,709 to Cape Fear Public Utility Authority.

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, unreserved fund balance 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, unreserved fund balance of the general fund was \$45,692,878, while total fund balance was \$70,178,114. This compares to unreserved fund balance of \$44,071,691 and total fund balance of \$66,021,988 at June 30, 2009. The increase in total fund balance is due primarily to a combination of increased transfers from other funds and a decrease of transfers to other funds. This is in addition to decreased expenditures among various activities in the fund offset by a decrease in the overall general fund's revenue. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and other financing uses. Unreserved fund balance represents 18.30 percent of total general fund expenditures and other financing uses, while total fund balance represents 28.10 percent of that same amount. At June 30, 2009, the unreserved fund balance was 14.64 percent and total fund balance 21.92 percent of total General Fund expenditures and other financing uses.

The public schools special revenue fund supports operations, debt service, and building renovation and construction for the New Hanover County public schools. At the end of the current fiscal year, fund balance of the public schools special revenue fund was \$3,292,134, representing 3.96 percent of fund expenditures and other financing uses. At June 30, 2009, fund balance for this special revenue fund totaled \$4,396,697, representing 5.10 percent of fund expenditures and other financing uses for the year. The decrease in fund balance is primarily due to planned utilization of fund balance to meet public school needs during a period of sluggish economy.

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 \$34,911,001, as compared to \$35,729,670 at June 30, 2009. The majority of this fund balance for both years, approximately 98 percent, is reserved for erosion control as required by 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 \$63,001,583, as compared to a \$231,073 fund deficit at June 30, 2009. The increase in this fund balance is due to the issuance of long term debt offset slightly by capital outlay expenditures during the year.

The \$35.5 million parks and recreation bonds capital project fund is used to account for parks and recreation expenditures funded by \$35.5 million general obligation bonds. At the end of the current fiscal year fund balance in this fund was \$16,160,176, as compared to \$4,546,533 at June 30, 2009. The increase in this fund balance is due to the issuance of long term debt offset slightly by capital outlay expenditures during the year.

Other non-major governmental funds are combined for reporting on Exhibits 3 and 4. At the end of the current fiscal year, fund balance for other governmental funds was \$24,001,001, of which 32.33 percent is reserved for various purposes and 67.97 percent is unreserved capital project funds. At June 30, 2009, fund balance for other governmental funds was \$12,210,575, of which approximately 62.75 percent was reserved for various purposes and 37.25 percent was unreserved capital project funds.

At June 30, 2010, the governmental funds of New Hanover County reported a combined fund balance of \$211,544,009, a 36.19 percent increase over last year. This increase in fund balance is primarily due to the increase in the fund balance of the general fund, the \$164 million Cape Fear Community College capital project fund, and the \$35.5 million parks and recreation bonds capital project 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 \$5.2 million, due primarily to the increase in intergovernmental revenues.

Amendments to human services activities increased budgeted expenditures by \$2.5 million primarily due to additional federal and state revenues received during the year by the health and social services departments. Amendments to public safety activities increased budgeted expenditures by \$3.3 million primarily due to increased expenditures for equipment and vehicle purchase, as well as additional federal and state revenues received during the year. The budget for long-term debt issued increased by approximately \$1 million due to the additional installment debt. Amendments to proceeds of refunding bonds, premium on refunding bonds, and payments to refunded bond escrow agent of \$95.9 million, 10.9 million, and \$105.9 million, respectively, were due to the issuance of general obligation refunding bonds and limited obligation refunding bonds.

The variances between the final budget and actual revenues and expenditures are noted in Exhibit 5. The positive variance in ad valorem tax revenues is primarily due to increased collection efforts and the resulting increased collection rate. The negative variance in other taxes revenue is due primarily to sales tax revenues. The positive variance in general government expenditures is primarily due to less than anticipated costs across a variety of departments and activities. The positive variance for human services is also primarily due to less than anticipated costs across a variety of departments. The positive variance for public safety expenditures and culture and recreation expenditures is due primarily to less than anticipated costs across all departments and activities.

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 assets (deficit) of the Environmental Management Fund at the end of the fiscal year amounted to \$(9,889,909). The change in total net assets for the fiscal year ended June 30, 2010, was \$(1,742,373) for the Environmental Management Fund. This compares to unrestricted net assets (deficit) of \$(7,973,065) in the Environmental Management Fund at June 30, 2009; as well as the change in total net assets for the fund for the fiscal year ended June 30, 2009, of \$(821,135).

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, 2010, totals \$183,892,111 (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	
	2010	2009	2010	2009	2010	2009
Land	\$ 38,001,399	\$ 38,001,399	\$ 2,459,201	\$ 2,459,201	\$ 40,460,600	\$ 40,460,600
Buildings	135,072,254	134,950,720	22,983,152	22,983,152	158,055,406	157,933,872
Other improvements	22,602,937	21,462,710	19,239,040	17,702,222	41,841,977	39,164,932
Equipment and vehicles	51,069,778	50,007,437	27,482,251	27,180,582	78,552,029	77,188,019
Construction in progress	5,381,336	3,265,703	-	6,750	5,381,336	3,272,453
Total before depreciation	252,127,704	247,687,969	72,163,644	70,331,907	324,291,348	318,019,876
Less accumulated depreciation	(86,083,230)	(77,705,432)	(54,316,007)	(53,020,574)	(140,399,237)	(130,726,006)
Total net of depreciation	\$ 166,044,474	\$ 169,982,537	\$ 17,847,637	\$ 17,311,333	\$ 183,892,111	\$ 187,293,870

Additional information on the County's capital assets can be found in exhibit 13, note 3, of the Basic Financial Statements.

Long-term Debt. As of June 30, 2010, the carrying value of New Hanover County's total bonded debt outstanding was \$346,149,985, 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	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 345,974,985	\$ 271,673,477	\$ 175,000	\$ 355,000	\$ 346,149,985	\$ 272,028,477
Installment debt	116,539,540	124,345,142	1,434,193	1,781,105	117,973,733	126,126,247
Total long-term debt	<u>\$ 462,514,525</u>	<u>\$ 396,018,619</u>	<u>\$ 1,609,193</u>	<u>\$ 2,136,105</u>	<u>\$ 464,123,718</u>	<u>\$ 398,154,724</u>

New Hanover County's total bonded and installment debt increased by \$65,968,994 (16.57 percent) during the past fiscal year due to increased general obligation bonds. General obligation debt increased \$74.12 million and installment debt decreased by \$8.15 million.

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for New Hanover County is \$2,154,959,200. The County has \$94,000,000 in bonds authorized but unissued at June 30, 2010.

Additional information regarding New Hanover County's long-term debt can be found in Exhibit 13, note 3, of this report.

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities: The County has approved a \$253.9 million general fund budget for fiscal year 2010-2011, which represents a \$4.2 million increase from the actual expenditures and other financing uses for the year ended June 30, 2010. Increases are expected in revenues for the year ended June 30, 2010 primarily due to an increase in budgeted ad valorem taxes and intergovernmental revenues. 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 \$55.65 per ton, consistent with last year's fee.

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.



Basic Financial Statements





NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments	\$109,023,098	\$28,317	\$109,051,415
Receivables - net of allowances for doubtful accounts	6,090,325	1,308,783	7,399,108
Internal balances	4,185,901	(4,185,901)	0
Due from other governments	15,580,760	0	15,580,760
Due from component units	237,463	0	237,463
Due from primary government	0	0	0
Inventory	17,794	2,008,528	2,026,322
Prepays	127,462	0	127,462
Restricted cash, cash equivalents and investments	93,794,684	0	93,794,684
Restricted receivables - net of allowances for doubtful accounts	0	0	0
Unamortized bond issuance costs and intangible capital assets	2,443,699	12,457	2,456,156
Pension asset	0	0	0
Investment in affiliates	0	0	0
Other long term assets	29,813,942	0	29,813,942
Capital assets:			
Land and construction in progress	43,382,735	2,459,201	45,841,936
Other capital assets, net of depreciation	122,661,739	15,388,436	138,050,175
Total assets	427,359,602	17,019,821	444,379,423
LIABILITIES			
Accounts payable and accrued expenses	13,794,339	676,832	14,471,171
Accrued interest payable	3,180,952	12,137	3,193,089
Accrued expenses	0	0	0
Due to component unit	129,756	0	129,756
Due to primary government	0	0	0
Due to affiliates	0	0	0
Deferred Revenues - current portion	0	0	0
Unearned revenues	453,291	0	453,291
Long-term liabilities, net of unamortized charges, discounts and premiums			
Due within one year	32,366,696	538,379	32,905,075
Due in more than one year	448,701,540	9,443,938	458,145,478
Total liabilities	498,626,574	10,671,286	509,297,860
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt	55,968,137	16,238,444	72,206,581
Restricted for:			
Passenger facility charges projects	0	0	0
Endowments, specific purpose donations and grants	0	0	0
Working capital	0	0	0
Public safety	39,540,590	0	39,540,590
Promotion and tourism	1,490,368	0	1,490,368
Register of deeds	692,426	0	692,426
Education	3,292,134	0	3,292,134
Unrestricted (deficit)	(172,250,627)	(9,889,909)	(182,140,536)
Total net assets (deficit)	(\$71,266,972)	\$6,348,535	(\$64,918,437)

The Notes to the Basic Financial Statements are an integral part of this statement

Exhibit 1

Component Units			
New Hanover County Airport Authority	New Hanover Regional Medical Center	New Hanover County ABC Board	New Hanover County Tourism Development Authority
\$10,466,613	\$289,605,000	\$3,762,321	\$1,355,848
968,345	84,165,000	0	632,863
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	129,756
0	17,627,000	1,935,577	0
0	8,504,000	35,783	34,330
2,315,791	8,467,000	0	0
194,373	2,613,000	0	0
0	49,370,000	0	0
0	4,496,000	0	0
0	10,482,000	0	0
77,195	1,303,000	0	0
31,922,540	30,575,000	6,378,076	0
30,017,340	395,063,000	7,272,071	60,097
75,962,197	902,270,000	19,383,828	2,212,894
1,052,389	87,113,000	2,067,317	82,675
0	0	0	0
395,929	0	0	0
0	0	0	0
0	0	237,643	0
0	4,405,000	0	0
15,600	0	0	0
302,800	0	0	0
665,893	10,981,000	0	0
3,358,664	324,113,000	0	0
5,791,275	426,612,000	2,304,960	82,675
57,774,118	141,251,000	7,272,071	60,097
2,510,164	0	0	0
0	12,627,000	0	0
0	0	890,870	0
0	0	0	0
0	0	0	1,036,741
0	0	0	0
0	0	0	0
9,886,640	321,780,000	8,915,927	1,033,381
\$70,170,922	\$475,658,000	\$17,078,868	\$2,130,219

The Notes to the Basic Financial Statements are an integral part of this statement

NEW HANOVER COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	43,718,901	\$3,186,784	\$3,082,666	\$333,170
Human services	53,703,464	1,948,892	33,557,535	0
Public safety	56,726,590	3,499,298	5,127,456	278,688
Economic and physical development	5,934,637	0	0	394
Culture and recreation	15,257,799	294,407	1,731,442	36,456
Education	100,584,303	0	0	5,780,353
Interest and fees on long-term debt	15,296,312	0	0	0
Total governmental activities	291,222,006	8,929,381	43,499,099	6,429,061
Business-type activities:				
Environmental Management	13,981,178	12,548,760	368,072	0
Total business-type activities	13,981,178	12,548,760	368,072	0
Total primary government	\$305,203,184	\$21,478,141	\$43,867,171	\$6,429,061
Component Units:				
NHC Airport Authority	\$9,597,424	\$6,644,454	\$0	\$4,899,127
New Hanover Regional Medical Center	627,235,000	648,832,000	0	906,000
NHC ABC Board	22,704,943	23,162,595	0	0
NHC Tourism Development Authority	3,361,049	0	0	0
Total component units	\$662,898,416	\$678,639,049	\$0	\$5,805,127

General revenues:
 Property taxes
 Sales taxes
 Room occupancy taxes
 Other taxes
 Net (decrease) in fair value of investments
 Investment earnings
 Miscellaneous
 Transfers
 Total general revenues and transfers
 Change in net assets

Net assets - beginning of year
 Prior period adjustment
 Net assets - beginning of year, as restated
 Net assets - ending

The Notes to the Basic Financial Statements are an integral part of this statement

Net (Expense) Revenue and Changes in Net Assets							
Primary government			Component Units				
Governmental Activities	Business-type Activities	Total	NHC Airport Authority	New Hanover Regional Medical Center	NHC ABC Board	NHC Tourism Development Authority	
(\$37,116,281)	\$0	(\$37,116,281)	\$0	\$0	\$0	\$0	\$0
(18,197,037)	0	(18,197,037)	0	0	0	0	0
(47,821,148)	0	(47,821,148)	0	0	0	0	0
(5,934,243)	0	(5,934,243)	0	0	0	0	0
(13,195,494)	0	(13,195,494)	0	0	0	0	0
(94,803,950)	0	(94,803,950)	0	0	0	0	0
(15,296,312)	0	(15,296,312)	0	0	0	0	0
(232,364,465)	0	(232,364,465)	0	0	0	0	0
0	(1,064,346)	(1,064,346)	0	0	0	0	0
0	(1,064,346)	(1,064,346)	0	0	0	0	0
(232,364,465)	(1,064,346)	(233,428,811)	0	0	0	0	0
0	0	0	1,946,157	0	0	0	0
0	0	0	0	22,503,000	0	0	0
0	0	0	0	0	457,652	0	0
0	0	0	0	0	0	0	(3,361,049)
0	0	0	1,946,157	22,503,000	457,652	0	(3,361,049)
160,751,779	0	160,751,779	0	0	0	0	0
41,271,837	0	41,271,837	0	0	0	0	0
3,338,308	0	3,338,308	0	0	0	0	3,011,394
2,649,403	0	2,649,403	0	0	0	0	0
0	0	0	0	3,223,000	0	0	0
695,767	24	695,791	45,773	8,163,000	37,849	0	4,032
0	0	0	1,649,171	1,462,000	1,330	0	167,583
678,051	(678,051)	0	0	0	0	0	0
209,385,145	(678,027)	208,707,118	1,694,944	12,848,000	39,179	0	3,183,009
(22,979,320)	(1,742,373)	(24,721,693)	3,641,101	35,351,000	496,831	0	(178,040)
(48,287,652)	7,202,164	(41,085,488)	66,529,821	440,307,000	16,582,037	0	2,308,259
0	888,744	888,744	0	0	0	0	0
(48,287,652)	8,090,908	(40,196,744)	66,529,821	440,307,000	16,582,037	0	2,308,259
(\$71,266,972)	\$6,348,535	(\$64,918,437)	\$70,170,922	\$475,658,000	\$17,078,868	0	\$2,130,219

The Notes to the Basic Financial Statements are an integral part of this statement

**BALANCE SHEET
GOVERNMENTAL FUNDS
6/30/2010**

	General	Public Schools Special Revenue	Room Occupancy Tax Special Revenue	\$164 Million CFCC Capital Project	\$35.5 Million Parks & Rec Bonds Capital Project	Other Governmental Funds	Total Governmental Funds
ASSETS							
Assets:							
Cash, cash equivalents and investments	\$58,518,433	\$3,292,134	\$34,515,297	\$0	\$11,872	\$12,685,362	\$109,023,098
Receivables - net of allowances for doubtful accou	19,444,008	0	1,444,016	0	0	783,061	21,671,085
Receivables - interfund loans	4,248,178	0	0	0	0	0	4,248,178
Due from component units	237,463	0	0	0	0	0	237,463
Inventory	17,794	0	0	0	0	0	17,794
Prepays	127,462	0	0	0	0	0	127,462
Restricted cash, cash equivalents and investments	64,072	0	0	63,173,922	18,940,006	11,616,684	93,794,684
Total assets	\$82,657,410	\$3,292,134	\$35,959,313	\$63,173,922	\$18,951,878	\$25,085,107	\$229,119,764
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$9,895,673	\$0	\$8,000	\$172,339	\$2,791,702	\$926,625	\$13,794,339
Interfund loans	0	0	0	0	0	62,277	62,277
Due to component unit	0	0	129,756	0	0	0	129,756
Deferred/unearned revenues	2,583,623	0	910,556	0	0	95,204	3,589,383
Total liabilities	12,479,296	0	1,048,312	172,339	2,791,702	1,084,106	17,575,755
Fund balances:							
Reserved for Airlie Gardens	0	0	0	0	0	1,483,250	1,483,250
Reserved for emergency telephone system	0	0	0	0	0	2,217,902	2,217,902
Reserved for encumbrances	1,848,236	0	0	0	33,580	550,590	2,432,406
Reserved for erosion control	0	0	34,377,541	0	0	0	34,377,541
Reserved for fire services	0	0	0	0	0	2,722,749	2,722,749
Reserved for inventory	17,794	0	0	0	0	0	17,794
Reserved for local law enforcement block grant	0	0	0	0	0	15,928	15,928
Reserved for parks	0	0	0	0	0	3,760	3,760
Reserved for prepays	127,462	0	0	0	0	0	127,462
Reserved for public health	0	0	0	0	0	22,200	22,200
Reserved for register of deeds	692,426	0	0	0	0	0	692,426
Reserved for revolving loans	0	0	0	0	0	62,295	62,295
Reserved for schools	0	3,292,134	0	0	0	0	3,292,134
Reserved by state statute	21,799,318	0	533,460	0	0	680,438	23,013,216
Unreserved, reported in:							
General fund	45,692,878	0	0	0	0	0	45,692,878
Capital projects funds	0	0	0	63,001,583	16,126,596	16,313,937	95,442,116
Special revenue funds	0	0	0	0	0	(72,048)	(72,048)
Total fund balances	70,178,114	3,292,134	34,911,001	63,001,583	16,160,176	24,001,001	211,544,009
Total liabilities and fund balances	\$82,657,410	\$3,292,134	\$35,959,313	\$63,173,922	\$18,951,878	\$25,085,107	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	166,044,474
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	29,813,942
Liabilities for earned but deferred revenues in the funds	3,136,092
Long-term liabilities, net of unamortized bond issuance costs, are not due and payable in the current period and therefore are not reported in the funds	(481,805,489)
Net assets of governmental activities	<u>(\$71,266,972)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010**

	General	Public Schools Special Revenue	Room Occupancy Tax Special Revenue	\$164Million CFCC Capital Project	\$35.5Million Parks & Rec Bonds Capital Project	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$194,421,502	\$0	\$3,338,308	\$0	\$0	\$10,085,832	\$207,845,642
Intergovernmental revenue	45,378,112	0	0	0	0	6,667,258	52,045,370
Special assessments	171,989	0	478,403	0	0	0	650,392
Charges for services	8,822,208	0	0	0	0	107,173	8,929,381
Investment earnings	314,172	27,628	185,384	384	35,024	133,175	695,767
Miscellaneous	1,099,496	0	0	0	0	731,952	1,831,448
Total revenues	250,207,479	27,628	4,002,095	384	35,024	17,725,390	271,998,000
Expenditures:							
Current:							
General government	29,485,936	0	0	0	0	0	29,485,936
Human services	53,253,360	0	0	0	0	0	53,253,360
Public safety	45,144,306	0	0	0	0	7,967,261	53,111,567
Economic and physical development	1,250,925	0	4,464,093	0	0	0	5,715,018
Culture and recreation	9,635,673	0	0	0	0	592,510	10,228,183
Education-community college and schools	5,841,767	61,908,440	0	0	0	0	67,750,207
Capital outlay	0	0	0	6,767,728	5,921,381	27,009,316	39,698,425
Debt service:							
Principal - bonds	5,120,663	12,724,337	0	0	0	0	17,845,000
Interest and fees - bonds	2,996,553	8,453,106	0	0	0	0	11,449,659
Installment debt payments	16,087,552	0	0	0	0	1,135,800	17,223,352
Total expenditures	168,816,735	83,085,883	4,464,093	6,767,728	5,921,381	36,704,887	305,760,707
Revenues over (under) expenditures	81,390,744	(83,058,255)	(461,998)	(6,767,344)	(5,886,357)	(18,979,497)	(33,762,707)
Other financing sources (uses):							
Long-term debt issued	969,952	0	0	66,211,254	16,174,124	0	83,355,330
Premium on long-term debt issued	0	0	0	3,788,746	1,325,876	0	5,114,622
Transfers from other funds	1,852,954	81,953,692	0	0	0	356,671	84,163,317
Transfers to other funds	(80,888,692)	0	(356,671)	0	0	(2,239,903)	(83,485,266)
Proceeds of refunding bonds	95,920,466	0	0	0	0	0	95,920,466
Premiums from refunded bond escrow agent	10,854,679	0	0	0	0	0	10,854,679
Payments to refunded bond escrow agent	(105,943,977)	0	0	0	0	0	(105,943,977)
Total other financing sources (uses)	(77,234,618)	81,953,692	(356,671)	70,000,000	17,500,000	(1,883,232)	89,979,171
Net change in fund balances	4,156,126	(1,104,563)	(818,669)	63,232,656	11,613,643	(20,862,729)	56,216,464
Fund balance - beginning of year	66,021,988	4,396,697	35,729,670	(231,073)	4,546,533	44,863,730	155,327,545
Fund balances - end of year	\$70,178,114	\$3,292,134	\$34,911,001	\$63,001,583	\$16,160,176	\$24,001,001	\$211,544,009

The Notes to the Basic Financial Statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds	\$56,216,464
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those 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.	(3,938,063)
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.	(4,408,901)
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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount of the net effect of these differences in the treatment of long-term debt and related items.	(64,943,741)
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.	(5,905,079)
Change in net assets of governmental activities	<u><u>(\$22,979,320)</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Revenues:				
Taxes:				
Ad valorem, including interest	\$151,449,581	\$151,449,581	\$153,149,665	\$1,700,084
Other	42,747,000	43,397,000	41,271,837	(2,125,163)
Total taxes	194,196,581	194,846,581	194,421,502	(425,079)
Special assessments	142,121	142,121	171,989	29,868
Intergovernmental revenue	41,202,913	45,595,945	45,378,112	(217,833)
Charges for services	9,128,119	9,088,691	8,822,208	(266,483)
Investment earnings	574,457	574,457	314,172	(260,285)
Miscellaneous-drainage fund	0	0	0	0
Miscellaneous	909,759	1,056,775	1,099,496	42,721
Total revenues	246,153,950	251,304,570	250,207,479	(1,097,091)
Expenditures:				
Current:				
General government	30,752,364	31,407,164	29,485,936	1,921,228
Human services	53,824,579	56,335,905	53,253,360	3,082,545
Public safety	44,632,759	47,895,301	45,144,306	2,750,995
Economic and physical development	1,250,925	1,250,925	1,250,925	0
Culture and recreation	9,790,335	10,639,120	9,635,673	1,003,447
Education-community college	5,841,767	5,841,767	5,841,767	0
Stormwater drainage	0	0	0	0
Debt service:				
Principal	5,073,576	5,120,663	5,120,663	0
Interest and fees	2,381,302	3,165,383	2,996,553	168,830
Installment lease payments	15,844,423	16,086,703	16,087,552	(849)
Total expenditures	169,392,030	177,742,931	168,816,735	8,926,196
Revenues over expenditures	76,761,920	73,561,639	81,390,744	7,829,105
Other financing sources (uses):				
Long term debt issued	0	987,710	969,952	(17,758)
Transfers from other funds	2,105,919	2,111,984	1,852,954	(259,030)
Transfers to other funds	(80,800,489)	(81,450,489)	(80,888,692)	561,797
Proceeds of refunding bonds	0	95,920,466	95,920,466	0
Premium refunding bonds	0	10,854,679	10,854,679	0
Payments to refunded bond escrow agent	0	(105,943,977)	(105,943,977)	0
Appropriated fund balance	1,932,650	3,957,988	0	(3,957,988)
Total other financing (uses)	(76,761,920)	(73,561,639)	(77,234,618)	(3,672,979)
Net change in fund balance	\$0	\$0	4,156,126	\$4,156,126
Fund balance - beginning of year			66,021,988	
Fund balance - end of year			\$70,178,114	

The Notes to the Basic Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SCHOOLS FUND
For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$0	\$0	\$27,628	\$27,628
Total revenues	0	0	27,628	27,628
Expenditures:				
Current:				
Payments to schools:				
Operating expenditures	61,908,440	63,058,440	61,908,440	1,150,000
Debt Service:				
Principal	13,581,425	12,724,338	12,724,337	1
Interest and fees	8,817,113	9,174,200	8,453,106	721,094
Total expenditures	84,306,978	84,956,978	83,085,883	1,871,095
Revenues (under) expenditures	(84,306,978)	(84,956,978)	(83,058,255)	1,898,723
Other financing sources:				
Transfers from other funds	81,306,978	81,956,978	81,953,692	(3,286)
Appropriated fund balance	3,000,000	3,000,000	0	(3,000,000)
Total other financing sources	84,306,978	84,956,978	81,953,692	(3,003,286)
Net change in fund balance	\$0	\$0	(1,104,563)	(\$1,104,563)
Fund balance - beginning of year			4,396,697	
Fund balance - end of year			\$3,292,134	

The Notes to the Basic Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ROOM OCCUPANCY TAX FUND
For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Room occupancy taxes	\$3,476,540	\$3,476,540	\$3,338,308	(\$138,232)
Special assessments	356,671	356,671	478,403	121,732
Investment earnings	0	0	185,384	185,384
Total revenues	<u>3,833,211</u>	<u>3,833,211</u>	4,002,095	168,884
Expenditures:				
Current:				
Collection fee to New Hanover County	18,000	18,000	18,000	0
Tourism distributions to TDA for the County and municipalities	1,336,200	1,336,200	1,271,093	65,107
Erosion control	2,122,340	3,622,340	3,175,000	447,340
Total expenditures	<u>3,476,540</u>	<u>4,976,540</u>	4,464,093	512,447
Revenues over expenditures	356,671	(1,143,329)	(461,998)	681,331
Other financing (uses):				
Appropriated fund balance	0	1,500,000	0	(1,500,000)
Transfers to other funds	(356,671)	(356,671)	(356,671)	0
Total other financing (uses)	<u>(356,671)</u>	<u>1,143,329</u>	(356,671)	(1,500,000)
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	(818,669)	<u>(\$818,669)</u>
Fund balance - beginning of year			35,729,670	
Fund balance - end of year			<u>\$34,911,001</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

**STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2010**

	<u>Environmental Management Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$28,317
Receivables	1,308,783
Inventory	2,008,528
Total current assets	<u>3,345,628</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	2,459,201
Other capital assets, net of depreciation	15,388,436
Total capital assets	<u>17,847,637</u>
Unamortized bond issuance costs	12,457
Total noncurrent assets	<u>17,860,094</u>
Total assets	<u>21,205,722</u>
LIABILITIES	
Current liabilities:	
Current portion of long-term debt	538,379
Accounts payable and accrued expenses	688,969
Interfund loans	4,185,901
Total current liabilities	<u>5,413,249</u>
Noncurrent liabilities:	
Accrued landfill closure and postclosure care costs	8,128,494
Long-term debt, net of unamortized charge, discount and premium	1,315,444
Total noncurrent liabilities	<u>9,443,938</u>
Total liabilities	<u>14,857,187</u>
NET ASSETS	
Invested in capital assets, net of related debt	16,238,444
Unrestricted (deficit)	(9,889,909)
Total net assets	<u>\$6,348,535</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2010**

	<u>Environmental Management Fund</u>
Operating revenues:	
Charges for service	\$12,187,502
Other	361,258
Total operating revenues	<u>12,548,760</u>
Operating expenses:	
Personnel	4,408,218
System maintenance	7,193,138
Landfill closure and postclosure care costs	0
Depreciation	2,237,098
Total operating expenses	<u>13,838,454</u>
Operating income	<u>(1,289,694)</u>
Non-operating revenues (expenses):	
Investment earnings	24
Intergovernmental revenues	368,072
Interest and fees	(124,453)
Amortization of bond issuance costs	(18,271)
Net non-operating revenues	<u>225,372</u>
Income before transfers and capital contributions	(1,064,322)
Transfers from other funds	0
Transfers to other funds	<u>(678,051)</u>
Change in net assets	(1,742,373)
Total net assets - beginning of year	7,202,164
Prior period adjustment	888,744
Total net assets - beginning of year, as restated	<u>8,090,908</u>
Total net assets - end of year	<u><u>\$6,348,535</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010**

	Environmental Management Fund
<i>Cash flows from operating activities:</i>	
Cash received from customers	\$12,158,320
Cash payments to suppliers for system maintenance	(7,260,628)
Cash payments to employees for services	(4,414,980)
Other operating revenues	361,257
Net cash provided by operating activities	<u>843,969</u>
<i>Cash flows from noncapital financing activities:</i>	
Transfers to other funds	(678,051)
Increase(Decrease) in Interfund Loan	2,042,374
Proceeds from intergovernmental revenue	368,071
Net cash provided by noncapital financing activities	<u>1,732,394</u>
<i>Cash flows from capital and related financing activities:</i>	
Acquisitions and construction of capital assets	(1,884,658)
Principal paid on long-term debt	(571,412)
Interest paid on long-term debt	(92,350)
Net cash (used in) capital and related financing activities	<u>(2,548,420)</u>
<i>Cash flows from investing activities:</i>	
Interest earned on investments	24
Net cash provided by investing activities	<u>24</u>
<i>Net (decrease) in cash and cash equivalents</i>	27,967
Cash and cash equivalents - beginning of year	350
Cash and cash equivalents - end of year	<u><u>\$28,317</u></u>
<i>Reconciliation of operating loss to net cash provided by operating activities:</i>	
Operating loss	(\$1,289,694)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	2,237,098
Change in assets and liabilities:	
(Increase) Decrease in receivables	(29,182)
(Increase) Decrease in inventory	(238,533)
Increase (Decrease) in accounts payable and accrued expenses	164,279
Net cash provided by operating activities	<u><u>\$843,968</u></u>
<i>Noncash investing, capital, and financing activities:</i>	
Proceeds of refunding bonds	\$723,281
Payment to refunded escrow agent, including fees	(723,281)
Net effect of noncash activities	<u><u>\$0</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2010

	Law Enforcement Officers' Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash	\$656,326	\$14,049,899
Receivables	37,787	3,215,609
Total assets	<u>694,113</u>	<u>17,265,508</u>
LIABILITIES		
Liabilities:		
Accounts payable and accrued expenses	14,811	666,324
Due to other governmental units	0	3,099,043
Escrow funds and deposits	0	13,500,141
Total liabilities	<u>14,811</u>	<u>17,265,508</u>
NET ASSETS		
Held in trust for employees' pension benefits	<u>\$679,302</u>	<u>\$0</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Notes to Basic Financial Statements



NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Exhibit 13
(Cont.)

NOTE 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 202,000 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. Blended component units, although legally separate entities, are, in substance, part of the County's operations. 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. One component unit of the County has no financial transactions or account balances therefore, it does not appear in the combined financial statements.

Blended Component Units

The New Hanover County Parks Foundation was established on March 7, 1997 solely to provide for the support and benefit of the Parks Department of the County. Thus, the Parks Foundation is presented as a special revenue fund of the County and separate financial statements are not issued.

The Airlie Gardens Foundation, Inc. was 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 Airlie Gardens Foundation, Inc., also serves in an advisory capacity to the Airlie Gardens staff and the Board of County Commissioners in relation to providing advice for operations, policy, capital improvements and program development. The Airlie Gardens Foundation, Inc., existing solely for the benefit of the County, is presented as a special revenue fund of the County and separate financial statements are issued.

The Public Health Foundation of New Hanover County, Inc. was established on September 20, 2001 solely to provide for the support and benefit of the New Hanover County Health Department. The New Hanover County Board of Health appoints the board members for the Public Health Foundation. The Public Health Foundation had no material activity until fiscal year ending June 30, 2010. The Public Health Foundation is presented as a special revenue fund of the County and separate financial statements are not issued.

Discretely Presented Component Units

The New Hanover County Airport Authority (*Authority*) d/b/a Wilmington International Airport was created, effective July 1, 1989, under the authority of North Carolina State Senate Bill 410. The Authority is responsible for the operation and maintenance of airport

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

facilities in New Hanover County. The Authority's five-member Board is appointed by the County 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. The Authority, which has a June 30 year-end, is presented as if it were an enterprise fund.

New Hanover Regional Medical Center (*Medical Center*) is a public, nonprofit corporation providing health care to residents of southeastern North Carolina. The Medical Center leases its existing facilities and equipment and all future improvements from the County for a period of thirty years from February 15, 1999. The County Board of Commissioners appoints the board of trustees for the Medical Center. The County has Hospital Revenue Bonds for construction of additions and improvements to the Medical Center and for purchase of equipment. The Medical Center, which has a September 30 year-end, is presented as if it were an enterprise fund.

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 nonprofit 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.

The New Hanover County ABC Board (*ABC Board*) is a corporate body with powers outlined by N.C.G.S. 18B-701. The members of the ABC Board's governing board are appointed by the County Board of Commissioners. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County (and its municipalities) which represents a financial benefit to the County. The ABC Board, which has a June 30 year-end, is presented as if it were an enterprise fund.

The New Hanover County Tourism Development Authority (*TDA*) was established effective January 1, 2003 by the Board of County Commissioners under the authority of North Carolina State Legislature House Bill 1707 and 1720 approved October 3, 2002. The Board of County Commissioners appointed ten members of the TDA board to serve with five ex-

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

officio members of the TDA Board. The TDA continues the promotional efforts of the former 501c(6) Cape Fear Coast Convention and Visitors Bureau (CVB). The TDA promotes tourism in the County and its electing municipalities. The TDA, which has a June 30 year-end, is presented as if it were an enterprise fund.

Complete financial statements for each of the individual component units may be obtained at the administrative offices of those entities.

New Hanover County Airport Authority
1740 Airport Blvd.
Wilmington, N.C. 28405

New Hanover Regional Medical Center
2131 S. 17th Street
Wilmington, N.C. 28401

New Hanover County ABC Board
P.O. Box 3036
Wilmington, N.C. 28406

New Hanover County Tourism Development Authority
24 North 3rd Street
Wilmington, N.C. 28401

The County's Board of Commissioners is responsible for appointing the seven members of the board of the Industrial Facilities and Pollution Control Financing Authority (Industrial Authority), and the County can remove any member of the Board with or without cause. The Industrial Authority exists to issue and service revenue bond debt for private businesses to aid in the financing of the industrial manufacturing facilities for the purpose of providing employment and raising below average manufacturing wages for established industries that are in need of modernization in order to meet the pollution control requirements of the federal government, state, county and city. The Industrial Authority has no financial transactions or account balances; therefore, it is not presented in the government-wide financial statements. The Industrial Authority does not issue separate financial statements.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (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,

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

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. Nonoperating 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.

Public Schools Special Revenue Fund. This fund accounts for all transactions relative to public school activity in the County.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

\$35.5 Million Parks & Recreation Bonds. This fund accounts for all transactions relative to parks capital projects funded through \$35.5 Million general obligation bonds.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. 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, 2009 through February 28, 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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 assets 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Government-wide and proprietary fund financial statements follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Assets and Liabilities**Cash, Cash Equivalents, Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the County, Authority, Medical Center, ABC Board and TDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the 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 Assets 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, are 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

NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Exhibit 13
(Cont.)

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 (assessment date) on July 1, the beginning of the fiscal year, and are due (due date) September 1 at which time they become a lien on the property (lien date). 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, 2009 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 state and federal grants, the current assets and current liabilities related to those projects are shown as restricted assets and liabilities.

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.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010**

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 \$1,000 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

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 nominal amounts, the County reports those capital assets and related depreciation in the component unit.

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

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

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

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

Airfield improvements	10 years
Airfield building	25 years
Building improvements	5-15 years
Vehicles	5-20 years
Machinery and equipment	5-15 years

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

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

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

Buildings and improvements	10 - 30 years
Fixtures and equipment	3 - 15 years
Vehicles	5 - 10 years

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

Equipment	5-10 years
-----------	------------

Amortization of Bond Issuance Costs and Intangible Capital Assets

Bond issuance costs incurred are amortized over the life of the related bond issue using the straight line method in the government-wide financial statements and in the proprietary fund financial statements.

In the governmental fund financial statements, governmental fund types recognize bond issuance costs, during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Intangible assets of the Medical Center are recorded net of amortization and include goodwill associated with the acquisition of net assets from other health care providers. Goodwill is recorded at historical cost and amortized over the estimated life of the expected economic benefit using the straight-line method. Intangible capital assets also include bond financing costs incurred when the Medical Center issued revenue bonds. These 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 bond.

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, 2010 have been made.

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

The Medical Center is self-insured for group medical insurance 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, 2009 have been made.

Long-Term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. In accordance with GASB Statement No. 23, an 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. The unamortized charge is reported as a deduction from long-term debt.

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.

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 must take earned personal leave within the year which it is earned. Since the ABC Board has no obligation for accumulated personal leave, no accrual for personal leave has been made. 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,

NOTES TO THE BASIC FINANCIAL STATEMENTS
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Medical Center and TDA, an expense and a liability for compensated absences and the salary-related payments are recorded as the personal leave is earned. Compensated absences are reported in governmental funds only if they matured.

The sick leave policy of the County 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. 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.

E. Net Assets/Fund Balances**Net Assets**

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

- **Invested in capital assets, net of related debt** - 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 attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- **Restricted** - This component of net assets 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.

NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Exhibit 13
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- **Unrestricted net assets** - This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”, above.

Fund Balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific subject purpose. Designations of fund balance represent tentative management plans that are to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved for Airlie Gardens: Represents the amount of special revenue fund balance reserved for Airlie Gardens	\$1,483,250
Reserved for emergency telephone system: Represents the amount of special revenue fund balance reserved for the 911 emergency telephone system (Article 3)	2,217,902
Reserved for encumbrances: Represents an amount generally equivalent to open purchase commitments outstanding	2,432,406
Reserved for erosion control: Represents the amount of special revenue fund balance reserved for the expenditure of legally required erosion control	34,377,541
Reserved for fire services: Represents the amount of special revenue fund balance to be used for fire services	2,722,749
Reserved for inventory: Represents the amount of fund balance not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources	17,794
Reserved for local law enforcement block grant: Represents the amount of special revenue fund balance to be used for the block grant	15,928
Reserved for parks: Represents the amount of special revenue fund balance to be used for parks	3,760
Reserved for prepaids: Represents the amount of fund balance	

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not available for appropriation because it represents the year-end fund balance of ending prepaids, which are not expendable, available resources	127,462
Reserved for public health: Represents the amount of special revenue fund balance to be used for public health	22,200
Reserved for register of deeds: Represents the amount reserved for The Automation Enhancement and Preservation Fund as required by N.C. G.S. 161-11.3	692,426
Reserved for revolving loans: Represents the amount of special revenue fund balance to be used for revolving loans	62,295
Reserved for schools: Represents the amount of special revenue fund balance to be used for education	3,292,134
Reserved by state statute: Represents an amount not available for appropriation as required by North Carolina General Statutes 159-8 (includes reserved for inventory)	<u>23,013,216</u>
Total Reserved	<u>\$70,481,063</u>
Unreserved – designated for subsequent expenditures: Represents the amount of fund balance available for appropriation that has been designated for the adopted 2009-2010 budget ordinance in the general fund and capital projects funds	\$94,741,290
Unreserved – designated for post employment benefits: Represents the amount of fund balance available for appropriation that has been designated for future costs of post employment benefits provided by the County	<u>1,400,000</u>
Total Unreserved – Designated	<u>\$96,141,290</u>
Unreserved - undesignated: Represents the amount of fund balance not reserved or designated which is available for future appropriation	<u>\$44,921,656</u>

NEW HANOVER COUNTY, NORTH CAROLINA
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Exhibit 13
(Cont.)

F. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets.

The governmental funds balance sheet includes a summary reconciliation between total fund balance - governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. The net adjustment of (\$282,810,981) consists of several elements as follows:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$166,044,474
Other long-term assets are not available to pay for current period expenditures	29,813,942
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	3,136,092
Debt issuance costs expensed in the funds as incurred but recorded as an asset and amortized in the government-wide statements	2,443,699
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds and installment financing	(462,514,525)
Accrued interest payable	(3,180,952)
Compensated absences	(5,316,457)
Net pension obligation	(438,889)
Net OPEB obligation	(12,670,260)
Claims and judgments	(128,105)
Total adjustment	<u>(\$282,810,981)</u>

NEW HANOVER COUNTY, NORTH CAROLINA
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(Cont.)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a summary reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental funds and changes in net assets of statement of activities. There are several elements of that total adjustment of \$(79,195,784) as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 5,154,241
Loss on disposal of assets	(24,464)
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.	(9,067,840)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities. It affects only the government-wide statement of net assets.	(195,199,945)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements.	128,216,407
Capitalization of issuance costs	1,466,878
Amortization of debt issuance costs and charges on debt	(490,921)
Net amortization of discounts and premiums on debt	487,632
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Accrued interest payable	576,208
Claims and judgments	46,895
Compensated absences	77,710
Net pension obligation	(50,975)
Net OPEB obligation	(5,978,709)

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 revenue in the statement of activities.

NOTES TO THE BASIC FINANCIAL STATEMENTS
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Repayments of long-term receivable	(3,771,701)
Special assessments deferred in the fund statements	542,320
Other miscellaneous revenue deferred in the fund statements	(152,493)
	(1,293,900)
Reversal of deferred tax revenue recorded at June 30, 2009	
Recording of deferred revenue – taxes receivable in the fund statements as of June 30, 2010	<u>1,351,513</u>
Total adjustment	<u>(\$79,195,784)</u>

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

As of June 30, 2010, the Scattered Site Housing Capital Project Fund has a deficit fund balance of \$7,885. This deficit balance is the result of eligible expenditures made in the Scattered Site Housing Capital Project Fund for which reimbursement will be received from intergovernmental grants in the following year.

A. Budgetary Information

Annual budgets are adopted as required by North Carolina General Statutes. 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 \$11,700,805 during the fiscal year ended June 30, 2010.

NEW HANOVER COUNTY, NORTH CAROLINA
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Exhibit 13
(Cont.)

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, 2010, was as follows:

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

The Parks Foundation, 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.

NOTE 3: DETAIL NOTES ON ALL FUNDS

A. Assets

Cash, Cash Equivalents, Deposits and Investments

Deposits. All of the County's, Authority's, Medical Center's, ABC Board's and TDA's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, Authority's, Medical Center's, ABC Board's or TDA's agents in these units' names. 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

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deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, Authority, Medical Center, ABC Board, TDA or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, Authority, Medical Center, ABC Board, and TDA under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County, Authority, Medical Center, ABC Board and TDA rely on the State Treasurer to monitor those financial institutions. There is no formal policy regarding custodial credit risk for deposits.

At June 30, 2010, the County's deposits had a carrying amount of \$123,965,285 and a bank balance of \$124,591,472. Of the bank balance, \$1,387,434 was covered by federal depository insurance and \$123,204,038 was covered by collateral held under the Pooling Method.

At June 30, 2010, the Authority's deposits had a carrying amount of \$9,107,761 and a bank balance of \$9,550,853. 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, 2009, the Medical Center's deposits had a carrying amount of \$15,339,000 and a bank balance of \$24,058,000. 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, 2009, 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 \$4,064,000 and \$7,642,000 respectively. Bank balances in excess of federal depository insurance limits are uninsured and uncollateralized.

At September 30, 2009, 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 \$1,213,000 and \$1,468,000 respectively.

At June 30, 2010, the ABC Board's deposits had a carrying amount of \$2,874,404 and a bank balance of \$3,215,759. Bank balances over the federal depository insurance limits are collateralized under the dedicated method.

At June 30, 2010, the TDA's deposits had a carrying amount of \$27,432 and a bank balance of \$144,661. Of the bank balance, \$144,661 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

NEW HANOVER COUNTY, NORTH CAROLINA
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Exhibit 13
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Investments

At June 30, 2010, the County had the following investments and maturities:

Investment Type	Fair Value	Less Than 6 Months	6-12 Months	More Than 12 Months
US Government Agencies	57,959,534	47,500,000	10,500,000	0
NC Capital Management Trust - Cash Portfolio	34,355,171	N/A	N/A	N/A
Money Market – Airlie Foundation	7,000	N/A	N/A	N/A
Fixed Income Securities – Airlie Foundation	583,091	N/A	N/A	N/A
Mutual Funds – Airlie Foundation	595,623	N/A	N/A	N/A
Total	\$93,500,419	\$47,500,000	\$10,500,000	\$0

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.

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. 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, 2010. The County’s investments in US Government Agencies are rated AAA by Standard & Poor’s and Aaa by Moody’s Investors Service.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2010, the Airlie Gardens Foundation had \$583,091 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, Federal National Management Association, and the U.S. Treasury. These investments make up 22%, 17%, 24%, 27%, and 8% of the County's investments excluding investments with NC Capital Management Trust, respectively.

At June 30, 2010, the Authority's investments of \$3,673,643 in the North Carolina Capital Management Trust Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's, Inc. The Authority has no policy for managing interest rate, credit risk, custodial credit, or concentration of credit risks.

At September 30, 2009, the Medical Center's investment balance (including \$3,284,000 and \$528,000 from Lower Cape Fear Hospice and Pender Memorial Hospital, respectively; and \$273,628,000 from the Medical Center) consisted of the following (in thousands):

Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	11-20 Years	More Than 20 Years
US Government Treasuries	\$37,284	N/A	\$7,341	\$29,943	N/A	N/A
US Government Agencies	120,211	N/A	28,835	17,078	43,388	30,910
NC Capital Management Trust-Cash Portfolio	66,459	N/A	N/A	N/A	N/A	N/A
Department of State Treasurer Short Term Investment fund (STIF)	66	N/A	N/A	N/A	N/A	N/A
Department of State Treasurer Trust Funds Investment Program – Equity Investment Fund	45,613	N/A	N/A	N/A	N/A	N/A
Bond Funds	2,259	N/A	N/A	N/A	N/A	N/A
Mutual Funds	5,362	N/A	N/A	N/A	N/A	N/A
Municipal Bonds	186	N/A	N/A	N/A	N/A	N/A
Total	\$277,440	N/A	\$36,176	\$47,021	\$43,388	\$30,910

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

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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 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 co-mingled 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, 2009. The Medical Center's investment portfolio holds debentures and mortgage backed securities issued by Fannie Mae, Freddie Mac, Vendor 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 as of September 30, 2009.

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

Concentration of Credit Risk. The Medical Center's investment policy provides for the maintenance of a balance between short/intermediate fixed income investments and broad duration fixed income securities, and investment in a co-mingled investment pool established and administered by the North Carolina State Treasurers as allowable under NC Statutes, however it places no limit on the amount the Medical Center may invest in any one issuer. As of September 30, 2009 securities issued/guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae represent 16.8%, 14%, and 7.7% of the Medical Center's investment portfolio, respectively.

At June 30, 2010 the TDA had \$1,328,416 invested with the North Carolina Capital Management Trust's Cash Portfolio which carries a credit rating of AAAM by Standard and Poor's. The TDA has no policy regarding interest rate, credit, custodial credit or concentration of credit risks.

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Cash, cash equivalents and investments of the County can be summarized as follows as of June 30, 2010:

	Total
Cash on hand and undeposited items	\$86,620
Deposits	123,965,285
Investments	93,500,419
Accrued interest receivable	0
Total	\$217,552,324
Primary Government Unrestricted	\$109,051,415
Primary Government Restricted	93,794,684
Law Enforcement Officers' Pension Trust Fund - Unrestricted	656,326
Agency Funds – Unrestricted	14,049,899
Total	\$217,552,324

Cash, cash equivalents and investments of the Authority can be summarized as follows as of June 30, 2010:

	Total
Cash on hand	\$1,000
Deposits	9,107,761
Investments	3,673,643
Total	\$12,782,404
Unrestricted	\$10,466,613
Restricted	2,315,791
Total	\$12,782,404

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Cash, cash equivalents and investments of the Medical Center can be summarized as follows as of September 30, 2009:

	Total
Cash on hand	\$16,000
Deposits	20,616,000
Investments	277,440,000
Total	\$298,072,000
Unrestricted	\$289,605,000
Restricted	8,467,000
Total	\$298,072,000

Cash, cash equivalents and investments of the ABC Board can be summarized as follows as of June 30, 2010:

	Total
Cash on hand	\$ 9,900
Deposits	2,874,404
Investments	878,017
Total - Unrestricted	\$3,762,321

Cash, cash equivalents and investments of the TDA can be summarized as follows as of June 30, 2010:

	Total
Deposits	\$27,432
Investments	1,328,416
Total - Unrestricted	\$1,355,848

NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 \$29,229,000 at June 30, 2010 which is recorded as other long-term receivables of governmental activities on the statement of net assets. The related long-term debt balances in the same amount are reported as long-term obligations of governmental activities on the statement of net assets at June 30, 2010.

In 2003, the County agreed to loan the Authority \$800,000 to be repaid over a ten year period in annual installments at an interest rate equal to the interest rate on the Certificate of Participation, Series 2003 which range from 2.375% to 3.5%. The funds related to the agreement were not disbursed to the Authority until 2008, at which time the repayment period began. During 2010, unexpended proceeds from this note in the amount of \$72,441, including \$2,709 for interest, were applied to the note, resulting in a decrease of the note receivable and a restructuring of payments. After restructuring, the note receivable is being repaid in 17 semiannual payments of \$40,646 including interest at a rate of 2.55% with the final installment due to be paid in March of 2018. The note receivable balance is \$584,942 at June 30, 2010 and is recorded as other long-term receivables of governmental activities on the statement of net assets.

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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, 2010:

Governmental Activities:	Property Taxes (Other Sources)	Other Governmental Units	Other Sources (1)	Total
General				
Local Sales Tax	\$ -	\$10,287,329	\$ -	\$10,287,329
Grants	-	4,089,713	-	4,089,713
Other	1,247,602	677,568	3,141,796	5,066,966
Subtotal	1,247,602	15,054,610	3,141,796	19,444,008
Special Revenue	95,204	524,300	1,600,154	2,219,658
Capital Projects	-	1,850	5,569	7,419
Total - Governmental Activities	1,342,806	15,580,760	4,747,519	21,671,085
Business-Type Activities:				
Enterprise	-	88,545	1,220,238	1,308,783
Fiduciary Activities:				
Agency Fund	2,325,533	-	890,076	3,215,609
Total	\$3,668,339	\$15,669,305	\$6,857,833	\$26,195,477
Primary Government – Unrestricted				\$22,979,868
Agency Funds - Unrestricted				3,215,609
Total				\$26,195,477

- (1) Other sources are principally due from customers of New Hanover County and special assessments of \$1,198,137 which are due annually through fiscal year 2013.

Allowances for Doubtful and Uncollectible Accounts

The amounts shown in Exhibit 1 for receivables of the County are net of the following allowances for doubtful accounts:

Governmental Activities :	
Allowance for Uncollectible Property Taxes	\$4,021,296
Allowance for Other Uncollectible Receivables	298,331
Total - Governmental Activities	\$4,319,627

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The amount shown in Exhibit 1 for receivables of the Authority are net of an allowance in the amount of \$50,000 for possible uncollectible accounts.

The amount shown in Exhibit 1 for receivables of the Medical Center are net of an allowance for uncollectible accounts of \$65,646,000.

Ad Valorem Taxes

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

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

	Total Property Valuation	Rate per \$100	Levy
2009 Levy - County wide (1)		\$.4525	\$153,855,689
Add: Discoveries and fees			436,254
Subtotal			154,291,943
Less: Abatements and adjustments			1,498,797
Total adjusted levy	\$33,674,505,469		\$152,793,146
Collections			\$150,719,243
Percent collected			98.64%

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

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Exhibit 13
(Cont.)

Analysis of General Fund property taxes receivable by year:

Tax Year	Taxes Receivable June 30, 2009	2009 Levy Discoveries and Fees	Collections	Abatements and Adjustments	Taxes Receivable June 30, 2010
Prior	\$5,246,428	\$547,021	\$1,763,311	\$941,958	\$3,088,180
2009	0	154,291,943	150,719,243	1,498,797	2,073,903
Totals	\$5,246,428	\$154,838,964	\$152,482,554	\$2,440,755	\$5,162,083
Less allowance for uncollectible property taxes					3,914,481
Net property taxes receivable					\$1,247,602

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

	Total Property Valuation	Rate per \$100	Levy
2009 Levy - County wide (1)		\$.06	\$7,576,045
Add: Discoveries and fees			21,636
Subtotal			7,597,681
Less: Abatements and adjustments			59,686
Total adjusted levy	\$12,593,971,290		\$7,537,995
Collections			\$7,439,117
Percent collected			98.69%

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Analysis of Special Fire District property taxes receivable by year:

Tax Year	Taxes Receivable June 30, 2009	2009 Levy Discoveries and Fees	Collections	Abatements and Adjustments	Taxes Receivable June 30, 2010
Prior	\$188,894	\$16,757	\$78,801	\$23,709	\$103,141
2009	0	7,597,681	7,439,117	59,686	98,878
Totals	\$188,894	\$7,614,438	\$7,517,918	\$83,395	\$202,019
Less allowance for uncollectible property taxes					106,815
Net property taxes receivable					\$95,204

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, 2010. These amounts have not been recorded in the financial statements, since they are not available under the modified accrual basis of accounting.

Year Levied	Contingent - Gain Tax Recapture
2006	\$227,234
2007	237,849
2008	251,589
2009	236,456
Total	\$953,128

NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Exhibit 13
(Cont.)

Capital Assets

Capital assets activity of the primary government for the year ended June 30, 2010 is as follows:

Governmental Activities:	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets not being depreciated:				
Land	\$38,001,399	\$0	\$0	\$38,001,399
Construction in progress	3,265,703	4,924,761	2,809,128	5,381,336
Total capital assets not being depreciated	41,267,102	4,924,761	2,809,128	43,382,735
Capital assets being depreciated:				
Buildings	134,950,720	121,534	0	135,072,254
Other improvements	21,462,710	1,140,227	0	22,602,937
Equipment and vehicles	50,007,437	1,776,847	714,506	51,069,778
Total capital assets being depreciated	206,420,867	3,038,608	714,506	208,744,969
Less accumulated depreciation for:				
Buildings	34,388,809	3,195,605	0	37,584,414
Other improvements	13,519,089	1,130,508	0	14,649,597
Equipment and vehicles	29,797,534	4,741,727	690,042	33,849,219
Total accumulated depreciation	77,705,432	\$9,067,840	\$690,042	86,083,230
Total capital assets being depreciated, net	128,715,435			122,661,739
Governmental activity capital assets, net	\$169,982,537			\$166,044,474

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

Business-Type Activities:	Balance July 1, 2009	Prior Period Adjustment	Additions	Deletions	Balance June 30, 2010
Capital assets not being depreciated:					
Land	\$2,459,201	\$0	\$0	\$0	\$2,459,201
Construction in progress	6,750	0	1,496,568	1,503,318	0
Total capital assets not being depreciated	2,465,951	0	1,496,568	1,503,318	2,459,201
Capital assets being depreciated:					
Buildings	22,983,152	0	0	0	22,983,152
Other improvements	17,702,222	0	1,536,818	0	19,239,040
Equipment	27,180,582	0	354,590	52,921	27,482,251
Total capital assets being depreciated	67,865,956	0	1,891,408	52,921	69,704,443
Less accumulated depreciation for:					
Buildings	13,939,213	0	464,086	0	14,403,299
Other improvements	15,555,922	(888,744)	1,112,546	0	15,779,724
Equipment	23,525,439	0	660,466	52,921	24,132,984
Total accumulated depreciation	53,020,574	(888,744)	\$2,237,098	\$52,921	54,316,007
Total capital assets being depreciated, net	14,845,382				15,388,436
Business-type activity capital assets, net	\$17,311,333				\$17,847,637

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

During the fiscal year ended June 30, 2010, the County determined that errors had been made with regards to depreciation expense in the Environmental Management Fund. This error resulted in an overstatement of depreciation expense and understatement of net capital assets at June 30, 2009. Beginning net assets were restated by \$888,744 to correct this error.

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

Governmental activities:	
General government	\$2,000,076
Human services	561,738
Public safety	5,106,248
Culture and recreation	1,337,625
Education	62,153
Total depreciation expense - governmental activities	\$9,067,840
Business-type activities:	
Environmental Management	\$2,237,098
Total depreciation expense - business-type activities	\$2,237,098

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Capital assets activity for the Authority for the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Deletions	Transfer	Balance June 30, 2010
Capital assets not being depreciated:					
Land	\$13,528,588	\$743,758	\$0	\$(504,673)	\$13,767,673
Easements	0	49,282	0	504,673	553,955
Construction in progress	17,382,542	4,592,309	0	(4,373,939)	17,600,912
Total capital assets not being depreciated	30,911,130	5,385,349	0	(4,373,939)	31,922,540
Capital assets being depreciated:					
Buildings and Improvements (Airfield and Building)	84,149,548	706,723	0	3,627,628	88,483,899
Vehicles	1,259,428	9,766	0	0	1,269,194
Machinery and Equipment	2,725,093	161,162	26,228	746,311	3,606,338
Total capital assets being depreciated	88,134,069	877,651	26,228	4,373,939	93,359,431
Less accumulated depreciation for:					
Buildings and Improvements (Airfield and Building)	56,563,095	3,899,615	0	0	60,462,710
Vehicles	802,425	58,822	0	0	861,247
Machinery and equipment	1,824,877	219,485	26,228	0	2,018,134
Total accumulated depreciation	\$59,190,397	\$4,177,922	\$26,228	0	63,342,091
Total capital assets being depreciated, net	28,943,672				30,017,340
Capital assets, net	\$59,854,802				\$61,939,880

NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Exhibit 13
(Cont.)

Capital asset activity for the Medical Center for the year ended September 30, 2009:

	Balance October 1, 2008	Additions	Deletions	Balance September 30, 2009
Capital assets not being depreciated:				
Land	\$13,866,000	\$592,000	\$0	\$14,458,000
Construction in progress	28,796,000	55,383,000	68,062,000	16,117,000
Total capital assets not being depreciated	42,662,000	55,975,000	68,062,000	30,575,000
Capital assets being depreciated:				
Buildings and leasehold improvements	421,123,000	51,721,000	175,000	472,669,000
Equipment	238,041,000	27,122,000	6,279,000	258,884,000
Total capital assets being depreciated	659,164,000	78,843,000	6,454,000	731,553,000
Less accumulated depreciation for:				
Buildings, leasehold improvements and equipment	302,615,000	\$39,842,000	\$5,967,000	336,490,000
Total capital assets being depreciated, net	356,549,000			395,063,000
Capital assets, net	\$399,211,000			\$425,638,000

NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Exhibit 13
(Cont.)

Capital assets for the ABC Board at June 30, 2010:

	Balance June 30, 2010
Capital assets, not being depreciated:	
Land	\$6,378,076
Construction in progress	0
Total capital assets not being depreciated	\$6,378,076
Capital assets being depreciated:	
Buildings and improvements	\$9,469,393
Vehicles	107,165
Fixtures and equipment	462,433
Total capital assets being depreciated	\$10,038,991
Less: Accumulated depreciation	2,766,920
Total capital assets being depreciated, net	\$7,272,071
Capital assets, net	\$13,650,147

Capital asset activity for the TDA for the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets being depreciated:				
Equipment	\$115,623	\$0	\$9,562	\$106,061
Less: Accumulated depreciation	35,708	19,102	8,846	45,964
Capital assets, net	\$79,915	\$(19,102)	\$(716)	\$60,097

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010**B. Liabilities****Payables**

Accounts payable and accrued expenses at the government-wide level at June 30, 2010 were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	\$5,463,165	\$4,504,949	\$9,968,114
Special Revenue	559,128	280,029	839,157
Capital Projects	2,987,068	0	2,987,068
Total-governmental activities	\$9,009,361	\$4,784,978	\$13,794,339
Business-type Activities:			
Environmental Management	\$480,715	\$196,117	\$676,832
Total-business-type activities	\$480,715	\$196,117	\$676,832

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 statewide 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 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 six percent of their annual covered salary. The County, Authority and ABC Board are required to contribute at an actuarially determined

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

rate. For the County, the 2010 rate for employees not engaged in law enforcement and for law enforcement officers is 4.89% and 4.86%, respectively, of annual covered payroll. For the Authority, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.52% and 6.49%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.35% of annual covered payroll. The contribution requirements of members of the County, Authority and 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, 2010, 2009, and 2008 were \$3,261,798, \$3,405,949, and \$3,489,729 respectively.

The Authority's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$136,925, \$128,481, and \$117,437, respectively.

The ABC Board's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$97,734, \$90,822, and \$106,476, 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 of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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.

All full-time County and Authority law enforcement officers are covered by the LEO System. At December 31, 2009, the LEO System's membership consisted of:

	County	Authority
Retirees receiving benefits	22	1
Active plan members	288	9
Total	310	10

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

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 statements 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 \$358,511, or 2.45% of annual covered payroll and the Authority contributed \$12,835. 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.

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:

	County	Authority
Annual required contribution	\$405,798	\$6,602
Interest on net pension obligation	28,124	2,116
Adjustment to annual required contribution	(24,436)	(1,839)
Annual pension costs	409,486	6,879
Contributions made	358,511	12,835
Increase (decrease) in net pension obligation	50,975	(5,956)
Net pension obligation beginning of year	387,914	29,188
Net pension obligation end of year	\$438,889	\$23,232

The annual required contribution of the County for the fiscal year ended June 30, 2010 was determined as part of the December 31, 2008 actuarial valuation using the projected unit

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. The inflation component was 3.75%. 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, 2008 was 22 years.

Trend Information for County			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/08	\$310,748	106%	\$333,177
6/30/09	\$361,609	85%	\$387,914
6/30/10	\$409,486	88%	\$438,889

As of December 31, 2009, the most recent actuarial valuation date, the County's plan was 10.01 percent funded. The actuarial accrued liability for benefits was \$4,567,208, and the actuarial value of assets was \$457,304, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,109,904. The covered payroll (annual payroll of active employees covered by the plan) was \$14,627,764, and the ratio of the UAAL to the covered payroll was 28.10 percent.

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

The annual required contribution of the Authority for the fiscal year ended June 30, 2010 was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. The inflation component was 3.75%. The assumptions did not include postretirement 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, 2008 was 22 years.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

Trend Information for Authority			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/08	\$7,695	166.80%	\$34,455
6/30/09	\$7,568	169.59%	\$29,188
6/30/10	\$6,879	186.58%	\$23,232

As of December 31, 2009, 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 \$54,225. The covered payroll (annual payroll of active employees covered by the plan) was \$361,651, and the ratio of the UAAL to the covered payroll was 14.99 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear 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.

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, 2010 were \$2,615,737, which consisted of \$757,795 from the County and \$1,857,942 from the law enforcement employees and general employees. Contributions of the Authority for the year

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

ended June 30, 2010 were \$295,306 which consisted of \$106,295 from the Authority and \$189,011 from the law enforcement and general employees.

Register of Deeds' Supplemental Pension Fund

Plan Description The County contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, 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 Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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, 2010, the County's required and actual contributions were \$18,641.

New Hanover Regional Medical Center (NHRMC) Pension Plan

NHRMC Plan Description. NHRMC sponsors and has fiduciary responsibility for the 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, noncontributory defined benefit plan covering all employees of NHRMC (including Foundation and CHA), LCFH, and SEAHEC (see Note 8 – Transactions with Health Sciences Foundation, 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).

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

Annual Pension Cost and Net Pension Asset. NHRMC's annual pension cost and net pension asset were as follows for the years ended September 30, 2009 and 2008:

	2009	2008
Annual required contribution	\$8,428,000	\$8,263,000
Interest on net pension asset	(359,000)	(365,000)
Adjustment to annual required contribution	423,000	430,000
Annual pension cost	8,492,000	8,328,000
Contributions made	8,428,000	8,263,000
Other	70,000	0
(Increase) decrease in net pension asset	(6,000)	65,000
Net pension asset, beginning of year	(4,490,000)	(4,555,000)
Net pension asset, end of year	\$(4,496,000)	\$(4,490,000)

The annual required contribution for the basic plan for the 2009 year was determined as part of the January 1, 2008 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, using an amortization period of 20 years. The annual contributions for NHRMC for the years ended September 30, 2009 and 2008 were approximately \$8,428,000 and \$8,263,000, 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

The Three-Year Trend Information is as follows:

Employer Contributions:

Trend Information for Medical Center			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
9/30/2007	\$8,284,000	99%	\$4,555,000
9/30/2008	\$8,328,000	99%	\$4,490,000
9/30/2009	\$8,492,000	99%	\$4,496,000

Funded Status and Funding Progress:

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)
1/1/2007	\$150,774,000	\$153,919,000	\$(3,145,000)	98%	\$192,601,000	-1.63%
1/1/2008	163,463,000	165,667,000	(2,204,000)	99%	202,700,000	-1.09%
1/1/2009	166,373,000	177,016,000	(10,643,000)	94%	201,438,000	-5.28%

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

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.

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, 2009 and 2008:

	2009	2008
Annual required contribution	\$247,000	\$213,000
Interest on net pension obligation	19,000	19,000
Adjustment to annual required contribution	(22,000)	(22,000)
Annual pension cost	244,000	210,000
Contributions made	247,000	213,000
Decrease in net pension obligation	(3,000)	(3,000)
Net pension obligation beginning of year	235,000	238,000
Net pension obligation, end of year	\$232,000	\$235,000

The annual required contribution for the basic plan for the 2009 year was determined as part of the January 1, 2008 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, using an amortization period of 20 years. The annual contribution for PMH for the years ended September 30, 2009 and 2008 were approximately \$247,000 and \$213,000, respectively.

NEW HANOVER COUNTY, NORTH CAROLINA
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Exhibit 13
(Cont.)

The Three-Year Trend Information is as follows:

Trend Information for Pender Memorial Hospital			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/07	\$193,000	102%	\$238,000
9/30/08	\$210,000	101%	\$235,000
9/30/09	\$244,000	101%	\$232,000

Funded Status and Funding Progress:

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)
1/1/2007	\$2,857,000	\$3,399,000	\$(542,000)	84%	\$4,917,000	-11.02%
1/1/2008	3,140,000	3,659,000	(519,000)	86%	5,632,000	-9.22%
1/1/2009	3,268,000	3,938,000	(670,000)	83%	6,412,000	-10.45%

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. Employee contributions vest when made, employer contributions vest after three calendar years of service 1,000 hours worked in each year. Until January 1, 2009, LCFH employees were eligible to participate in this plan, and contributions were matched by LCFH.

NHRMC employer required and actual matching contributions totaled approximately \$4,740,000 and \$4,843,000, and employee optional contributions totaled approximately \$8,710,000 and \$9,507,000, for the years ended September 30, 2009 and 2008, respectively. Employer matching contribution percentages were 2.3% and 2.35%, and

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employee contribution percentages were 4.10% and 4.61% of total payroll for the years ended September 30, 2009 and 2008, respectively. LCFH employer and employee contributions are relatively insignificant to total plan activity.

As of January 1, 2009, LCFH adopted a defined contribution plan under IRS code section 403(b) and an elective deferral plan. The plans cover qualified employees of LCFH, which is generally all employees. LCFH can match contributions to the 403(b) plan, but is not required to do so. Employer contributions vest after two complete years of service. Employer contributions to these plans for the year ended September 30, 2009 were \$138,000.

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

Funding Policy

The Medical Center and LCFH match employee contributions according to a Plan formula which is weighted for years of service. Employee contributions vest when made and employer contributions vest after three calendar years of services with 1,000 hours worked in each year. Employer required and actual matching contributions totaled approximately \$4,843,000 (2.35% of total payroll), and employee optional contributions totaled approximately \$9,507,000 (4.61% of total payroll), for the year ended September 30, 2008.

PMH also offers two defined contribution plans under IRS code section 403(b), which are available to all employees and administered by BB&T and Valic. 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 statewide 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. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North 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 six percent of their annual covered salary. The Board is required to contribute at an actuarially determined rate. For the years ended June 30, 2010 and 2009, the Board's current rate for employees not engaged in law enforcement is 6.35 and 4.8%, respectively, of annual covered payroll. The

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contribution requirements of members of the ABC Board are established and may be amended by the North Carolina General Assembly. The Board's contribution to LGERS for the years ended June 30, 2010 and 2009 were \$97,734 and \$90,822, respectively. The contributions made by the Board equaled the required contribution for each year.

The Board adopted a 401(k) retirement plan effective April 1998. 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, 2010 and 2009 were \$60,074 and \$61,016, 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, 2010 and 2009, the TDA's contributions to the plan totaled \$46,250, and \$47,493, representing 10% of eligible employees' salaries.

Deferred Compensation Plan

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

The Medical Center (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 \$867,000 and \$487,000 as of September 30, 2009 and 2008, respectively, in accordance with the provisions of these plans.

The Medical Center has assumed assets and liabilities of the former Cape Fear Memorial Hospital, Inc. deferred compensation plan. The assets are valued at fair value as of the balance sheet date. There are no additional deferrals being made to the plan and no active employees participating.

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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, 2008, the date of the latest actuarial valuation:

	Employees
Retirees and dependents receiving benefits	229
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	1,518
Total	1,747

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

Years of Service in Retirement System	Percent of Cost Paid by Retiree
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 9.86% of annual covered payroll. For the current year, the County contributed \$933,047 or 1.33% of annual covered payroll. In 2009, \$614,846 was contributed.

Summary of Significant Accounting Policies. Postemployment 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

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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 thirty 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	\$6,911,756
Annual OPEB cost (expense)	6,911,756
Contributions made	(933,047)
Increase (decrease) in net OPEB obligation	5,978,709
Net OPEB obligation, beginning of year	6,691,551
Net OPEB obligation, end of year	\$12,670,260

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008, 2009, and 2010 were as follows:

For Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$3,927,297	31.8%	\$2,678,151
2009	\$4,628,246	13.3%	\$6,691,551
2010	\$6,911,756	13.5%	\$12,670,260

Funded Status and Funding Progress. As of December 31, 2008, 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 \$78,484,700. The covered payroll (annual payroll of active employees covered by the plan) was \$70,084,683, and the ratio of the UAAL to the covered payroll was 112.0 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 multiyear 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

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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, 2008 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 10.50 to 5.00 percent annually. Both rates included a 3.75 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, 2008, was 30 years.

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 sixty-fifth birthday and who participate in the North Carolina Local Governmental Employees’ Retirement System (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 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, 2007, the date of the latest actuarial valuation:

Retirees receiving benefits	4
Active plan members	38
Total	42

Funding Policy. By Authority resolution, the Authority pays the aforementioned health insurance benefits to qualified retirees. Postemployment 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 three eligible retirees in 2010, the Authority’s total contributions were \$9,000 (\$11,000 in 2009).

Annual OPEB Cost and Net OPEB Obligation. The Authority’s 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 represents 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.

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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 postemployment health insurance benefits:

Annual required contribution	\$18,261
Interest on net OPEB obligation	509
Adjustment to annual required contribution	(281)
Annual OPEB cost (expense)	18,489
Contributions made	(9,000)
Increase in pension obligation	9,489
Net OPEB obligation at July 1, 2007	12,721
Net OPEB obligation at June 30, 2008	\$22,210

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008, 2009, and 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Contributed	Net OPEB Obligation
6-30-2008	\$18,261	69.00%	\$5,661
6-30-2009	\$18,160	61.12%	\$12,721
6-30-2010	\$18,489	48.68%	\$22,210

The net OPEB obligation of \$22,210 at June 30, 2010 is included in accrued expenses on the statement of net assets.

Funded Status and Funding Progress. As of June 30, 2007, the actuarial liability for benefits was \$227,578, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,830,709, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.43 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, presents 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

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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 were 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.

Health insurance premiums - 2007 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. The remaining amortization period at June 30, 2007, 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 sixty, 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.

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Membership of the health insurance benefit plan consisted of the following at June 30, 2009, the date of the last actuarial valuation:

Active Members:	
General Employees	37
Retired Members:	
Age 65+	2
Under Age 65	2

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, 2010 and 2009, the Board's contribution were \$19,167 and \$0, respectively.

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:

	2010	2009
Annual required contribution	\$104,936	\$51,914
Interest on OPEB obligation	-	4,036
Adjustment to annual required contribution	-	48,986
Annual OPEB cost	104,936	104,936
Adjustment for prior year OPEB shortage	-	50,638
Total adjusted current year OPEB	104,936	155,574
Contributions made	19,167	-
Increase in net OPEB	85,769	155,574
Net OPEB obligation, beginning of year	209,872	54,298
Net OPEB obligation, end of year	\$295,641	\$209,872

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Exhibit 13
(Cont.)

The ABC Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for 2010 and 2009 were as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$104,936	18.27%	\$295,641
2009	\$155,574	0.00%	\$209,872

Funded Status and Funding Progress: As of June 30, 2009, 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 \$880,945. The covered payroll was \$1,980,624 and the ratio of the UAAL to the covered payroll was 44.48%. 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, 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 June 30, 2009 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 ten percent annually, decreasing to 5% with increasing duration. Both rates included a zero percent (0%) inflation

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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 five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010 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 multiple-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.

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 does not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the County made contributions to the State for death benefits of \$66,633. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .09% and .14 % of covered payroll, respectively. The contributions to the Death Trust Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Long-Term Debt of the County

General Obligation Refunding Bonds: On August 12, 2009, the County issued \$48,970,000 of general obligation refunding bonds of which \$46,155,916 was used to provide resources to purchase U.S. Government securities that was placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$41,900,000 of general obligation bonds. 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 assets. The remaining portion of the general obligation refunding bonds was used to current refund \$9,000,000 of variable rate general obligation bonds. The net carrying amount of the old debt exceeded the reacquisition price by \$6,607,713. This amount is being amortized over the life of the new debt, which is shorter than the life of the refunded debt. This refunding was undertaken to reduce total debt service payments over the next 13 years by \$3,290,320 and resulted in an economic gain of \$2,281,033.

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Limited Obligation Refunding Bonds: On June 2, 2010, the County issued \$49,835,000 of limited obligation refunding bonds of which \$30,903,836 was used to provide resources to purchase U.S. Government securities that was placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$29,235,000 of certificates of participation. 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 assets. The remaining portion of the limited obligation bonds was used to current refund \$22,381,300 of certain installment purchase contracts. The net carrying amount of the old debt exceeded the reacquisition price by \$4,304,472. 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 17 years by \$2,921,427 and resulted in an economic gain of \$2,327,724.

Changes in long-term debt of the County during the year ended June 30, 2010:

Governmental Activities	Balance July 1, 2009 (1)	Additions/Transfers	Retirements	Net Unamortized (Charge), Premium and (Discount)	Balance June 30, 2010	Due Within One Year
General obligation bonds	\$270,815,000	\$131,999,997	\$68,745,000	\$11,904,988	\$345,974,985	\$19,030,000
Installment debt	123,888,536	47,920,418	59,494,268	4,224,854	116,539,540	10,756,336
Compensated absences	5,394,167	2,215,128	2,292,838	0	5,316,457	2,580,360
Net pension obligations	387,914	409,486	358,511	0	438,889	0
Net OPEB obligations	6,691,551	6,911,756	933,047	0	12,670,260	0
Claims and judgments	175,000	165,000	211,895	0	128,105	0
Total Governmental Activities	\$407,352,168	\$189,621,785	\$132,035,559	\$16,129,842	\$481,068,236	\$32,366,696

(1) Balance at July 1, 2009 is not net of unamortized charges, premiums and discounts of \$1,315,082.

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

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Business-Type Activities	Balance July 1, 2009 (1)	Additions	Retirements/ Transfers	Unamortized (Charge) and Premium (Discount)	Balance June 30, 2010	Due Within One Year
General obligation bonds	\$355,000	\$0	\$180,000	\$0	\$175,000	\$175,000
Installment debt	1,804,934	665,775	1,074,809	38,293	1,434,193	280,978
Accrued landfill closure and postclosure care costs	8,128,494	0	0	0	8,128,494	0
Compensated absences	251,394	66,455	73,219	0	244,630	82,401
Total Business-Type Activities	\$10,539,822	\$732,230	\$1,328,028	\$38,293	\$9,982,317	\$538,379

(1) Balance at July 1, 2009 is not net of unamortized charges, premiums and discounts of \$(23,829).

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, 2010:

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

\$69,000,000 general obligation public improvement bonds, series 2000, issued February 1, 2000, due in remaining annual installments of \$3,000,000 through November 1, 2010; interest at rate of 5.5% due semiannually through November 1, 2010. Serviced by General Fund and Public Schools Fund. \$3,000,000

\$42,000,000 general obligation school bonds, series 2001, issued June 1, 2001, due in remaining annual installments of \$2,000,000 through June 1, 2016; interest at rate of 4.5% due semiannually through June 1, 2011. Serviced by Public Schools Fund. 2,000,000

\$24,000,000 refunded 8/12/09.

\$28,300,000 public improvement bonds, series 2002 issued June 1, 2002, due in remaining annual installments of \$1,300,000 through June 1, 2012; interest at rates ranging from 4.25 % to 4.5% due semiannually through June 1, 2012; \$2,600,000 principal plus unamortized bond premium of \$544. Serviced by General and Public Schools Fund. 2,600,544

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Exhibit 13
(Cont.)

<p>\$13,745,000 of \$27,045,000 refunding general obligation bonds, Series 2003 issued June 1, 2003, bonds due in remaining annual installments ranging from \$2,145,000 to \$2,160,000 through March 1, 2012; interest at 5.0% due semiannually through March 1, 2012; \$4,305,000 principal plus unamortized premium of \$164,362, less unamortized charge of \$106,329. Serviced by General and Public Schools Fund.</p>	<p>4,363,033</p>
<p>\$47,425,000 refunding general obligation bonds, series 2004, issued March 1, 2004, due in remaining annual installments of \$840,000 to \$7,570,000 through November 1, 2019; interest at 5% due semiannually through November 1, 2019; \$43,640,000 principal plus unamortized premium of \$2,106,259, less unamortized charge of \$3,248,302. Serviced by General Fund and Public Schools Fund.</p>	<p>42,497,957</p>
<p>\$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 semiannually through February 1, 2018; \$14,610,000 principal plus unamortized premium of \$435,227, less unamortized charge of \$443,205. Serviced by General Fund and Public Schools Fund.</p>	<p>14,602,022</p>
<p>\$30,000,000 general obligation school bonds, series 2006 issued February 1 and 9, 2006 due in remaining semiannual 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 semiannually through February 1, 2026. \$24,000,000 principal plus unamortized premium of \$56,568, less unamortized charge of \$26,164. Serviced by General Fund and Public Schools Fund.</p>	<p>24,030,404</p>
<p>\$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 semiannually through February 1, 2026. Serviced by Public Schools Fund. \$45,000,000 principal plus unamortized bond premium of \$173,968.</p>	<p>45,173,968</p>

NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Exhibit 13
(Cont.)

<p>\$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 4.5% due semiannually through June 1, 2029. \$17,250,000 principal plus unamortized bond premium of \$4,179. Serviced by General Fund.</p>	17,254,179
<p>\$43,000,000 general obligation school 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 semiannually. Serviced by Public Schools Fund. \$43,000,000 principal plus unamortized bond premium of \$1,789,782.</p>	44,789,782
<p>\$15,805,000 2003 refunding water and sewer general obligation bonds due in remaining annual installments ranging from \$1,125,000 to \$1,815,000 through June 1, 2012, interest at rates ranging from 2.875% to 3.0% due semiannually through June 1, 2012; \$2,930,000 principal plus unamortized premium of \$4,282, less unamortized charge of \$38,747.</p>	2,895,535
<p>\$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 semiannually through December 1, 2012. Serviced by General Fund and Public Schools Fund. \$48,704,997 principal plus unamortized premium of \$5,917,941.</p>	54,622,938
<p>\$83,030,000 2010A&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 semiannually through August 1, 2030. Serviced by the General Fund. \$83,030,000 principal plus unamortized premium of \$5,114,623.</p>	<u>88,144,623</u>
<p style="text-align: center;">Total General and Public Schools Special Revenue Funds (Governmental Activities)</p>	<u>345,974,985</u>

Serviced by the Environmental Management Fund (Enterprise Fund):

<p>\$2,200,000 solid waste disposal bonds, series 1990 A, issued December 1, 1990, due in remaining annual installments of \$110,000 through June 1, 2011; interest at 9.0% due semiannually through June 1, 2011.</p>	110,000
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NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Exhibit 13
(Cont.)

\$9,350,000 of \$27,045,000 2003 refunding general obligation bonds due in remaining annual installments of \$65,000 through March 1, 2011; interest at 5% due semiannually through March 1, 2011.	<u>65,000</u>
Total Environmental Management Fund	<u>175,000</u>
Total Enterprise Funds (Business-Type Activities)	<u>175,000</u>
Total General Obligation Bonds	
(net of unamortized charges and premiums)	<u>\$346,149,985</u>

Installment debt consists of the following at June 30, 2010:

\$59,390,000 Certificates of Participation, Series 2001 issued October 1, 2001, due in annual installments through November 15, 2011; interest at rates ranging from 3.875% to 4.00%; principal of \$6,550,000 plus unamortized premium of \$22,862. Serviced by General Fund.	\$6,572,862
\$39,510,000 Certificates of Participation, Series 2003 issued March 15, 2003, due in annual installments through February 23, 2023; interest at rates ranging from 2.75% to 5%; principal of \$25,090,000 plus unamortized premium of \$409,931. Serviced by General Fund and Fire District Special Revenue Fund.	25,499,931
\$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% to 5%; principal of \$31,500,000 plus unamortized premium of \$1,238,796, less unamortized charge of \$1,712,914. Serviced by General Fund and Enterprise Funds.	31,025,882
\$49,835,000 2010 refunding limited obligation bonds issued June 2, 2010, due in annual installments through December 1, 2025; interest rates ranging from 2.00% to 5.00%; principal of \$47,616,241 plus unamortized premium of \$4,304,472. Serviced by General Fund, Fire District Special Revenue Fund, and Enterprise Fund.	51,920,713
Other installment debt; interest at rates ranging from 2.60% to 6.0%. Serviced by General Fund, Special Revenue Funds, and Enterprise Funds.	2,954,345
Total Installment Debt - Governmental and Business-Type Activities	\$117,973,733
Total Installment Debt - Governmental Activities	\$116,539,540
Total Installment Debt - Business-Type Activities	\$1,434,193

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Annual maturity requirements on the County's long-term debt (except compensated absences, net pension obligations, claims and judgments and accrued landfill closure and postclosure care costs) with related interest as of June 30, 2010, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2011	\$29,786,336	\$17,662,913	\$455,978	\$62,651	\$47,967,878
2012	32,273,255	18,019,844	250,481	41,341	50,584,921
2013	30,841,330	16,723,793	255,189	33,565	47,853,877
2014	30,612,164	15,482,444	86,902	26,661	46,208,171
2015	30,536,399	14,192,119	87,658	22,837	44,839,013
2016 - 2020	146,508,669	51,362,389	377,552	56,313	198,304,923
2021- 2025	96,016,520	22,699,657	57,141	1,417	118,774,735
2026- 2030	45,660,010	6,058,388	0	0	51,718,398
2031	4,150,000	115,738	0	0	4,265,738
Total	\$446,384,683	\$162,317,285	\$1,570,901	\$244,785	\$610,517,654
(Less) unamortized charges	(5,554,770)	0	(20,891)	0	(5,575,661)
Add unamortized premiums	21,684,612	0	59,184	0	21,743,796
Net	\$462,514,525	\$162,317,285	\$1,609,194	\$244,785	\$626,685,789

Other

The County's legal debt margin at June 30, 2010 was \$2,154,959,200

Debt authorized but unissued at June 30, 2010 is as follows:

Cape Fear Community College Bonds	\$94,000,000
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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010**Prior Year Defeasance of Debt**

The County defeased certain general obligation bonds and certificates of participation by placing the proceeds of the new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the County's financial statements. On June 30, 2010, \$78,550,000 of bonds and \$48,885,000 of certificate of participation are considered defeased.

Long-Term Debt of the Authority

The Authority is financing certain terminal renovations through participation with the County's issuance of Certificates of Participation. In accordance with the interlocal agreement and the related promissory note the Authority is indebted in the principal amount of \$1,155,000 of which \$385,000 is due within one year. The certificates bear interest at rates ranging from 3.00% to 3.5%.

In 2008, the Authority also incurred an additional \$800,000 that was available from the aforementioned interlocal agreement with New Hanover County, with an interest rate of 2.55%. Payments are made semi-annually with varying amounts toward principal, plus interest. During 2010, unexpended proceeds from this debt in the amount of \$72,441, including \$2,709 for interest, that had been held in escrow by New Hanover County, were applied to long-term debt, resulting in a decrease of indebtedness to the county and a restructuring of payments of debt service.

The Authority incurred 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 interlocal agreement with New Hanover County, with an interest rate of 4.1%. In June of 2010, as a result of the County's bond refunding with Limited Obligation Bonds, the interest rates were changed to 2.0% to 5.0%, and the Authority was allocated a portion of the bond issuance premium and debt reduction by the County in the amount of \$65,857. The issuance premium is to be amortized over the life of the loan.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

Long-Term Debt of the Medical Center

Changes in long-term debt of the Medical Center during the year ended September 30, 2009.

	<i>Balance October 1, 2008(1)</i>	<i>Additions</i>	<i>Retirements</i>	<i>Deferred (Loss) and Unamortized (Discount)</i>	<i>Balance September 30, 2009</i>	<i>Due Within One Year</i>
Revenue Bonds	\$304,155,000	\$40,000,000	\$5,385,000	(\$7,533,000)	\$331,237,000	\$10,645,000
Capital Leases	509,000	0	361,000	0	148,000	82,000
Other Obligations	1,207,000	2,518,000	16,000	0	3,709,000	254,000
Total	\$305,871,000	\$42,518,000	\$5,762,000	(\$7,533,000)	\$335,094,000	\$10,981,000

- (1) Balance at October 1, 2008 is not net of unamortized discount of \$540,000 and deferred loss on refunding of \$4,314,000.

LCFH has one operating line of credit for \$2,500,000 with a bank. The balance outstanding at September 30, 2009 was \$0. Interest is at the LIBOR rate plus 1.5%

The Medical Center entered into two separate interest rate swaps in connection with the Series 2005 Variable Rate Hospital Revenue Refunding Bonds as a means to lower its borrowing costs when compared against fixed-rate bonds.

The terms, fair values, and underlying bond issued of the outstanding swaps as of September 30, 2009 were as follows (in thousands):

Associated Bond Issues	Notional	Start Date	End Date	Fair Value
Series 2005A-1	\$9,950	December 14, 2005	October 1, 2023	\$(909.1)
Series 2005A-2	9,950	December 14, 2005	October 1, 2023	(907.5)
Series 2005B-1	25,765	December 14, 2005	October 1, 2026	(2589.3)
Series 2005B-2	25,765	December 14, 2005	October 1, 2026	(2587.2)

As of September 30, 2009, the swaps had negative fair values as noted in the table above which are not recorded in the financial statements. As a result of the negative position, the Medical Center is not exposed to credit risk at September 30, 2009. However, should interest rates change and the fair value of the swaps become positive, the Medical Center would be exposed to credit risk in the amount of the swaps' fair value.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010**

The Medical Center or the counter parties 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 counter parties for their payments equal to the swaps' fair values.

NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Exhibit 13
(Cont.)

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, 2009:

Series 1999 Revenue Bonds	
Serial revenue bonds with interest rates ranging from 3.1% to 5.25% maturing through 2014	\$17,275,000
Term revenue bonds maturing in 2019, with stated interest rate of 5.0%	18,790,000
Term revenue bonds maturing in 2028, with stated interest rate of 5.0%	67,270,000
Series 2005 Refunding Bonds	
Series 2005A Variable Rate Refunding Bonds, demand obligations, with mandatory redemptions annually through 2023	19,900,000
Series 2005 B Variable Rate Refunding Bonds, demand obligations with mandatory redemptions annually through 2026	51,535,000
Series 2006 Revenue Bonds	
Serial revenue bonds with interest rates ranging from 3.0 % to 5.0% maturing through 2024	60,000,000
Term revenue bonds maturing in 2027, with stated interest rate of 5.0%	26,440,000
Term revenue bonds maturing in 2031, with stated interest rate of 5.125%	33,560,000
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	4,000,000
Series 2008 Revenue Bonds	
Series 2008A Variable Rate Revenue Bonds, demand obligations, with mandatory redemptions annually through 2038	20,000,000
Series 2008B Variable Rate Revenue Bonds, demand obligations, with mandatory redemptions annually through 2038	20,000,000
Total long-term debt	338,770,000
Unamortized discount	(318,000)
Deferred loss on refundings	(7,215,000)
Total long-term debt, net of unamortized discount and deferred loss	\$331,237,000
Due within one year	\$10,545,000
Due in more than one year	\$320,692,000

The Series 1999, 2005, 2006, and 2008 Revenue Bonds are secured by, and payable from the net revenue of the Medical Center, the money and securities held by the Trustee pursuant to the bonds, as well as the income from the temporary investment

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

of these trustee-held funds. Substantially all of the Medical Center revenues are security for the revenue bonds.

Under the terms of the Bond indentures, the Medical Center (excluding the Foundation component unit) is required to make semiannual debt service payments on unpaid fixed rate debt (1999 and 2006 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 measures 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, 2009.

Annual maturity requirements on outstanding revenue bonds of the Medical Center with related interest as of September 30, 2009 are as follows (in thousands):

Year Ending September 30	Principal	Interest	Total
2010	\$6,370	\$7,349	\$13,719
2011	6,665	10,935	17,600
2012	6,930	10,785	17,715
2013	11,235	10,615	21,850
2014	11,460	10,194	21,654
2015-2019	65,760	46,461	112,221
2020-2024	81,180	35,669	116,849
2025-2029	103,830	19,607	123,437
2030-2034	34,980	2,917	37,897
2035-2038	10,360	71	10,431
Total	\$338,770	\$154,603	\$493,373

Interest paid related to these bonds was approximately \$12,900,000 during fiscal year ended September 30, 2009.

Interest received on trustee held funds during fiscal year ended September 30, 2009 amounted to approximately \$173,000.

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Long-Term Debt of the TDA

Changes in long-term liabilities of the TDA for the year ended June 30, 2010 are as follows:

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010	Due Within One Year
Accrued vacation	\$7,849	\$2,293	\$0	\$10,142	\$10,142

Accrued vacation is included in accounts payable and accrued expenses in the statement of net assets.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Minimum operating lease payments to be received by the Authority, as of June 30, 2010 for each of the next five years are:

Fiscal years ending June 30	Operating lease payments
2011	\$562,079
2012	555,713
2013	453,273
2014	405,537
2015	390,571
Thereafter	12,912,824
Total minimum payments	\$15,279,997

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:

Fiscal years ending September 30	Operating Lease Obligations
2010	\$ 5,432,000
2011	4,865,000
2012	3,688,000
2013	3,526,000
2014	3,480,000
Thereafter	9,100,000
Total minimum payments	\$30,091,000

Rent expense on operating leases for the Medical Center total approximately \$7,030,000 and \$5,976,000 in 2009 and 2008, 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 \$153,000 and \$273,000 in 2009 and 2008, respectively. This includes a 17-month lease of primary office space dated August 11, 2007, with monthly rentals of \$12,000. This lease expired in fiscal year 2009 and Hospice did not renew the lease.

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

LCFH has one operating line of credit totaling \$2,500,000 with a bank. Interest is at the LIBOR rate plus 1.5%. The balance outstanding at September 30, 2009 and 2008 was approximately \$0 and \$974,000, 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 the Medical Center maintain limited rights under the lease agreement to terminate the lease if specified provisions cannot be cured within 180 days, provided that the Medical Center shall be permitted to cure any breach on behalf of PMH within established time frames.

PMH leases additional space under a non-cancelable operating lease, which expires in fiscal year 2013. In addition, PMH leases certain medical equipment under operating leases that expire between 2012 and 2014.

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

Years ending September 30,	
2010	\$429,000
2011	435,000
2012	405,000
2013	325,000
2014	9,000
Total minimum payments	\$1,603,000

Rent expense on operating leases for PMH totaled \$326,000 and \$301,000 in 2009 and 2008, respectively.

PMH also leases various capital assets under non-cancelable capital leases. As of September 30, 2009 and 2008, the leased assets had been recorded at \$730,000 and \$730,000, respectively, and had accumulated amortization of \$730,000 and \$658,000, respectively. A summary of capital leases of PMH is as follows at September 30, 2009:

	2009	2008
Capital lease obligations, at varying interest rates from 3.96% to 8.9% collateralized by leased equipment	\$148,000	\$ 509,000
Less current portion	(82,000)	(327,000)
Capital lease obligations, less current portion	\$66,000	\$182,000

NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Exhibit 13
(Cont.)

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

Fiscal years ending September 30,	Capital Lease Obligations
2010	\$88,000
2011	60,000
2012	5,000
2013	4,000
Total minimum payments	157,000
Less amount representing interest	(9,000)
Present value of net minimum payments	\$148,000

The TDA leases its facilities from the County. Rent expense for the facility during the years ended June 30, 2010 and 2009 was \$33,680 and \$32,700, respectively. The minimum lease commitments on the facility lease are as follows:

Fiscal Year Ending June 30,	
2011	\$33,680

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, 2010, the amount of industrial revenue bonds outstanding was \$9,000,000.

Accrual for Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure 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 postclosure care costs as an operating expense in each period based on estimated landfill capacity used as of each financial statement sheet date. The \$8,128,494 reported as landfill closure and postclosure care liability at June 30, 2010 represents (1) a cumulative amount of \$5,724,902 for final closure

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

and post-closure care based on the full use of the total estimated capacity of the landfill and (2) \$2,403,592 for the cost of placing a closing cover on each open cell at the landfill, recognized as the cell receives waste. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. The County expects to close this developed portion of the landfill by FY 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 State and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements.

Deferred /Unearned Revenues

The balance in deferred and unearned revenues on the fund financial statements and unearned revenue on the government-wide financial statements at June 30, 2010 are composed of the following elements:

	Governmental Activities	
	Deferred Revenue	Unearned Revenue
Prepaid property taxes not yet earned	\$0	\$125,606
Federal and state assistance received not yet earned	0	327,685
Net property tax receivable	1,351,513	0
Special assessments receivable	1,198,137	0
Scattered Site/SARF receivables	586,442	0
Other	0	0
Total	\$3,136,092	\$453,291
General Fund	\$2,130,332	\$453,291
Special Revenue Funds	1,005,760	0
Total	\$3,136,092	\$453,291

NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Exhibit 13
(Cont.)

Interfund Receivables and Payables

Amounts classified on the balance sheet as "Receivables – interfund loans" and "Interfund loans" at June 30, 2010 include the following:

Receivable Fund	Payable Fund	Amount
General	Local Law Enforcement Block Grant Fund to fund activities prior to reimbursement.	\$53,997
General	CDBG Scattered Site Housing Fund to accumulate resources for CDBG projects.	8,280
General	Environmental Management Enterprise Fund to provide financing for operating activities.	4,185,901
Total		\$4,248,178

Due from/to Primary Government and Component Units:

Receivable Fund	Payable Fund	Amount
Primary Government:		
Component Unit:		
General Fund	New Hanover County ABC Board for intergovernmental revenues due at June 30, 2010.	\$237,463
Component Unit:		
Primary Government:		
NHC Tourism Development Authority	Room Occupancy Tax Fund for room occupancy tax collections held by the County	129,756
Total		\$367,219

NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Exhibit 13
(Cont.)

C. Other

Interfund Transfers

Interfund transfers presented in the fund financial statements for the year ended June 30, 2010, can be summarized as follows:

Transfers Out:	Transfers In:			
	General Fund	Public Schools Fund	Capital Project Funds	Total
General Fund	\$0	\$80,888,692	0	\$80,888,692
Special Revenue Funds	1,044,903	0	0	1,044,903
Capital Project Funds	130,000	0	0	130,000
Environmental Management Fund	678,051	0	0	678,051
\$123 Million School Bond Expenditures Capital Project Fund	0	1,065,000	0	1,065,000
Room Occupancy Tax Fund	0	0	356,671	356,671
Total	\$1,852,954	\$81,953,692	\$356,671	\$84,163,317

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

NOTE 4: MAJOR CUSTOMERS

Approximately 75% of Environmental Management revenues can be attributed to its largest five (5) customers, one of which is the City of Wilmington.

The Authority's operating revenues consist of rents, commissions and charges for the use of airport property and fees for use of the parking lots. Exclusive of parking lot fees, transactions with two customers accounted for the following revenues and related trade accounts receivable balances at June 30, 2010:

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

Customer	Revenues	Percentage	Accounts Receivable
A	\$ 922,104	24%	\$70,073
B	484,247	13%	0
	\$1,406,351		\$70,073

Medicare services represented 39% and Medicaid services represented 13% of net patient service revenue of the Medical Center for the fiscal year ended September 30, 2009.

LCFH's revenues are 86% from Medicare and 5% from Medicaid for the fiscal year ended September 30, 2009.

PMH's revenues are 56% from Medicare and 15% from Medicaid for the fiscal year ended September 30, 2009.

The TDA received approximately 95% of its revenue from room occupancy tax revenues assessed by other governments and collected by the County during the year ended June 30, 2010. Receivables consist totally of Room Occupancy Taxes collected on behalf of the TDA.

NOTE 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 (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 \$1,934,224 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, 2010. Complete financial statements for the Center can be obtained from the Center at 2023 S. 17th Street, Wilmington, N.C. 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 (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 nonvoting member of the College's board of trustees. The College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the College and also provides some financial support for the College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the College

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

because of the statutory responsibilities to provide funding for the College's facilities. The County contributed \$5,841,767 to the College for operating purposes, during the fiscal year ended June 30, 2010. In addition, the County made debt service payments of \$3,924,915 during the fiscal year on general obligation 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, 2010. Complete financial statements for the College may be obtained from the College's administrative office at 321 N. Front Street, Wilmington, N.C. 28401.

On October 1, 1997, the Medical Center contributed \$3,143,000 for 40% ownership in New Hanover/Mariner Health, LLC, a skilled nursing facility located in Wilmington, North Carolina. On June 10, 2009, NHRMC and its joint venture partner executed a settlement agreement for the dissolution of New Hanover/Mariner Health, LLC. As part of the settlement, NHRMC receives \$2,400,000 resulting in a loss on sale of assets of \$1,287,000 recorded for year ended September 30, 2009. As part of this agreement, \$200,000 was received prior to year-end, and the remaining \$2,200,000 was received subsequent to year-end.

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 \$80,000 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 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 and surrounding counties.

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

In July 2007, NHRMC entered into a joint venture agreement to form Coastal Carolina Heart, LLC (CCH). NHRMC'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 NHRMC's cardiac catheterization and EP labs. As a result of the joint venture agreement, NHRMC contracted with CCH to manage the existing hospital-based cardiac catheterization and EP labs, agreed to lease NHRMC employees to CCH to operate the hospital-based facilities, and agreed to pay CCH a per procedure fee for services provided by CCH to

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

NHRMC patients. CCH also operates a smaller non-hospital based lab in the community and a mobile unit providing similar services, which were preexisting and contributed by the minority members.

The agreements related to the services provided by CCH are treated by NHRMC as an outsourcing arrangement. As such, the allocated income from CCH (approximately \$9,658,000 and \$9,314,000 for the years ended September 30, 2009 and 2008, respectively) is considered a reduction in the costs of services provided by CCH, resulting in decreased operating costs. During the years ended September 30, 2009 and 2008, NHRMC recorded per-procedure fees for services provided by CCH, net of equipment use fees charged to CCH and NHRMC's earnings from CCH operations, of approximately \$16,379,000 and \$16,316,000, respectively, which are included in Purchased services and other in the statement of revenues, expenses and changes in net assets. As of September 30, 2009 and 2008, amounts due to CCH of approximately \$4,405,000 and \$3,350,000, respectively, were included in Due to affiliates in the balance sheet.

NOTE 6: JOINTLY GOVERNED ORGANIZATIONS

The County, in conjunction with Brunswick, Columbus and Pender counties, and the municipalities therein established the Cape Fear Council of Governments (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, 2010.

The Lower Cape Fear Water and Sewer Authority (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, 2010. CFPUA paid the County \$3.06 million in connection with debt the County is servicing for CFPUA for the fiscal year ended June 30, 2010. See note 10 for further details.

NOTE 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.

NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Exhibit 13
(Cont.)

	Federal	State
WIC	\$3,069,614	\$0
Supplemental Nutrition Assistance Program	32,522,451	0
Medical Assistance	144,695,431	50,457,877
Work First/TANF/AFDC	1,204,507	(586)
Low Income Energy Assistance	658,043	0
Special Assistance	0	1,245,726
Title IV-E – Foster Care	942,312	355,885
Title IV-E Adoption	1,247,511	250,771
State Foster Home/At Risk	0	845,671
CWS Adoption Subsidy	0	1,706,227
LINKS	48,872	0
Total	\$184,388,741	\$54,861,571

NOTE 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, 2010, the balance of the County's ADM allocation account related to corporate income taxes was \$2,311. 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, 2010, the County's disbursing account had a balance of \$1,541,571.

Funds in the allocation and disbursing accounts are considered State moneys until the County issues warrants to disburse them. At that time, they are recognized in the County's

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Capital Project Fund as intergovernmental revenue. During the fiscal year ended June 30, 2010, the County drew down \$3,163,252 in public school building capital funds.

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 ending June 30, 2010. As of June 30, 2010, the County's unallocated balance of lottery proceeds was \$2,848,030. \$4,658,671 has been approved by the State for construction projects at June 30, 2010. During the fiscal years ended June 30, 2009 and 2010, the County drew down \$3,117,100 of these funds, leaving a disbursing account balance of \$1,541,571.

NOTE 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 participates in one self-funded risk-financing pool administered by the North Carolina Association of County Commissioners. Through the pool, the County obtains property coverage equal to replacement cost values of owned property, subject to a limit of \$195.2 million for any one occurrence, general, auto, professional (public officials) and employment practices liability coverage of \$2 million per occurrence, and in addition purchases excess liability coverage with an additional limit of liability of \$3 million; auto physical damage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence. The pool is audited annually by a certified public accountant, and the audited financial statements are available to the County upon request. The NCACC has two other pools, reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, \$1million of aggregate annual losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage.

The County is self-insured for workers compensation and employers' liability insurance, and purchases Specific and Aggregate Excess Workers Compensation and Employers Liability Indemnity insurance. The County contracted with PMA, Inc., a provider of claims administrative services, to administer the program. The program provides that the County is responsible for the first \$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 Employers 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. In addition, the insurance provides an additional \$1,000,000 of protection against cumulative retained losses after the County's aggregate costs reach a minimum of \$1,382,256 for claims occurring during the policy period. Any losses beyond this \$1,000,000 limit would be retained by the County.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010**

The County is provided flood insurance coverage through their property coverage with the North Carolina Association of County Commissioners Liability & Property Pool. The limit for loss within flood zones A or V is \$10,000,000, and for flood zones other than A or V is \$5,000,000. New Hanover County has one piece of questionable property subject to flooding - Airlie Gardens, and separate coverage has been purchased through the NFIP.

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 North Carolina Association of County Commissioners Liability & Property Pool with a limit of liability of \$250,000 per occurrence. Further, the County has purchased excess Crime Coverage above the \$250,000 per occurrence limit, in the amount of \$500,000 through a Commercial Bonding Company. 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:

For Fiscal Year Ended	June 30, 2009	June 30, 2010
Unpaid claims at July 1	\$5,232,718	\$4,284,169
Provisions for claims	13,095,988	14,524,610
Payments for claims	(12,969,947)	(13,888,090)
Administrative fees	(1,074,590)	(1,104,907)
Unpaid claims at June 30	\$4,284,169	\$3,815,782

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

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 \$41.6 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, workers’ compensation coverage up to statutory limits, and health and dental insurance for Authority employees.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

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 \$350,000 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.

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, 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 \$500,000,000 with a deductible of \$100,000 for all perils except named windstorm. For 2008, the deductible for named storms is 5% of the value of each location, with a minimum deductible of \$500,000 per location. On June 25, 2009, the minimum deductible was revised to \$500 per occurrence. For 2008 and 2009, NHRMC was self-insured for workers' compensation and employer's liability up to \$350,000 per claim; the minimum aggregate retention is \$4,200,000. A specific limit of \$25,000,000 applies to worker's compensation. For 2008, the Medical Center was also self-insured for hospital professional liability claims and general liability claims up to the first \$4,000,000 per claim and no annual aggregate, with an additional \$2,000,000 per occurrence/\$4,000,000 aggregate buffer retention beyond the retention for hospital professional liability claims. Effective June 25, 2009, the hospital is self-insured for professional liability and general liability claims up to \$5,000 per claim with no annual aggregate. In both 2008 and 2009 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 two 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

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

\$350,000 per individual, excluding costs associated with domestic claims (claims for services provided at the Medical Center).

The Medical Center records a liability for unpaid medical claims based upon an amount 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 Medical Center claims (in thousands):

For Fiscal Year Ended	September 30, 2009	September 30, 2008	September 30, 2007
Unpaid claims at October 1	\$23,252	\$21,614	\$28,862
Provisions for claims	45,185	43,613	42,626
Payments for claims	(42,632)	(39,998)	(47,888)
Administrative fees	(1,789)	(1,977)	(1,986)
Unpaid claims at September 30	\$24,016	\$23,252	\$21,614

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 is 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.

NOTE 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

At June 30, 2010, 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 \$4.7 million as of June 30, 2010.

Pursuant to the interlocal agreement transferring the County's water and sewer system to Cape Fear Public Utility Authority (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 interlocal 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 four 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. The agreement was amended in June 2010 with an initial term through October 2012. After October 31, 2012, the agreement allows the Authority to continue the contract by two additional one year periods. The Authority may cancel the agreement at any time after October 31, 2012 by providing USA Parking System, Inc. thirty days prior written notice. For the year ended June 30, 2010, the Authority paid fees and expenses totaling \$391,061 which is included in contracted services.

Estimated future commitments under the agreement are as follows:

2011	392,000
2012	<u>131,000</u>
	<u>\$523,000</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

The Authority has entered into several contracts and agreements as of June 30, 2010 primarily related to construction projects and equipment. The remaining commitment under these contracts and agreements is approximately \$4,425,000.

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, 2009, and renews automatically thereafter.

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.

On August 29, 2008, New Hanover County received a letter from the Internal Revenue Service (the "IRS") informing it that the Medical Center's 2005 Bonds had been selected for audit. The letter indicated only that the IRS routinely examines municipal debt issuances, and requested certain information. The County and the Medical Center provided all requested information. Management does not believe there will be any adverse findings.

The ABC Board has elected to pay direct costs of employment securities benefits in lieu of employment security taxes on payroll. A liability for benefit payments could accrue in the year following discharge of employees. During the years ended June 30, 2010 and 2009, employment security benefits paid to former employees were immaterial.

NOTE 11: SUBSEQUENT EVENTS

In February 2010, the County conducted a Request for Proposals (RFP) to solicit potential options for County solid waste operations. A final agreement was signed on October 4, 2010, in which the County contracts municipal solid waste management and disposal services to a private company. All personnel and operational responsibility will transfer to the contractor effective January 2, 2011. The selected company anticipates diverting at least 80 percent of the municipal solid waste delivered to the County landfill through the removal of certain marketable commodities and the creation of a fuel material from the balance of the municipal solid waste received.

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

The Medical Center's Operating of CCH was amended, effective October 1, 2009, such that CCH will no longer manage the mobile cardiac catheterization unit that was part of the original agreement. In addition, the Management and Service Agreement between NHRMC and CCH was amended and restated such that, effective October 1, 2009, NHRMC no longer receives a fee for providing certain equipment to CCH and no longer leases certain clinical and technical personnel to CCH. However, NHRMC has agreed to make available the clinical and technical personnel necessary to provide services in the cardiac catheterization and EP labs. As a result of these changes, management is renegotiating the per procedure fees paid by NHRMC to CCH.

NOTE 12: PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2010 (effective for years ending on or after June 30, 2010) that have effective dates that may impact future financial presentations.

Management has not yet determined what, if any, impact implementation of the following statements may have on the financial statements of the County:

- GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions"

Required Supplementary Information



NEW HANOVER COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
NEW HANOVER REGIONAL MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS
OTHER POST EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF EMPLOYER CONTRIBUTIONS
2001-2010**

<u>Fiscal Years Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
New Hanover County Law Enforcement Officers' Special Separation Allowance		
2001	\$145,501	86.5%
2002	\$187,461	77.6%
2003	\$227,951	82.2%
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%
New Hanover County Airport Authority Law Enforcement Officers' Special Separation Allowance		
2001	\$9,134	72.0%
2002	\$7,629	58.2%
2003	\$8,436	16.6%
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%
New Hanover Regional Medical Center Pension Plan		
2000	\$3,003,883	100.0%
2001	\$3,140,119	100.0%
2002	\$3,658,447	100.0%
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%

NEW HANOVER COUNTY, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
NEW HANOVER REGIONAL MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS
OTHER POST EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF EMPLOYER CONTRIBUTIONS
2001-2010**

<u>Fiscal Years Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
Pender Memorial Hospital Pension Plan		
2000	\$126,724	87.8%
2001	\$146,401	100.0%
2002	\$93,083	100.0%
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%
New Hanover County Other Postemployment Benefits (OPEB)		
2008	\$3,927,297	31.8%
2009	\$3,927,297	13.3%
2010	\$6,911,756	2.9%
New Hanover County Airport Authority Other Postemployment Benefits (OPEB)		
2008	\$18,261	69.0%
2009	\$18,261	60.8%
2010	\$18,261	49.3%
New Hanover County ABC Board Other Postemployment Benefits (OPEB)		
2009	\$104,936	18.3%
2010	\$104,936	0.0%

NEW HANOVER COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 NEW HANOVER REGIONAL MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS
 OTHER POST EMPLOYMENT BENEFITS (OPEB)
 SCHEDULE OF FUNDING PROGRESS
 2001-2010

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) -Projected Unit Credit	Excess (Deficit) of Assets over AAL	Funded Ratio	Covered Payroll for Year Ending on Valuation Date	Excess (Deficit) as a Percentage of Covered Payroll
<i>New Hanover County Law Enforcement Officers' Special Separation Allowance (1)</i>						
12/31/00	\$277,093	\$1,703,812	(\$1,426,719)	16.26%	\$7,301,989	-19.54%
12/31/01	\$256,769	\$1,840,553	(\$1,583,784)	13.95%	\$9,401,508	-16.85%
12/31/02	\$219,483	\$1,984,414	(\$1,764,931)	11.06%	\$8,999,485	-19.61%
12/31/03	\$229,103	\$2,439,375	(\$2,210,272)	9.39%	\$11,006,067	-20.08%
12/31/04	\$243,252	\$2,701,937	(\$2,458,685)	9.00%	\$11,619,995	-21.16%
12/31/05	\$374,857	\$2,593,801	(\$2,218,944)	14.45%	\$13,103,102	-16.93%
12/31/06	\$564,252	\$2,765,097	(\$2,200,845)	20.41%	\$13,186,998	-16.69%
12/31/07	\$350,340	\$3,107,557	(\$2,757,217)	11.27%	\$14,144,196	-19.49%
12/31/08	\$442,060	\$3,515,534	(\$3,073,474)	12.57%	\$15,510,994	-19.81%
12/31/09	\$457,304	\$4,567,208	(\$4,109,904)	10.01%	\$14,627,764	-28.10%
<i>New Hanover County Airport Authority Law Enforcement Officers' Special Separation Allowance (2)</i>						
12/31/00	\$0	\$62,683	(\$62,683)	0.00%	\$300,731	-20.84%
12/31/01	\$0	\$62,856	(\$62,856)	0.00%	\$364,783	-17.23%
12/31/02	\$0	\$78,338	(\$78,338)	0.00%	\$396,374	-19.76%
12/31/03	\$0	\$86,472	(\$86,472)	0.00%	\$444,100	-19.47%
12/31/04	\$0	\$74,049	(\$74,049)	0.00%	\$381,755	-19.40%
12/31/05	\$0	\$74,232	(\$74,232)	0.00%	\$303,056	-24.49%
12/31/06	\$0	\$66,280	(\$66,280)	0.00%	\$396,598	-16.71%
12/31/07	\$0	\$62,086	(\$62,086)	0.00%	\$355,262	-17.48%
12/31/08	\$0	\$50,131	(\$50,131)	0.00%	\$320,969	-15.62%
12/31/09	\$0	\$54,225	(\$54,225)	0.00%	\$361,651	-14.99%
<i>New Hanover Regional Medical Center Pension Plan (2)</i>						
01/01/00	\$112,852,432	\$82,536,529	\$30,315,903	136.73%	\$121,371,167	24.98%
01/01/01	\$119,558,904	\$91,437,360	\$28,121,544	130.75%	\$124,819,834	22.53%
01/01/02	\$124,113,655	\$104,285,352	\$19,828,303	119.01%	\$140,876,590	14.07%
01/01/03	\$113,938,037	\$121,089,407	(\$7,151,370)	94.09%	\$163,177,352	-4.38%
01/01/04	\$129,523,435	\$135,764,516	(\$6,241,081)	95.40%	\$175,010,789	-3.57%
01/01/05	\$133,897,230	\$141,242,243	(\$7,345,013)	94.80%	\$182,282,839	-4.03%
01/01/06	\$141,520,596	\$145,541,727	(\$4,021,131)	97.24%	\$184,743,315	-2.18%
01/01/07	\$150,774,000	\$153,919,000	(\$3,145,000)	97.96%	\$192,601,000	-1.63%
01/01/08	\$163,463,000	\$165,667,000	(\$2,204,000)	98.67%	\$202,700,000	-1.09%
01/01/09	\$166,373,000	\$177,016,000	(\$10,643,000)	93.99%	\$201,438,000	-5.28%
<i>Pender Memorial Hospital Pension Plan (2)</i>						
01/01/00	\$2,117,343	\$2,975,725	(\$858,382)	71.15%	\$3,522,395	-24.37%
01/01/01	\$2,400,362	\$2,188,862	\$211,500	109.66%	\$3,439,509	6.15%
01/01/02	\$2,450,023	\$2,316,473	\$133,550	105.77%	\$3,837,155	3.48%
01/01/03	\$2,225,458	\$2,595,198	(\$369,740)	85.75%	\$4,298,691	-8.60%
01/01/04	\$2,461,615	\$2,763,000	(\$301,385)	89.09%	\$4,407,340	-6.84%
01/01/05	\$2,558,827	\$2,932,888	(\$374,061)	87.25%	\$4,861,261	-7.69%
01/01/06	\$2,671,113	\$3,167,084	(\$495,971)	84.34%	\$4,441,209	-11.17%
01/01/07	\$2,857,000	\$3,399,000	(\$542,000)	84.05%	\$4,917,000	-11.02%
01/01/08	\$3,140,000	\$3,659,000	(\$519,000)	85.82%	\$5,632,000	-9.22%
01/01/09	\$3,268,000	\$3,938,000	(\$670,000)	82.99%	\$6,412,000	-10.45%
<i>New Hanover County Other Postemployment Benefits (OPEB) (2)</i>						
12/31/05	\$0	\$58,559,274	(\$58,559,274)	0.00%	\$56,909,965	-102.90%
12/31/08	\$0	\$78,484,700	(\$78,484,700)	0.00%	\$70,084,683	-111.99%
<i>New Hanover County Airport Authority Other Post Employment Benefits (OPEB) (2)</i>						
06/30/07	\$0	\$227,578	(\$227,578)	0.00%	\$1,830,709	-12.43%
<i>New Hanover County ABC Board Other Post Employment Benefits (OPEB) (2)</i>						
06/30/09	\$0	\$880,945	(\$880,945)	0.00%	\$1,980,624	-44.48%

Notes:

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



NEW HANOVER COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
NEW HANOVER REGIONAL MEDICAL CENTER AND PENDER MEMORIAL
HOSPITAL PENSION PLANS
OTHER POST EMPLOYMENT BENEFITS (OPEB)

NOTES TO THE REQUIRED SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2010

Notes to the Required Schedules:

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

New Hanover County Law Enforcement Officers' Special Separation Allowance

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	22 years
Asset valuation method	Market value

Actuarial Assumptions:

Investment rate of return*	7.25%
Projected salary increases*	4.5% to 12.3%
Cost of living adjustments	None

* Includes inflation at 3.75%

NEW HANOVER COUNTY, NORTH CAROLINA
NOTES TO THE REQUIRED SCHEDULES - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

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

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial Assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% to 12.3%
Cost of living adjustments	None

* Includes inflation at 3.75%

New Hanover Regional Medical Center Pension Plan

Valuation date	1/1/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial Assumptions:	
Investment rate of return*	8.00%
Projected salary increases*	5.0% per year
Cost of living adjustments	None

* Includes inflation at 3.0%

NEW HANOVER COUNTY, NORTH CAROLINA

**NOTES TO THE REQUIRED SCHEDULES - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

Pender Memorial Hospital Pension Plan

Valuation date	1/1/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	20 years
Asset valuation method	Market value

Actuarial Assumptions:

Investment rate of return*	8.00%
Projected salary increases*	5.00%
Cost of living adjustments	None

* Includes inflation at 3.00%

New Hanover County Other Postemployment Benefits (OPEB)

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	30 years
Asset valuation method	Market value

Actuarial Assumptions:

Investment rate of return*	4.00%
Medical cost trend*	10.50% to 5.00%

* Includes inflation at 3.75%

NEW HANOVER COUNTY, NORTH CAROLINA

**NOTES TO THE REQUIRED SCHEDULES - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

New Hanover County Airport Authority Other Postemployment Benefits (OPEB)
(Authority used alternative measurement method permitted by GASB Statement 45)

Valuation date	6/30/2007
Actuarial cost method	Entry age - simplified version
Amortization method	Level dollar amount
Remaining amortization period	30 years
Asset valuation method	Defined monthly healthcare benefits
Actuarial Assumptions:	
Discount rate	4.00%
Medical cost trend*	None - plan pays defined benefit

* Includes inflation at 0%

New Hanover County ABC Board Other Postemployment Benefits (OPEB)
(Authority used alternative measurement method permitted by GASB Statement 45)

Valuation date	6/30/2009
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*	10.00% to 5.00%

* Includes inflation at 0%

Combining Statements



NEW HANOVER COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
6/30/2010**

ASSETS	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Cash and investments	\$7,697,699	\$4,987,663	\$12,685,362
Restricted cash	0	11,616,684	11,616,684
Receivables:			
Intergovernmental	596,348	1,850	598,198
Other sources (net)	179,294	5,569	184,863
Total assets	\$8,473,341	\$16,611,766	\$25,085,107
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$831,157	\$95,468	\$926,625
Interfund loans	53,998	8,279	62,277
Deferred/unearned revenue	95,204	0	95,204
Total liabilities	980,359	103,747	1,084,106
Fund balances:			
Reserved for encumbrances	356,508	194,082	550,590
Reserved by state statute	680,438	0	680,438
Reserved for fire services	2,722,749	0	2,722,749
Reserved for local law enforcement grant	15,928	0	15,928
Reserved for emergency telephone system	2,217,902	0	2,217,902
Reserved for revolving loans	62,295	0	62,295
Reserved for parks	3,760	0	3,760
Reserved for Airlie Gardens	1,483,250	0	1,483,250
Reserved for public health	22,200	0	22,200
Unreserved:			
Designated for subsequent years' expenditures	0	15,613,111	15,613,111
Undesignated	(72,048)	700,826	628,778
Total fund balances	7,492,982	16,508,019	24,001,001
Total liabilities and fund balances	\$8,473,341	\$16,611,766	\$25,085,107

NEW HANOVER COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
June 30, 2010**

ASSETS	Special Fire District	Local Law Enforcement Block Grant	Emergency Tel Sys Article 3
Cash and investments	\$ 3,759,837	\$ -	\$ 2,217,902
Receivables:			
Intergovernmental	524,058	72,048	-
Other sources (net)	95,330	-	80,606
Total assets	\$ 4,379,225	\$ 72,048	\$ 2,298,508
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 680,580	\$ 2,122	\$ -
Interfund loans		53,998	-
Deferred/unearned revenue	95,204	-	-
Total liabilities	775,784	56,120	-
Fund balances:			
Reserved for encumbrances	356,508	-	-
Reserved by state statute	524,184	72,048	80,606
Reserved for fire services	2,722,749	-	-
Reserved for local law enforcement grant	-	15,928	-
Reserved for emergency telephone system	-	-	2,217,902
Reserved for revolving loans	-	-	-
Reserved for parks	-	-	-
Reserved for Airlie Gardens	-	-	-
Reserved for public health	-	-	-
Unreserved:			
Undesignated	-	(72,048)	-
Total fund balances	3,603,441	15,928	2,298,508
 Total liabilities and fund balances	 \$ 4,379,225	 \$ 72,048	 \$ 2,298,508

Revolving Loan Program	Parks Foundation	Airlie Gardens Foundation, Inc	Public Health Foundation	Total Nonmajor Special Revenue Funds
\$ 62,295	\$ 3,760	\$ 1,631,705	\$ 22,200	\$ 7,697,699
242	-	-	-	596,348
-	-	3,358	-	179,294
\$ 62,537	\$ 3,760	\$ 1,635,063	\$ 22,200	\$ 8,473,341
\$ -	\$ -	\$ 148,455	\$ -	\$ 831,157
-	-	-	-	53,998
-	-	-	-	95,204
-	-	148,455	-	980,359
-	-	-	-	356,508
242	-	3,358	-	680,438
-	-	-	-	2,722,749
-	-	-	-	15,928
-	-	-	-	2,217,902
62,295	-	-	-	62,295
-	3,760	-	-	3,760
-	-	1,483,250	-	1,483,250
-	-	-	22,200	22,200
-	-	-	-	(72,048)
62,537	3,760	1,486,608	22,200	7,492,982
\$ 62,537	\$ 3,760	\$ 1,635,063	\$ 22,200	\$ 8,473,341

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS
June 30, 2010

	\$123M School Bond Expenditure Capital Project	Tidal Creeks Water Quality Capital Project	SEMH & Health Admin Building Capital Project	Smith Creek Park Capital Project	Public School Building Capital Fund Capital Project	Anderson/ Ogden/ Schools Capital Project	Burn Pit Capital Project
ASSETS							
Cash and investments	\$ 43,608	\$ 149,262	\$ 3,260,143	\$ 518,421	\$ -	\$ 10	\$ 169,508
Restricted cash	11,358,581	-	-	-	-	-	-
Receivables:							
Intergovernmental	-	-	-	1,456	-	-	-
Other sources (net)	-	-	-	-	-	-	5,569
Total assets	<u>\$ 11,402,189</u>	<u>\$ 149,262</u>	<u>\$ 3,260,143</u>	<u>\$ 519,877</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 175,077</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 53	\$ -	\$ -	\$ 5,370	\$ -	\$ -	\$ 2,948
Interfund loans	-	-	-	-	-	-	-
Total liabilities	<u>53</u>	<u>-</u>	<u>-</u>	<u>5,370</u>	<u>-</u>	<u>-</u>	<u>2,948</u>
Fund balances:							
Reserved for encumbrances	-	-	-	-	-	-	-
Designated for subsequent years' expenditures	11,402,136	149,262	3,260,143	514,507	-	10	5,569
Undesignated	-	-	-	-	-	-	166,560
Total fund balances	<u>11,402,136</u>	<u>149,262</u>	<u>3,260,143</u>	<u>514,507</u>	<u>-</u>	<u>10</u>	<u>172,129</u>
Total liabilities and fund balances	<u>\$ 11,402,189</u>	<u>\$ 149,262</u>	<u>\$ 3,260,143</u>	<u>\$ 519,877</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 175,077</u>

Murrayville Fire Station Capital Project	Controlled Substance Tax Capital Project	Federal Forfeited Property Capital Project	\$38.3 Million CFCC Bond Expenditure Capital Project	CFCC Public Safety Training Ctr Capital Project	Masons Inlet Relocation Capital Project	Future Jail Expansion Capital Project	Scattered Site Housing Capital Project	Computer/Tax System Upgrades Capital Project	Airport Improvements Capital Project	Total Nonmajor Capital Projects Funds
\$ -	\$ 44,273	\$ 37,084	\$ -	\$ 46,791	\$ 504,839	\$ 5,391	\$ -	\$ 123,418	\$ 84,915	\$ 4,987,663
182,041	-	-	76,062	-	-	-	-	-	-	11,616,684
-	-	-	-	-	-	-	394	-	-	1,850
-	-	-	-	-	-	-	-	-	-	5,569
\$ 182,041	\$ 44,273	\$ 37,084	\$ 76,062	\$ 46,791	\$ 504,839	\$ 5,391	\$ 394	\$ 123,418	\$ 84,915	\$ 16,611,766

\$ -	\$ 8,499	\$ 6,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,441	\$ 95,468
-	-	-	-	-	-	-	8,279	-	-	8,279
-	8,499	6,157	-	-	-	-	8,279	-	72,441	103,747

32,128	-	-	-	-	160,954	-	1,000	-	-	194,082
149,913	4,564	-	-	-	-	-	(8,885)	123,418	12,474	15,613,111
-	31,210	30,927	76,062	46,791	343,885	5,391	-	-	-	700,826
182,041	35,774	30,927	76,062	46,791	504,839	5,391	(7,885)	123,418	12,474	16,508,019
\$ 182,041	\$ 44,273	\$ 37,084	\$ 76,062	\$ 46,791	\$ 504,839	\$ 5,391	\$ 394	\$ 123,418	\$ 84,915	\$ 16,611,766



NEW HANOVER COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$10,085,832	\$0	\$10,085,832
Intergovernmental revenue	282,956	6,384,302	6,667,258
Charges for services	107,173	0	107,173
Investment earnings	63,732	69,443	133,175
Miscellaneous	687,194	44,758	731,952
Total revenues	<u>11,226,887</u>	<u>6,498,503</u>	<u>17,725,390</u>
Expenditures:			
Current:			
Public safety	7,967,261	0	7,967,261
Culture and recreation	592,510	0	592,510
Capital outlay	0	27,009,316	27,009,316
Debt service:			
Installment debt payments	1,135,800	0	1,135,800
Total expenditures	<u>9,695,571</u>	<u>27,009,316</u>	<u>36,704,887</u>
Revenues over (under) expenditures	<u>1,531,316</u>	<u>(20,510,813)</u>	<u>(18,979,497)</u>
Other financing sources (uses):			
Transfers to other funds	(1,044,903)	(1,195,000)	(2,239,903)
Transfers from other funds	0	356,671	356,671
Total other financing sources (uses)	<u>(1,044,903)</u>	<u>(838,329)</u>	<u>(1,883,232)</u>
Revenues and other sources over (under) expenditures and other (uses)	486,413	(21,349,142)	(20,862,729)
Fund balances - beginning of year	7,006,569	37,857,161	44,863,730
Fund balances - end of year	<u>\$7,492,982</u>	<u>\$16,508,019</u>	<u>\$24,001,001</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010**

	Special Fire District	Local Law Enforcement Block Grant	Emergency Tel Sys Article 3
Revenues:			
Taxes:			
Ad valorem, including interest	\$ 7,544,501	\$ -	\$ -
Other taxes	1,574,055	-	967,276
Total taxes	9,118,556	-	967,276
Charges for services	107,173	-	-
Intergovernmental revenue	210,785	72,171	-
Investment earnings	20,454	67	11,016
Miscellaneous	379	-	-
Total revenues	<u>9,457,347</u>	<u>72,238</u>	<u>978,292</u>
Expenditures:			
Current:			
Public safety	6,747,085	72,171	-
Culture and recreation	-	-	-
Payments to volunteer fire departments	721,364	-	-
Capital outlay	367,722	-	-
Debt service:			
Installment debt payments	1,135,800	-	-
Total expenditures	<u>8,971,971</u>	<u>72,171</u>	<u>-</u>
Revenues over (under) expenditures	<u>485,376</u>	<u>67</u>	<u>978,292</u>
Other financing sources (uses):			
Transfers to other funds	(645,541)	-	(399,362)
Total other financing sources (uses)	<u>(645,541)</u>	<u>-</u>	<u>(399,362)</u>
Revenues and other sources over (under) expenditures and other (uses)	(160,165)	67	578,930
Fund balances - beginning of year	3,763,606	15,861	1,719,578
Fund balances - end of year	<u>\$ 3,603,441</u>	<u>\$ 15,928</u>	<u>\$ 2,298,508</u>

Revolving Loan Program	Parks Foundation	Airlie Gardens Foundation, Inc	Public Health Foundation	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 7,544,501
-	-	-	-	2,541,331
-	-	-	-	10,085,832
-	-	-	-	107,173
-	-	-	-	282,956
460	1	31,734	-	63,732
8,093	50	645,795	32,877	687,194
8,553	51	677,529	32,877	11,226,887
48,242	-	-	10,677	6,878,175
-	-	592,510	-	592,510
-	-	-	-	721,364
-	-	-	-	367,722
-	-	-	-	1,135,800
48,242	-	592,510	10,677	9,695,571
(39,689)	51	85,019	22,200	1,531,316
-	-	-	-	(1,044,903)
-	-	-	-	(1,044,903)
(39,689)	51	85,019	22,200	486,413
102,226	3,709	1,401,589	-	7,006,569
\$ 62,537	\$ 3,760	\$ 1,486,608	\$ 22,200	\$ 7,492,982

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, 2010

	\$123M School Bond Expenditure Capital Project	Tidal Creeks Water Quality Capital Project	SEMH & Health Admin Building Capital Project	Smith Creek Park Capital Project	Public School Building Capital Fund Capital Project	Anderson/ Ogden Schools Capital Project	Burn Pit Capital Project
Revenues:							
Intergovernmental revenue	\$ 5,709,753	\$ -	\$ -	\$ -	\$ 70,600	\$ -	\$ 11,138
Investment earnings	42,167	828	18,107	3,159	-	-	1,409
Miscellaneous	-	-	-	36,456	-	-	-
Total revenues	<u>5,751,920</u>	<u>828</u>	<u>18,107</u>	<u>39,615</u>	<u>70,600</u>	<u>-</u>	<u>12,547</u>
Expenditures:							
Capital outlay	25,706,866	-	2,271	122,941	70,600	-	37,000
Total expenditures	<u>25,706,866</u>	<u>-</u>	<u>2,271</u>	<u>122,941</u>	<u>70,600</u>	<u>-</u>	<u>37,000</u>
Revenues over (under) expenditures	<u>(19,954,946)</u>	<u>828</u>	<u>15,836</u>	<u>(83,326)</u>	<u>-</u>	<u>-</u>	<u>(24,453)</u>
Other financing sources (uses):							
Transfers to other funds	(1,065,000)	-	-	-	-	-	(130,000)
Transfers from other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,065,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,000)</u>
Revenues and other sources over (under) expenditures and other (uses)	<u>(21,019,946)</u>	<u>828</u>	<u>15,836</u>	<u>(83,326)</u>	<u>-</u>	<u>-</u>	<u>(154,453)</u>
Fund balances - beginning of year	32,422,082	148,434	3,244,307	597,833	-	10	326,582
Fund balances - end of year	<u>\$ 11,402,136</u>	<u>\$ 149,262</u>	<u>\$ 3,260,143</u>	<u>\$ 514,507</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 172,129</u>

Murrayville Fire Station Capital Project	Controlled Substance Tax Capital Project	Federal Forfeited Property Capital Project	\$38.3 Million CFCC Bond Expenditure Capital Project	CFCC Public Safety Training Ctr Capital Project	Masons Inlet Relocation Capital Project	Future Jail Expansion Capital Project	Scattered Site Housing Capital Project	Computer/Tax System Upgrade Capital Project	Airport Improvements Capital Project	Total Nonmajor Capital Project Funds
\$ -	\$ 102,278	\$ 157,363	\$ -	\$ -	\$ -	\$ -	\$ 333,170	\$ -	\$ -	\$ 6,384,302
314	156	362	200	1,099	1,639	3	-	-	-	69,443
7,908	-	-	-	-	-	-	394	-	-	44,758
8,222	102,434	157,725	200	1,099	1,639	3	333,564	-	-	6,498,503
356,240	89,744	177,287	-	226,748	148,438	-	71,181	-	-	27,009,316
356,240	89,744	177,287	-	226,748	148,438	-	71,181	-	-	27,009,316
(348,018)	12,690	(19,562)	200	(225,649)	(146,799)	3	262,383	-	-	(20,510,813)
-	-	-	-	-	-	-	-	-	-	(1,195,000)
-	-	-	-	-	356,671	-	-	-	-	356,671
-	-	-	-	-	356,671	-	-	-	-	(838,329)
(348,018)	12,690	(19,562)	200	(225,649)	209,872	3	262,383	-	-	(21,349,142)
530,059	23,084	50,489	75,862	272,440	294,967	5,388	(270,268)	123,418	12,474	37,857,161
\$ 182,041	\$ 35,774	\$ 30,927	\$ 76,062	\$ 46,791	\$ 504,839	\$ 5,391	\$ (7,885)	\$ 123,418	\$ 12,474	\$ 16,508,019



General Fund



NEW HANOVER COUNTY, NORTH CAROLINA

**GENERAL FUND
COMPARATIVE BALANCE SHEET
June 30, 2010 and 2009**

ASSETS	2010	2009
Cash and investments	\$58,518,433	\$57,076,910
Restricted cash	64,072	56,118
Receivables:		
Interfund loans	4,248,178	2,642,805
Intergovernmental	15,254,611	15,014,697
Other sources (net)	4,189,397	4,242,543
Due from component units	237,463	213,949
Inventory	17,794	19,301
Prepays	127,462	6,765
Total assets	<u>\$82,657,410</u>	<u>\$79,273,088</u>
 LIABILITIES AND FUND BALANCE 		
Liabilities:		
Accounts payable and accrued liabilities	\$9,895,673	\$10,547,614
Deferred/unearned revenues	2,583,623	2,703,486
Total liabilities	<u>12,479,296</u>	<u>13,251,100</u>
Fund balance:		
Reserved for encumbrances	1,848,236	1,580,783
Reserved for inventory	17,794	0
Reserved for prepays	127,462	0
Reserved for register of deeds	692,426	615,593
Reserved by state statute	21,799,318	19,753,921
Unreserved:		
Designated for subsequent years' expenditures	0	1,932,650
Designated for post employment benefits	1,400,000	1,200,000
Undesignated	44,292,878	40,939,041
Total fund balance	<u>70,178,114</u>	<u>66,021,988</u>
Total liabilities and fund balance	<u>\$82,657,410</u>	<u>\$79,273,088</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended June 30, 2010

With Comparative Actual Amounts for the Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009 Actual
	Final Budget	Actual		
Revenues:				
Taxes:				
Ad valorem, including interest	\$151,449,581	\$153,149,665	\$1,700,084	\$151,679,364
Other	43,397,000	41,271,837	(2,125,163)	46,612,787
Total taxes	194,846,581	194,421,502	(425,079)	198,292,151
Special assessments	142,121	171,989	29,868	219,535
Intergovernmental revenue	45,595,945	45,378,112	(217,833)	87,845,355
Charges for services	9,088,691	8,822,208	(266,483)	9,427,844
Investment earnings	574,457	314,172	(260,285)	926,673
Miscellaneous-drainage fund	0	0	0	227,301
Miscellaneous	1,056,775	1,099,496	42,721	1,001,706
Total revenues	251,304,570	250,207,479	(1,097,091)	297,940,565
Expenditures:				
Current:				
General government	31,407,164	29,485,936	1,921,228	29,016,838
Human services	56,335,905	53,253,360	3,082,545	58,211,859
Public safety	47,895,301	45,144,306	2,750,995	46,300,286
Economic and physical development	1,250,925	1,250,925	0	1,321,985
Culture and recreation	10,639,120	9,635,673	1,003,447	10,482,840
Education-community college	5,841,767	5,841,767	0	6,147,195
Stormwater drainage	0	0	0	82,996
Debt service:				
Principal	5,120,663	5,120,663	0	4,379,891
Interest and fees	3,165,383	2,996,553	168,830	2,419,887
Installment lease payments	16,086,703	16,087,552	(849)	58,658,917
Total expenditures	177,742,931	168,816,735	8,926,196	217,022,694
Revenues over expenditures	73,561,639	81,390,744	7,829,105	80,917,871
Other financing sources (uses):				
Long-term debt issued	987,710	969,952	(17,758)	0
Transfers from other funds	2,111,984	1,852,954	(259,030)	707,908
Transfers to other funds	(81,450,489)	(80,888,692)	561,797	(84,108,332)
Proceeds of refunding bonds	95,920,466	95,920,466	0	0
Premium refunding bonds	10,854,679	10,854,679	0	0
Payments to refunded bond escrow agent	(105,943,977)	(105,943,977)	0	0
Appropriated fund balance	3,957,988	0	(3,957,988)	0
Total other financing (uses)	(73,561,639)	(77,234,618)	(3,672,979)	(83,400,424)
Revenues (under) expenditures and other (uses)	\$0	4,156,126	\$4,156,126	(2,482,553)
Fund balance - beginning of year		66,021,988		68,504,541
Fund balance - end of year		\$70,178,114		\$66,021,988

Special Revenue Funds



NEW HANOVER COUNTY, NORTH CAROLINA

**PUBLIC SCHOOLS FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	<u>\$3,292,134</u>	<u>\$4,399,849</u>
Total assets	<u>\$3,292,134</u>	<u>\$4,399,849</u>
 LIABILITIES AND FUND BALANCE 		
Liabilities:		
Accounts payable	<u>\$0</u>	<u>\$3,152</u>
Total liabilities	<u>0</u>	<u>3,152</u>
Fund balance:		
Reserved for schools	<u>3,292,134</u>	<u>4,396,697</u>
Total fund balance	<u>3,292,134</u>	<u>4,396,697</u>
Total liabilities and fund balance	<u>\$3,292,134</u>	<u>\$4,399,849</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**PUBLIC SCHOOLS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL
Year Ended June 30, 2010**

With Comparative Actual Amounts for the Year Ended June 30, 2009

	2010			
	Final Budget	Actual	Variance Positive (Negative)	2009 Actual
Revenues:				
Investment earnings	\$0	\$27,628	\$27,628	\$79,182
Intergovernmental revenue	0	0	0	500,000
Total revenues	<u>0</u>	<u>27,628</u>	<u>27,628</u>	<u>579,182</u>
Expenditures:				
Current:				
Payments to schools:				
Operating expenditures	63,058,440	61,908,440	1,150,000	65,377,120
Debt Service:				
Principal	12,724,338	12,724,337	1	12,465,109
Interest and fees	9,174,200	8,453,106	721,094	8,446,221
Total expenditures	<u>84,956,978</u>	<u>83,085,883</u>	<u>1,871,095</u>	<u>86,288,450</u>
Revenues (under) expenditures	<u>(84,956,978)</u>	<u>(83,058,255)</u>	<u>1,898,723</u>	<u>(85,709,268)</u>
Other financing sources:				
Transfers from other funds	81,956,978	81,953,692	(3,286)	85,182,359
Appropriated fund balance	3,000,000	0	(3,000,000)	0
Total other financing sources	<u>84,956,978</u>	<u>81,953,692</u>	<u>(3,003,286)</u>	<u>85,182,359</u>
Revenues and other sources over (under) expenditures	<u>\$0</u>	<u>(1,104,563)</u>	<u>(\$1,104,563)</u>	<u>(526,909)</u>
Fund balance - beginning of year		4,396,697		4,923,606
Fund balance - end of year		<u>\$3,292,134</u>		<u>\$4,396,697</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**ROOM OCCUPANCY TAX FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$34,515,297	\$35,353,134
Receivables:		
Other sources (net)	1,444,016	1,813,222
Total assets	\$35,959,313	\$37,166,356

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$8,000	\$7,999
Due to component unit	129,756	125,129
Deferred/unearned revenues	910,556	1,303,558
Total liabilities	1,048,312	1,436,686
Fund balance:		
Reserved by state statute	533,460	499,901
Reserved for erosion control	34,377,541	35,229,769
Total fund balance	34,911,001	35,729,670
Total liabilities and fund balance	\$35,959,313	\$37,166,356

NEW HANOVER COUNTY, NORTH CAROLINA

**ROOM OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL
Year Ended June 30, 2010**

With Comparative Actual Amounts for the Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009 Actual
	Final Budget	Actual		
Revenues:				
Room occupancy taxes	\$3,476,540	\$3,338,308	(\$138,232)	\$3,836,382
Special assessments	356,671	478,403	121,732	1,774,056
Investment earnings	0	185,384	185,384	577,083
Total revenues	<u>3,833,211</u>	<u>4,002,095</u>	<u>168,884</u>	<u>6,187,521</u>
Expenditures:				
Current:				
Collection fee to New Hanover County	18,000	18,000	0	28,782
Tourism distributions to TDA for the County and municipalities	1,336,200	1,271,093	65,107	1,138,984
Erosion control	3,622,340	3,175,000	447,340	48,000
Total expenditures	<u>4,976,540</u>	<u>4,464,093</u>	<u>512,447</u>	<u>1,215,766</u>
Revenues over expenditures	<u>(1,143,329)</u>	<u>(461,998)</u>	<u>681,331</u>	<u>4,971,755</u>
Other financing (uses):				
Appropriated fund balance	1,500,000	0	(1,500,000)	
Transfer to other funds	(356,671)	(356,671)	0	0
Total other financing (uses)	<u>1,143,329</u>	<u>(356,671)</u>	<u>(1,500,000)</u>	<u>0</u>
Revenues over expenditures and other (uses)	<u>\$0</u>	<u>(818,669)</u>	<u>(\$818,669)</u>	<u>4,971,755</u>
Fund balance - beginning of year		35,729,670		30,757,915
Fund balance - end of year		<u>\$34,911,001</u>		<u>\$35,729,670</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**SPECIAL FIRE DISTRICT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$3,759,837	\$3,322,165
Restricted cash	-	239,930
Receivables:		
Intergovernmental revenues	524,058	455,145
Other sources (net)	95,330	88,464
Total assets	\$4,379,225	\$4,105,704

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable and accrued liabilities	\$680,580	\$258,503
Deferred/unearned revenue	95,204	83,595
Total liabilities	775,784	342,098
Fund balance:		
Reserved for encumbrances	356,508	411,291
Reserved by state statute	524,184	453,826
Reserved for fire services	2,722,749	2,898,489
Total fund balance	3,603,441	3,763,606
Total liabilities and fund balance	\$4,379,225	\$4,105,704

NEW HANOVER COUNTY, NORTH CAROLINA

**SPECIAL FIRE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

Year Ended June 30, 2010

With Comparative Actual Amounts for the Year Ended June 30, 2010

	<u>2010</u>		Variance	
	Final		Positive	2009
	Budget	Actual	(Negative)	Actual
Revenues:				
Ad valorem taxes, including interest	\$7,504,171	\$7,544,501	\$40,330	\$6,248,906
Other taxes	1,742,785	1,574,055	(168,730)	1,921,011
Miscellaneous	0	379	379	2
Intergovernmental revenue	404,556	210,785	(193,771)	25,951
Charges for services	112,800	107,173	(5,627)	110,015
Investment earnings	18,150	20,454	2,304	49,698
Total revenues	<u>9,782,462</u>	<u>9,457,347</u>	<u>(325,115)</u>	<u>8,355,583</u>
Expenditures:				
Current:				
Operating expenditures	7,811,574	6,747,085	1,064,489	5,855,150
Capital outlay	695,029	367,722	327,307	1,069,083
Payments to volunteer fire departments	733,466	721,364	12,102	843,077
Installment debt payments	1,170,290	1,135,800	34,490	1,081,094
Total expenditures	<u>10,410,359</u>	<u>8,971,971</u>	<u>1,438,388</u>	<u>8,848,404</u>
Revenues over (under) expenditures	<u>(627,897)</u>	<u>485,376</u>	<u>1,113,273</u>	<u>(492,821)</u>
Other financing sources (uses):				
Appropriated fund balance	701,261	0	(701,261)	0
Long-term debt issued	572,177	0	(572,177)	0
Transfers to other funds	(645,541)	(645,541)	0	(48,541)
Total other financing sources (uses)	<u>627,897</u>	<u>(645,541)</u>	<u>(1,273,438)</u>	<u>(48,541)</u>
Revenues and other sources over (under) expenditures	<u>\$0</u>	<u>(160,165)</u>	<u>(\$160,165)</u>	<u>(541,362)</u>
Fund balance - beginning of year		3,763,606		4,304,968
Fund balance - end of year		<u>\$3,603,441</u>		<u>\$3,763,606</u>

NEW HANOVER COUNTY, NORTH CAROLINA
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
COMPARATIVE BALANCE SHEET
June 30, 2010 and 2009

ASSETS	2010	2009
Receivables:		
Intergovernmental revenues	\$72,048	\$17,460
Total assets	\$72,048	\$17,460

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$2,122	\$0
Interfund loans	53,998	1,599
	56,120	1,599
Fund balance:		
Reserved by state statute	72,048	0
Reserved for local law enforcement grant	15,928	15,861
Unreserved	(72,048)	0
Total fund balance	15,928	15,861
Total liabilities and fund balance	\$72,048	\$17,460

NEW HANOVER COUNTY, NORTH CAROLINA

**LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

Year Ended June 30, 2010

With Comparative Actual Amounts for the Year Ended June 30, 2009

	<u>2010</u>			<u>2009 Actual</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	
Revenues:				
Intergovernmental revenue	\$75,511	\$72,171	(\$3,340)	\$17,460
Investment earnings	0	67	67	261
Total revenues	<u>75,511</u>	<u>72,238</u>	<u>(3,273)</u>	<u>17,721</u>
Expenditures:				
Current:				
Operating expenditures	75,511	72,171	3,340	17,460
Total expenditures	<u>75,511</u>	<u>72,171</u>	<u>3,340</u>	<u>17,460</u>
Revenues over expenditures	<u>\$0</u>	<u>67</u>	<u>\$67</u>	261
Fund balance - beginning of year		15,861		15,600
Fund balance - end of year		<u>\$15,928</u>		<u>\$15,861</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND-ARTICLE 3
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$2,217,902	\$1,638,972
Receivables:		
Other sources (net)	80,606	80,606
Total assets	\$2,298,508	\$1,719,578
FUND BALANCE		
Fund balance:		
Reserved by state statute	\$80,606	\$80,606
Reserved for emergency telephone system	2,217,902	1,638,972
 Total fund balance	 \$2,298,508	 \$1,719,578

NEW HANOVER COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND-ARTICLE 3
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

Year Ended June 30, 2010

With Comparative Actual Amounts for the Year Ended June 30, 2009

	2010			2009 Actual
	Final Budget	Actual	Variance Positive (Negative)	
Revenues:				
Other taxes	\$432,520	\$967,276	\$534,756	\$1,097,197
Investment earnings	0	11,016	11,016	19,973
Total revenues	432,520	978,292	545,772	1,117,170
Other financing sources (uses):				
Transfers to other funds	(432,520)	(399,362)	33,158	(214,460)
Total other financing sources (uses)	(432,520)	(399,362)	33,158	(214,460)
Revenues over other (uses)	\$0	578,930	\$578,930	902,710
Fund balance - beginning of year		1,719,578		816,868
Fund balance - end of year		\$2,298,508		\$1,719,578

NEW HANOVER COUNTY, NORTH CAROLINA

REVOLVING LOAN PROGRAM

BALANCE SHEET

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$62,295	\$102,226
Receivables:		
Intergovernmental revenues	242	0
Total assets	<u>\$62,537</u>	<u>\$102,226</u>
 FUND BALANCE		
Fund balance:		
Reserved by state statute	\$242	\$0
Reserved for revolving loans	62,295	102,226
Total fund balance	<u>62,537</u>	<u>102,226</u>
 Total fund balance	 <u>\$62,537</u>	 <u>\$102,226</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**REVOLVING LOAN PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

Year Ended June 30, 2010

With Comparative Actual Amounts for the Year Ended June 30, 2009

	<u>2010</u>		Variance	
	Final		Positive	2009
	Budget	Actual	(Negative)	Actual
Revenues:				
Misc revenue	\$6,710	\$8,093	\$1,383	\$116,763
Investment earnings	0	460	460	1,853
Total revenues	<u>6,710</u>	<u>8,553</u>	<u>1,843</u>	<u>118,616</u>
Expenditures:				
Current:				
Operating expenditures	102,226	48,242	53,984	16,390
Total expenditures	<u>102,226</u>	<u>48,242</u>	<u>53,984</u>	<u>16,390</u>
Revenues over expenditures	<u>(\$95,516)</u>	<u>(39,689)</u>	<u>\$55,827</u>	<u>102,226</u>
Other financing sources (uses):				
Appropriated fund balance	95,516	0	(95,516)	0
Total other financing sources (uses)	<u>95,516</u>	<u>0</u>	<u>(95,516)</u>	<u>0</u>
Revenues and other sources over (under) expenditures	<u>\$0</u>	<u>(39,689)</u>	<u>(\$39,689)</u>	<u>102,226</u>
Fund balance - beginning of year		102,226		0
Fund balance - end of year		<u>\$62,537</u>		<u>\$102,226</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**PARKS FOUNDATION
COMPARATIVE BALANCE SHEET
June 30, 2010 and 2009**

<i>ASSETS</i>	2010	2009
Cash and investments	<u>\$ 3,760</u>	<u>\$ 3,709</u>
Total assets	<u>\$ 3,760</u>	<u>\$ 3,709</u>
 <i>FUND BALANCE</i>		
Fund balance:		
Reserved for parks	<u>\$ 3,760</u>	<u>\$ 3,709</u>
Total fund balance	<u>\$ 3,760</u>	<u>\$ 3,709</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**PARKS FOUNDATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

Year Ended June 30, 2010

With Comparative Actual Amounts for the Year Ended June 30, 2009

	2010		Variance	
	Final	Actual	Positive	2009
	Budget	Actual	(Negative)	Actual
Revenues:				
Contributions	\$0	\$50	\$50	\$0
Investment earnings	0	1	1	1
Total revenues	0	51	51	1
Expenditures:				
Current:				
Operating expenditures	0	0	0	0
Total expenditures	0	0	0	0
Revenues over expenditures	\$0	51	\$51	1
Fund balance - beginning of year		3,709		3,708
Fund balance - end of year		\$3,760		\$3,709

NEW HANOVER COUNTY, NORTH CAROLINA

AIRLIE GARDENS FOUNDATION, INC.

COMPARATIVE BALANCE SHEET

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$1,631,705	\$1,569,845
Receivables - other sources (net)	3,358	706
Total assets	\$1,635,063	\$1,570,551
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$148,455	\$168,962
Total liabilities	148,455	168,962
 Fund balance:		
Reserved by state statute	3,358	0
Reserved for Airlie Gardens Foundation, Inc.	1,483,250	1,401,589
 Total fund balance	1,486,608	1,401,589
 Total liabilities and fund balance	\$1,635,063	\$1,570,551

NEW HANOVER COUNTY, NORTH CAROLINA

**AIRLIE GARDENS FOUNDATION, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

Year Ended June 30, 2010

With Comparative Actual Amounts for the Year Ended June 30, 2009

	2010			2009
	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Public support and revenue	\$0	\$645,416	\$645,416	\$717,674
Investment earnings	0	31,734	31,734	34,823
Miscellaneous	0	379	379	1,580
Total revenues	0	677,529	677,529	754,077
Expenditures:				
Current:				
Operating expenditures	0	592,510	(592,510)	836,073
Total expenditures	0	592,510	(592,510)	836,073
Revenues over (under) expenditures	\$0	85,019	\$85,019	(81,996)
Fund balance - beginning of year		1,401,589		1,483,585
Fund balance - end of year		\$1,486,608		\$1,401,589

NEW HANOVER COUNTY, NORTH CAROLINA

**PUBLIC HEALTH FOUNDATION
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

<i>ASSETS</i>	2010	2009
Cash and investments	<u>\$22,200</u>	<u>\$0</u>
Total assets	<u>\$22,200</u>	<u>\$0</u>
 <i>FUND BALANCE</i>		
Fund balance:		
Reserved for public health	<u>\$22,200</u>	<u>\$0</u>
Total fund balance	<u>\$22,200</u>	<u>\$0</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**PUBLIC HEALTH FOUNDATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

Year Ended June 30, 2010

With Comparative Actual Amounts for the Year Ended June 30, 2009

	<u>2010</u>		<u>Variance</u>	
	<u>Final</u>		<u>Positive</u>	<u>2009</u>
	<u>Budget</u>	<u>Actual</u>	<u>(Negative)</u>	<u>Actual</u>
Revenues:				
Contributions	\$0	\$32,877	\$32,877	\$0
Total revenues	<u>0</u>	<u>32,877</u>	<u>32,877</u>	<u>0</u>
Expenditures:				
Current:				
Operating expenditures	0	10,677	(10,677)	0
Total expenditures	<u>0</u>	<u>10,677</u>	<u>(10,677)</u>	<u>0</u>
Revenues over expenditures	<u>\$0</u>	<u>22,200</u>	<u>\$22,200</u>	0
Fund balance - beginning of year		0		0
Fund balance - end of year		<u>\$22,200</u>		<u>\$0</u>

Capital Project Funds



NEW HANOVER COUNTY, NORTH CAROLINA

**\$164 MILLION CFCC BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Restricted cash	<u>\$63,173,922</u>	\$0
Total assets	<u>\$63,173,922</u>	<u>\$0</u>
LIABILITIES AND FUND (DEFICIT)		
Liabilities:		
Accounts payable	\$172,339	\$0
Interfund loan	0	231,073
Total liabilities	<u>172,339</u>	<u>231,073</u>
Fund (deficit):		
Unreserved:		
Designated for subsequent years' expenditures	63,001,583	(231,073)
Total fund balance	<u>63,001,583</u>	<u>(231,073)</u>
Total liabilities and fund (deficit)	<u>\$63,173,922</u>	<u>\$0</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**\$164 MILLION CFCC BOND EXPENDITURE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

From Inception and for the Year Ended June 30, 2010

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Investment earnings	\$0	\$0	\$384	\$384
Total revenues	0	0	384	384
Expenditures:				
Capital outlay:				
Construction	164,000,000	231,073	6,767,728	6,998,801
Total expenditures	164,000,000	231,073	6,767,728	6,998,801
Revenues (under) expenditures	(164,000,000)	(231,073)	(6,767,344)	(6,998,417)
Other financing sources:				
Long-term debt issued	164,000,000	0	66,211,254	66,211,254
Premium on long-term debt issued	0	0	3,788,746	3,788,746
Total other financing sources	164,000,000	0	70,000,000	70,000,000
Revenues and other sources (under) expenditures	\$0	(231,073)	63,232,656	63,001,583
Fund (deficit) - beginning of year		--	(231,073)	--
Fund (deficit) - end of year			<u>(\$231,073)</u>	<u>\$63,001,583</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**\$35.5MILLION PARKS & REC BONDS CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
June 30, 2010 and 2009**

ASSETS	2010	2009
Cash and investments	\$11,872	\$11,632
Restricted cash	18,940,006	4,559,906
Receivables:		
Intergovernmental	0	10,335
Total assets	\$18,951,878	\$4,581,873

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$2,791,702	\$35,340
Total liabilities	2,791,702	35,340
 Fund balance:		
Reserved for encumbrances	33,580	83,199
Reserved by state statute	-	10,335
Unreserved:		
Designated for subsequent years' expenditures	16,126,596	4,452,999
Total fund balance	16,160,176	4,546,533
 Total liabilities and fund balance	\$18,951,878	\$4,581,873

NEW HANOVER COUNTY, NORTH CAROLINA

**\$35.5MILLION PARKS & REC BONDS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) -
BUDGET (GAAP BASIS) AND ACTUAL
From Inception and for the Year Ended June 30, 2010**

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Investment earnings	\$0	\$243,604	\$35,024	\$278,628
Sales Tax Refund	0	28,772	0	28,772
Total revenues	0	272,376	35,024	307,400
Expenditures:				
Capital outlay:				
Land	4,046,150	4,044,800	0	4,044,800
Construction	34,463,195	12,695,347	5,921,381	18,616,728
Total expenditures	38,509,345	16,740,147	5,921,381	22,661,528
Revenues (under) expenditures	(38,509,345)	(16,467,771)	(5,886,357)	(22,354,128)
Other financing sources:				
Long-term debt issued	35,500,000	18,004,959	16,174,124	34,179,083
Premium on long-term debt issued	0	0	1,325,876	1,325,876
Transfers to other funds	(6,805)	(6,805)	0	(6,805)
Transfers from other funds	3,016,150	3,016,150	0	3,016,150
Total other financing sources	38,509,345	21,014,304	17,500,000	38,514,304
Revenues and other sources over (under) expenditures	\$0	4,546,533	11,613,643	16,160,176
Fund balance - beginning of year		--	4,546,533	--
Fund balance - end of year		\$4,546,533	\$16,160,176	\$16,160,176

NEW HANOVER COUNTY, NORTH CAROLINA

**\$123M SCHOOL BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$43,608	\$43,608
Restricted cash	11,358,581	32,378,474
Total assets	\$11,402,189	\$32,422,082

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$53	\$0
Total liabilities	53	0

Fund balance:		
Unreserved:		
Designated for subsequent years' expenditures	11,402,136	32,422,082
Total fund balance	11,402,136	32,422,082
 Total liabilities and fund balance	\$11,402,189	\$32,422,082

NEW HANOVER COUNTY, NORTH CAROLINA

**\$123M SCHOOL BOND EXPENDITURE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

From Inception and for the Year Ended June 30, 2010

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Intergovernmental revenue	\$8,324,753	\$815,000	\$5,709,753	\$6,524,753
Investment earnings	3,187,924	3,204,895	42,167	3,247,062
Total revenues	<u>11,512,677</u>	<u>4,019,895</u>	<u>5,751,920</u>	<u>9,771,815</u>
Expenditures:				
Capital outlay:				
Construction	130,324,753	94,629,699	25,706,866	120,336,565
Contingency	1,000,000	0	0	0
Total expenditures	<u>131,324,753</u>	<u>94,629,699</u>	<u>25,706,866</u>	<u>120,336,565</u>
Revenues (under) expenditures	<u>(119,812,076)</u>	<u>(90,609,804)</u>	<u>(19,954,946)</u>	<u>(110,564,750)</u>
Other financing sources:				
Long-term debt issued	123,000,000	123,220,955	0	123,220,955
Premium on long-term debt issued	0	1,933,855	0	1,933,855
Transfers to other funds	(3,187,924)	(2,122,924)	(1,065,000)	(3,187,924)
Total other financing sources	<u>119,812,076</u>	<u>123,031,886</u>	<u>(1,065,000)</u>	<u>121,966,886</u>
Revenues and other sources over (under) expenditures	<u><u>\$0</u></u>	<u>32,422,082</u>	<u>(21,019,946)</u>	<u>11,402,136</u>
Fund balance - beginning of year		--	32,422,082	--
Fund balance - end of year		<u><u>\$32,422,082</u></u>	<u><u>\$11,402,136</u></u>	<u><u>\$11,402,136</u></u>

NEW HANOVER COUNTY, NORTH CAROLINA

**TIDAL CREEKS WATER QUALITY CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$149,262	\$148,434
Total assets	\$149,262	\$148,434

LIABILITIES AND FUND BALANCE

Fund Balance:		
Reserved by state statute	\$0	\$148,434
Unreserved:		
Designated for subsequent years' expenditures	149,262	0
Total fund balance	149,262	148,434
 Total liabilities and fund balance	 \$149,262	 \$148,434

NEW HANOVER COUNTY, NORTH CAROLINA

**TIDAL CREEKS WATER QUALITY CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
From Inception and for the Year Ended June 30, 2010**

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Intergovernmental revenues	\$6,525,000	\$6,453,087	\$0	\$6,453,087
Investment earnings	87,834	310,382	828	311,210
Sales tax refund	4,384	23,269	0	23,269
Total revenues	<u>6,617,218</u>	<u>6,786,738</u>	<u>828</u>	<u>6,787,566</u>
Expenditures:				
Capital outlay:				
Land	15,433,692	15,384,475	0	15,384,475
Construction	3,746,932	3,567,235	0	3,567,235
Total expenditures	<u>19,180,624</u>	<u>18,951,710</u>	<u>0</u>	<u>18,951,710</u>
Revenues (under) expenditures	<u>(12,563,406)</u>	<u>(12,164,972)</u>	<u>828</u>	<u>(12,164,144)</u>
Other financing sources (uses):				
Long-term debt issued	10,191,418	10,191,418	0	10,191,418
Transfers from other funds	2,839,455	2,589,455	0	2,589,455
Transfers to other funds	(467,467)	(467,467)	0	(467,467)
Total other financing sources	<u>12,563,406</u>	<u>12,313,406</u>	<u>0</u>	<u>12,313,406</u>
Revenues and other sources over (under) expenditures	<u>\$0</u>	148,434	828	149,262
Fund balance - beginning of year		--	148,434	--
Fund balance - end of year		<u>\$148,434</u>	<u>\$149,262</u>	<u>\$149,262</u>

NEW HANOVER COUNTY, NORTH CAROLINA

SEMH & HEALTH ADM. BUILDING CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$3,260,143	\$2,318,891
Due from other funds	-	925,416
Total assets	\$3,260,143	\$3,244,307

FUND BALANCE

Fund balance:		
Unreserved:		
Designated for subsequent years' expenditures	\$3,260,143	\$3,244,307
Total fund balance	\$3,260,143	\$3,244,307

NEW HANOVER COUNTY, NORTH CAROLINA

**SEMH & HEALTH ADM. BUILDING CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
From Inception and for the Year Ended June 30, 2010**

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Intergovernmental revenues	\$5,000,000	\$3,000,000	\$0	\$3,000,000
Investment earnings	0	248,848	18,107	266,955
Total revenues	5,000,000	3,248,848	18,107	3,266,955
Expenditures:				
Capital outlay:				
Construction	22,946,195	4,541	2,271	6,812
Total expenditures	22,946,195	4,541	2,271	6,812
Revenues over (under) expenditures	(\$17,946,195)	3,244,307	15,836	3,260,143
Other financing sources:				
Long-term debt issued	17,946,195	0	0	0
Total other financing sources	17,946,195	0	0	0
Revenues and other sources over (under) expenditures	\$0	3,244,307	15,836	3,260,143
Fund balance - beginning of year		--	3,244,307	--
Fund balance - end of year		\$3,244,307	\$3,260,143	\$3,260,143

NEW HANOVER COUNTY, NORTH CAROLINA

**SMITH CREEK PARK CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$518,421	\$620,198
Receivables:		
Intergovernmental	1,456	0
Total assets	\$519,877	\$620,198

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$5,370	\$22,365
Total liabilities	5,370	22,365
Fund balance:		
Unreserved:		
Designated for subsequent years' expenditures	514,507	597,833
Total fund balance	514,507	597,833
 Total liabilities and fund balance	 \$519,877	 \$620,198

NEW HANOVER COUNTY, NORTH CAROLINA

**SMITH CREEK PARK CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

From Inception and for the Year Ended June 30, 2010

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Intergovernmental revenues	\$144,206	\$644,206	\$0	\$644,206
Investment earnings	0	78,592	3,159	81,751
Sales tax refund	0	0	1,456	1,456
Fees	0	0	35,000	35,000
Total revenues	144,206	722,798	39,615	762,413
Expenditures:				
Capital outlay:				
Construction	144,206	124,965	122,941	247,906
Total expenditures	144,206	124,965	122,941	247,906
Revenues over (under) expenditures	<u>\$0</u>	597,833	(83,326)	514,507
Fund balance - beginning of year		--	597,833	--
Fund balance - end of year		<u>\$597,833</u>	<u>\$514,507</u>	<u>\$514,507</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**PUBLIC SCHOOL BUILDING CAPITAL FUND CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	<u>\$0</u>	<u>\$0</u>
Total assets	<u>\$0</u>	<u>\$0</u>
 LIABILITIES AND FUND BALANCE		
Fund balance:		
Unreserved:		
Designated for subsequent years' expenditures	<u>\$0</u>	<u>\$0</u>
Total fund balance	<u>0</u>	<u>0</u>
 Total liabilities and fund balance	<u>\$0</u>	<u>\$0</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**PUBLIC SCHOOL BUILDING CAPITAL FUND CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
From Inception and for the Year Ended June 30, 2010**

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Intergovernmental revenues	\$2,301,000	\$1,961,843	\$70,600	\$2,032,443
Total revenues	<u>2,301,000</u>	<u>1,961,843</u>	<u>70,600</u>	<u>2,032,443</u>
Expenditures:				
Capital outlay:				
Construction	2,301,000	1,961,843	70,600	2,032,443
Total expenditures	<u>2,301,000</u>	<u>1,961,843</u>	<u>70,600</u>	<u>2,032,443</u>
Revenues over (under) expenditures	<u>\$0</u>	0	0	0
Fund balance - beginning of year		--	0	--
Fund balance - end of year		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**ANDERSON/OGDEN ELEMENTARY SCHOOLS CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and investments	\$10	\$10
Total assets	\$10	\$10

FUND BALANCE

Fund balance:		
Unreserved:		
Designated for subsequent years' expenditures	\$10	\$10
Total fund balance	\$10	\$10

NEW HANOVER COUNTY, NORTH CAROLINA

**ANDERSON/OGDEN ELEMENTARY SCHOOLS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) -
BUDGET (GAAP BASIS) AND ACTUAL
From Inception and for the Year Ended June 30, 2010**

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Intergovernmental revenues	\$7,674,166	\$6,949,886	\$0	\$6,949,886
Total revenues	<u>7,674,166</u>	<u>6,949,886</u>	<u>0</u>	<u>6,949,886</u>
Expenditures:				
Capital outlay:				
Construction	11,950,000	11,225,710	0	11,225,710
Total expenditures	<u>11,950,000</u>	<u>11,225,710</u>	<u>0</u>	<u>11,225,710</u>
Revenues (under) expenditures	<u>(4,275,834)</u>	<u>(4,275,824)</u>	<u>0</u>	<u>(4,275,824)</u>
Other financing sources:				
Transfers from other funds	4,275,834	4,275,834	0	4,275,834
Total other financing sources	<u>4,275,834</u>	<u>4,275,834</u>	<u>0</u>	<u>4,275,834</u>
Revenues and other sources over (under) expenditures	<u>\$0</u>	10	0	10
Fund balance - beginning of year		--	10	--
Fund balance - end of year		<u>\$10</u>	<u>\$10</u>	<u>\$10</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**BURN PIT CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$169,508	\$308,857
Receivables:		
Other sources (net)	5,569	24,335
Total assets	\$175,077	\$333,192
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$2,948	\$6,610
Total liabilities	2,948	6,610
Fund balance:		
Reserved by state statute	0	24,335
Unreserved:		
Designated for subsequent years' expenditures	5,569	242,719
Undesignated	166,560	59,528
Total fund balance	172,129	326,582
Total liabilities and fund balance	\$175,077	\$333,192

NEW HANOVER COUNTY, NORTH CAROLINA

**BURN PIT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
From Inception and for the Year Ended June 30, 2010**

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Intergovernmental revenue	\$1,378,306	\$1,436,825	\$11,138	\$1,447,963
Investment earnings	266,714	267,723	1,409	269,132
Total revenues	<u>1,645,020</u>	<u>1,704,548</u>	<u>12,547</u>	<u>1,717,095</u>
Expenditures:				
Capital outlay:				
Utilities	104,153	56,112	5,998	62,110
Contracted services	2,033,968	1,944,956	31,002	1,975,958
Training and travel	1,899	1,898	0	1,898
Total expenditures	<u>2,140,020</u>	<u>2,002,966</u>	<u>37,000</u>	<u>2,039,966</u>
Revenues (under) expenditures	<u>(495,000)</u>	<u>(298,418)</u>	<u>(24,453)</u>	<u>(322,871)</u>
Other financing sources:				
Transfers to other funds	(130,000)	0	(130,000)	(130,000)
Transfers from other funds	625,000	625,000	0	625,000
Total other financing sources:	<u>495,000</u>	<u>625,000</u>	<u>(130,000)</u>	<u>495,000</u>
Revenues and other sources over (under) expenditures	<u>\$0</u>	326,582	(154,453)	172,129
Fund balance - beginning of year		--	326,582	--
Fund balance - end of year		<u>\$326,582</u>	<u>\$172,129</u>	<u>\$172,129</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**MURRAYVILLE FIRE STATION CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Restricted cash	\$182,041	\$1,504,619
Receivables:		
Intergovernmental	0	44,566
Total assets	\$182,041	\$1,549,185

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$0	\$477,359
Due to other funds	0	541,767
Total liabilities	0	1,019,126
Fund balance:		
Reserved by encumbrances	32,128	307,206
Reserved by state statute	0	44,566
Designated for subsequent years' expenditures	149,913	178,287
Total fund balance	182,041	530,059
 Total liabilities and fund balance	 \$182,041	 \$1,549,185

NEW HANOVER COUNTY, NORTH CAROLINA

**MURRAYVILLE FIRE STATION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
From Inception and for the Year Ended June 30, 2010**

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Investment earnings	\$0	\$23,065	\$314	\$23,379
Sales tax refund	0	46,128	7,908	54,036
Total revenues	0	69,193	8,222	77,415
Expenditures:				
Capital outlay:				
Construction	3,549,966	3,089,100	356,240	3,445,340
Total expenditures	3,549,966	3,089,100	356,240	3,445,340
Revenues (under) expenditures	(3,549,966)	(3,019,907)	(348,018)	(3,367,925)
Other financing sources:				
Long-term debt issued	3,549,966	3,549,966	0	3,549,966
Total other financing sources	3,549,966	3,549,966	0	3,549,966
Revenues and other sources over (under) expenditures	\$0	530,059	(348,018)	182,041
Fund balance - beginning of year		--	530,059	--
Fund balance - end of year		\$530,059	\$182,041	\$182,041

NEW HANOVER COUNTY, NORTH CAROLINA

**CONTROLLED SUBSTANCE TAX CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	<u>\$44,273</u>	<u>\$29,441</u>
Total assets	<u>\$44,273</u>	<u>\$29,441</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	<u>\$8,499</u>	<u>\$6,357</u>
Total liabilities	<u>8,499</u>	<u>6,357</u>
Fund balance:		
Unreserved:		
Designated for subsequent years' expenditures	4,564	13,486
Undesignated	<u>31,210</u>	<u>9,598</u>
Total fund balance	<u>35,774</u>	<u>23,084</u>
 Total liabilities and fund balance	 <u>\$44,273</u>	 <u>\$29,441</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**CONTROLLED SUBSTANCE TAX CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
From Inception and for the Year Ended June 30, 2010**

	Total Project Estimate	Actual to June 30, 2010		Total
		Reported In Prior Years	Current Year	
Revenues:				
Intergovernmental revenue	\$1,101,756	\$983,296	\$102,278	\$1,085,574
Miscellaneous	49,707	49,707	0	49,707
Investment earnings	28,900	28,748	156	28,904
Total revenues	<u>1,180,363</u>	<u>1,061,751</u>	<u>102,434</u>	<u>1,164,185</u>
Expenditures:				
Supplies	518,237	386,133	81,744	467,877
Capital outlay	608,033	600,032	8,000	608,032
Contracted services	20,444	18,853	0	18,853
Total expenditures	<u>1,146,714</u>	<u>1,005,018</u>	<u>89,744</u>	<u>1,094,762</u>
Revenues over (under) expenditures	<u>33,649</u>	<u>56,733</u>	<u>12,690</u>	<u>69,423</u>
Other financing (uses):				
Transfers to other funds	(33,649)	(33,649)	0	(33,649)
Total other financing (uses)	<u>(33,649)</u>	<u>(33,649)</u>	<u>0</u>	<u>(33,649)</u>
Revenues over (under) expenditures and other financing (uses)	<u>\$0</u>	<u>23,084</u>	<u>12,690</u>	<u>35,774</u>
Fund balance - beginning of year		--	23,084	--
Fund balance - end of year		<u>\$23,084</u>	<u>\$35,774</u>	<u>\$35,774</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**FEDERAL FORFEITED PROPERTY CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$37,084	\$51,484
Total assets	\$37,084	\$51,484
 LIABILITIES AND FUND BALANCE 		
Liabilities:		
Accounts payable	\$6,157	\$995
Total liabilities	6,157	995
Fund balance:		
Reserved by state statute	0	9,895
Unreserved:		
Designated for subsequent years' expenditures	0	10,946
Undesignated	30,927	29,648
Total fund balance	30,927	50,489
Total liabilities and fund balance	\$37,084	\$51,484

NEW HANOVER COUNTY, NORTH CAROLINA

**FEDERAL FORFEITED PROPERTY CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
From Inception and for the Year Ended June 30, 2010**

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Intergovernmental revenue	\$4,265,496	\$4,067,574	\$157,363	\$4,224,937
Miscellaneous	174,170	174,170	0	174,170
Investment earnings	39,227	38,867	362	39,229
Total revenues	<u>4,478,893</u>	<u>4,280,611</u>	<u>157,725</u>	<u>4,438,336</u>
Expenditures:				
Supplies	687,960	588,095	65,183	653,278
Capital outlay	2,795,283	2,646,379	112,104	2,758,483
Construction	131,465	131,463	0	131,463
Total expenditures	<u>3,614,708</u>	<u>3,365,937</u>	<u>177,287</u>	<u>3,543,224</u>
Revenues over expenditures	<u>864,185</u>	<u>914,674</u>	<u>(19,562)</u>	<u>895,112</u>
Other financing (uses):				
Transfers to other funds	<u>(864,185)</u>	<u>(864,185)</u>	<u>0</u>	<u>(864,185)</u>
Total other financing (uses)	<u>(864,185)</u>	<u>(864,185)</u>	<u>0</u>	<u>(864,185)</u>
Revenues over expenditures and other financing (uses)	<u><u>\$0</u></u>	<u>50,489</u>	<u>(19,562)</u>	<u>30,927</u>
Fund balance - beginning of year		--	50,489	--
Fund balance - end of year		<u>\$50,489</u>	<u>\$30,927</u>	<u>\$30,927</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**\$38.3 MILLION CFCC BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Restricted cash	\$76,062	\$457,908
Total assets	\$76,062	\$457,908
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$0	\$382,046
Total liabilities	0	382,046
Fund balance:		
Unreserved:		
Undesignated	76,062	75,862
Total fund balance	76,062	75,862
Total liabilities and fund balance	\$76,062	\$457,908

NEW HANOVER COUNTY, NORTH CAROLINA

**\$38.3 MILLION CFCC BOND EXPENDITURE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

From Inception and for the Year Ended June 30, 2010

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Investment earnings	\$2,297,424	\$2,373,287	\$200	\$2,373,487
Total revenues	<u>2,297,424</u>	<u>2,373,287</u>	<u>200</u>	<u>2,373,487</u>
Expenditures:				
Capital outlay:				
Land	7,623,383	7,623,383	0	7,623,383
Construction	30,676,617	30,676,618	0	30,676,618
Total expenditures	<u>38,300,000</u>	<u>38,300,001</u>	<u>0</u>	<u>38,300,001</u>
Revenues (under) expenditures	<u>(36,002,576)</u>	<u>(35,926,714)</u>	<u>200</u>	<u>(35,926,514)</u>
Other financing sources (uses):				
Long-term debt issued	38,300,000	38,300,000	0	38,300,000
Transfers to other funds	(2,297,424)	(2,297,424)	0	(2,297,424)
Total other financing sources	<u>36,002,576</u>	<u>36,002,576</u>	<u>0</u>	<u>36,002,576</u>
Revenues and other sources over (under) expenditures	<u>\$0</u>	75,862	200	76,062
Fund balance - beginning of year		--	75,862	--
Fund balance - end of year		<u>\$75,862</u>	<u>\$76,062</u>	<u>\$76,062</u>

NEW HANOVER COUNTY, NORTH CAROLINA

CFCC PUBLIC SAFETY TRAINING CENTER CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET

June 30, 2010 and 2009

<i>ASSETS</i>	2010	2009
Cash and investments	\$46,791	\$272,562
Total assets	\$46,791	\$272,562
 <i>LIABILITIES AND FUND BALANCE</i>		
Liabilities:		
Accounts payable	\$0	\$122
Total liabilities	0	122
Fund balance:		
Unreserved:		
Designated for subsequent years' expenditures	0	233,103
Undesignated	46,791	39,337
Total fund balance	46,791	272,440
 Total liabilities and fund balance	\$46,791	\$272,562

NEW HANOVER COUNTY, NORTH CAROLINA

**CFCC PUBLIC SAFETY TRAINING CENTER CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

From Inception and for the Year Ended June 30, 2010

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Investment earnings	\$0	\$39,337	\$1,099	\$40,436
Total revenues	0	39,337	1,099	40,436
Expenditures:				
Capital outlay:				
Construction	3,500,000	3,266,897	226,748	3,493,645
Total expenditures	3,500,000	3,266,897	226,748	3,493,645
Revenues (under) expenditures	(3,500,000)	(3,227,560)	(225,649)	(3,453,209)
Other financing sources:				
Transfers from other funds	3,500,000	3,500,000	0	3,500,000
Total other financing sources	3,500,000	3,500,000	0	3,500,000
Revenues and other sources over (under) expenditures	\$0	272,440	(225,649)	46,791
Fund balance - beginning of year		--	272,440	--
Fund balance - end of year		\$272,440	\$46,791	\$46,791

NEW HANOVER COUNTY, NORTH CAROLINA

**MASONS INLET RELOCATION CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	<u>\$504,839</u>	<u>\$294,967</u>
Total assets	<u>\$504,839</u>	<u>\$294,967</u>
FUND BALANCE		
Fund Balance:		
Reserved for encumbrances	\$160,954	\$99,152
Unreserved:		
Designated for subsequent years' expenditures	0	66,136
Undesignated	<u>343,885</u>	<u>129,679</u>
Total fund balance	<u>\$504,839</u>	<u>\$294,967</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**MASONS INLET RELOCATION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
From Inception and for the Year Ended June 30, 2010**

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Investment earnings	\$0	\$129,679	\$1,639	\$131,318
Sales tax refund	0	162	0	162
Total revenues	0	129,841	1,639	131,480
Expenditures:				
Capital outlay:				
Construction	10,246,639	9,724,842	148,438	9,873,280
Land	340,153	340,153	0	340,153
Total expenditures	10,586,792	10,064,995	148,438	10,213,433
Revenues (under) expenditures	(10,586,792)	(9,935,154)	(146,799)	(10,081,953)
Other financing sources:				
Transfers from other funds	10,586,792	10,230,121	356,671	10,586,792
Total other financing sources	10,586,792	10,230,121	356,671	10,586,792
Revenues and other sources over (under) expenditures	<u>\$0</u>	294,967	209,872	504,839
Fund balance - beginning of year		--	294,967	--
Fund balance - end of year		<u>\$294,967</u>	\$504,839	<u>\$504,839</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**FUTURE JAIL EXPANSION CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$5,391	\$0
Restricted cash	0	6,991
Total assets	<u>\$5,391</u>	<u>\$6,991</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Due to other funds	\$0	\$1,603
Total liabilities	<u>0</u>	<u>1,603</u>
Fund balance:		
Unreserved:		
Undesignated	5,391	5,388
Total fund balance	<u>5,391</u>	<u>5,388</u>
Total liabilities and fund balance	<u>\$5,391</u>	<u>\$6,991</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**FUTURE JAIL EXPANSION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

From Inception and for the Year Ended June 30, 2010

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Investment earnings	\$0	\$6,991	\$3	\$6,994
Total revenues	0	6,991	3	6,994
Expenditures:				
Capital outlay:				
Land	5,380,100	5,380,100	0	5,380,100
Construction	8,000	9,603	0	9,603
Total expenditures	5,388,100	5,389,703	0	5,389,703
Revenues over (under) expenditures	(5,388,100)	(5,382,712)	3	(5,382,709)
Other financing sources (uses):				
Long-term debt issued	5,388,100	5,388,100	0	5,388,100
Total other financing sources	5,388,100	5,388,100	0	5,388,100
Revenues and other sources over expenditures	\$0	5,388	3	5,391
Fund balance - beginning of year		--	5,388	--
Fund balance - end of year		\$5,388	\$5,391	\$5,391

NEW HANOVER COUNTY, NORTH CAROLINA

**SCATTERED SITE HOUSING CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$0	\$0
Receivables:		
Intergovernmental	394	890
Total assets	<u>\$394</u>	<u>\$890</u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities:		
Accounts payable	\$0	\$4,553
Interfund loan	8,279	266,605
Total liabilities	<u>8,279</u>	<u>271,158</u>
Fund balance (deficit):		
Reserved for encumbrances	1,000	20,893
Reserved by state statute	0	890
Unreserved:		
Designated for subsequent year's expenditures	(8,885)	(292,051)
Total fund balance (deficit)	<u>(7,885)</u>	<u>(270,268)</u>
Total liabilities and fund balance (deficit)	<u>\$394</u>	<u>\$890</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**SCATTERED SITE HOUSING CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) -
BUDGET (GAAP BASIS) AND ACTUAL
From Inception and for the Year Ended June 30, 2010**

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Intergovernmental revenue	\$1,200,000	\$821,046	\$333,170	\$1,154,216
Sales tax refund	0	890	394	1,284
Investment earnings	0	5,364	0	5,364
Total revenues	1,200,000	827,300	333,564	1,160,864
Expenditures:				
Capital outlay:				
Construction	1,178,600	1,074,225	71,181	1,145,406
Total expenditures	1,178,600	1,074,225	71,181	1,145,406
Revenues over (under) expenditures	21,400	(246,925)	262,383	15,458
Other financing (uses):				
Transfers to other funds	(21,400)	(23,343)	0	(23,343)
Total other financing (uses)	(21,400)	(23,343)	0	(23,343)
Revenues over (under) expenditures and other financing (uses)	\$0	(270,268)	262,383	(7,885)
Fund balance (deficit) - beginning of year		--	(270,268)	--
Fund balance (deficit) - end of year		(\$270,268)	(\$7,885)	(\$7,885)

NEW HANOVER COUNTY, NORTH CAROLINA

**COMPUTER SYSTEM IMPROVEMENTS CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	<u>\$123,418</u>	<u>\$123,418</u>
Total assets	<u>\$123,418</u>	<u>\$123,418</u>

LIABILITIES AND FUND BALANCE

Fund balance:		
Unreserved:		
Designated for subsequent years' expenditures	<u>123,418</u>	<u>123,418</u>
Total fund balance	<u>\$123,418</u>	<u>\$123,418</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**COMPUTER SYSTEM IMPROVEMENTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
From Inception and for the Year Ended June 30, 2010**

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Expenditures:				
Capital outlay:				
Construction	\$ 2,492,959	\$ 2,376,582	\$ 0	\$ 2,376,582
Contingencies	7,041	0	0	0
Total expenditures	<u>2,500,000</u>	<u>2,376,582</u>	<u>0</u>	<u>2,376,582</u>
Revenues (under) expenditures	<u>(2,500,000)</u>	<u>(2,376,582)</u>	<u>0</u>	<u>(2,376,582)</u>
Other financing sources:				
Long-term debt issued	<u>2,500,000</u>	<u>2,500,000</u>	<u>0</u>	<u>2,500,000</u>
Total other financing sources	<u>2,500,000</u>	<u>2,500,000</u>	<u>0</u>	<u>2,500,000</u>
Revenues and other sources over expenditures	<u>\$0</u>	123,418	0	123,418
Fund balance - beginning of year		--	123,418	--
Fund balance - end of year		<u>\$123,418</u>	<u>\$123,418</u>	<u>\$123,418</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**AIRPORT IMPROVEMENTS CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET**

June 30, 2010 and 2009

ASSETS	2010	2009
Cash and investments	\$ 84,915	\$ 152,828
Total assets	<u>\$ 84,915</u>	<u>\$ 152,828</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 72,441	\$ -
Due to component unit		140,354
Total liabilities	<u>72,441</u>	<u>140,354</u>
Fund balance:		
Unreserved:		
Designated for subsequent years' expenditures	<u>12,474</u>	<u>12,474</u>
Total fund balance	<u>12,474</u>	<u>12,474</u>
Total liabilities and fund balance	<u>\$ 84,915</u>	<u>\$ 152,828</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**AIRPORT IMPROVEMENTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
From Inception and for the Year Ended June 30, 2010**

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Investment earnings	\$0	\$187,568	\$0	\$187,568
Total revenues	0	187,568	0	187,568
Expenditures:				
Capital outlay:				
Construction	6,677,710	352,804	0	352,804
Total expenditures	6,677,710	352,804	0	352,804
Revenues over (under) expenditures	(6,677,710)	(165,236)	0	(165,236)
Other financing sources:				
Long-term debt issued	6,500,000	0	0	0
Transfers to other funds	(622,290)	(622,290)	0	(622,290)
Transfers from other funds	800,000	800,000	0	800,000
Total other financing sources	6,677,710	177,710	0	177,710
Revenues and other sources over expenditures	\$0	12,474	0	12,474
Fund balance - beginning of year		0	12,474	0
Fund balance - end of year		\$12,474	\$12,474	\$12,474

Enterprise Funds



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, 2010

With Comparative Actual Amounts for the Year Ended June 30, 2009

	2010		Variance Positive (Negative)	2009 Actual
	Budget	Actual		
Revenues:				
Charges for service	\$14,883,000	\$12,187,502	(\$2,695,498)	\$12,758,048
Intergovernmental revenues	355,000	368,072	13,072	365,405
Investment earnings	0	0	0	6,160
Other	2,305,900	361,258	(1,944,642)	241,470
Total revenues	17,543,900	12,916,832	(4,627,068)	13,371,083
Expenditures:				
Current:				
Salaries and benefits	4,541,659	4,414,982	126,677	4,670,763
Operating expenditures	8,713,651	7,193,269	1,520,382	6,229,080
Installment debt payments	531,778	457,339	74,439	579,724
Debt service (principal and interest) and fees	212,392	212,392	0	477,200
Capital expenditures	571,832	394,578	177,254	43,770
Total expenditures	14,571,312	12,672,560	1,898,752	12,000,537
Revenues over (under) expenditures	2,972,588	244,272	(2,728,316)	1,370,546
Other financing sources (uses):				
Long-term debt issued	665,755	665,755	0	0
Premium on long-term debt issued	57,506	57,506	0	0
Payments to refunded bond escrow agent	(717,439)	(717,439)	0	0
Transfers from other funds	0	0	0	124,569
Transfers to other funds	(3,028,051)	(2,183,879)	844,172	(75,051)
Administrative reserve	(33,870)	0	33,870	0
Appropriated fund balance	83,491	0	(83,491)	0
Total other financing sources (uses)	(2,972,608)	(2,178,057)	794,551	49,518
Revenues and other sources over (under) expenditures and other (uses)	(\$20)	(\$1,933,785)	(\$1,933,765)	\$1,420,064
Reconciliation of modified accrual basis to full accrual basis:				
Revenues and other sources (under) expenditures and other (uses)		(\$1,933,785)		\$1,420,064
Revenues and other sources - capital project funds		23		0
Accrued vacation		6,764		7,950
Depreciation and amortization expenses		(2,255,369)		(2,508,011)
Capital outlay, costs, capitalized		394,840		69,022
Landfill closure costs		0		(629,384)
Long-term debt proceeds, premiums		(723,261)		0
Payments to refunded bond escrow agent		717,439		0
Principal payments on debt		571,412		921,831
Interest expense accrual		6,682		41,062
Effect of debt refinancing, premiums fees capitalized		(32,946)		(4,824)
Loss on disposal of assets		0		(33,358)
Transfer (from) to capital project		1,505,828		(124,569)
Transfer of assets from other funds		0		19,082
Change in net assets		(\$1,742,373)		(\$821,135)

NEW HANOVER COUNTY, NORTH CAROLINA

**ENVIRONMENTAL MANAGEMENT FUND
CELL 6D 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, 2010**

	Total Project Estimate	Actual to June 30, 2010		
		Reported In Prior Years	Current Year	Total
Revenues:				
Investment earnings	\$0	\$0	\$23	\$23
Sales tax refund	0	0	0	0
Total revenues	0	0	23	23
Expenditures:				
Capital outlay:				
Construction	1,505,828	0	1,489,818	1,489,818
Total expenditures	1,505,828	0	1,489,818	1,489,818
Revenues (under) expenditures	(1,505,828)	0	(1,489,795)	(1,489,795)
Other financing sources:				
Transfers from other funds	1,505,828	0	1,505,828	1,505,828
Transfers to other funds	0	0	0	0
Total other financing sources	1,505,828	0	1,505,828	1,505,828
Revenues and other sources over (under) expenditures	\$0	\$0	\$16,033	\$16,033

Agency Funds



NEW HANOVER COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2010**

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
ROOM OCCUPANCY TAX AGENCY FUND				
Assets				
Cash	\$380,772	\$11,554,265	\$11,540,478	\$394,559
Receivables	463,658	489,054	463,660	489,052
Total assets	<u>\$844,430</u>	<u>\$12,043,319</u>	<u>\$12,004,138</u>	<u>\$883,611</u>
Liabilities				
Accounts payable	\$382,270	\$4,176,760	\$4,162,974	\$396,056
Due to other governmental units	462,160	7,866,559	7,841,164	487,555
Total liabilities	<u>\$844,430</u>	<u>\$12,043,319</u>	<u>\$12,004,138</u>	<u>\$883,611</u>
TAX CLEARING AGENCY FUND				
Assets				
Cash	\$189,758	\$57,406,244	\$57,310,047	\$285,955
Receivables	2,148,371	57,315,779	57,138,617	2,325,533
Total assets	<u>\$2,338,129</u>	<u>\$114,722,023</u>	<u>\$114,448,664</u>	<u>\$2,611,488</u>
Liabilities				
Due to other governmental units	2,338,129	114,659,737	114,386,378	2,611,488
Due to North Carolina Treasurer for DMV Interest	0	62,286	62,286	0
Total liabilities	<u>\$2,338,129</u>	<u>\$114,722,023</u>	<u>\$114,448,664</u>	<u>\$2,611,488</u>
SOCIAL SERVICES AGENCY FUND				
Assets				
Cash	\$267,476	\$905,051	\$939,067	\$233,460
Total assets	<u>\$267,476</u>	<u>\$905,051</u>	<u>\$939,067</u>	<u>\$233,460</u>
Liabilities				
Accounts payable	\$22,789	\$468,410	\$461,760	\$29,439
Escrow funds	244,687	436,641	477,307	204,021
Total liabilities	<u>\$267,476</u>	<u>\$905,051</u>	<u>\$939,067</u>	<u>\$233,460</u>
OTHER ESCROWS AGENCY FUND				
Assets				
Cash	\$16,510,958	\$58,629,084	\$62,004,117	\$13,135,925
Receivables	52,032	401,024	52,032	401,024
Total assets	<u>\$16,562,990</u>	<u>\$59,030,108</u>	<u>\$62,056,149</u>	<u>\$13,536,949</u>
Liabilities				
Accounts payable	\$86,857	\$40,110,523	\$39,956,551	\$240,829
Escrow funds	16,476,133	18,919,585	22,099,598	13,296,120
Total liabilities	<u>\$16,562,990</u>	<u>\$59,030,108</u>	<u>\$62,056,149</u>	<u>\$13,536,949</u>
TOTAL ALL AGENCY FUNDS				
Assets				
Cash	\$17,348,964	\$128,494,644	\$131,793,709	\$14,049,899
Receivables	2,664,061	58,205,857	57,654,309	3,215,609
Total assets	<u>\$20,013,025</u>	<u>\$186,700,501</u>	<u>\$189,448,018</u>	<u>\$17,265,508</u>
Liabilities				
Accounts payable	\$491,916	\$44,755,693	\$44,581,285	\$666,324
Due to other governmental units	2,800,289	122,526,296	122,227,542	3,099,043
Escrow funds	16,720,820	19,356,226	22,576,905	13,500,141
Total liabilities	<u>\$20,013,025</u>	<u>\$186,638,215</u>	<u>\$189,385,732</u>	<u>\$17,265,508</u>



**Capital Assets Used In Operation By
Governmental Funds**



NEW HANOVER COUNTY, NORTH CAROLINA

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Governmental funds capital assets:		
Land	\$38,001,399	\$38,001,399
Buildings	135,072,255	134,950,720
Improvements other than buildings	22,602,938	21,462,710
Equipment and vehicles	51,069,775	50,007,437
Construction in progress	5,381,335	3,265,703
Total governmental funds capital assets	<u>\$252,127,702</u>	<u>\$247,687,969</u>
Investment in governmental funds capital assets by source:		
General obligation bonds	\$14,409,931	\$12,479,386
Federal and state grants	21,392,874	20,420,787
General fund revenues	209,141,586	207,626,592
Contributions	4,336,817	4,336,817
Gifts and other donated	2,846,494	2,824,387
Total governmental funds capital assets	<u>\$252,127,702</u>	<u>\$247,687,969</u>

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2010

FUNCTION AND ACTIVITY	TOTAL	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	EQUIPMENT AND VEHICLES
General Government:					
Governing Body	\$14,700,586	\$855,738	\$12,724,096	\$837,873	\$282,879
County Manager	17,879,203	285,450	16,478,929	60,366	1,054,458
Human Resources	66,928			5,466	61,462
Budget	14,433				14,433
Finance	72,053				72,053
Information Technology	5,182,593			138,265	5,044,328
Tax Administration	608,599	36,874		136,815	434,910
Legal	19,730				19,730
Elections	911,659				911,659
Register of Deeds	950,312				950,312
Property Management	2,262,726		620,282	376,869	1,265,575
Engineering	936,618	876,890		12,875	46,853
Planning	7,162,666	6,833,825			328,841
Total general government	50,768,106	8,888,777	29,823,307	1,568,529	10,487,493
Human Services:					
Health	7,042,090		4,058,809	115,430	2,867,851
Veterans Services	998				998
Public Assistance	7,323,502	500,000	5,212,579	62,661	1,548,262
Human Services Transportation System	608,090				608,090
Human Relations	32,684				32,684
Aging Services	2,474,870		2,021,373	302,345	151,152
Total human services	17,482,234	500,000	11,292,761	480,436	5,209,037
Public Safety:					
Public Safety Communications Center	1,187,570				1,187,570
Sheriff	68,924,556	5,396,703	49,436,273	317,794	13,773,786
Emergency Management	12,842,595		2,263,382	764,063	9,815,150
Clerk of Court	19,706,528		18,819,599	639,683	247,246
Inspections	488,500			20,855	467,645
Fire Operations	11,733,556	377,686	4,467,244	334,147	6,554,479
Juvenile Services	1,197,328	7,000	1,128,558		61,770
Total public safety	116,080,633	5,781,389	76,115,056	2,076,542	32,107,646
Culture and Recreation:					
Library	14,140,643	392,720	12,573,068	113,950	1,060,905
Parks and Recreation	28,569,840	10,769,118	209,340	16,184,917	1,406,465
Museum	5,318,011	160,101	3,689,486	1,110,648	357,776
Cooperative Extension Service	803,600	40,006	553,380	96,468	113,746
Airlie Gardens	13,583,300	11,469,288	815,857	971,448	326,707
Total culture and recreation	62,415,394	22,831,233	17,841,131	18,477,431	3,265,599
Total	246,746,367	38,001,399	135,072,255	22,602,938	51,069,775
Construction in Progress	5,381,335				
Total governmental funds capital assets	\$252,127,702				

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, 2010

Function and Activity	Governmental Funds Capital Assets				Governmental Funds Capital Assets
	June 30, 2009	Additions	Deductions	Transfers	June 30, 2010
General Government:					
Governing Body	\$14,700,586				\$14,700,586
County Manager	17,879,203				17,879,203
Human Resources	50,362	16,566			66,928
Budget	14,433				14,433
Finance	72,053				72,053
Management Information Systems	5,064,698	117,895			5,182,593
Tax Administration	622,974		14,375		608,599
Legal	19,730				19,730
Elections	911,659				911,659
Register of Deeds	950,312				950,312
Property Management	2,055,814	287,169	57,316	(22,941)	2,262,726
Engineering	936,618				936,618
Planning	7,162,666				7,162,666
Total general government	50,441,108	421,630	71,691	(22,941)	50,768,106
Human Services:					
Health	6,935,224	113,905	7,039		7,042,090
Veterans Services	998				998
Public Assistance	7,300,561			22,941	7,323,502
Human Services Transportation System	745,501		137,411		608,090
Human Relations	32,684				32,684
Aging Services	2,474,870				2,474,870
Total human services	17,489,838	113,905	144,450	22,941	17,482,234
Public Safety:					
Public Safety Communications Center	1,171,043	16,527			1,187,570
Sheriff	68,269,723	1,122,532	467,699		68,924,556
Emergency Management	12,715,396	127,199			12,842,595
Clerk of Court	19,066,845	639,683			19,706,528
Inspections	494,851	20,855	27,206		488,500
Fire Operations	11,457,581	275,975			11,733,556
Juvenile Services	1,197,328				1,197,328
Total public safety	114,372,767	2,202,771	494,905	0	116,080,633
Culture and Recreation:					
Library	13,960,649	179,994			14,140,643
Parks and Recreation	28,486,009	87,292	3,461		28,569,840
Museum	5,290,765	27,246			5,318,011
Cooperative Extension Service	803,600				803,600
Airline Gardens	13,577,531	5,769			13,583,300
Total culture and recreation	62,118,554	300,301	3,461	0	62,415,394
Total	244,422,267	3,038,607	714,507	0	246,746,367
Construction in Progress	3,265,702	4,926,612	2,810,979	0	5,381,335
Total governmental funds capital assets	\$247,687,969	\$7,965,219	\$3,525,486	\$0	\$252,127,702



STATISTICAL SECTION



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 Assets by Component
- Changes in Net Assets
- 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 Assets by Component
Last Nine Fiscal Years*
(Accrual Basis of Accounting)**

	2002	2003	2004
Governmental activities:			
Invested in capital assets, net of related debt	\$ 44,561,882	\$ 50,593,901	\$ 52,356,061
Restricted	20,470,096	22,260,554	24,295,051
Unrestricted (deficit)	(134,640,896)	(123,302,197)	(105,039,478)
Total governmental activities net assets	\$ (69,608,918)	\$ (50,447,742)	\$ (28,388,366)
Business-type activities:			
Invested in capital assets, net of related debt	\$ 77,363,506	\$ 81,944,393	\$ 95,420,626
Restricted	-	-	-
Unrestricted	31,093,254	37,279,721	40,949,197
Total business-type activities net assets	\$ 108,456,760	\$ 119,224,114	\$ 136,369,823
Primary government:			
Invested in capital assets, net of related debt	\$ 121,925,388	\$ 132,538,294	\$ 147,776,687
Restricted	20,470,096	22,260,554	24,295,051
Unrestricted (deficit)	(103,547,642)	(86,022,476)	(64,090,281)
Total primary government net assets	\$ 38,847,842	\$ 68,776,372	\$ 107,981,457

* GASB Statement No. 34 implemented in fiscal year 2002.

Source: County records.

2005	2006	2007	2008	2009	2010
\$ 48,307,214	\$ 59,002,384	\$ 72,043,292	\$ 67,481,986	\$ 83,439,070	\$ 55,968,137
28,053,183	29,964,424	34,667,984	39,177,585	44,795,381	45,015,518
(92,508,730)	(88,071,607)	(103,984,499)	(110,557,739)	(176,522,103)	(172,250,627)
\$ (16,148,333)	\$ 895,201	\$ 2,726,777	\$ (3,898,168)	\$ (48,287,652)	\$ (71,266,972)
\$ 102,451,280	\$ 122,905,015	\$ 149,121,226	\$ 178,756,569	\$ 15,175,229	\$ 16,238,444
-	-	-	-	-	-
48,129,812	44,494,678	33,168,433	13,176,137	(7,973,065)	(9,889,909)
\$ 150,581,092	\$ 167,399,693	\$ 182,289,659	\$ 191,932,706	\$ 7,202,164	\$ 6,348,535
\$ 150,758,494	\$ 181,907,399	\$ 221,164,518	\$ 246,238,555	\$ 98,614,299	\$ 72,206,581
28,053,183	29,964,424	34,667,984	39,177,585	46,200,679	45,015,518
(44,378,918)	(43,576,929)	(70,816,066)	(97,381,602)	(185,900,466)	(182,140,536)
\$ 134,432,759	\$ 168,294,894	\$ 185,016,436	\$ 188,034,538	\$ (41,085,488)	\$ (64,918,437)

NEW HANOVER COUNTY, NORTH CAROLINA

Table 2

**Changes in Net Assets
Last Nine Fiscal Years*
(Accrual Basis of Accounting)**

	2002	2003	2004
Expenses:			
Governmental activities:			
General government	\$ 26,182,339	\$ 25,360,597	\$ 22,930,685
Human services	52,699,244	55,843,890	56,599,476
Public safety	30,732,631	33,259,659	41,202,875
Economic and physical development	1,695,455	1,867,281	1,944,882
Environmental Protection	-	-	-
Culture and recreation	9,446,006	5,844,867	10,346,308
Education	97,394,434	68,568,190	62,175,007
Interest and fees on long-term debt	13,260,979	14,372,648	13,167,607
Total governmental activities expenses	231,411,088	205,117,132	208,366,840
Business-type activities:			
Water and Sewer District	10,117,317	10,949,204	10,852,350
Environmental Management	10,977,908	12,319,682	10,603,313
Total business-type activities expenses	21,095,225	23,268,886	21,455,663
Total primary government expenses	\$ 252,506,313	\$ 228,386,018	\$ 229,822,503
Program revenues:			
Governmental activities:			
Charges for services:			
General government	\$ 2,622,706	\$ 3,338,308	\$ 3,719,408
Human services	1,132,345	1,140,026	1,245,438
Public safety	4,841,740	4,832,674	5,770,241
Economic and physical development	-	32,362	15,884
Environmental protection	-	-	-
Culture and recreation	276,772	335,795	384,704
Operating grants and contributions	37,987,465	37,436,121	39,977,442
Capital grants and contributions	5,925,750	21,030,215	5,879,384
Total governmental activities program revenues	52,786,778	68,145,501	56,992,501
Business-type activities:			
Charges for services:			
Water and Sewer District	9,293,945	10,174,249	11,051,713
Environmental Management	8,372,195	12,093,839	12,359,404
Operating grants and contributions	297,912	862,228	319,562
Capital grants and contributions	7,974,116	6,988,844	12,280,800
Total business-type activities program revenues	25,938,168	30,119,160	36,011,479
Total primary government program revenues	\$ 78,724,946	\$ 98,264,661	\$ 93,003,980

* GASB Statement No. 34 implemented in fiscal year 2002.

Source: County records.

	2005	2006	2007	2008	2009	2010
\$	22,735,211	\$ 28,646,061	\$ 25,075,713	\$ 37,732,749	\$ 36,390,593	\$ 43,718,901
	59,656,469	59,482,529	61,763,804	62,746,345	58,923,066	53,703,464
	50,863,103	52,164,537	56,064,864	56,865,683	57,968,693	56,726,590
	1,625,159	2,589,960	4,666,707	3,192,042	2,537,751	5,934,637
	-	-	-	-	178,589	-
	8,953,895	10,779,828	11,388,613	11,746,120	21,404,716	15,257,799
	65,419,664	76,306,547	87,853,626	98,176,881	122,419,312	100,584,303
	14,383,524	13,813,775	14,400,529	14,209,311	15,825,728	15,296,312
	223,637,025	243,783,237	261,213,856	284,669,131	315,648,448	291,222,006
	12,012,782	12,713,572	15,163,822	20,166,337	-	-
	12,013,594	12,125,044	13,628,225	14,441,845	14,102,891	13,981,178
	24,026,376	24,838,616	28,792,047	34,608,182	14,102,891	13,981,178
\$	247,663,401	\$ 268,621,853	\$ 290,005,903	\$ 319,277,313	\$ 329,751,339	\$ 305,203,184
\$	3,745,357	\$ 4,155,603	\$ 3,964,266	\$ 3,863,383	\$ 3,427,781	\$ 3,186,784
	1,292,818	1,349,844	1,341,106	1,913,407	2,210,078	1,948,892
	6,095,398	6,176,537	5,631,483	5,161,256	4,322,688	3,499,298
	180,993	18,256	-	-	2,877,649	-
	-	-	-	-	7,320	-
	317,205	310,590	323,016	320,428	1,190,437	294,407
	40,596,299	38,480,337	39,296,595	39,611,425	41,290,965	43,499,099
	1,184,293	7,469,412	2,738,000	8,575,692	2,115,369	6,429,061
	53,412,363	57,960,579	53,294,466	59,445,591	57,442,287	58,857,541
	11,937,188	13,004,665	15,733,105	16,018,463	-	-
	13,707,987	13,744,115	14,011,076	13,148,959	12,966,160	12,548,760
	355,797	409,913	516,394	1,636,025	365,405	368,072
	8,602,855	9,767,281	8,998,927	8,621,273	-	-
	34,603,827	36,925,974	39,259,502	39,424,720	13,331,565	12,916,832
\$	88,016,190	\$ 94,886,553	\$ 92,553,968	\$ 98,870,311	\$ 70,773,852	\$ 71,774,373

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

	2002	2003	2004
Net (expense)/revenue:			
Governmental activities	\$ (178,624,310)	\$ (136,971,631)	\$ (151,374,339)
Business-type activities	4,839,238	6,850,440	14,555,816
Total primary government net expense	\$ (173,785,072)	\$ (130,121,191)	\$ (136,818,523)
General revenues and other changes in net assets:			
Governmental activities:			
Taxes:			
Property taxes	\$ 116,305,387	\$ 120,466,313	\$ 122,709,618
Sales taxes	30,869,430	30,659,871	41,610,428
Room occupancy taxes	2,704,805	3,251,876	3,001,420
Other taxes	2,292,454	1,882,336	2,664,525
Investment earnings	3,170,496	1,747,814	2,050,325
Miscellaneous	428,169	1,405,511	1,181,911
Transfers	(4,824,132)	(3,280,914)	(1,907,304)
Total governmental activities	150,946,609	156,132,807	171,310,923
Business-type activities:			
Investment earnings	967,226	636,166	682,589
Special item - net assets contributed to CFPUA and other funds	-	-	-
Transfers	4,824,132	3,280,914	1,907,304
Total business-type activities	5,791,358	3,917,080	2,589,893
Total primary government	\$ 156,737,967	\$ 160,049,887	\$ 173,900,816
Change in net assets:			
Governmental activities	\$ (27,677,701)	\$ 19,161,176	\$ 19,936,584
Business-type activities	10,634,301	10,767,354	17,145,709
Total primary government	\$ (17,043,400)	\$ 29,928,530	\$ 37,082,293

* GASB Statement No. 34 implemented in fiscal year 2002.

Source: County records.

2005	2006	2007	2008	2009	2010
\$ (170,224,661)	\$ (185,822,658)	\$ (207,919,390)	\$ (225,223,540)	\$ (258,206,161)	\$ (232,364,465)
10,577,451	12,087,358	10,467,455	4,816,538	(771,326)	(1,064,346)
<u>\$ (159,647,210)</u>	<u>\$ (173,735,300)</u>	<u>\$ (197,451,935)</u>	<u>\$ (220,407,002)</u>	<u>\$ (258,977,487)</u>	<u>\$ (233,428,811)</u>
\$ 126,325,033	\$ 132,303,679	\$ 138,440,818	\$ 145,564,877	\$ 157,318,774	\$ 160,751,779
46,150,292	51,812,405	54,444,788	54,997,366	45,568,819	41,271,837
3,202,223	3,544,585	4,121,562	4,245,495	3,836,382	3,338,308
3,722,678	5,880,307	4,472,729	4,581,292	4,062,176	2,649,403
3,840,774	6,249,595	8,286,962	6,150,700	2,409,565	695,767
1,487,939	4,995,154	1,706,135	5,321,087	381,294	-
(2,264,245)	(1,919,533)	(1,722,028)	(2,262,222)	239,667	678,051
<u>182,464,694</u>	<u>202,866,192</u>	<u>209,750,966</u>	<u>218,598,595</u>	<u>213,816,677</u>	<u>209,385,145</u>
1,369,573	2,811,710	2,700,483	2,564,287	6,160	24
-	-	-	-	(183,725,709)	-
2,264,245	1,919,533	1,722,028	2,262,222	(239,667)	(678,051)
<u>3,633,818</u>	<u>4,731,243</u>	<u>4,422,511</u>	<u>4,826,509</u>	<u>(183,959,216)</u>	<u>(678,027)</u>
<u>\$ 186,098,512</u>	<u>\$ 207,597,435</u>	<u>\$ 214,173,477</u>	<u>\$ 223,425,104</u>	<u>\$ 29,857,461</u>	<u>\$ 208,707,118</u>
\$ 12,240,033	\$ 17,043,534	\$ 1,831,576	\$ (6,624,945)	\$ (44,389,484)	\$ (22,979,320)
14,211,269	16,818,601	14,889,966	9,643,047	(184,730,542)	(1,742,373)
<u>\$ 26,451,302</u>	<u>\$ 33,862,135</u>	<u>\$ 16,721,542</u>	<u>\$ 3,018,102</u>	<u>\$ (229,120,026)</u>	<u>\$ (24,721,693)</u>

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

	Fiscal Year			
	2001	2002	2003	2004
General Fund:				
Reserved	\$19,664,552	\$17,182,890	\$16,084,166	\$22,003,676
Unreserved	20,140,808	32,133,408	41,505,087	45,853,905
Total general fund	\$39,805,360	\$49,316,298	\$57,589,253	\$67,857,581
All other governmental funds:				
Reserved	50,411,271	38,636,497	25,652,945	27,425,437
Unreserved, reported in: Capital projects funds	55,239,008	36,120,797	23,833,028	21,389,105
Total all other governmental funds	\$105,650,279	\$74,757,294	\$49,485,973	\$48,814,542

Source: County records.

Fiscal year					
2005	2006	2007	2008	2009	2010
\$21,154,326	\$28,234,515	\$26,399,536	\$26,484,878	\$21,950,297	\$24,485,236
48,591,036	51,971,455	45,956,885	42,019,663	44,071,691	45,692,878
\$69,745,362	\$80,205,970	\$72,356,421	\$68,504,541	\$66,021,988	\$70,178,114
31,895,531	39,174,539	36,228,468	45,990,813	47,881,841	45,995,827
13,740,132	21,474,166	11,032,783	57,064,438	41,423,716	95,370,068
\$45,635,663	\$60,648,705	\$47,261,251	\$103,055,251	\$89,305,557	\$141,365,895

NEW HANOVER COUNTY, NORTH CAROLINA
Table 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2001	2002	2003	2004
Revenues:				
Taxes	\$ 136,272,249	\$ 152,029,659	\$ 156,157,600	\$ 170,039,210
Intergovernmental revenue	47,567,298	42,646,142	46,732,391	45,629,680
Special assessments	-	-	6,450,362	2,727,217
Charges for services	7,027,913	9,048,748	9,679,165	11,135,675
Miscellaneous	8,524,319	3,600,390	2,274,919	2,689,503
Total revenues	199,391,779	207,324,939	221,294,437	232,221,285
Expenditures:				
General government	17,534,343	17,066,039	22,434,265	19,714,483
Human services	52,795,896	52,194,427	55,609,626	56,236,427
Public safety	30,795,402	30,667,406	31,375,429	37,948,261
Economic and physical development	2,262,708	1,695,455	1,867,281	1,944,882
Culture and recreation	7,814,751	8,232,102	8,093,538	9,084,074
Education-community college and schools	47,928,618	52,118,282	54,968,282	57,983,369
Stormwater drainage	-	-	-	-
Capital outlay	83,593,315	94,710,527	42,677,725	13,290,196
Debt service:				
Interest and fees - bonds	7,914,111	9,195,190	10,025,115	7,999,793
Principal - bonds	8,105,000	8,110,000	10,115,000	10,304,654
Installment debt payments	13,812,779	17,123,114	12,520,131	8,333,737
Total expenditures	272,556,923	291,112,542	249,686,392	222,839,876
Revenues over (under) expenditures	(73,165,144)	(83,787,603)	(28,391,955)	9,381,409
Other financing sources (uses):				
Long-term debt issued	-	-	13,110,928	-
Transfers from other funds	57,523,126	71,719,367	64,508,047	77,970,906
Transfers to other funds	(62,163,372)	(76,543,499)	(67,326,026)	(79,878,210)
Total other financing sources (uses)	(4,640,246)	(4,824,132)	10,292,949	(1,907,304)
Net change in fund balances	\$ (77,805,390)	\$ (88,611,735)	\$ (18,099,006)	\$ 7,474,105
Debt service as % of noncapital expenditures	15.79%	13.86%	14.85%	12.27%

Source: County records.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 179,510,144	\$ 193,537,310	\$ 201,239,764	\$ 209,046,468	\$ 211,395,647	\$ 207,845,642
41,826,632	46,318,701	42,447,237	47,892,597	88,511,868	52,045,370
1,762,456	588,600	205,448	235,651	1,993,591	650,392
11,467,639	12,010,830	11,259,871	11,092,496	9,537,859	8,929,381
4,136,828	9,804,195	8,668,800	11,657,419	4,535,922	2,527,215
238,703,699	262,259,636	263,821,120	279,924,631	315,974,887	271,998,000
22,418,450	29,368,933	29,818,279	32,906,560	29,016,838	29,485,936
59,389,334	59,686,429	61,353,480	62,122,735	58,211,859	53,253,360
42,876,389	48,324,982	51,430,478	53,979,168	54,101,446	53,111,567
1,625,159	2,589,960	4,666,707	3,192,043	2,537,751	5,715,018
8,985,440	9,897,296	10,450,324	10,999,579	11,318,913	10,228,183
58,513,627	63,280,896	67,473,345	72,049,228	71,524,315	67,750,207
-	-	-	-	82,996	-
21,645,262	21,977,861	35,629,488	38,890,813	62,970,803	39,698,425
9,046,742	8,434,272	8,815,049	8,298,196	10,866,108	11,449,659
12,140,000	11,220,001	11,885,000	12,545,000	16,845,000	17,845,000
8,937,062	10,085,823	11,213,945	13,043,716	59,740,011	17,223,352
245,577,465	264,866,453	292,736,095	308,027,038	377,216,040	305,760,707
(6,873,766)	(2,606,817)	(28,914,975)	(28,102,407)	(61,241,153)	(33,762,707)
7,846,913	30,000,000	9,400,000	82,306,749	44,933,855	89,301,120
75,339,629	81,784,172	85,492,995	91,898,546	85,890,267	84,163,317
(77,603,874)	(83,703,705)	(87,215,023)	(94,160,768)	(85,815,216)	(83,485,266)
5,582,668	28,080,467	7,677,972	80,044,527	45,008,906	89,979,171
\$ (1,291,098)	\$ 25,473,650	\$ (21,237,003)	\$ 51,942,120	\$ (16,232,247)	\$ 56,216,464
12.97%	11.73%	11.73%	11.53%	23.53%	15.47%

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
2001	100,025	29,806	2,665	1,079	2,697	136,272
2002	116,163	30,869	2,705	1,220	1,073	152,030
2003	120,363	30,660	3,252	1,380	503	156,158
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

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
2001	13,128,869,343	2,488,119,403	373,353,914	15,990,342,660	\$0.610
2002	13,560,359,786	2,570,060,708	393,765,728	16,524,186,222	\$0.690
2003	13,977,137,776	2,615,031,873	384,040,562	16,976,210,211	\$0.690
2004	14,420,634,198	2,558,812,808	384,537,371	17,363,984,377	\$0.680
2005	14,884,549,443	2,618,007,183	393,744,013	17,896,300,639	\$0.680
2006	15,517,664,081	2,816,218,962	420,887,963	18,754,771,006	\$0.680
2007	16,178,353,253	3,011,560,967	309,421,127	19,499,335,347	\$0.680
2008	29,119,602,647	3,312,348,337	430,519,407	32,862,470,391	\$0.420
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

Source: County Tax Department

Note: Property is assessed at actual value; therefore, the assessed values are equal to actual value.
Tax rates are per \$100 of assessed value.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 7

**Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago**

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Progress Energy	\$ 281,650,480	1	0.84%	204,978,883	3	1.28%
General Electric Company	216,948,212	2	0.64%	210,687,932	2	1.32%
Corning, Inc.	192,588,394	3	0.57%	248,064,204	1	1.55%
BellSouth Telecommunications	79,942,143	4	0.24%	103,314,960	4	0.65%
Fortron Industries	54,831,526	5	0.16%	--	--	--
Arteva Specialities	51,716,618	6	0.15%	51,101,765	6	0.32%
Centro Independence LLC	50,436,737	7	0.15%	27,878,624	10	0.17%
GF Management Company LLC	49,774,352	8	0.15%	--	--	--
PPD	48,361,234	9	0.14%	--	--	--
Global Nuclear Fuel Americas LLC	44,595,778	10	0.13%	--	--	--
United Dominion Realty of North Carolina	--	--	--	59,421,336	5	0.37%
Landfall Associates	--	--	--	39,663,687	7	0.25%
Occidental Electro-Chemical Corporation	--	--	--	30,990,217	9	0.19%
Takeda Chemical Products	--	--	--	36,147,363	8	0.23%
Total	<u>\$ 1,070,845,474</u>		<u>3.18%</u>	<u>\$ 1,012,248,971</u>		<u>6.33%</u>
Total taxable assessed value	<u>\$ 33,674,505,469</u>			<u>\$15,990,342,660</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
2001	97,522,328	95,582,878	98.01	1,467,551	97,050,429	99.52%
2002	113,912,703	111,617,810	97.99	1,215,533	112,833,343	99.05%
2003	117,478,416	114,878,468	97.79	1,927,731	116,806,199	99.43%
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%

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
2001	0.610	0.040	0.470	0.143	0.370	0.275
2002	0.690	0.050	0.470	0.143	0.370	0.295
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	0.08	0.175	0.135
2010	0.4525	0.060	0.3325	0.08	0.175	0.135

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			
2001	185,725,000	37,016,406	13,610,022	39,010,000	12,783,594	1,177,516	289,322,538	5.91%	1,767.28
2002	205,915,000	94,316,030	3,019,919	34,490,000	12,263,970	764,342	350,769,261	7.09%	2,112.38
2003	195,325,000	100,046,303	2,106,462	29,885,000	39,548,697	370,692	367,282,154	7.18%	2,173.56
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	N/A	1,990.78
2010	334,069,997	62,898,500	49,416,186	175,000	241,500	1,154,399	447,955,582	N/A	2,213.10

* 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**
2001	185,725,000	1.16%	1,134.47
2002	205,915,000	1.25%	1,240.05
2003	195,325,000	1.15%	1,155.93
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

* 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, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County direct debt	\$ 446,384,683	100.00%	<u>\$ 446,384,683</u>
City of Wilmington debt	217,021,221	100.00%	217,021,221
Town of Wrightsville Beach debt	6,643,846	100.00%	6,643,846
Town of Carolina Beach debt	4,147,067	100.00%	4,147,067
Town of Kure Beach debt	2,216,093	100.00%	2,216,093
Subtotal, overlapping debt			<u><u>230,028,227</u></u>
Total direct and overlapping debt:			<u><u>\$ 676,412,910</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

New Hanover County

	2001	2002	2003	2004	2005	2006
Debt limit	\$ 1,279,227,413	\$ 1,321,934,898	\$ 1,358,096,817	\$ 1,389,118,750	\$ 1,431,704,051	\$ 1,500,381,680
Total net debt applicable to limit	269,115,190	316,458,861	312,952,482	299,421,053	403,590,274	385,228,686
Legal debt margin	\$ 1,010,112,223	\$ 1,005,476,037	\$ 1,045,144,335	\$ 1,089,697,697	\$ 1,028,113,777	\$ 1,115,152,994
Total net debt applicable to the limit as a percentage of debt limit	21.04%	23.94%	23.04%	21.55%	28.19%	25.68%

Legal Debt Margin Calculation for June 30, 2010

Total assessed value	\$ 33,674,505,469
Debt limit (8% of assessed value)	2,693,960,438
Debt applicable to limit:	
General obligation bonds	334,244,997
Certificates of participation	110,756,241
Authorized but unissued debt	94,000,000
Total net applicable to limit	539,001,238
Legal debt margin	\$ 2,154,959,200

	2007	2008	2009	2010
\$	1,559,946,828	\$ 2,618,030,818	\$ 2,673,948,925	\$ 2,693,960,438
	400,873,158	359,875,000	552,875,000	539,001,238
\$	1,159,073,670	\$ 2,258,155,818	\$ 2,121,073,925	\$ 2,154,959,200

	25.70%	13.75%	20.68%	20.01%
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NEW HANOVER COUNTY, NORTH CAROLINA
Table 14
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income (000's) ¹	Per Capita Personal Income ¹	Median Age ² (Years)	School Enrollment ²	Unemployment Rate ¹
2001	163,711	4,892,410	28,000	38.1	21,430	4.6%
2002	166,054	4,944,678	28,969	36.7	21,499	6.5%
2003	168,977	5,118,887	29,607	37.0	21,639	6.3%
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	6,936,333	35,461	38.0	23,781	3.9%
2008	194,558	7,058,289	36,629	37.1	23,757	5.1%
2009	199,351	N/A	N/A	37.4	23,825	9.6%
2010	202,411	N/A	N/A	N/A	23,722	9.4%

¹ Source: NC State Demographics Web Site.

² Source: New Hanover County Board of Education.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 15

Principal Employers

Current Fiscal Year and Nine Years Ago

Employer (Top Ten)	2010			2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
New Hanover Health Network	4,890	1	5.17%	4,000	1	4.61%
New Hanover County Board of Education	4,130	2	4.37%	3,087	2	3.56%
General Electric	3,000	3	3.17%	2,100	3	2.42%
University of NC at Wilmington	1,810	4	1.91%	1,493	5	1.72%
PPD, Inc	1,800	5	1.90%	600	10	0.69%
New Hanover County	1,670	6	1.77%	1,356	6	1.56%
Cape Fear Community College	1,260	7	1.33%	-----	-----	-----
City of Wilmington	1,200	8	1.27%	927	7	1.07%
Verizon Wireless	1,200	9	1.27%	-----	-----	-----
Corning, Inc.	1,000	10	1.06%	1,700	4	1.96%
NC Department of Transportation	-----	-----	-----	694	8	0.80%
Liberty Home Health Care	-----	-----	-----	650	9	0.75%
Total New Hanover County Employment	<u>94,585</u>			<u>86,717</u>		

Sources: Wilmington Industrial Development, Inc. and NC State Demographics Web Site



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

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	233	231	217	231	234	238	243	248	263	276
Human services	467	486	461	463	481	486	497	517	524	517
Public safety	423	448	450	485	510	578	586	620	632	632
Culture and recreation	115	112	90	97	98	108	110	115	117	117
Environmental Management	74	74	71	71	71	72	73	88	88	88
Water and Sewer	44	44	41	43	45	55	64	64	0	0
Total	1,356	1,395	1,330	1,390	1,439	1,537	1,573	1,652	1,624	1,630

Source: County Budget Department.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 17
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2001	2002	2003	2004
Public safety:				
Sheriff:				
# of divisions	5	5	6	6
# of sheriff personnel	270	270	302	302
# of arrests made	3,568	2,242	3,111	3,035
# of service calls	161,888	163,807	162,878	165,256
Fire Services:				
# of stations	7	8	8	8
# of fire personnel	272	250	250	250
# of calls answered	3,877	4,101	4,321	5,000
Culture and recreation:				
Library:				
# of circulations	1,165,334	1,089,720	1,146,543	1,107,522
Museum:				
Attendance	45,065	30,708	32,081	34,702

Source: County records.

Fiscal Year					
2005	2006	2007	2008	2009	2010
6	7	7	6	6	6
359	367	374	382	420	384
3,261	6,023	6,704	6,430	7,011	6,364
171,684	181,351	101,877	175,770	173,502	190,539
8	6	6	8	8	8
250	90	110	96	121	150
5,935	6,704	6,425	7,000	7,000	7,000
1,129,675	1,114,502	1,200,000	1,231,467	1,320,486	1,340,000
36,885	32,251	31,000	38,504	41,683	47,128

NEW HANOVER COUNTY, NORTH CAROLINA
Table 18
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2001	2002	2003	2004
Public safety (1):				
Sheriff:				
# of stations	2	2	2	2
# of vehicles	108	147	181	215
Human services (1):				
Health Department:				
# of vehicles	35	38	40	40
Culture and recreation (1):				
Parks:				
# of parks	24	24	24	23
Park acreage	467	467	467	792

Source: County records.

(1) Information represents vehicles currently owned as of June 30, 2009 by the County.

Fiscal Year					
2005	2006	2007	2008	2009	2010
2	2	2	2	2	2
260	281	303	321	301	277
40	41	43	45	51	37
23	23	23	34	34	35
807	807	807	1,100	1,100	1,310

NEW HANOVER COUNTY, NORTH CAROLINA

Table 19

ANALYSIS OF CURRENT TAX LEVY

COUNTY - WIDE LEVY

June 30, 2010

	County - Wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Property Excluding	Registered
				Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$32,505,477,757	\$0.4525	\$147,087,287	\$147,087,287	\$0
Motor vehicles	1,495,779,227	0.4525	6,768,401	0	6,768,401
Penalties	0		160,487	160,487	0
Total	<u>34,001,256,984</u>		<u>154,016,175</u>	<u>147,247,774</u>	<u>6,768,401</u>
Discoveries:					
Current year	60,942,983		275,767	275,767	0
	<u>60,942,983</u>		<u>275,767</u>	<u>275,767</u>	<u>0</u>
Abatements	(387,694,498)		(1,498,797)	(1,411,377)	(87,420)
Total property valuation	<u>\$33,674,505,469</u>				
Net levy			152,793,145	146,112,164	6,680,981
Uncollected taxes at June 30, 2008			2,097,155	1,316,056	781,099
Current year's taxes collected			<u>\$150,695,990</u>	<u>\$144,796,108</u>	<u>\$5,899,882</u>
Current levy collection percentage			98.64%	99.10%	88.31%

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio	100%
Real Property	\$30,090,822,904
Personal Property	3,122,851,620
Public Service Companies	460,830,945
Total Assessed Valuation	<u>33,674,505,469</u>
Tax rate per \$100	0.4525
Levy (includes discoveries, abatements, penalties, fees and cleaning liens)	<u>\$152,793,145</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, 2009

Special Fire District	<u>\$7,537,995</u>
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