

**NEW HANOVER COUNTY
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2014



Comprehensive Annual Financial Report

**New Hanover County, North Carolina
For The Fiscal Year Ended June 30, 2014**

**Woody White, Chairman
Board of Commissioners**

**Chris Coudriet
County Manager**

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

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



NEW HANOVER COUNTY, NORTH CAROLINA

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Our Vision For New Hanover County

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

Mission Statement

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

The New Hanover County
Board of Commissioners
June 2014

BOARD OF COMMISSIONERS



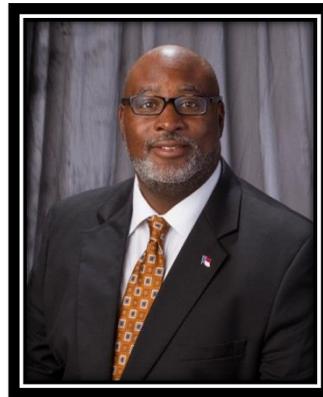
Woody White
Chairman



Beth Dawson
Vice-Chairman



Thomas Wolfe
Commissioner



Jonathan Barfield, Jr.
Commissioner



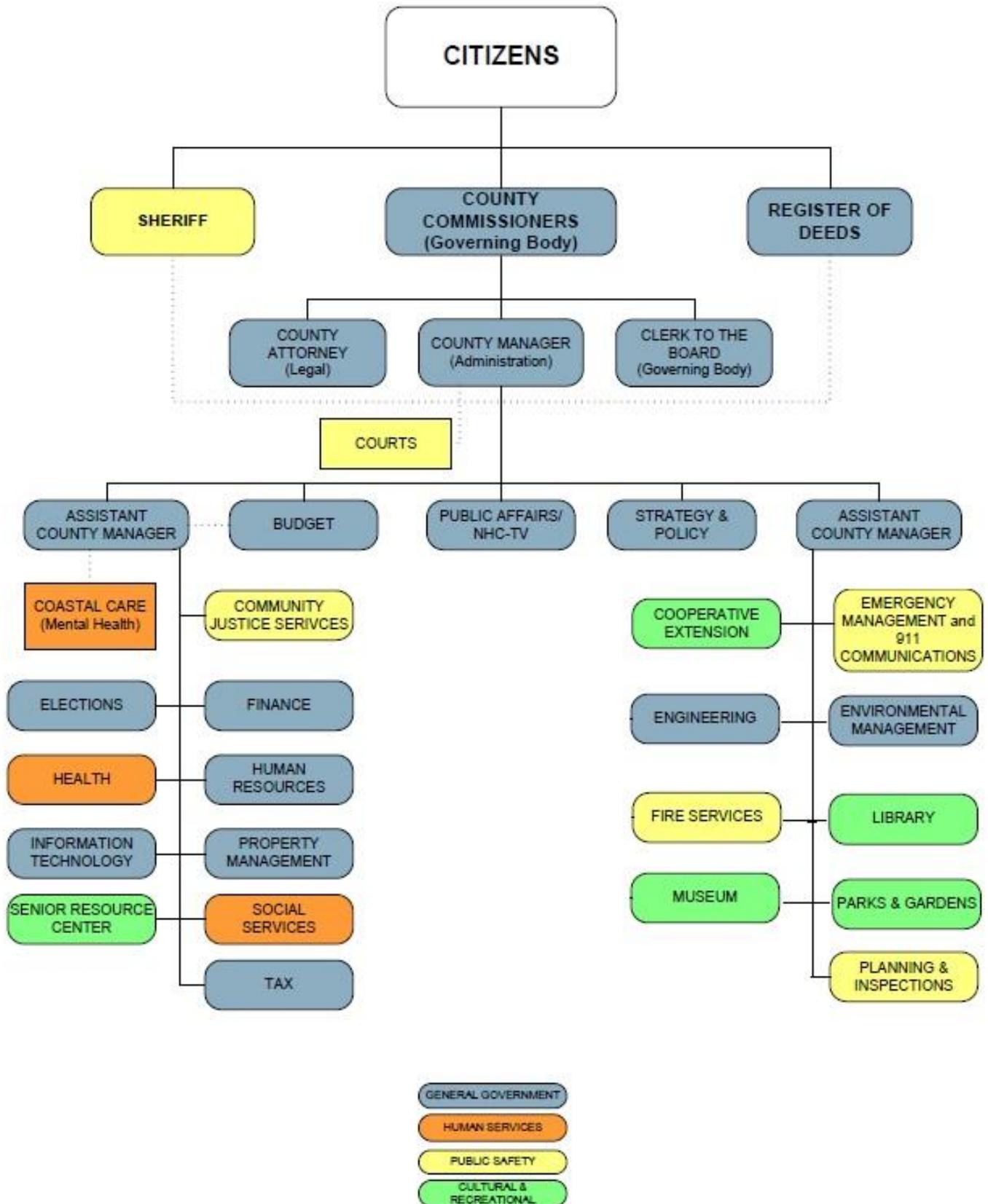
Brian M. Berger
Commissioner

OTHER ELECTED OFFICIALS

Tammy Theusch Beasley
Registrar

Edward J. McMahon
Sheriff

NEW HANOVER COUNTY ORGANIZATIONAL CHART





**NEW HANOVER COUNTY
FINANCE DEPARTMENT**

LISA H. WURTZBACHER
Finance Director

BARBARA D. MCCLURE
Assistant Finance Director

December 2, 2014

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) on the operations of New Hanover County for the fiscal year ended June 30, 2014.

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

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

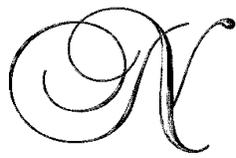
Martin Starnes & Associates, a firm of licensed certified public accountants, has audited the County's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit concluded that the County's financial statements for the fiscal year June 30, 2014 are fairly presented in conformity with GAAP.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

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

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

PROFILE OF THE COUNTY OF NEW HANOVER

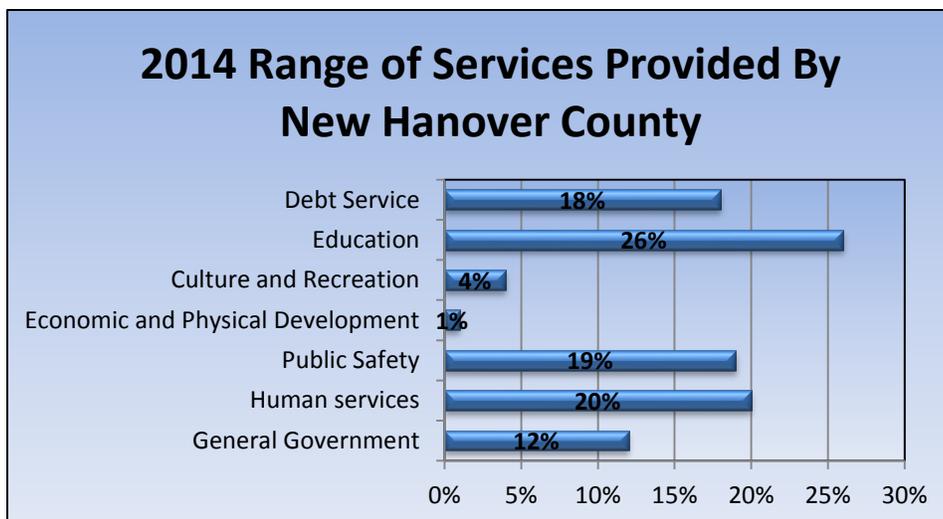


New Hanover County, established in 1729, is located in the tidewater section of Southeastern North Carolina. It is set between the Atlantic Ocean and the Cape Fear River. The surrounding terrain is low lying, with an average elevation of less than 40 feet and the highest elevation approximately 75 feet above sea level. The County is the second smallest in the state with land area totaling approximately 198 square miles, and the most densely populated with a population of over 215,500. The City of Wilmington, the County seat and the largest city, is centrally located in the County. Other incorporated municipalities in the County are Wrightsville Beach, Carolina Beach and Kure Beach.



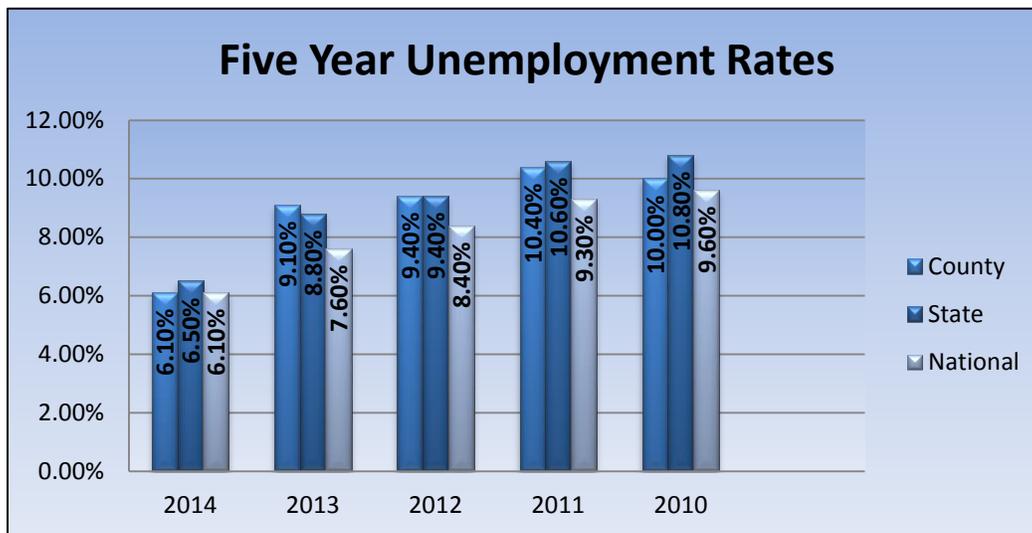
The County utilizes a County Manager form of government with five Commissioners who serve four year staggered terms. The Chairman is elected by the Commissioners each year for a one year term. The County Manager, County Attorney, and the Clerk to the Board are appointed by, and serve at the pleasure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

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



ECONOMIC CONDITION AND OUTLOOK

The County continues to experience growth in fiscal year 2014. Area employment has continued to recover during the current expansion, which officially dates from the middle of 2009. Over the past two years, New Hanover County's unemployment rate has continued to drop, with 2014 dropping 3%, the largest drop in over 5 years.



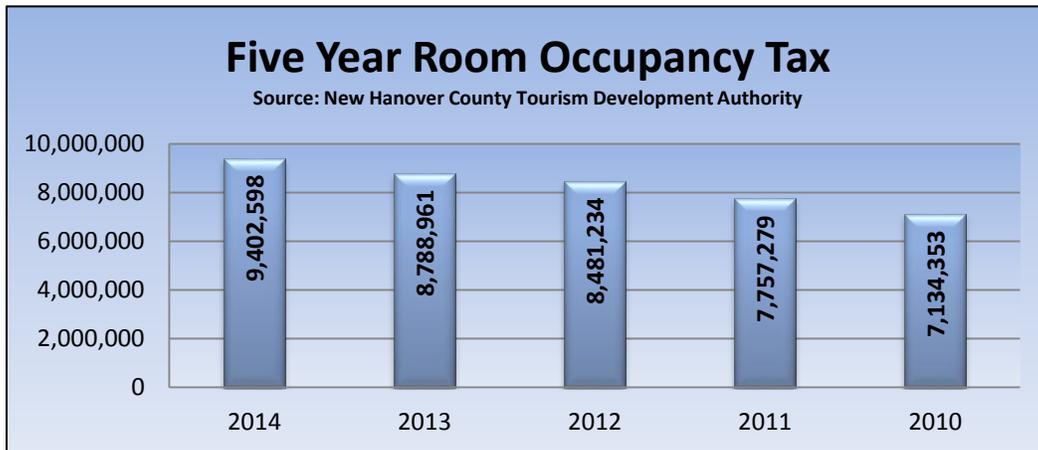
The housing market is getting stronger giving local builders a boost. New Hanover County reports show 1,432 foreclosures in October 2012 down to 1,037 in October 2013.

New Hanover County continues to attract a diverse base of employers, including manufacturing, retail, pharmaceutical, and healthcare. The County's top ten employers make up only 21.68 percent of the total employment within the County.

Top Ten Employers	2014		
	Employees	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	5,991	1	5.68%
New Hanover County Board of Education	4,226	2	4.00%
General Electric	2,175	3	2.06%
University of NC at Wilmington	1,844	4	1.75%
Walmart Stores, Inc.	1,834	5	1.74%
New Hanover County	1,563	6	1.48%
PPD, Inc.	1,500	7	1.42%
Verizon Wireless	1,216	8	1.15%
Cape Fear Community College	1,176	9	1.11%
City of Wilmington	1,100	10	1.04%

Sources: Greater Wilmington Business Journal 2014 Book on Business

Tourism in the area has demonstrated a steady recovery since 2010 and continues to be a bright spot in our local economy. When tourism is strong, local jobs are created and local citizens are employed. Tourism in New Hanover County grew 7% from 2013 to 2014.



The County maintains a diverse taxpayer base, with its top ten taxpayers representing only 4.5% of its total taxpayer base. This diversity is one of the many reasons the County has remained strong, financially, in this economy.

Top Ten Taxpayers			Percentage of Total County Taxable Assessed
Taxpayer	Taxable Assessed Value	Rank	Value
General Electric	325,745,478	1	1.13%
Progress Energy	319,382,329	2	1.11%
Corning Inc.	220,252,069	3	0.76%
River Ventures	77,920,600	4	0.27%
Fortron Industries LLC	73,294,125	5	0.25%
Invista Sarl	68,091,661	6	0.24%
Global Nuclear Fuel Americas	57,590,846	7	0.20%
Bellsouth Tel Co	56,173,508	8	0.19%
Centro Independence LLC	54,078,800	9	0.19%
Wal-Mart Stores	47,543,522	10	0.16%
Total	1,300,072,938		4.50%

Source: New Hanover County Tax Department

Health Care



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

The hospital employs more than 4,900, making the hospital the largest employer in New Hanover County. In 2010, NHRMC began to expand its physician group, acquiring several local doctors and practices. In November 2013, Glen Meade Center for Women's Health joined the NHRMC Physician Group. New Hanover Regional Medical Center also runs Cape Fear Hospital, a rehabilitation hospital, a behavioral health hospital, Zimmer Cancer Center, the Betty H. Cameron Women's and Children's Hospital and has an affiliation agreement with Pender Memorial Hospital. NHRMC officials also have invested outside their main campus, with medical offices at Brunswick Forest and a diagnostic center in Porters Neck.

In 2013, *U.S. News & World Report* ranked New Hanover Regional Medical Center among the Best Hospitals in North Carolina and the Coastal Plain area as well as recognizing NHRMC as high-performing in several areas including cardiology and heart surgery, gastroenterology, orthopedics and pulmonology.

New Hanover Regional Medical Center was among the top 100 strongest Hospitals in the Nation. With more than 4,400 hospitals ranked each year NHRMC was in the top 2.5% for overall quality by iVantage Health Analytics. The ranking is based on quality, outcomes, patient perspective, affordability, and efficiency.

Among other awards, NHRMC was presented the American Heart Association Mission Lifeline God Award. Only 50 hospitals received this award in 2013. This is one of the highest awards given for Segment Evaluation Myocardial Infarction (STEMI) care.

Industry

In CNBC's 2014 annual survey of America's Top States for Business, North Carolina placed in the top 5 and ranked fourth in the Workforce category. North Carolina also ranked in the top fifteen in Technology and Transportation.

General Electric Aviation (GE) is a global leader in jet engine and aircraft system production. GE assembles components to form state of the art engine systems. Over the past year, GE has employed 600 workers in their plant in Castle Hayne. Beginning July 2013, GE Aviation will launch an expansion in Castle Hayne, which is a part of a \$195 million investment GE has committed through their sites in North Carolina. In response to a County incentive package, GE agreed to invest at least \$63 million in new capital investments to its New Hanover County plant within the next 5 years. This move

will also create at least 35 high-paying jobs. Plant volume increased 8% in 2013 and is expected to increase by 16% in 2014.

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

Castle Branch, an employment screening firm, built its new 60,000 sf headquarters in Wilmington in 2014. They plan to add 420 jobs to their already 250 employees that currently work within New Hanover County. This decision came after the City of Wilmington and New Hanover County released \$500,000 in. Castle Branch also received a state grant from the Job Development Investment Grant program, which could award the organization up to \$1.23 million over eight years.



Hollywood East - Film

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

North Carolina saw one of its most successful years in 2013. The film industry spent \$254 million in North Carolina counties, being the second-highest year in the State's history. At least 50-60% of the \$254 million was spent by production in the greater Wilmington area.

The number of productions days increased by 40% from 4,100 in 2012 to 5,700 in 2013. A part of this increase is due to the filming of "Under the Dome," "Sleepy Hollow," and "Christmas in Conway."

Education

The County is home to the University of North Carolina Wilmington (UNCW), the only public university in Southeastern North Carolina. Over the past year UNCW has grown 5.7 percent reaching over 14,000 students. The admission office received over 13,000 freshman applications for the fall 2013 enrollment



period; of which only 1,942 applicants were accepted. Terry Curran, Associate Provost for enrollment management said “12 percent of the incoming class came from the eight Southeastern North Carolina counties, including New Hanover, Pender and Brunswick, that UNCW considers to be its local region.”

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

According to Kiplinger's Personal Finance magazine's "100 Best Values in Public Colleges, 2014" the University of North Carolina at Wilmington moved into the top 30 up four from 2013.

UNCW was awarded the Ideacale Innovation Award in December 2013 for efforts on providing a year-round education for non-traditional students.

The University celebrated the grand opening of the "Biotechnology Building" on November 18, 2013. The building is 69,000 square feet and will house not only multi-functional laboratories and specialized research equipment, but will also house MARBIONC Development Group, LLC, a non-profit entity associated with Center for Marine Science. This new building is not only important to the University, but will also encourage economic development through translational research.

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



CFCC currently is constructing a new Fine Arts Building. The 159,368 square foot building will provide students a state of the art facility for all fine arts studies. It will also include a performance venue with 1,500 seat auditorium with two balconies to house local, regional, and national acts.

Tourism

According to the governor's office, all North Carolina's counties saw increases in visitor spending. New Hanover County was among the counties that experienced the greatest growth in tourism spending this year. New Hanover County saw a 3.8 percent surge in spending. This also led to a 4.0% increase in tourism employment for New Hanover County



Beaches

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

Attractions

The historic waterfront of downtown Wilmington offers other options for visitors with its vast array of unique stores and restaurants. From the waterfront, visitors can also view the USS North Carolina, which resides just across the Cape Fear River. The USS North Carolina brings in over 250,000 visitors a year making it an economic engine.

Parks and Gardens

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

Museums

The Cape Fear Museum of History and Science is the oldest history museum in North Carolina. First opening in 1898, this museum is full of history and science. Since 1977, New Hanover County has served as the sole administrator of the Museum. The Museum is able to serve the community by offering over 52,000 items to help educate its 30,000 guest every year. In December 2013, Cape Fear Museum recognized its 80 dedicated volunteers for serving over 5,100 hours, a value of approximately \$105,677.



Library

With 4 locations throughout New Hanover County, the Library commitment, to citizens and visitors, is to provide an exciting destination where people gather, ideas flourish, and the information and technology resources needed for community to prosper are made freely available.

Convention Center



In its fourth year of operation, the Convention Center held 119 events with over 73,000 attendees. In addition, the center generated 9,128 room nights for area hotels, a 37% increase from fiscal year 2013. The Convention Center continues to get positive reviews, and expects to continue to grow, while providing New Hanover County with an ideal venue.

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

Convention Center	
Event Types	FYE 2014
Convention/TS/Conference	14
Public Shows	16
Meetings/Other	25
Banquets	64
TOTALS	119
Attendance	73,423
Total Room Nights	9,128
Repeat Users	46

Sources: Wilmington Convention Center

Transportation

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

The Road System

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

The Rail System

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



Port of Wilmington



The Port of Wilmington is strategically located on the U.S. East Coast. New Hanover County is home to one of the few South Atlantic ports with readily available berths and storage areas for containers and cargo.

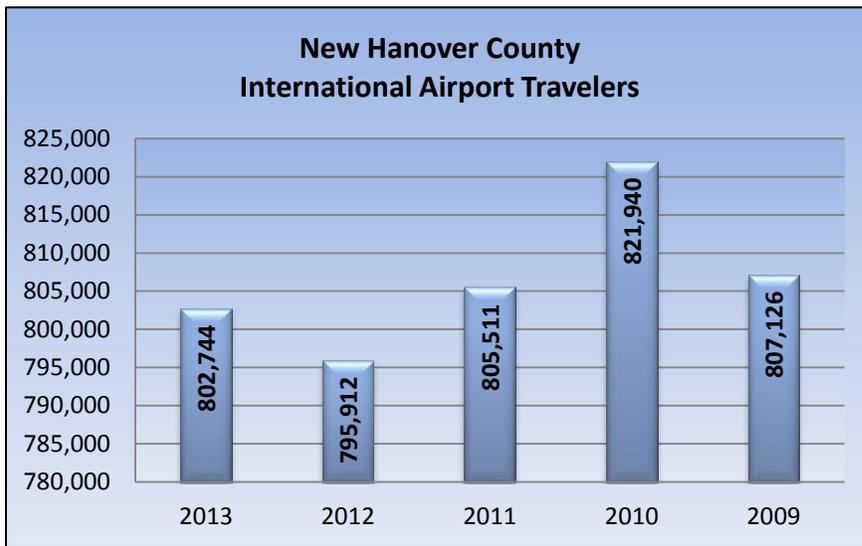
The NC State Ports Authority is owned and operated by the Ports Authority. North Carolina's port system combines modern facilities and abundant capacity with the commitment to excel in service to their customers, without taxpayer monies.

The Port of Wilmington has partnered with NC Government Agencies and Investco to help create 100 jobs as they build a new cold storage facility. Investco will invest more than \$15 million in a 75,000 square foot cold storage facility that will help store items such as produce and meat. With growing NC agricultural programs, this will help allow farmers to transport their goods in the correct conditions.

New Hanover County International Airport



New Hanover County International Airport sometimes known as Wilmington International Airport (ILM) is one of the most dynamic, hospitable, progressive international airports in the Carolinas. The airport offers non-stop flights to 5 major cities including: New York, Atlanta, Philadelphia, Washington DC, and Charlotte. Located midway on the East Coast, over 802,000 travelers passed through the airport last year.



ILM is also becoming even more customer friendly, by launching the TSA Pre-Check Program. This allows passengers, who are pre-approved, to keep shoes, light outerwear, and belts on while going through TSA Check point. It also allows them to keep their laptops in its case. This allows for a more pleasant travel experience.

Bicycling

Bicycling in the Cape Fear Region has become very popular among residents and visitors. New Hanover County has made a significant effort to accommodate this health alternative form of travel. The Greenway Plan was completed in 2012, and continues to be implemented throughout New Hanover County. The future plans are further the expansion, so many can bike from the peaceful Cape Fear River to the beautiful waters of Wrightsville Beach, with the River to Sea Bikeway.

MAJOR INITIATIVE

Strategic Plan

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

- A. Superior Public Health and Public Safety
 - a. Reduce juvenile recidivism by 5%
 - b. Reduce Obesity by an average of 6.5%; 8% in children & 5% in adults

- B. Superior Education and Workforce
 - a. At least 80% of children entering kindergarten are ready
- C. Intelligent Growth and Economic Development
 - a. Encourage private investment of at least \$1billion
 - b. Target industry and business clusters to create 6,000 new jobs
 - c. Average weekly wage to rise by 10%
- D. Effective County Management (Good Governance)

Economic Development

Making strides to further the success measures of economic development, New Hanover County and the City of Wilmington have partnered to determine how best to maximize the economic development potential of New Hanover County. The County hired a consultant who began by analyzing current assets and challenges, meeting with stakeholders in the community, conducting surveys and was finalized in a consultant report which helped provide New Hanover County and the City of Wilmington with a path for moving forward.

The consultant report identified various recommendations that the County and the City could move upon to help further the goal in economic development. These recommendations led to joint County/City meetings to pave the pathway forward.

Planning and Inspections

New Hanover County hopes to be recognized as a leader in planning. In November 2014, the Planning and Inspections Department was asked by the American Planning Association (APA) to serve as a pilot community for their research is forming an accreditation program for comprehensive plans. New Hanover County is only 1 of ten communities across the nation that is involved in their pilot program. APA has given standards to meet and the pilot communities are expected to implement those standards within their planning process. This is an opportunity for New Hanover County to work closely with the APA and to better their comprehensive plan.

Employee Health

New Hanover County's management team made a commitment to their employees, to make their health and wellness a main priority. In March of 2014, New Hanover County was recognized by the American Heart Association as a Gold Level Recipient of their Fit-Friendly Worksite Recognition Program. The County received recognition in the areas of promoting a wellness culture and environment, providing health and wellness programs, and implementing at least nine criteria in the areas of physical activity, nutrition, and culture.

FINANCIAL POLICIES

Internal Control

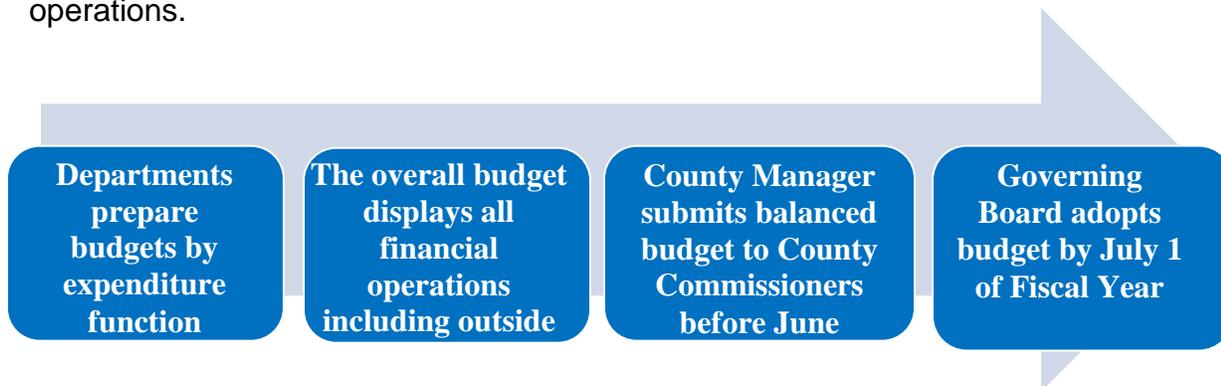
In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: the safeguarding of assets against loss from unauthorized use or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

Bond Credit Rating

New Hanover County has the highest rating by Standard and Poor's and Moody's Investor Services bond rating agencies for its general obligation bonds. NHC is one of only 7 counties in North Carolina, and one of 65 counties nationwide to achieve this rating from both Moody's Investor Services and Standard and Poor's Cooperation.

Budgetary Process

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



INDEPENDENT AUDIT

North Carolina General Statutes require an annual independent audit of all local government units in the State. Martin Starnes & Associates, CPAs, P.A., a firm of independent certified public accountants, has audited the financial records of the County and their opinion has been included in this report. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. Their audit was made in accordance with generally accepted auditing standards and, included examining on a test basis, evidence supporting the amounts and disclosures in the basic financial statements as well as assessing the accounting principles used and significant estimates made by management. Their opinion concluded that the accompanying financial statements for fiscal year ended June 30, 2014 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, 2013. This was the thirty-third consecutive year that the County has achieved this prestigious award.



In addition, New Hanover County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for Fiscal Year 2013-2014. This marks the twenty-third consecutive fiscal year the County has received this companion award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and as a communication tool.

ACKNOWLEDGEMENTS

The preparation of this report would not be possible without the efforts of the entire staff of the Finance Department. We would like to recognize the dedicated members of the Finance Department for their ongoing work as well as their specific efforts in the preparation of this 2014 CAFR:

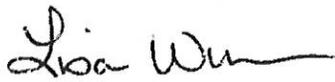
Amy Bradshaw
Lena Butler
Teresa Hewett
Cynthia Meadows
Lyn Sanders
Beverly Thomas

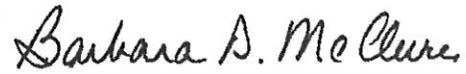
Barbara Brooks
Lori Colon
Teresa Lettley
Jennifer Maready
Bethany Scott

Linda Brothers
Kellie Daughtry
JD Limberger
Katrina Morris
Tara Robles

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

Respectfully submitted,


Lisa H. Wurtzbacher
Finance Director


Barbara D. McClure
Assistant Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**New Hanover County
North Carolina**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended**

June 30, 2013

Executive Director/CEO



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

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

INDEPENDENT AUDITOR'S REPORT

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

Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of New Hanover County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Hanover Regional Medical Center and the New Hanover County Airport Authority, which are discretely presented component units and represent 97.94 percent, 97.06 percent, and 96.89 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those 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 for the New Hanover County Regional Medical Center and New Hanover County Airport Authority, is based solely 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 financial statements are free from material misstatement. The financial statements of the New Hanover County ABC Board and the New Hanover County Tourism and Development Authority (discretely presented component units) and the Airlie Gardens Foundation, Inc., a blended component unit, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based upon our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of New Hanover County, North Carolina, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund and the Room Occupancy Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements, budget and actual schedules, and the other supplemental schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2014 on our consideration of New Hanover County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Hanover County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 2, 2014



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, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the transmittal letter and the County's financial statements, which follow this narrative.

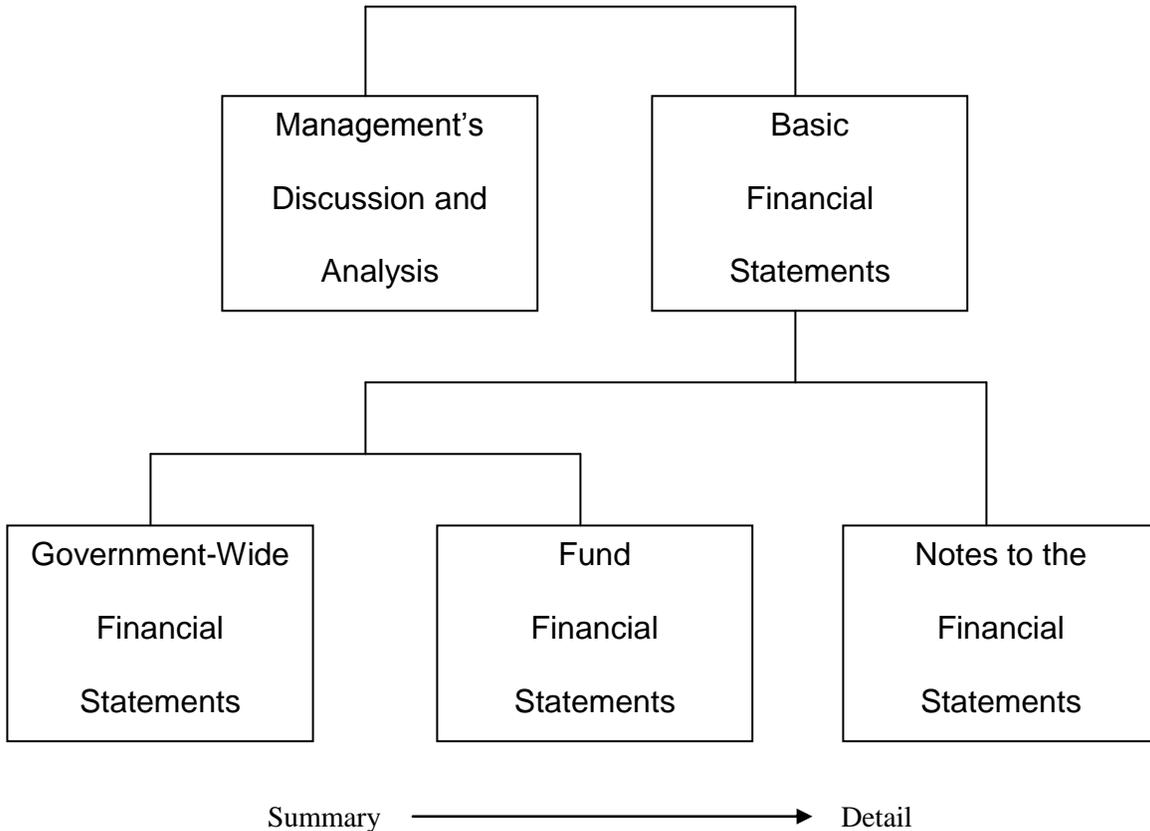
Financial Highlights

- The government's total net position decreased by \$10,708,624. This is due to a decrease in net position from governmental activities, particularly an increase in education expenses. In 2013, net position increased by \$4,429,393.
- The liabilities and deferred inflows of resources of New Hanover County (primary government) exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$69,857,899 (*net deficiency*).
- As of the close of the current fiscal year, New Hanover County's governmental funds reported combined ending fund balances of \$194,812,266 a decrease of \$14,757,716 in comparison with the prior year. Approximately 60.3 percent of this total amount, or \$117,464,565, is restricted or unspendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$63,669,036 or 23.3 percent of total General Fund expenditures for the fiscal years.
- New Hanover County's total bonded and installment debt decreased by \$10,833,813 (2.5 percent) during the current fiscal year. This decrease is due to debt payments made during the year. The County refunded general obligation bond debt in the current year resulting in a premium of \$4,730,000. The County also issued Limited Obligation Bonds during the year.
- New Hanover County maintained its bond rating of Aaa with Moody's Investor Service and bond rating of AAA from Standard and Poor's Corporation.

Overview of the Financial Statements

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

Required Components of Annual Financial Report



Basic Financial Statements

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

The next statements (Exhibits C through L) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) certain budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

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

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

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

Government-Wide Financial Analysis

New Hanover County's Net Position Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 255,142,164	\$ 261,961,075	\$ 11,423,030	\$ 11,904,961	\$ 266,565,194	\$ 273,866,036
Capital assets	157,644,874	160,068,235	17,281,565	13,562,677	174,926,439	173,630,912
Total assets	412,787,038	422,029,310	28,704,595	25,467,638	441,491,633	447,496,948
Deferred outflows of resources	5,262,042	1,925,000	-	-	5,262,042	1,925,000
Long-term liabilities						
outstanding	475,354,975	474,727,646	17,396,175	14,791,750	492,751,150	489,519,396
Other liabilities	22,803,446	18,277,779	839,731	601,883	23,643,177	18,879,662
Total liabilities	498,158,421	493,005,425	18,235,906	15,393,633	516,394,327	508,399,058
Deferred inflows of resources	177,247	172,165	-	-	177,247	172,165
Net position (deficit):						
Net investment in						
capital assets	69,457,459	74,453,841	15,296,848	12,192,927	84,754,307	86,646,768
Restricted	111,955,598	133,680,657	-	-	111,955,598	133,680,657
Unrestricted	(261,739,645)	(277,357,778)	(4,828,159)	(2,118,922)	(266,567,804)	(279,476,700)
Total net position	\$ (80,326,588)	\$ (69,223,280)	\$ 10,468,689	\$ 10,074,005	\$ (69,857,899)	\$ (59,149,275)

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The liabilities and deferred inflows of resources of New Hanover County exceeded its assets and deferred outflows of resources by \$69,857,899 as of June 30, 2014. As of June 30, 2013, the liabilities and deferred inflows of resources of New Hanover County exceeded assets and deferred outflows or resources by \$59,149,275. The County's net position decreased by \$10,708,624 for the fiscal year ended June 30, 2014. Comparatively, the County's net position increased \$4,429,393 in 2013. Net position is reported in three categories: Net investment in capital assets of \$84.7 million; Restricted net position of \$111.9 million; and Unrestricted net position (deficit) of \$(266.6) million.

The net investment in capital assets category is defined as the County's investment in County owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment) net of accumulated depreciation, less any related debt still outstanding that was issued to acquire those items (reduced by any unspent capital fund debt proceeds). This category totals \$84.7 million at June 30, 2014. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Another category of net position is restricted net position totaling \$111.9 million at June 30, 2014. This represents resources that are subject to external restrictions on how they may be used.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position (deficit) totaled \$(266.6) million at June 30, 2014. This deficit is primarily the result of the situation described in the following paragraph.

As with many counties in the State of North Carolina, the County's deficit in unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for use by the New Hanover County Board of Education and Cape Fear Community College (the "schools") to construct, renovate, and equip schools. Under North Carolina law, the County is responsible for providing capital funding for the schools. The County has chosen to meet its legal obligation to provide the schools capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the schools. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in capital assets. At the end of the fiscal year, approximately \$155.4 million of the outstanding debt on the County's financial statements was related to assets included in the public schools' financial statements and \$128.4 million related to assets included in the community college financial statements – a total of \$283.8 million. However, since the majority of this schools related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year which they become due.

The impact on unrestricted governmental net position of the inclusion of the school system debt without the corresponding assets was offset by the following positive factors:

- Continued diligence in the collection of property taxes by maintaining a high collection rate of 98.68 percent.
- Continued low cost of debt due to the County's high bond rating.

New Hanover County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 11,678,622	\$ 12,255,243	\$ 13,092,272	\$ 12,570,415	\$ 24,770,894	\$ 24,825,658
Operating grants and contributions	43,978,237	49,386,172	566,530	453,071	44,544,767	49,839,243
Capital grants and contributions	3,805,714	3,142,533	-	-	3,805,714	3,142,533
General revenues:						
Property taxes	173,492,200	168,655,909	-	-	173,492,200	168,655,909
Other taxes	67,611,937	61,824,095	-	-	67,611,937	61,824,095
Other	599,895	459,846	15,852	10,084	615,747	469,930
Total revenues	301,166,605	295,723,798	13,674,654	13,033,570	314,841,259	308,757,368
Expenses:						
General government	40,522,340	42,674,900	-	-	40,522,340	42,674,900
Human services	54,311,317	52,229,154	-	-	54,311,317	52,229,154
Public safety	67,785,667	64,335,363	-	-	67,785,667	64,335,363
Economic and physical development	12,680,537	16,204,467	-	-	12,680,537	16,204,467
Culture and recreational	14,475,744	13,982,770	-	-	14,475,744	13,982,770
Education	109,549,492	93,167,945	-	-	109,549,492	93,167,945
Interest and fees on long-term debt	13,175,816	13,105,962	-	-	13,175,816	13,105,962
Environmental management	-	-	13,048,970	8,627,414	13,048,970	8,627,414
Total expenses	312,500,913	295,700,561	13,048,970	8,627,414	325,549,883	304,327,975
Increase/decrease in net assets before transfers	(11,334,308)	23,237	625,684	4,406,156	(10,708,624)	4,429,393
Transfers	231,000	-	(231,000)	-	-	-
Increase (decrease) in net position	(11,103,308)	23,237	394,684	4,406,156	(10,708,624)	4,429,393
Net position - beginning of year	(69,223,280)	(69,246,517)	10,074,005	5,667,849	(59,149,275)	(63,578,668)
Net position - ending	\$ (80,326,588)	\$ (69,223,280)	\$ 10,468,689	\$ 10,074,005	\$ (69,857,899)	\$ (59,149,275)

Governmental Activities. Governmental activities net position decreased by \$11,103,308 thereby accounting for the decline in the net position of New Hanover County. Key elements of this decrease are as follows:

- Increase in expenditures for human services and public safety activities due to increased salaries and benefits for 13 new positions; 8 Sheriff detention officers and 5 DSS service providers as well as additional capital equipment purchases for public safety.
- Increase in expenditures for education is due significantly to the capital outlay for the Cape Fear Community College construction projects that increased from the prior year due to increased construction activity on these various projects.
- Decrease in operating grants and contributions revenue due to funding received in the prior year related to beach renourishment repayment from State agencies.

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

- Increased property tax revenue due to the continuing improvement of the economy as well as increased collections for motor vehicle taxes relating to the tax and tags program.
- The increase in other taxes is from special assessment revenue due to the 5-year re-assessment in FY 2014 of Mason Inlet for costs related to maintenance dredging for purposes of realigning the inlet footprint within the authorized engineered corridor ensuring distanced inlet shoulders.
- Decrease in expenditures in the economic and physical development activity due to a decrease in erosion control payments from the room occupancy tax fund.

Business-Type Activities. Business-type activities net position increased by \$394,684. This compares to an increase in net assets from business-type activities from prior year of \$4,406,156.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of New Hanover County. At the end of the current fiscal year, New Hanover County's unassigned fund balance in the General Fund was \$63,669,036, while total fund balance was \$101,975,040. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and other financing uses. At June 30, 2014, unassigned fund balance for the General Fund represented 23.3 percent of total General Fund expenditures. The Governing Body of New Hanover County has determined that the County should maintain an unassigned fund balance of 21% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County.

Available fund balance differs from the unassigned fund balance in that available fund balance includes the portion of fund balance that is unassigned, assigned, committed, or restricted except funds restricted for stabilization by State statute. At the end of the current fiscal year, New Hanover County's fund balance available in the General Fund was \$78,337,227, while total fund balance was \$101,975,040. The County currently has an available fund balance of 28.6 percent of General Fund expenditures, while total fund balance represents 37.28 percent of that same amount.

The room occupancy tax special revenue fund is used to account for the room occupancy tax revenues and related expenditures for New Hanover County, Carolina Beach, Kure Beach, Wrightsville Beach, and the City of Wilmington. At the end of the current fiscal year fund balance of the room occupancy tax special revenue fund was \$41,411,634, as compared to \$36,571,186 at June 30, 2013. The majority of this fund balance, approximately 98.1 percent, is restricted for erosion control as required by the act of the North Carolina Legislature.

The \$164 million Cape Fear Community College bond capital project fund is used to account for Cape Fear Community College capital project expenditures funded by \$164 million general obligation bonds. At the end of the current fiscal year, fund balance in this fund was \$22,213,748, as compared to a \$54,207,021 fund balance at June 30, 2013. The decrease in this fund balance is due to the increase in capital outlay expenses during the year.

Other nonmajor governmental funds are combined for reporting on Exhibits C and D. At the end of the current fiscal year, fund balance for other governmental funds was \$29,211,844, of which 69.7 percent is restricted for capital project funds. At June 30, 2013, fund balance for other governmental funds was \$19,348,574.

At June 30, 2014, the governmental funds of New Hanover County reported a combined fund balance of \$194,812,266, a 7.0 percent decrease over last year. This decrease in fund balance is primarily due to the decrease of fund balance in the \$164 million Cape Fear Community College capital project fund. This decrease was slightly offset by an increase in fund balance in the other funds.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total Amendments to the General Fund increased budgeted revenues by \$2.3 million, due primarily to the increase in intergovernmental revenues and miscellaneous revenue contributions.

Amendments to general government activities increased budgeted expenditures by \$1.6 million primarily due to an increase in operations and capital outlay. Amendments to human services activities increased budgeted expenditures by \$2.0 million primarily due to the transfer of contributions to the general fund, an increase in operations and capital outlay. Amendments to public safety activities increased budgeted expenditures by \$2.3 million primarily due to increased expenditures for salaries, operations and capital outlay.

The variances between the final budget and actual revenues and expenditures are noted in Exhibit F. The positive variance in ad valorem is primarily due to improvements in the economy as well as increased collections in motor vehicle taxes due to the tax and tags program. The negative variance in inter-governmental revenue is primarily due to a decreased expectation of these revenues.

Proprietary Funds. New Hanover County’s proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position (deficit) of the Environmental Management Fund at the end of the fiscal year amounted to \$(4,828,159). The change in total net position for the fiscal year ended June 30, 2014, was \$394,684 for the Environmental Management Fund. This compares to unrestricted net position (deficit) of \$(2,118,922) in the Environmental Management Fund at June 30, 2013; as well as the change in total net position for the fund for the fiscal year ended June 30, 2013, of \$4,406,156.

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, 2014 totals \$174,926,439 (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	
	2014	2013	2014	2013	2014	2013
Land	\$ 43,251,767	\$ 43,141,966	\$ 2,459,201	\$ 2,459,201	\$ 45,710,968	\$ 45,601,167
Buildings	135,158,869	135,081,972	23,176,265	23,108,578	158,335,134	158,190,550
Other improvements	27,118,094	26,999,944	19,239,040	19,239,040	46,357,134	46,238,984
Equipment and vehicles	53,877,995	52,321,441	28,370,977	27,636,242	82,248,972	79,957,683
Construction in progress	8,432,538	5,500,441	3,721,854	358,481	12,154,392	5,858,922
Total before depreciation	267,839,263	263,045,764	76,967,337	72,801,542	344,806,600	335,847,306
Less accumulated depreciation	(110,194,389)	(102,977,529)	(59,685,772)	(59,238,865)	(169,880,161)	(162,216,394)
Total net depreciation	<u>\$ 157,644,874</u>	<u>\$ 160,068,235</u>	<u>\$ 17,281,565</u>	<u>\$ 13,562,677</u>	<u>\$ 174,926,439</u>	<u>\$ 173,630,912</u>

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

Long-Term Debt. As of June 30, 2014, the carrying value of New Hanover County’s total bonded debt outstanding was \$308,179,997, all of which is debt backed by the full faith and credit of the County.

New Hanover County’s Outstanding Debt
Figure 5

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 308,179,997	\$ 325,564,997	\$ -	\$ -	\$ 308,179,997	\$ 325,564,997
Installment debt	93,017,963	86,127,113	1,965,970	1,346,488	94,983,933	87,473,601
Unamortized premium and discounts	<u>18,695,760</u>	<u>19,650,390</u>	<u>18,747</u>	<u>23,262</u>	<u>18,714,507</u>	<u>19,673,652</u>
Total long-term debt	<u>\$ 419,893,720</u>	<u>\$ 431,342,500</u>	<u>\$ 1,984,717</u>	<u>\$ 1,369,750</u>	<u>\$ 421,878,437</u>	<u>\$ 432,712,250</u>

New Hanover County’s total bonded and installment debt decreased by \$10,833,813 (2.5 percent) during the past fiscal year due to decreased general obligation bond debt. General obligation debt decreased \$17.39 million and installment debt increased by \$7.51 million.

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for New Hanover County is \$1,991,551,440. The County has \$40,000,000 in bonds authorized but unissued at June 30, 2014.

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

Budget Highlights for the Fiscal Year Ending June 30, 2015

Governmental Activities. The County has approved a \$290.7 million General Fund budget for fiscal year 2014-2015, which represents a \$17 million increase from the actual expenditures and other financing uses for the year ended June 30, 2014. Increases are expected in revenues for the year ended June 30, 2015 primarily due to proceeds from installment debt issuance. The County is also expecting to see an increase in sales tax revenue based on the expectation of continued economic recovery.

Business-Type Activities. The environmental management fund budget is balanced with a tipping fee of \$55.00 per ton. This represents a decrease from \$59.00 in the previous year.

Requests for Information

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





NEW HANOVER COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash, cash equivalents, and investments	\$ 150,551,587	\$ 9,724,335	\$ 160,275,922
Receivables - net of allowances for doubtful accounts	5,930,925	1,325,511	7,256,436
Due from other governments	21,658,391	-	21,658,391
Due from component units	316,757	-	316,757
Inventory	6,241	277,731	283,972
Prepays	122,880	-	122,880
Restricted cash, cash equivalents, and investments	39,847,680	95,453	39,943,133
Restricted receivables - net of allowances for doubtful accounts	-	-	-
Pension asset	-	-	-
Investment in affiliates	-	-	-
Other long-term assets	36,707,703	-	36,707,703
Capital assets:			
Land and construction in progress	51,684,305	6,181,055	57,865,360
Other capital assets, net of depreciation	105,960,569	11,100,510	117,061,079
Total assets	<u>412,787,038</u>	<u>28,704,595</u>	<u>441,491,633</u>
Deferred Outflows of Resources	5,262,042	-	5,262,042
Liabilities:			
Accounts payable and accrued expenses	18,633,469	836,404	19,469,873
Accrued interest payable	3,040,146	3,327	3,043,473
Accrued expenses	-	-	-
Due to component unit	548,956	-	548,956
Due to primary government	-	-	-
Advances from grantors	535,515	-	535,515
Prepaid service fees	45,360	-	45,360
Long-term liabilities, net of amortized charges, discounts, and premiums:			
Due within one year	39,417,486	796,301	40,213,787
Due in more than one year	435,977,489	16,599,874	452,577,363
Total liabilities	<u>498,198,421</u>	<u>18,235,906</u>	<u>516,434,327</u>
Deferred Inflows of Resources	177,247	-	177,247
Net Position (Deficit):			
Net investment in capital assets	69,457,459	15,296,848	84,754,307
Restricted for:			
Passenger facility charges projects	-	-	-
Endowments, specific purpose donations and grants	-	-	-
Capital improvements	-	-	-
Working capital	-	-	-
Promotion and tourism	-	-	-
Stabilization by State statute	34,829,572	-	34,829,572
Register of Deeds	579,307	-	579,307
Human services	509,287	-	509,287
Public safety	5,628,458	-	5,628,458
Economic and physical development	40,624,472	-	40,624,472
Culture and recreation	7,570,754	-	7,570,754
Education	22,213,748	-	22,213,748
Unrestricted (deficit)	<u>(261,739,645)</u>	<u>(4,828,159)</u>	<u>(266,567,804)</u>
Total net position (deficit)	<u>\$ (80,326,588)</u>	<u>\$ 10,468,689</u>	<u>\$ (69,857,899)</u>

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

Exhibit A

Component Units			
New Hanover County Airport Authority	New Hanover Regional Medical Center	New Hanover County ABC Board	New Hanover County Tourism Development Authority
\$ 14,025,663	\$ 417,811,000	\$ 4,167,782	\$ 1,435,429
2,805,252	142,172,000	12,320	513,865
-	-	-	-
-	-	-	548,956
-	16,304,000	2,493,548	-
1,344	12,829,000	55,642	11,896
4,531,800	5,959,000	-	-
791,750	2,207,000	-	-
-	4,380,000	-	-
-	670,000	-	-
-	1,238,000	-	-
23,989,836	22,260,000	9,597,634	-
45,758,428	475,727,000	6,185,737	42,444
<u>91,904,073</u>	<u>1,101,557,000</u>	<u>22,512,663</u>	<u>2,552,590</u>
-	5,245,000	-	-
2,883,440	125,511,000	2,575,204	91,131
-	5,388,000	-	-
734,598	-	-	-
-	-	-	-
-	-	316,757	-
-	-	-	-
-	-	-	-
501,056	14,409,000	-	17,659
5,481,792	315,016,000	-	-
<u>9,600,886</u>	<u>460,324,000</u>	<u>2,891,961</u>	<u>108,790</u>
-	-	-	-
64,292,893	182,198,000	15,783,371	42,444
4,796,073	-	-	-
-	10,693,000	-	-
-	-	1,600,000	-
-	-	1,056,462	-
-	-	-	1,172,042
-	-	-	1,062,821
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
13,214,221	453,587,000	1,180,869	166,493
<u>\$ 82,303,187</u>	<u>\$ 646,478,000</u>	<u>\$ 19,620,702</u>	<u>\$ 2,443,800</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 40,522,340	\$ 2,712,105	\$ 4,744,826	\$ -
Human services	54,311,317	1,506,738	33,216,559	-
Public safety	67,785,667	5,915,414	3,710,673	1,019,016
Economic and physical development	12,680,537	-	-	532,280
Culture and recreation	14,475,744	1,544,365	2,306,179	190,432
Education	109,549,492	-	-	2,063,986
Interest and fees on long-term debt	13,175,816	-	-	-
Total governmental activities	<u>312,500,913</u>	<u>11,678,622</u>	<u>43,978,237</u>	<u>3,805,714</u>
Business-type activities:				
Environmental management	13,048,970	13,092,272	566,530	-
Total business-type activities	<u>13,048,970</u>	<u>13,092,272</u>	<u>566,530</u>	<u>-</u>
Total primary government	<u>\$ 325,549,883</u>	<u>\$ 24,770,894</u>	<u>\$ 44,544,767</u>	<u>\$ 3,805,714</u>
Component Units:				
NHC Airport Authority	\$ 13,887,510	\$ 10,566,079	\$ -	\$ 6,507,118
New Hanover Regional Medical Center	847,244,000	895,067,000	-	544,000
NHC ABC Board	26,440,206	27,468,027	-	-
NHS Tourism Development Authority	3,939,589	-	-	-
Total component units	<u>\$ 891,511,305</u>	<u>\$ 933,101,106</u>	<u>\$ -</u>	<u>\$ 7,051,118</u>

General Revenues:

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

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	New Hanover County Airport Authority	New Hanover Regional Medical Center	New Hanover County ABC Board	New Hanover County Tourism Development Authority
\$ (33,065,409)	\$ -	\$ (33,065,409)	\$ -	\$ -	\$ -	\$ -
(19,588,020)	-	(19,588,020)	-	-	-	-
(57,140,564)	-	(57,140,564)	-	-	-	-
(12,148,257)	-	(12,148,257)	-	-	-	-
(10,434,768)	-	(10,434,768)	-	-	-	-
(107,485,506)	-	(107,485,506)	-	-	-	-
(13,175,816)	-	(13,175,816)	-	-	-	-
(253,038,340)	-	(253,038,340)	-	-	-	-
-	609,832	609,832	-	-	-	-
-	609,832	609,832	-	-	-	-
(253,038,340)	609,832	(252,428,508)	-	-	-	-
-	-	-	3,185,687	-	-	-
-	-	-	-	48,367,000	-	-
-	-	-	-	-	1,027,821	-
-	-	-	-	-	-	(3,939,589)
-	-	-	3,185,687	48,367,000	1,027,821	(3,939,589)
173,492,200	-	173,492,200	-	-	-	-
56,379,614	-	56,379,614	-	-	-	-
4,416,767	-	4,416,767	-	-	-	3,921,770
6,815,556	-	6,815,556	-	-	-	-
-	-	-	-	3,620,000	-	-
599,895	15,852	615,747	8,928	3,747,000	10,118	2,024
-	-	-	(155,122)	1,190,000	5,847	300,634
241,704,032	15,852	241,719,884	(146,194)	8,557,000	15,965	4,224,428
231,000	(231,000)	-	-	-	-	-
241,935,032	(215,148)	241,719,884	(146,194)	8,557,000	15,965	4,224,428
(11,103,308)	394,684	(10,708,624)	3,039,493	56,924,000	1,043,786	284,839
(69,223,280)	10,074,005	(59,149,275)	79,263,694	589,554,000	18,576,916	2,158,961
\$ (80,326,588)	\$ 10,468,689	\$ (69,857,899)	\$ 82,303,187	\$ 646,478,000	\$ 19,620,702	\$ 2,443,800

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

NEW HANOVER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Room Occupancy Tax Special Revenue	\$164 Million CFCC Capital Project	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash, cash equivalents, and investments	\$ 92,898,425	\$ 41,282,670	\$ -	\$ 16,370,492	\$ 150,551,587
Receivables - net of allowances for doubtful accounts	24,451,780	1,574,612	-	1,562,924	27,589,316
Receivables - interfund loans	112,047	-	-	-	112,047
Due from component units	316,757	-	-	-	316,757
Inventory	6,241	-	-	-	6,241
Prepays	122,480	-	-	400	122,880
Restricted cash, cash equivalents, and investments	431	-	24,181,137	15,666,112	39,847,680
Total assets	<u>\$ 117,908,161</u>	<u>\$ 42,857,282</u>	<u>\$ 24,181,137</u>	<u>\$ 33,599,928</u>	<u>\$ 218,546,508</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 12,514,338	\$ 4,000	\$ 1,967,389	\$ 4,147,742	\$ 18,633,469
Interfund loans	-	-	-	112,047	112,047
Due to component unit	-	548,956	-	-	548,956
Advances from grantors	535,515	-	-	-	535,515
Prepaid service fees	45,360	-	-	-	45,360
Total liabilities	<u>13,095,213</u>	<u>552,956</u>	<u>1,967,389</u>	<u>4,259,789</u>	<u>19,875,347</u>
Deferred Inflows of Resources	2,837,908	892,692	-	128,295	3,858,895
Fund balances:					
Non-spendable:					
Inventory	6,241	-	-	-	6,241
Prepays	122,480	-	-	400	122,880
Restricted:					
Stabilization for State statute	23,509,092	787,162	-	10,533,318	34,829,572
Restricted - all other	579,307	40,624,472	22,213,748	19,088,345	82,505,872
Committed	-	-	-	1,111,557	1,111,557
Assigned	14,088,884	-	-	60,085	14,148,969
Unassigned	63,669,036	-	-	(1,581,861)	62,087,175
Total fund balances	<u>101,975,040</u>	<u>41,411,634</u>	<u>22,213,748</u>	<u>29,211,844</u>	<u>194,812,266</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 117,908,161</u>	<u>\$ 42,857,282</u>	<u>\$ 24,181,137</u>	<u>\$ 33,599,928</u>	
Amounts reported in the governmental activities in the Statements of Net Position (Exhibit A) are different because:					
Charges related to refunding bond issue					5,262,042
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					157,644,874
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					36,707,703
Liabilities for earned, but deferred inflow of resources					3,681,648
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					<u>(478,435,121)</u>
Net position of governmental activities					<u>\$ (80,326,588)</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General	Room Occupancy Tax Special Revenue	\$164 Million CFCC Capital Project	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 221,687,540	\$ 4,416,767	\$ -	\$ 12,154,645	\$ 238,258,952
Intergovernmental revenues	42,240,156	1,802,000	-	3,579,911	47,622,067
Special assessments	5,269	2,889,056	-	-	2,894,325
Charges for services	10,371,854	-	-	1,306,768	11,678,622
Contributions	-	-	-	22,500	22,500
Investment earnings	197,996	73,272	27,197	301,430	599,895
Miscellaneous	1,424,695	-	-	55,323	1,480,018
Total revenues	<u>275,927,510</u>	<u>9,181,095</u>	<u>27,197</u>	<u>17,420,577</u>	<u>302,556,379</u>
Expenditures:					
Current:					
General government	32,535,630	-	-	-	32,535,630
Human services	53,615,690	-	-	-	53,615,690
Public safety	51,952,229	-	-	10,507,109	62,459,338
Economic and physical development	1,087,198	4,340,647	-	-	5,427,845
Culture and recreation	10,848,571	-	-	1,072,901	11,921,472
Education - community college and schools	8,674,377	-	-	-	8,674,377
Education - public schools	66,864,786	-	-	-	66,864,786
Capital outlay	-	-	32,020,470	14,158,819	46,179,289
Debt service:					
Principal - bonds	22,115,000	-	-	-	22,115,000
Interest and fees	12,003,385	-	-	-	12,003,385
Installment debt payments	13,263,993	-	-	856,585	14,120,578
Bond issuance costs	562,701	-	-	-	562,701
Total expenditures	<u>273,523,560</u>	<u>4,340,647</u>	<u>32,020,470</u>	<u>26,595,414</u>	<u>336,480,091</u>
Revenues over (under) expenditures	<u>2,403,950</u>	<u>4,840,448</u>	<u>(31,993,273)</u>	<u>(9,174,837)</u>	<u>(33,923,712)</u>
Other Financing Sources (Uses):					
Sale of capital assets	80,658	-	-	48,435	129,093
Insurance claim proceeds	46,288	-	-	-	46,288
Long-term debt issued	-	-	-	17,185,000	17,185,000
Premium on long-term debt issued	-	-	-	1,011,914	1,011,914
Refunding bonds issued	63,555,000	-	-	-	63,555,000
Payment to refunded bond escrow agent	(62,992,299)	-	-	-	(62,992,299)
Premium refunding bonds	-	-	-	-	-
Transfers from other funds	239,752	-	-	1,823,437	2,063,189
Transfers to other funds	(801,510)	-	-	(1,030,679)	(1,832,189)
Total other financing sources (uses)	<u>127,889</u>	<u>-</u>	<u>-</u>	<u>19,038,107</u>	<u>19,165,996</u>
Net change in fund balances	2,531,839	4,840,448	(31,993,273)	9,863,270	(14,757,716)
Fund Balances:					
Beginning of year - July 1	<u>99,443,201</u>	<u>36,571,186</u>	<u>54,207,021</u>	<u>19,348,574</u>	<u>209,569,982</u>
End of year - June 30	<u>\$ 101,975,040</u>	<u>\$ 41,411,634</u>	<u>\$ 22,213,748</u>	<u>\$ 29,211,844</u>	<u>\$ 194,812,266</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

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

Net change in fund balances - total governmental funds	\$ (14,757,716)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those current assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(2,423,361)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds. Revenue in the fund statements that is repayment of long-term receivables is not recorded as revenue in the Statement of Activities.	2,720,603
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This is the amount of the net effect of these differences in the treatment of long-term debt and related items.	14,089,330
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(10,732,164)</u>
Change in net position of governmental activities	<u>\$ (11,103,308)</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund			Variance from Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes:				
Ad valorem, including interest	\$ 161,641,517	\$ 161,641,517	\$ 165,307,926	\$ 3,666,409
Other	55,556,437	55,556,437	56,379,614	823,177
Total taxes	217,197,954	217,197,954	221,687,540	4,489,586
Special assessments	-	-	5,269	5,269
Intergovernmental revenue	42,763,137	44,333,168	42,029,985	(2,303,183)
Charges for services	9,448,292	9,373,292	10,371,854	998,562
Investment earnings	130,000	130,000	193,632	63,632
Miscellaneous	761,142	1,589,632	1,424,695	(164,937)
Total revenues	<u>270,300,525</u>	<u>272,624,046</u>	<u>275,712,975</u>	<u>3,088,929</u>
Expenditures:				
Current:				
General government	33,561,977	35,237,153	32,535,630	2,701,523
Human services	58,448,889	60,488,940	53,615,690	6,873,250
Public safety	50,356,730	52,682,637	51,952,229	730,408
Economic and physical development	1,026,288	1,702,074	1,087,198	614,876
Culture and recreation	11,082,693	11,460,729	10,848,571	612,158
Education - community college	8,674,377	8,674,377	8,674,377	-
Debt service:				
Principal retirement	7,751,669	7,751,669	7,751,669	-
Interest and fees	6,954,542	6,954,542	6,954,542	-
Installment lease payments	13,774,406	13,774,406	12,709,235	1,065,171
Bond issuance costs	-	562,701	562,701	-
Total expenditures	<u>191,631,571</u>	<u>199,289,228</u>	<u>186,691,842</u>	<u>12,597,386</u>
Revenues over (under) expenditures	<u>78,668,954</u>	<u>73,334,818</u>	<u>89,021,133</u>	<u>15,686,315</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	-	80,658	80,658
Insurance claims proceeds	-	25,623	46,288	20,665
Refunding bonds issued	-	63,555,000	63,555,000	-
Payment to refunded bond escrow agent	-	(62,992,299)	(62,992,299)	-
Transfers from other funds	231,000	242,943	239,752	(3,191)
Transfers to other funds	(87,709,954)	(87,711,087)	(87,174,603)	536,484
Appropriated fund balance	8,810,000	13,545,002	-	(13,545,002)
Total other financing sources (uses)	<u>(78,668,954)</u>	<u>(73,334,818)</u>	<u>(86,245,204)</u>	<u>(12,910,386)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,775,929</u>	<u>\$ 2,775,929</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>			<u>Variance from Final Budget Over/Under</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Fund Balance:				
Beginning of year - July 1			<u>96,862,574</u>	
End of year - June 30			<u>99,638,503</u>	
A legally budget Public Schools fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			4,364	
Intergovernmental revenue			210,171	
Transfer-in from other funds			86,373,093	
Expenditures			(66,864,786)	
Debt service:				
Principal			(14,363,331)	
Interest and fees			(5,048,843)	
Installment lease payments			(554,758)	
Beginning of year - July 1			<u>2,580,627</u>	
End of year - June 30 (Exhibit D)			<u>\$ 101,975,040</u>	

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROOM OCCUPANCY TAX FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance from
	Original	Final		Final Budget Over/Under
Revenues:				
Room occupancy taxes	\$ 3,649,900	\$ 4,049,900	\$ 4,416,767	\$ 366,867
Special assessments	56,000	56,000	2,889,056	2,833,056
Intergovernmental revenue	-	1,039,551	1,802,000	762,449
Investment earnings	-	-	73,272	73,272
Total revenues	<u>3,705,900</u>	<u>5,145,451</u>	<u>9,181,095</u>	<u>4,035,644</u>
Expenditures:				
Current:				
Collection fee to New Hanover County	18,000	18,000	18,000	-
Tourism distributions to TDA and municipalities	1,325,000	1,725,000	1,689,917	35,083
Erosion control	<u>2,362,900</u>	<u>5,425,175</u>	<u>2,632,730</u>	<u>2,792,445</u>
Total expenditures	<u>3,705,900</u>	<u>7,168,175</u>	<u>4,340,647</u>	<u>2,827,528</u>
Revenues over (under) expenditures	<u>-</u>	<u>(2,022,724)</u>	<u>4,840,448</u>	<u>6,863,172</u>
Other Financing Sources (Uses):				
Appropriated fund balance	-	2,022,724	-	(2,022,724)
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,022,724</u>	<u>-</u>	<u>(2,022,724)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	4,840,448	<u>\$ 4,840,448</u>
Fund Balance:				
Beginning of year - July 1			<u>36,571,186</u>	
End of year - June 30			<u>\$ 41,411,634</u>	

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Environmental Management Fund
	<u> </u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 9,724,335
Receivables	1,325,511
Inventory	<u>277,731</u>
Total current assets	<u>11,327,577</u>
Non-current assets:	
Restricted cash and cash equivalents	95,453
Capital assets:	
Land and construction in progress	6,181,055
Other capital assets, net of depreciation	<u>11,100,510</u>
Total non-current assets	<u>17,281,565</u>
Total assets	<u>28,704,595</u>
Liabilities:	
Current liabilities:	
Current portion of long-term obligations	796,301
Accounts payable and accrued expenses	<u>839,731</u>
Total current liabilities	<u>1,636,032</u>
Non-current liabilities:	
Accrued landfill closure and post-closure care costs	15,254,291
Long-term obligations, net of amortized charge, discount, and premiums	<u>1,345,583</u>
Total non-current liabilities	<u>16,599,874</u>
Total liabilities	<u>18,235,906</u>
Net Position:	
Net investment in capital assets	15,296,848
Unrestricted	<u>(4,828,159)</u>
Total net position	<u>\$ 10,468,689</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Environmental Management Fund
Operating Revenues:	
Charges for services	\$ 12,689,379
Other	402,893
Total operating revenues	<u>13,092,272</u>
Operating Expenses:	
Personnel	1,881,329
System maintenance	9,748,396
Depreciation	1,389,909
Total operating expenses	<u>13,019,634</u>
Operating income (loss)	<u>72,638</u>
Non-Operating Revenues (Expenses):	
Investment earnings	15,852
Intergovernmental revenues	566,530
Interest and fees	(29,336)
Total non-operating revenues (expenses)	<u>553,046</u>
Income (loss) before contributions and transfers	<u>625,684</u>
Transfers to other funds	<u>(231,000)</u>
Change in net position	394,684
Net Position:	
Beginning of year - July 1	<u>10,074,005</u>
End of year - June 30	<u>\$ 10,468,689</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Environmental Management Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 12,519,562
Cash payments from suppliers for system maintenance	(5,701,689)
Cash paid to employees for services	(1,882,383)
Other operating revenues	<u>628,360</u>
Net cash provided (used) by operating activities	<u>5,563,850</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers to other funds	(231,000)
Proceeds from intergovernmental revenue	<u>566,530</u>
Net cash provided (used) by non-capital financing activities	<u>335,530</u>
Cash Flows from Capital and Related Financing Activities:	
Installment debt issued	1,012,122
Acquisitions and construction of capital assets	(5,334,264)
Principal paid on long-term debt	(392,640)
Interest paid on long-term debt	<u>(34,443)</u>
Net cash provided (used) by capital and related financing activities	<u>(4,749,225)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>15,852</u>
Net cash provided (used) by investing activities	<u>15,852</u>
Net increase (decrease) in cash and cash equivalents	1,166,007
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>8,653,781</u>
End of year - June 30	<u>\$ 9,819,788</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 72,638
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,389,909
Loss on disposal of capital assets	225,467
Landfill closure and post-closure care costs	1,990,512
Changes in assets and liabilities:	
(Increase) decrease in receivables	(169,817)
(Increase) decrease in inventory	1,817,755
Increase (decrease) in accounts payable and accrued expenses	<u>237,386</u>
Net cash provided (used) by operating activities	<u>\$ 5,563,850</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2014

	Law Enforcement Officers' Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 1,349,176	\$ 7,776,925
Accounts receivable	78,988	2,951,366
Total assets	<u>1,428,164</u>	<u>10,728,291</u>
Liabilities:		
Accounts payable and accrued expenses	18,397	1,022,760
Due to other governmental units	-	2,841,971
Escrow funds and deposits	-	6,863,560
Total liabilities	<u>18,397</u>	<u>10,728,291</u>
Net Position:		
Held in trust for employees' pension benefits	<u>\$ 1,409,767</u>	<u>\$ -</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Law Enforcement Officers' Pension Trust Fund
Additions:	
Employer contributions	\$ 568,386
Investment earnings	1,769
Total additions	<u>570,155</u>
Deductions:	
Salaries and benefits	293,546
Contracted services	<u>-</u>
Total deductions	<u>293,546</u>
Change in net position	276,609
Net Position:	
Beginning of year - July 1	<u>1,133,158</u>
End of year - June 30	<u>\$ 1,409,767</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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 215,497 people. The County utilizes a County Manager form of government with a five-member board of commissioners. As required by accounting principles generally accepted in the United States of America, these financial statements present all the fund types of the County and its component units, legally separate entities for which the County is financially accountable. The Airlie Gardens Foundation, Inc., The Public Health Foundation of New Hanover County, Inc., and the Parks Conservatory of New Hanover County exist to provide service or benefit to County departments. These units are presented as special revenue funds of the County's financial statements. The New Hanover County Airport Authority (Authority), which has a June 30 year-end, The New Hanover Regional Medical Center (Medical Center), which has a September 30 year-end, The New Hanover County ABC Board (ABC Board), which has a June 30 year-end, and The New Hanover County Tourism Development Authority (TDA), which has a June 30 year-end are presented as if they are separate proprietary funds of the County (discrete presentation). The Industrial Facilities and Pollution Control Financing Authority (Industrial Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Industrial Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method. Each discretely presented component unit is reported in a separate column in the County's government-wide financial statements to emphasize they are legally separate from the County.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
The Airlie Gardens Foundation, Inc.	Blended	Exclusive service or benefit to the primary government. Established on April 8, 1999 as a charitable corporation to establish an endowment and to receive and distribute monies for prospective funding of capital improvements at the County owned Airlie Gardens. The unit also serves in an advisory capacity to the Airlie Gardens' staff and Board of Commissioners in relation to providing advice for operations, policy, capital improvements and program development.	The Airlie Gardens Foundation, Inc. Wilmington, NC
The Public Health Foundation of New Hanover County, Inc.	Blended	Exclusive service or benefit to the primary government. Established on September 20, 2001 solely to provide for the support and benefit of the County's Health Department.	None issued.
Parks Conservatory of New Hanover County	Blended	Exclusive service or benefit to the primary government. Established on May 23, 2012 solely to provide for the support and benefit of the Parks and Gardens Department of New Hanover County.	None issued.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

New Hanover County Airport Authority	Discrete	The Authority is governed by a five member Board that is appointed by the Board of Commissioners. The County's ownership of the underlying real estate and statement of intent to provide financial support to fund any future operating deficits of the Authority provides a financial burden to the County.	New Hanover County Airport Authority 1740 Airport Blvd. Wilmington, NC 28405
New Hanover Regional Medical Center	Discrete	The Medical Center is a public, non-profit corporation which has leased its existing facilities and all future improvements from the County for a period of 30 years from February 15, 1999. The Medical Center's Board of Trustees is appointed by the Board of Commissioners. The County has issued Hospital Revenue Bonds for construction of additions and improvements to the Medical Center and for purchase of equipment.	New Hanover Regional Medical Center PO BOX 9000 Wilmington, NC 28402
New Hanover County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County Commissioners. The ABC Board is required by State Statute to distribute its surpluses to the General Fund of the County.	New Hanover County ABC Board 523 S. 17 th Street Wilmington, NC 28401
New Hanover County Tourism Development Authority	Discrete	The Tourism Development Authority (TDA) was established by the Board of Commissioners under the authority of North Carolina State Legislature House Bill 1707 and 1720 approved October 3, 2002. The members of the TDA board are appointed by the County Commissioners.	New Hanover County Tourism Development Authority 505 Nutt Street, Unit A Wilmington, NC 28401
Industrial Facilities and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven member Board of Commissioners that is appointed by the County Commissioners. The County can remove any Commissioner of the Authority with or without cause.	None issued.

The New Hanover Regional Medical Center Foundation, Inc. (*Foundation*), and Carolina Healthcare Associates, Inc. (*CHA*) are included in the Medical Center's financial statements as blended component units. The Foundation is a 501(c)(3) nonprofit organization which was founded by the Medical Center in 1991. CHA began operations effective January 1, 1998 and is a 501(c)(3) nonprofit entity which provides physician services and other professional medical services. Lower Cape Fear Hospice, Incorporated (*LCFH*) is an affiliated organization of the Medical Center. The Trustees of the Medical Center appoint 80% of the board of directors of LCFH, a 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

B. Basis of Presentation

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Debt service payments for the governmental long-term debt are accounted for in the General Fund, except those accounted for in special revenue funds. For statement presentation in accordance with GASB Statement No. 54, the Public Schools Fund, which accounts for all transactions relative to public school activity in the County, is consolidated in the General Fund.

Room Occupancy Tax Special Revenue. 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

\$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.

Non-major Funds. The County maintains twenty-seven non-major funds. Twenty-four are legally budgeted funds and three are component unit funds. There are seven non-major special revenue funds; Special Fire District, Local Law Enforcement Block Grant, Emergency Telephone System Grant, Revolving Loan Program, Parks Conservatory of NHC, Arlie Gardens Foundation, Inc., and the Public Health Foundation. The County has twenty non-major capital project funds; \$123M School Bond Expenditure Capital Project, \$35.5M Park Bond Capital Project, Health Department Renovation Capital Project, Smith Creek Park Capital Project, Public School Building Capital Fund Capital Project, Burn Pit Capital Project, Qualified School Construction Bond Capital Project, Murrayville Fire Station Capital Project, Controlled Substance Tax Capital Project, Federal Forfeited Property Capital Project, \$38.3M CFCC Bond Expenditure Capital Project, Masons Inlet Relocation Capital Project, Scattered Site Housing Capital Project, Bike/Pedestrian Paths Capital Project, Cobb Annex Repairs Capital Project, Bald Eagle Public Water Expansion Capital Project, Airport Rental Car Parking Deck Capital Project, 320 Chestnut Street Renovation Capital Project, Capital Improvement Projects Capital Project, and Heritage Park and Marquis Hills Sewer Expansion Capital Project.

The County reports the following major Enterprise Fund:

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

The County reports the following fiduciary fund types:

Pension Trust Fund. The County's pension trust fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, define 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. 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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Assets, Liabilities, and Deferred Inflows and Outflows

Cash, Cash Equivalents, Deposits and Investments

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

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

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

The Authority, 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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, a SEC-registered (2a-7) money market mutual fund, is valued at fair value, which is the NCCMT’s share price. The NCCMT Term Portfolio’s securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost. The Medical Center reports all investments at fair value.

Ad Valorem (Property) Taxes Receivable

According to the North Carolina General Statutes, ad valorem taxes are levied (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, 2013 assessed values on property other than vehicles.

Restricted Assets

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

New Hanover County Restricted Cash

New Hanover County Restricted Cash			
Governmental Activities			
General Fund	Unexpended debt proceeds	\$	431
Parks Conservatory of NHC Special Revenue Fund	Unexpended contributions		8,474
Health Foundation Special Revenue Fund	Unexpended contributions		20,442
\$164 Million CFCC Capital Projects Fund	Unexpended debt proceeds		24,181,137
Cobb Annex Repairs Capital Projects Fund	Unexpended debt proceeds		3,818,088
Airport Car Rental Parking Deck Capital Projects Fund	Unexpended debt proceeds		534,457
320 Chestnut Street Renovation Capital Projects Fund	Unexpended debt proceeds		8,759,972
Health Department Renovation Capital Projects Fund	Unexpended escrow funds		2,524,679
Total Governmental Activities			39,847,680
Business-Type Activities			
Environment Management Fund	Unexpended White Goods Tax		95,453
Total Restricted Cash		\$	39,943,133.00

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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 inventorable 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 in both government-wide and fund financial and expensed as the items are used.

Capital Assets

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

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

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

Minimum capitalization costs of the Medical Center are capital assets with a cost of \$1,000 or greater and a useful life of at least one year.

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

Minimum capitalization costs of the TDA are as follows: equipment, \$1,000; and all computers are capitalized regardless of cost.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

The County holds title to certain properties which are reflected as capital assets in the financial statements of the Authority. A lease agreement, executed in 1989, for \$1 per year, through 2019 with an option to renew for an additional thirty years between the County and the Authority gives the Authority full use of the facilities. The lease contains certain restrictions including requiring that the facility be used as an airport, and that the Authority carry insurance, maintain the facilities, notify the County prior to disposing of certain assets, and certain other restrictions.

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

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

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

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

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

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

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

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

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

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

Equipment	5-10 years
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Intangible Capital Assets

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Medical Insurance

The County is self-insured for group medical insurance. The County's losses are limited under the contract by specific excess loss insurance coverage for claims above specific amounts along with an aggregating specific rider coverage. Provisions for estimated unpaid claims outstanding at June 30, 2014 have been made.

The Medical Center is self-insured for employee medical claims and contracts with a third party to administer the program. The Medical Center's losses are limited under the contract by specific and aggregate stop-loss insurance coverage for claims above specified amounts. The Medical Center is also self-insured for a portion of professional liabilities, workers' compensation and unemployment benefits. Provisions for estimated unpaid claims outstanding at September 30, 2013 have been made.

Deferred outflows/inflows of resources

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

Long-Term Debt

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

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

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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 full vested when earned. Personal leave earned above the annual provision converts to sick leave. The personal leave policy of the Authority generally provides for the accumulation of time depending on the length of service and job classification. Personal leave may accumulate to a maximum of 480 hours. The Medical Center did not disclose their policies. The ABC Board employees may accumulate up to the maximum of leave accumulated in one year which is based on time of service. The personal leave policy of the TDA generally provides for the accumulation of up to one year's earned personal leave with such leave being fully vested when earned. For the County's government-wide financial statements and proprietary funds, Authority, Medical Center and TDA, an expense and a liability for compensated absences and the salary-related payments are recorded as the personal leave is earned. Compensated absences are reported in governmental funds only if they 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.

Comparative Data/Reclassifications

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

E. Net Position/Fund Balances

Net Position

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

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Restricted for General Government – portion of fund balance that is restricted by revenue source for construction and renovation of general government facilities.

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

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

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

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

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

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

Purpose	General Fund	Room Occupancy Fund	\$164M CFCC Capital Project Fund	Other Governmental Funds
Register of Deeds	\$ 579,307	\$ -	\$ -	\$ -
General government	-	-	-	5,379,846
Human services	-	-	-	509,287
Public safety	-	-	-	5,628,458
Economic and physical development	-	40,624,472	-	-
Culture and recreation	-	-	-	7,570,754
Education	-	-	22,213,748	-
Total	\$ 579,307	\$ 40,624,472	\$ 22,213,748	\$ 19,088,345

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

Purpose	Other Governmental Funds
Economic and physical development	\$ 1,111,557
Total	\$ 1,111,557

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

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

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

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

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

Purpose	General Fund	Other Governmental Funds
Subsequent year's expenditures	\$ 8,952,347	\$ -
Post-employment benefits	2,800,000	-
Public schools	2,336,537	-
Revolving loans	-	60,085
Total	\$ 14,088,884	\$ 60,085

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

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

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

Total fund balance - General Fund	\$	101,975,040
Less:		
Inventories		6,241
Prepays		122,480
Stabilization by State statute		<u>23,509,092</u>
Total available fund balance	\$	<u>78,337,227</u>

The County has also adopted a fund balance policy that requires an available fund balance in the General Fund in an amount no less than 8 percent of the General Fund expenditures at the end of each fiscal year. It also establishes the goal of maintaining unassigned fund balance in the General Fund in an amount of 21 percent of the General Fund expenditures at the end of each fiscal year.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

Encumbrances:

General Fund	\$ 1,289,169
Room Occupancy Tax	105,241
Special Fire District	249,819
Revolving Loan Fund	1,493
CDBG Scattered Site Housing	330
Bike/Pedestrian Paths	23,220
\$35.5M Parks and Recreation	9,477
Cobb Annex Repairs	14,996
Health Department Renovations	1,273,253
Chestnut Street Renovation	7,361,923
Controlled Substance Tax	11,644
Federal Forfeited Property	53,189
Masons Inlet Relocation	99,346
Total encumbrances	<u>\$ 10,493,100</u>

F. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental funds balance sheet includes a summary reconciliation between total fund balance – governmental funds and net position of governmental activities as reported in the government-wide statement of net position.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

The net adjustment of (\$275,138,854) consists of several elements as follows:

Deferred charges related to refunding bond issue - included on government-wide statement of net position but are not current financial resources	\$ 5,262,042
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)	157,644,874
Other long-term assets are not available to pay for current period expenditures	36,707,703
Liabilities for deferred inflows of resources reported in the fund statements but not for government-wide	3,681,648
Liabilities that, because they are due and payable in the current period, do not require current resources to pay and are, therefore, recorded in the fund statements:	
Bonds and installment financing	(401,197,960)
Unamortized premiums & discounts	(18,695,760)
Accrued interest payable	(3,040,146)
Compensated absences	(6,606,979)
New pension obligation	(633,729)
Net OPEB obligation	(48,135,547)
Claims and judgments	<u>(125,000)</u>
Total adjustment	<u>\$ (275,138,854)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances include a summary reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

There are several elements of that total adjustment of \$3,654,408 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 6,071,723
Loss on disposal of assets	(32,133)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements	(8,462,951)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the Statement of Activities - it affects only the government-wide statement of Net Position	(80,740,000)
Debt issued in prior year not previously recorded; recorded as a prior year debt balance affecting only the government-wide Statement of Net Position	(1,383,945)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the Statement of Net Position in the government-wide statements	91,234,150
Changes on unamortized debt discounts and premiums	(1,011,914)
Net amortization of discounts and premiums on debt	1,966,544
Changes on deferred charges related to refunded bond issue	4,730,000
Net amortization of deferred charges related to refunded bond issue	(1,392,958)
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	687,453
Claims and judgments	(40,000)
Compensated absences	(417,675)
Net pension obligation	(28,220)
Net OPEB obligation	(10,246,269)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements. Revenue in the fund statements that are repayments of long-term receivables are not recorded as a revenue in the Statement of Activities:	
Repayments of long-term receivable	2,656,411
Decrease in deferred inflows of resources- special assessments	867,194
Decrease in deferred inflows of resources- miscellaneous revenue	113,332
Reversal of deferred inflow of resources- tax revenue- June 30, 2013	(2,692,515)
Recording of deferred inflow of resources- taxes receivable in the fund statements as of June 30, 2014	<u>1,776,181</u>
Total adjustment	<u>\$ 3,654,408</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

2. Stewardship, Compliance and Accountability

A. Budgetary Information

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

In the General Fund, department heads are authorized to transfer budgeted line items between appropriation units within their departments if the overall departmental budget remains unchanged. The County Manager is authorized to make transfers between appropriation units within a budget function and to make transfers of up to \$2,500 between budget functions as they appear in the budget ordinance, but he must subsequently report these to the Board of Commissioners. All other funds are not budgeted by function; therefore the County Manager can authorize transfers within the fund. The Board of Commissioners must approve all other budget transfers before they become valid. The originally adopted annual budget ordinance was increased \$19,364,589 during the fiscal year ended June 30, 2014.

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, 2014, 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 Local Enforcement Block Grant Special Revenue	Fund
Proprietary Fund:	
Environmental Management Operating	Fund

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Deficit Fund Balance or Net Position of Individual Funds

For the fiscal year ended June 30, 2014, an individual fund had deficit fund balance. The deficit fund balance occurred due to timing of drawdowns on a State Revolving Loan. The deficit fund is as follows:

<u>Deficit Fund Balance</u>	
<u>Fund</u>	<u>Amount</u>
Heritage Park and Marquis Hills	
Sewer Expansion Capital Project Fund	<u>\$ (1,045,229)</u>

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' name. Under the Pooling Method, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer of North Carolina's (State Treasurer) agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, Authority, Medical Center, ABC Board and TDA, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, Authority, Medical Center, ABC Board, TDA or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, Authority, Medical Center, ABC Board, and TDA under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County, Authority, Medical Center, ABC Board and TDA rely on the State Treasurer to monitor those financial institutions. There is no formal policy regarding custodial credit risk for deposits.

At June 30, 2014, the County's deposits had a carrying amount of \$43,212,068 and a bank balance of \$43,295,460. Of the bank balance, \$1,270,442 was covered by federal depository insurance and \$42,025,018 was covered by collateral held under the Pooling Method.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

At June 30, 2014, the Authority's deposits had a carrying amount of \$14,874,144 and a bank balance of \$14,922,413. 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, 2013, the Medical Center's deposits had a carrying amount of \$61,483,000 and a bank balance of \$68,324,000. 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, 2013, 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 \$7,287,000 and \$7,612,000 respectively. Bank balances in excess of federal depository insurance limits are uninsured and uncollateralized.

At September 30, 2013, CHA had cash balance in a financial institution that from time to time have exceeded federal depository insurance coverage. The carrying amount and bank balance were \$1,326,000 and \$1,335,000 respectively. Bank balances in excess of federal depository insurance limits are uninsured and uncollateralized.

At September 30, 2013, 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 \$1,255,000 and \$1,482,000 respectively.

At June 30, 2014, the ABC Board's deposits had a carrying amount of \$4,136,882 and a bank balance of \$5,289,980. Bank balances over the federal depository insurance limits are collateralized under the pooling method.

At June 30, 2014, the TDA's deposits had a carrying amount of \$395,054 and a bank balance of \$437,249. Of the bank balance, \$281,954 was covered by federal depository insurance and \$155,295 was covered by collateral held under the Pooling Method.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Investments

At June 30, 2014, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>More Than 12 Months</u>
US Treasury	\$ 19,304,687	\$ -	\$ 2,500,000	\$ 16,500,000
US Government Agencies	85,413,483	44,000,000	15,500,000	25,500,000
Commercial Paper	20,994,207	21,000,000	-	-
NC Capital Management Trust - Cash portfolio	28,084,174	-	-	-
NC Capital Management Trust - Term portfolio	10,017,536	-	-	-
Fixed Income Securities - Airlie Foundation	421,409	-	-	-
Mutual Funds - Airlie Foundation	1,734,460	-	-	-
Money Market	11,755	-	-	-
Total	<u>\$ 165,981,711</u>	<u>\$ 65,000,000</u>	<u>\$ 18,000,000</u>	<u>\$ 42,000,000</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits the County's investment portfolio to maturities of at least 1) 30% maturing within 30 days, 2) 75% maturing within 180 days, and 3) 100% maturing within 3 years.

The Authority's policy is to continuously invest a portion of the portfolio in readily available funds such as a mutual fund or local government investment certified by the Local Government Commission pursuant to G.S. 159-30

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on managing credit risk. As of June 30, 2014, the County's investments in commercial paper were rated A1 by Standard & Poor's and P1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2014. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in US Government Agencies and US Treasuries are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

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, 2014, the Airlie Gardens Foundation had \$421,409 invested in fixed income securities held by counterparties in the name of Airlie Gardens Foundation, Inc. The County had no policy on custodial credit risk, but it contracts with the trust department of a financial institution to hold its investments in the County's name.

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

Concentration of Credit Risk. The County places a limit of no more than 50% of the investment portfolio may be invested in any one institution. Also, no more than 50% of the investment portfolio may be invested in any one investment vehicle. No investments in the portfolio of the County violate this credit risk concentration. More than 5% of the County's US Government Agencies investments are in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and the Federal National Management Association. These investments make up 16.1%, 7.89%, 4.15%, and 15.99% of the County's investments excluding investments with NC Capital Management Trust, respectively.

At June 30, 2014, the Authority's investments of \$3,682,319 in the North Carolina Capital Management Trust Cash Portfolio which carried a credit rating of AAAM by Standard & Poor's, Inc.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

At September 30, 2013, the Medical Center's investment balance (including \$20,342,000 from Lower Cape Fear Hospice; \$55,000 from Pender Memorial Hospital and \$331,994,000 from the Medical Center) consisted of the following (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>6-10 Years</u>	<u>More Than 20 Years</u>
US Government Treasuries	\$ 61,254	\$ -	\$ 41,373	\$ 19,881	\$ -	\$ -
US Government Agencies	119,071	1,019	30,447	17,710	63,325	6,570
NC Capital Management - Management Trust	69,397	-	-	-	-	-
Department of State Treasurer - Short-Term Investment Fund (STIF)	68	-	-	-	-	-
Department of State Treasurer Trust Funds Investment Program - Equity Investment Fund	75,940	-	-	-	-	-
Bond Funds	3,130	-	-	-	-	-
Mutual Funds	23,531	-	-	-	-	-
Municipal Bonds	-	-	-	-	-	-
Total	<u>\$ 352,391</u>	<u>\$ 1,019</u>	<u>\$71,820</u>	<u>\$37,591</u>	<u>\$63,325</u>	<u>\$ 6,570</u>

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

Credit Risk. N.C. Statutes limit the Medical Center's investments to obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of specific U.S. government agencies; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; certain high quality issues of commercial paper and bankers' acceptances; investment in a commingled investment pool established and administered by the North Carolina State Treasurer; certain repurchase agreements with respect to direct obligations of the United States or obligations which are guaranteed by the United States as to principal and interest; and the NCCMT. The Medical Center's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of September 30, 2013. The Medical Center's investment portfolio holds debentures and mortgage backed securities issued by Fannie Mae, Freddie Mac, Vendee Mortgage Trust, and GNMA and debentures issued by Federal Home Loan Bank and Federal Farm Credit Bank, and certain municipal bonds. All are rated Aaa by Moody's Investors Service or backed by the full faith of the US Government, which is rated Aaa, as of September 30, 2013.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

Concentration of Credit Risk. The Medical Center's investment policy requires a balance between short/intermediate fixed income investments, broad duration fixed income securities, and investment in a commingled investment pool established and administered by the North Carolina State Treasurer as allowable under N.C. Statutes, however it places no limit on the amount the Medical Center may invest in any one issuer. As of September 30, 2013 securities issued/guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae represent 13.6%, 13.1%, and 4.70% of the Medical Center's investment portfolio, respectively.

At June 30, 2014, the TDA had \$1,040,375 invested with the North Carolina Capital Management Trust's Cash Portfolio which carries a credit rating of AAAM by Standard & Poor's. The TDA has no policy regarding credit risk.

Cash, cash equivalents and investments of the County can be summarized as follows as of June 30, 2014:

	Total
Cash on hand and undeposited items	\$ 151,377
Deposits	43,212,068
Investments	165,981,711
Total	\$ 209,345,156
Primary government, unrestricted	\$ 160,275,922
Primary government, restricted	39,943,133
Law Enforcement Officers' Pension Trust Fund, unrestricted	1,349,176
Agency Funds, unrestricted	7,776,925
Total	\$ 209,345,156

Cash, cash equivalents and investments of the Authority can be summarized as follows as of June 30, 2014:

	Total
Cash on hand	\$ 1,000
Deposits	14,874,144
Investments	3,682,319
Total	\$ 18,557,463
Unrestricted	\$ 14,025,663
Restricted	4,531,800
Total	\$ 18,557,463

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Cash, cash equivalents and investments of the Medical Center can be summarized as follows as of September 30, 2013:

	<u>Total</u>
Cash on hand	\$ 28,000
Deposits	71,351,000
Investments	<u>352,391,000</u>
Total	<u>\$ 423,770,000</u>
Unrestricted	\$ 417,811,000
Restricted	<u>5,959,000</u>
Total	<u>\$ 423,770,000</u>

Cash, cash equivalents and investments of the ABC Board can be summarized as follows as of June 30, 2014:

	<u>Total</u>
Cash on hand	\$ 30,900
Deposits	<u>4,136,882</u>
Total	<u>\$ 4,167,782</u>

Cash, cash equivalents and investments of the TDA can be summarized as follows as of June 30, 2014:

	<u>Total</u>
Deposits	\$ 395,054
Investments	<u>1,040,375</u>
Total	<u>\$ 1,435,429</u>

Receivables

The County divested its water and sewer assets and operations to Cape Fear Public Utility Authority (CFPUA) on July 1, 2008. As part of the divestiture, CFPUA assumed all of the County's liabilities including the long-term debt. However, certain term debt issuances of the County were combined between the governmental and business-type activities and as such could not be transferred as part of the inter-local agreement. Accordingly, the County is continuing to service the outstanding term debt and has recorded a receivable in its governmental activities in

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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 \$17,544,600 at June 30, 2014, which is recorded as other long-term receivables of governmental activities on the statement of net position. The related long-term debt balances in the same amount are reported as long-term obligations of governmental activities on the statement of net position at June 30, 2014.

In 2006, the County entered into an agreement with the City of Wilmington in which the County would issue bonds to fund certain City of Wilmington park projects and joint projects between the County and the City of Wilmington. Parks & recreation bonds were issued in 2008 and 2010 for these projects. Accordingly, the County is servicing the outstanding debt for bonds issued in 2008 and 2010. The County has recorded a receivable in its governmental activities in the government-wide statements from the City of Wilmington in an amount that represents their portion of the outstanding debt issuances. The term and interest rate of the receivable corresponds to the terms and interest rates of the aforementioned debt. The long-term receivable balance from the City of Wilmington is \$13,806,635 at June 30, 2014 which is recorded as other long-term receivables of governmental activities on the statement of net position. The related long-term debt balances of \$28,120,000, which include the County's portion of the joint projects, are reported as long-term obligations of governmental activities on the statement of net position at June 30, 2014.

In 2008, the County entered into an agreement with the New Hanover County Airport Authority in which the County would issue bonds to fund certain Airport projects. These bonds were refunded in 2010 as part of the County's Limited obligation bonds issued in 2010. The County also issued Limited obligation bonds in 2014 which included amounts to finance a new consolidated car rental facility construction project. Accordingly, the County is servicing the outstanding debt for these bonds. The County has recorded a receivable in its governmental activities in the government-wide statements from the Authority in an amount that represents their portion of the outstanding debt issuances. The term and interest rate of the receivable corresponds to the terms and interest rates of the aforementioned debt. The long-term receivable balance from the Authority is \$5,356,468 at June 30, 2014 which is recorded as other long-term receivables of governmental activities on the statement of net position. The related long-term debt balances, are reported as long-term obligations of governmental activities on the statement of net position at June 30, 2014.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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, 2014:

	Property Taxes (Other Sources)	Other Governmental Units	Other Sources (1)	Total
Governmental Activities:				
General:				
Local sales tax	\$ -	\$ 14,938,380	\$ -	\$ 14,938,380
Grants	-	3,768,155	-	3,768,155
Other	1,642,826	1,620,536	2,481,883	5,745,245
Subtotal	1,642,826	20,327,071	2,481,883	24,451,780
Special Revenue	129,388	761,541	1,676,828	2,567,757
Capital Projects	-	569,779	-	569,779
Total governmental activities	1,772,214	21,658,391	4,158,711	27,589,316
Business-Type Activities:				
Enterprise	-	-	1,325,511	1,325,511
Fiduciary Activities				
Agency Fund	2,192,441	43,117	794,796	3,030,354
Total	\$ 3,964,655	\$ 21,701,508	\$ 6,279,018	\$ 31,945,181
Primary Government, unrestricted				\$ 28,914,827
Agency Funds, unrestricted				3,030,354
Total				\$ 31,945,181

(1) Other sources are primarily due from customers of New Hanover County and special assessments of \$891,483 which are due annually through fiscal year 2014.

Allowances for Doubtful and Uncollectible Accounts

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

Governmental Activities:	
Allowance for uncollectible property taxes	\$ 4,365,866
Allowance for other uncollectible receivables	4,653,847
Total governmental activities	\$ 9,019,713

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

The amount shown in Exhibit A for receivables of the Medical Center are net of an allowance for uncollectible accounts of \$85,160,000.

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
2013 Levy - County-wide (1)		\$ 0.5540	\$ 165,718,804
Add: Discoveries and fees			78,820
Subtotal			165,797,624
Less: Abatements and adjustments			918,859
Total adjusted levy	\$ 29,714,634,628		\$ 164,878,765
Collections			\$ 162,687,043
Percent collected			98.68%

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

Analysis of General Fund property taxes receivable by year:

Tax Year	Taxes Receivable June 30, 2013	2013 Levy Discoveries and Fees	Collections	Abatements and Adjustments	Taxes Receivable June 30, 2014
Prior	\$ 6,560,927	\$ 31,314	\$ 2,741,869	\$ 189,297	\$ 3,661,075
2013	-	165,797,624	162,687,043	918,859	2,191,722
Total	\$ 6,560,927	\$ 165,828,938	\$ 165,428,912	\$ 1,108,156	\$ 5,852,797
Less: Allowance for uncollectible property taxes					4,209,971
Net property taxes receivable					\$ 1,642,826

NEW HANOVER COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE ENDED JUNE 30, 2014**

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

	Total Property Valuation	Rate per \$100	Levy
2013 Levy - County-wide (1)		\$ 0.0790	\$ 9,095,059
Add: Discoveries and fees			<u>7,384</u>
Subtotal			9,102,443
Less: Abatements and adjustments			<u>39,413</u>
Total adjusted levy	<u>\$ 11,449,204</u>		<u>\$ 9,063,030</u>
Collections			<u>\$ 8,943,947</u>
Percent collected			98.69%

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

Analysis of Special Fire District property taxes receivable by year:

Tax Year	Taxes Receivable June 30, 2013	2013 Levy Discoveries and Fees	Collections	Abatements and Adjustments	Taxes Receivable June 30, 2014
Prior	\$ 328,680	\$ 375	\$ 156,299	\$ 6,556	\$ 166,200
2013	<u>-</u>	<u>9,102,443</u>	<u>8,943,947</u>	<u>39,413</u>	<u>119,083</u>
Total	<u>\$ 328,680</u>	<u>\$ 9,102,818</u>	<u>\$ 9,100,246</u>	<u>\$ 45,969</u>	<u>\$ 285,283</u>
Less: Allowance for uncollectible property taxes					<u>155,895</u>
Net property taxes receivable					<u>\$ 129,388</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE ENDED JUNE 30, 2014**

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, 2014. These amounts have not been recorded in the financial statements, since they are not available under the modified accrual basis of accounting.

Year Levied	Contigent - Gain Tax Capture
2010	\$ 486,774
2011	432,640
2012	802,101
2013	811,911
Total	<u>\$ 2,533,426</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Capital Assets

Capital assets activity of the primary government for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 43,141,966	\$ 109,801	\$ -	\$ 43,251,767
Construction in progress	5,500,441	5,040,044	2,107,947	8,432,538
Total non-depreciable capital assets	48,642,407	5,149,845	2,107,947	51,684,305
Depreciable Capital Assets:				
Buildings	135,081,972	76,897	-	135,158,869
Other improvements	26,999,944	118,150	-	27,118,094
Equipment and vehicles	52,321,441	2,834,778	1,278,224	53,877,995
Total depreciable capital assets	214,403,357	3,029,825	1,278,224	216,154,958
Less Accumulated Depreciation:				
Buildings	47,134,669	3,197,426	-	50,332,095
Other improvements	18,199,982	1,122,718	-	19,322,700
Equipment and vehicles	37,642,878	4,142,807	1,246,091	40,539,594
Total accumulated depreciation	102,977,529	8,462,951	1,246,091	110,194,389
Total depreciable capital assets, net	111,425,828			105,960,569
Governmental activities capital assets, net	\$ 160,068,235			\$ 157,644,874

NEW HANOVER COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE ENDED JUNE 30, 2014**

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
Business Type Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 2,459,201	\$ -	\$ -	\$ 2,459,201
Construction in progress	<u>358,481</u>	<u>3,363,373</u>	<u>-</u>	<u>3,721,854</u>
Total non-depreciable capital assets	<u>2,817,682</u>	<u>3,363,373</u>	<u>-</u>	<u>6,181,055</u>
Depreciable Capital Assets:				
Buildings	23,108,578	67,687	-	23,176,265
Other improvements	19,239,040	-	-	19,239,040
Equipment and vehicles	<u>27,636,242</u>	<u>1,903,204</u>	<u>1,168,469</u>	<u>28,370,977</u>
Total depreciable capital assets	<u>69,983,860</u>	<u>1,970,891</u>	<u>1,168,469</u>	<u>70,786,282</u>
Less Accumulated Depreciation:				
Buildings	15,798,066	470,376	-	16,268,442
Other improvements	18,841,798	170,561	-	19,012,359
Equipment and vehicles	<u>24,599,001</u>	<u>748,972</u>	<u>943,002</u>	<u>24,404,971</u>
Total accumulated depreciation	<u>59,238,865</u>	<u>1,389,909</u>	<u>943,002</u>	<u>59,685,772</u>
Total depreciable capital assets, net	<u>10,744,995</u>			<u>11,100,510</u>
Business-type activities capital assets, net	<u>\$ 13,562,677</u>			<u>\$ 17,281,565</u>

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

Governmental Activities:	
General government	\$ 1,413,434
Human services	542,670
Public safety	5,214,926
Culture and recreation	1,291,921
Education	<u>-</u>
Total depreciation, governmental activities	<u>\$ 8,462,951</u>
Business-Type Activities:	
Environmental management	<u>\$ 1,389,909</u>
Total depreciation, business-type activities	<u>\$ 1,389,909</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Capital assets activity for the Airport Authority for the year ended June 30, 2014:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Non-Depreciable Capital Assets:				
Land	\$ 14,776,177	\$ 96,781	\$ -	\$ 14,872,958
Easements	668,914	219,253	-	888,167
Construction in progress	13,046,082	11,967,200	16,784,571	8,228,711
Total non-depreciable capital assets	28,491,173	12,283,234	16,784,571	23,989,836
Depreciable Capital Assets:				
Land improvements	401,416	1,296,997	-	1,698,413
Building and improvements - (Airfield and building)	109,141,470	15,360,566	2,860,325	121,641,711
Vehicles	1,563,485	60,928	34,533	1,589,880
Machinery and equipment	4,359,303	24,604	60,294	4,323,613
Total depreciable capital assets	115,465,674	16,743,095	2,955,152	129,253,617
Less Accumulated Depreciation:				
Land improvements	32,763	29,052	-	61,815
Building and improvements - (Airfield and building)	75,682,061	6,001,903	1,754,252	79,929,712
Vehicles	727,439	79,334	-	806,773
Machinery and equipment	2,482,878	218,348	4,337	2,696,889
Total accumulated depreciation	78,925,141	6,328,637	1,758,589	83,495,189
Total depreciable capital assets, net	36,540,533			45,758,428
Business-type activities capital assets, net	\$ 65,031,706			\$ 69,748,264

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Capital assets activity for the Medical Center for the year ended September 30, 2013:

	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013
Non-Depreciable Capital Assets:				
Land	\$ 16,324,000	\$ -	\$ 308,000	\$ 16,016,000
Construction in progress	<u>1,671,000</u>	<u>21,143,000</u>	<u>16,570,000</u>	<u>6,244,000</u>
Total non-depreciable capital assets	<u>17,995,000</u>	<u>21,143,000</u>	<u>16,878,000</u>	<u>22,260,000</u>
Depreciable Capital Assets:				
Intangible assets	66,422,000	1,000,000	-	67,422,000
Buildings and leasehold improvements	521,215,000	15,016,000	1,317,000	534,914,000
Equipment	<u>334,900,000</u>	<u>17,556,000</u>	<u>19,804,000</u>	<u>332,652,000</u>
Total depreciable capital assets	<u>922,537,000</u>	<u>33,572,000</u>	<u>21,121,000</u>	<u>934,988,000</u>
Less Accumulated Depreciation:				
Intangible assets	23,591,000	3,797,000	-	27,388,000
Buildings and leasehold improvements and equipment	<u>409,016,000</u>	<u>43,205,000</u>	<u>20,348,000</u>	<u>431,873,000</u>
Total accumulated depreciation	<u>432,607,000</u>	<u>47,002,000</u>	<u>20,348,000</u>	<u>459,261,000</u>
Total depreciable capital assets, net	<u>489,930,000</u>			<u>475,727,000</u>
Capital assets, net	<u>\$ 507,925,000</u>			<u>\$ 497,987,000</u>

Capital assets for the ABC Board at June 30, 2014:

	Balance June 30, 2014
Non-Depreciable Capital Assets:	
Land	\$ 4,946,076
Construction in progress	<u>4,651,558</u>
Total non-depreciable capital assets	<u>9,597,634</u>
Depreciable Capital Assets:	
Buildings and improvements	9,180,226
Vehicles	779,992
Fixtures and equipment	<u>217,863</u>
Total depreciable capital assets	<u>10,178,081</u>
Less: Accumulated depreciation	<u>3,992,344</u>
Total depreciable capital assets, net	<u>6,185,737</u>
Capital assets, net	<u>\$ 15,783,371</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE ENDED JUNE 30, 2014**

Capital assets activity for the TDA for the year ended June 30, 2014:

	<u>Balance June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Depreciable Capital Assets:				
Equipment	\$ 120,748	\$ 17,425	\$ 1,700	\$ 136,473
Less: Accumulated depreciation	86,666	9,063	1,700	94,029
Capital assets, net	<u>\$ 34,082</u>	<u>\$ 8,362</u>	<u>\$ -</u>	<u>\$ 42,444</u>

B. Liabilities

Payables

Accounts payable and accrued expenses at the government-wide level at June 30, 2014 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 7,857,550	\$ 4,656,788	\$ 12,514,338
Special revenue	435,736	420,422	856,158
Capital projects	5,262,973	-	5,262,973
Total governmental activities	<u>\$ 13,556,259</u>	<u>\$ 5,077,210</u>	<u>\$ 18,633,469</u>
Business-Type Activities:			
Environmental management	\$ 730,792	\$ 105,612	\$ 836,404
Total business-type activities	<u>\$ 730,792</u>	<u>\$ 105,612</u>	<u>\$ 836,404</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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 Main Service Center, Raleigh, North Carolina 27699-1410, or by calling (919)981-5454.

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County, Authority and ABC Board are required to contribute to an actuarially determined rate. For the County, the 2014 rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.28%, respectively, of annual covered payroll. For the Authority, the current rate for employees not engaged in law enforcement is 7.07% of annual covered payroll. The Authority's rate for law enforcement officers is 7.28%. For the ABC Board, the current rate for employees not engaged in law enforcement is 7.37% 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, 2014, 2013, and 2012 were \$5,408,314, \$4,808,648, and \$4,797,584, respectively.

The Authority's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$179,283, \$154,346, and \$198,677, respectively.

The ABC Board's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$152,104, \$139,095, and \$129,786, respectively.

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Law Enforcement Officers' Special Separation Allowance

Plan Description

The County and the Authority each administer a public employee retirement system (LEO System), a single-employer defined benefit pension plan that provides retirement benefits to the County's and Authority's qualified sworn law enforcement officers. The LEO System is equal to .85 percent of the annual equivalent to the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the Authority to establish and amend benefit provisions to the North Carolina General Assembly. The LEO System of the County is reported in the CAFR as a pension trust fund. A separate financial report is not issued for the LEO System of the County or the Authority.

All full-time County and Authority law enforcement officers are covered by the LEO System. At December 31, 2013, the LEO System's membership consisted of:

	<u>County</u>	<u>Authority</u>
Retirees receiving benefits	20	-
Active plan members	350	9
Total	<u>370</u>	<u>9</u>

Summary of Significant Accounting Policies

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

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

Funding Policy

The County and Authority are required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and have chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations as needed and pay-as-you-go basis, respectively. Benefits and refunds are recognized when due and payable in accordance with the

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

terms of the plan. For the current year, the County contributed \$568,386, or 3.08% of annual covered payroll and the Authority did not contribute funds as of June 30, 2014. 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	\$ 615,663	\$ 11,189
Interest on net pension obligation	30,275	1,530
Adjustment to annual required contribution	(49,332)	(2,493)
Annual pension cost	596,606	10,226
Contributions made	568,386	-
Increase (decrease) in net pension obligation	28,220	10,226
Net pension obligation:		
Beginning of year - July 1	605,509	30,597
End of year - June 30	\$ 633,729	\$ 40,823

The annual required contribution of the County for the fiscal year ended June 30, 2014 was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.0%. The assumptions did not include post-retirement benefit increases. The 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, 2012 was 18 years.

Three-Year Trend Information for County			
Year Ended	Annual	Percentage	Net
June 30	Pension	of APC	Pension
	Cost (APC)	Contributed	Obligation
2012	\$ 512,914	99.83%	\$ 562,336
2013	561,508	92.31%	605,509
2014	596,606	95.27%	633,729

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

As of December 31, 2013, the most recent actuarial valuation date, the County's plan was 17.29 percent funded. The actuarial accrued liability for benefits was \$5,394,674, and the actuarial value of assets was \$932,739, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,461,935. The covered payroll (annual payroll of active employees covered by the plan) was \$18,450,667, and the ratio of the UAAL to the covered payroll was 24.18 percent.

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

The annual required contribution of the Authority for the fiscal year ended June 30, 2014 was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.0%. The assumptions did not include post-retirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

Three-Year Trend Information for Authority			
Year Ended	Annual Pension	Percentage of APC	Net Pension
June 30	Cost (APC)	Contributed	Obligation
2012	\$ 9,815	93.04%	\$ 19,721
2013	10,876	0.00%	30,597
2014	10,226	0.00%	40,823

As of December 31, 2013, 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 \$72,279. The covered payroll (annual payroll of active employees covered by the plan) was \$391,278, and the ratio of the UAAL to the covered payroll was 18.47 percent.

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

Supplemental Retirement Income Plan of North Carolina

Plan Description. The County and the Authority each contribute to the Supplemental Retirement Income Plan of North Carolina, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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, 2014 were \$1,845,794, which consisted of \$930,706 from the County and \$915,088 from the law enforcement employees and general employees. Contributions of the Authority for the year ended June 30, 2014 were \$344,298 which consisted of \$107,041 from the Authority and \$237,257 from the law enforcement and general employees.

Register of Deeds' Supplemental Pension Fund

Plan Description. The County contributes to the Register of Deeds' Supplemental Pension Fund (the "Fund"), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county Register of Deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919)981-5454.

Funding Policy. The County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 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, 2014, the County's required and actual contributions were \$20,383.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

New Hanover Regional Medical Center (NHRMC) Pension Plan

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

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 disable employee is entitled to receive their normal retirement benefit accrued up to the date of disability retirement. Upon death of an employee before retirement, benefit payments will be paid to the surviving spouse, if any. If there is no surviving spouse, the death benefit will be split among surviving children or paid to a designated beneficiary. Upon the death of an employee after retirement, benefit payments will be distributed in accordance with the method elected by the employee.

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

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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, 2013 and 2012;

	2013	2012
Annual required contribution	\$ 8,842,000	\$ 10,600,000
Interest on net pension obligation	(330,000)	(352,000)
Adjustment to annual required contribution	346,000	362,000
Annual pension cost	8,858,000	10,610,000
Contributions made	8,842,000	10,600,000
Other	-	10,000
Increase (decrease) in net pension obligation	16,000	-
Net pension obligation:		
Beginning of year - July 1	(4,396,000)	(4,396,000)
End of year - June 30	\$ (4,380,000)	\$ (4,396,000)

The annual required contribution for the basic plan for the 2013 year was determined as part of the January 1, 2012 actuarial valuation. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4% per year. Both (a) and (b) included an inflation component of 3%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets is valued at a market-related value that spreads gains and losses over five years. The actuarial funding method is currently the Projected Unit Credit Method. The 24% corridor limit for asset smoothing will be reduced by 2% per year until 20% and the amortization period is 30 years. The annual contributions for NHRMC for the years ended September 30, 2013 and 2012 were approximately \$8,842,000 and \$10,600,000, respectively.

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

The Three-Year Trend information is as follows:

Employer Contributions:

Three-Year Trend Information for Medical Center			
Year Ended September 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 9,791,000	100%	\$ 4,396,000
2012	10,610,000	100%	4,396,000
2013	8,858,000	100%	4,380,000

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)	Deficit as a Percentage of Covered Payroll ((a-b)/c)
1/1/2011	\$ 170,571,000	\$ 194,762,000	\$ (24,191,000)	88%	\$ 205,914,000	-11.75%
1/1/2012	177,056,000	201,062,000	(24,006,000)	88%	214,146,000	-11.21%
1/1/2013	181,308,000	201,987,000	(20,679,000)	90%	234,391,000	-8.82%

Pender Memorial Hospital (PMH) Pension Plan

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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. The contribution requirements of the contributing employer to the Plan are established by the Plan document and determined annually by PMH based on actuarial recommendations. Employee contributions were required prior to January 1, 1992, based on 3% of their annual salary up to \$9,000 and 4.5% of annual salary over \$9,000. No employee contributions are required or permitted after 1991.

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, 2013 and 2012;

	<u>2013</u>	<u>2012</u>
Annual required contribution	\$ 349,000	\$ 359,000
Interest on net pension obligation	17,000	18,000
Adjustment to annual required contribution	<u>(18,000)</u>	<u>(19,000)</u>
Annual pension cost	348,000	358,000
Contributions made	349,000	358,000
Other	<u>1,000</u>	<u>-</u>
Increase (decrease) in net pension obligation	(2,000)	-
Net pension obligation:		
Beginning of year - July 1	<u>231,000</u>	<u>231,000</u>
End of year - June 30	<u>\$ 229,000</u>	<u>\$ 231,000</u>

The annual required contribution for the basic plan for the 2013 year was determined as part of the January 1, 2012 actuarial valuation. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4% per year. Both (a) and (b) included an inflation component of 3%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The actuarial funding method is currently the Projected Unit Credit Method. The 22% corridor limit for asset smoothing will be reduced by 2% per year until 20% and the amortization period is 30 years. The annual contributions for PMH for the years ended September 30, 2013 and 2012 were approximately \$349,000 and \$358,000, respectively.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

The Three-Year Trend information is as follows:

Three-Year Trend Information for Pender Memorial Hospital

<u>Year Ended September 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 316,000	100%	\$ 231,000
2012	358,000	100%	231,000
2013	348,000	100%	229,000

Funded Status and Funding Progress:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Deficit of Assets over AAL (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (C)</u>	<u>((a-b)/c)</u>
1/1/2011	\$ 3,552,000	\$ 4,689,000	\$ (1,137,000)	76%	\$ 7,231,000	-15.72%
1/1/2012	3,739,000	5,068,000	(1,329,000)	74%	8,372,000	-15.87%
1/1/2013	3,921,000	5,386,000	(1,465,000)	73%	8,736,000	-16.77%

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

Plan Description

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

Employee optional contributions totaled approximately \$8,454,000 and \$8,335,000 for the years ended September 30, 2013 and 2012, respectively. Employee contribution percentages were 3.33% and 3.33% of total payroll for the years ended September 30, 2013 and 2012, respectively. There were no employer matching contributions by NHRMC for the years ended September 30, 2013 and 2012.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

CHA employer required and actual matching contributions totaled approximately \$325,000 and \$232,000, and employee optional contributions totaled approximately \$605,000 and \$464,000, for the years ended September 30, 2013 and 2012, respectively. Employee contribution percentages were 1.98% and 1.72%, and employer contribution percentages were 3.68% and 3.45% of total payroll for the years ended September 30, 2013 and 2012, respectively.

As of January 1, 2009, LCFH adopted a defined contribution plan under IRS code section 403(b) and an elective deferral plan. The plans cover qualified employees of LCFH, which is generally all employees. LCFH can match contributions to the 403(b) plan, but is not required to do so. Employer contributions vest after three complete years of service. Employer contributions to these plans for the years ended September 30, 2013 and 2012 were \$691,000 and \$696,000, respectively.

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

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. The Board has also elected to provide death benefits to employees through the Death Benefit Plan for members of the LGERS. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Government Employee's Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410 or by calling (919)981-5454.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The Board is required to contribute at an actuarially determined rate. For the year ended June 30, 2014, the Board's current rate for employees not engaged in law enforcement is 7.37% of annual covered payroll. The contribution requirements of members and of the Board are established and may be amended by the North Carolina General Assembly. The Board's contributions to LGERS were \$152,104, \$139,095, and \$129,786 for the years ended June 30, 2014, 2013, and 2012 respectively. The contributions made by the Board equaled the required contributions for the year.

New Hanover County ABC Board Supplemental Retirement Plan

Plan Description. The ABC contributes to the Supplemental Retirement Income Plan, a defined contribution pension plan administered by the Department of the State Treasurer and a Board of Trustees. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919)981-5454.

The plan covers all employees who are also eligible to participate in the Local Government Employee's Retirement System. The Board's contribution is based on matching 100% of employee's contributions ranging from 2% to 5% of salary deferral elected by each eligible employee. The Board's contribution for the years ended June 30, 2014 and 2013 were \$52,237 and \$49,927, 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, 2014 and 2013, the TDA's contributions to the plan totaled \$49,327 and \$48,912, representing 10.0% and 10.0%, respectively, 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 \$1,518,000 and \$1,437,000 as of September 30, 2013 and 2012, respectively, in accordance with the provisions of these plans.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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. Retirees at the age of 65 must obtain primary coverage through the Federal Medicare Plan (Part A & B), which will become primary, and the County's Medical Insurance Plan will assume secondary responsibility for covered medical services. A separate report was not issued for the plan. The plan is a single employer defined benefit plan.

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

Retirees and dependents receiving benefits	299
Active plan members	<u>1,477</u>
Total	<u><u>1,776</u></u>

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

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

The current ARC rate is 17.91% of annual covered payroll. For the current year, the County contributed \$1,891,176 or 2.80% of annual covered payroll. In 2013, \$1,559,802 was contributed.

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

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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	\$	12,069,715
Interest on net OPEB obligation		1,515,571
Adjustments to annual required contribution		<u>(1,447,841)</u>
Annual OPEB cost (expense)		12,137,445
Contributions made		<u>1,891,176</u>
Increase (decrease) in net OPEB obligation		10,246,269
Net OPEB obligation:		
Beginning of year - July 1		<u>37,889,278</u>
End of year - June 30	\$	<u>48,135,547</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2013, and 2014 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2012	\$ 10,808,019	9.8%	\$ 28,300,387
2013	11,148,693	14.00%	37,889,278
2014	12,137,445	15.60%	48,135,547

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$129,123,507. The covered payroll (annual payroll of active employees covered by the plan) was \$67,382,162, and the ratio of the UAAL to the covered payroll was 191.6 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

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

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

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 (the "System"). If the retiree's age and service equal 70 years with ten years of creditable service, the Authority will pay 100% of the premium not to exceed \$300 per month, and with 5 years of creditable service, the Authority will pay 50% of the premium not to exceed \$150 per month. The Authority may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the healthcare benefits plan consisted of the following at June 30, 2013, the date of the latest actuarial valuation:

Retirees receiving benefits	4
Active plan members	<u>46</u>
Total	<u><u>50</u></u>

Funding Policy. By Authority resolution, the Authority pays the aforementioned health insurance benefits to qualified retirees. Post-employment expenses are recorded in these statements on the accrual basis. No funds are set aside to pay benefits and administration costs. These expenses are paid as they come due. For four eligible retirees in 2014, the Authority's total contributions were \$10,800.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

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

Annual required contribution	\$	16,949
Interest on net OPEB obligation		1,441
Adjustments to annual required contribution		<u>(2,083)</u>
Annual OPEB cost (expense)		16,307
Contributions made		<u>(10,800)</u>
Increase (decrease) in net OPEB obligation		5,507
Net OPEB obligation:		
Beginning of year - July 1		<u>36,014</u>
End of year - June 30	\$	<u>41,521</u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2013, and 2014 were as follows:

Year Ended	Annual	Percentage of	Net
June 30	OPEB	Annual OPEB	OPEB
	Cost	Cost Contributed	Obligation
2012	\$ 13,645	65.96%	\$ 32,652
2013	13,562	75.21%	36,014
2014	16,307	66.23%	41,521

The net OPEB obligation of \$41,521 at June 30, 2014 is included in accrued expenses on the statement of net position.

Funded Status and Funding Progress. As of June 30, 2013, the actuarial liability for benefits was \$208,279, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,480,213, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.40 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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presented information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

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

The following simplifying assumptions were made:

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

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

Health insurance premiums – 2013 monthly healthcare benefits of \$300 and \$150, respectively, as described in the plan description, were used as the basis for calculation of the present value of total benefits to be paid.

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

Based on the historical and expected returns of the Authority's short-term investment portfolio, a discount rate of 4.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis. The remaining amortization period at June 30, 2013, 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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NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Membership of health insurance benefit plan consisted of the following at December 31, 2011, the date of the last actuarial valuation:

	General Employees
Retirees and dependents receiving benefits	11
Active plan members	55
	66

Funding Policy. The current annual required contribution rate is 2.4% of annual covered payroll. For the current year, the Board contributed \$33,288 or 1.6% of annual covered payroll. 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, 2014 and 2013, the Board's contributions were \$33,288 and \$30,162, respectively.

	2014	2013
Annual required contribution	\$ 49,984	\$ 49,984
Interest on net pension obligation	17,806	16,983
Adjustment to annual required contribution	(17,010)	(16,224)
Annual pension cost	50,780	50,743
Contributions made	33,288	30,162
Increase (decrease) in net pension obligation	17,492	20,581
Net pension obligation:		
Beginning of year - July 1	445,146	424,565
End of year - June 30	\$ 462,638	\$ 445,146

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

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The ABC Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for 2014, 2013 and 2012 were as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 50,780	65.55%	\$ 462,638
2013	50,743	59.44%	445,146
2012	98,363	42.03%	424,565

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

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

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

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Other Employment Benefits

The County and the Authority have elected to provide death benefits to employees through the Death Trust Plan for members of the Local Governmental Employees' Retirement System (Death Trust Plan), a multi-employer State administered cost-sharing plan funded on a one year term cost basis. Death benefits are provided to employees 1) who die in active service after one year of contributing membership in the System, or 2) who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death.

Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest consecutive months' salary during the 24 months prior to their death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Trust Plan. The County and the Authority have no liability beyond the payment of monthly contributions.

Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Trust Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2014, the County made contributions to the state for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
Less than 10	1	2014
10 - 20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. New Hanover County will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Long-Term Debt of the County

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

General Obligation Bonds (Advance Refunding): On August 7, 2013, the County issued \$32,220,000 million in general obligation refunding bonds bearing an average coupon rate of 1.42 percent. These bonds were executed and delivered to provide funds to refinance a portion of the remaining principal components of the County general obligation refunding bonds Series 2004. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The refunded 2004 bonds maturing on or after November 1, 2014 will be irrevocably called for prepayment on November 1, 2013, at a prepayment price equal to 100% of the principal amount of such refunded 2004 bonds to be prepaid plus accrued interest to the prepayment date. This refunding was undertaken to reduce total debt service payments over the next 7 years and resulted in a net present value benefit of approximately \$3,161,197 million.

Limited Obligation Bonds: On June 4, 2014 the County issued \$17,185,000 of limited obligation bonds series A and B of which the proceeds of 2014A, \$12,615,000, will be used to pay capital costs of the renovation of the County's historic administrative office building and improvements to Cobb Annex, a County administrative building. The proceeds of 2014B, \$4,570,000, will be used to pay capital costs of the construction of a new service center for rental car companies at Wilmington International Airport. Semi-annual payments begin on December 1, 2014 with interest rates ranging from 1.00% to 5.00%. Maturity dates for the 2014A and 2014B are June 1, 2034 and June 1, 2029 respectively.

Equipment Installment Financing Agreement: On June 27, 2014 the County entered into an equipment installment financing agreement with Banc of America Public Capital Corp in the amount of \$1,012,122 of which the proceeds will be used to purchase equipment for the County Landfill operations. Semi-annual payments begin on December 27, 2014 with an interest rate of 1.1141%. Maturity date is June 27, 2017.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Debt Related to Capital Activities

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

Capital assets, net of accumulated depreciation		\$ 157,644,874
Deferred outflows of resources		5,262,042
Less: capital debt		
Gross debt	\$ (419,893,720)	
Debt related to assets to which the County does not capitalize	313,331,315	
Unspent debt proceeds, non school related debt	<u>13,112,948</u>	<u>(93,449,457)</u>
Net investment in capital assets		<u>\$ 69,457,459</u>

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

Capital assets, net of accumulated depreciation		\$ 17,281,565
Less: capital debt		
Gross debt	\$ (1,984,717)	
Unspent debt proceeds	<u>-</u>	<u>(1,984,717)</u>
Net investment in capital assets		<u>\$ 15,296,848</u>

Changes in long-term debt of the County during the year ended June 30, 2014:

<u>Governmental Activities</u>	<u>Balance July 1, 2013</u>	<u>Additions/ Transfers</u>	<u>Retirements</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 325,564,997	\$ 63,555,000	\$ 80,940,000	\$ 308,179,997	\$ 24,590,000
Installment debt	86,127,113	17,185,000	10,294,150	93,017,963	10,891,851
Unamortized Premiums & Discounts	19,650,390	1,011,914	1,966,544	18,695,760	-
Compensated absences	6,189,304	3,761,150	3,343,475	6,606,979	3,835,635
Net pension obligations	605,509	596,606	568,386	633,729	-
Net OPEB obligations	37,889,278	12,137,445	1,891,176	48,135,547	-
Claims and judgments	<u>85,000</u>	<u>125,000</u>	<u>85,000</u>	<u>125,000</u>	<u>100,000</u>
Total governmental activities	<u>\$ 476,111,591</u>	<u>\$ 98,372,115</u>	<u>\$ 99,088,731</u>	<u>\$ 475,394,975</u>	<u>\$ 39,417,486</u>

An adjustment was made to increase beginning debt balances for debt related to an inter-local agreement with the airport. A corresponding long term receivable is included to offset the debt agreement.

NEW HANOVER COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE ENDED JUNE 30, 2014**

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

Business-Type Activities	Balance July 1, 2013	Additions/ Transfers	Retirements	Balance June 30, 2014	Due Within One Year
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Installment debt	1,346,488	1,012,122	392,640	1,965,970	730,560
Unamortized Premiums & Discounts	23,262	2,980	7,495	18,747	-
Accrued landfill closure and post-closure care costs	13,263,779	1,990,512	-	15,254,291	-
Compensated absences	158,221	56,252	57,306	157,167	65,741
Total business-type activities	\$ 14,791,750	\$ 3,061,866	\$ 457,441	\$ 17,396,175	\$ 796,301

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

General obligation bonds of the County are direct obligations and pledge the full faith and credit of the County. General obligation bonds consist of the following individual issues outstanding as of June 30, 2014:

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

\$18,265,000 refunding general obligation bonds, series 2005, issued September 1, 2005 due in remaining annual installments ranging from \$1,595,000 to \$2,410,000 through February 1, 2018 interest at rates ranging from 3.50% to 5.25% due semi-annually through February 1, 2018; \$8,020,000 principal plus unamortized premium of \$144,667 less unamortized charge of \$147,319. Serviced by General Fund and Public Schools Fund. \$ 8,017,348

\$30,000,000 general obligation school bonds, series 2006, issued February 1 and 9, 2006 due in remaining semi-annual installments of \$1,500,000 through February 1, 2026; interest on \$15,000,000 (variable) is at variable rates based on a weekly rate - determined by a remarketing agent and interest of \$15,000,000 (fixed) is at rates ranging from 3.75% to 4.25% due semi-annually through February 1, 2026. \$10,500,000 principal plus unamortized premium of \$15,579, less unamortized charge of \$4,060. Serviced by General Fund and Public Schools Fund. 10,511,519

\$50,000,000 general obligation school bonds, series 2007, issued October 30, 2007, due in remaining annual installments of \$2,500,000 to \$3,500,000, beginning February 1, 2009 through February 1, 2026; interest rates ranging from 4.00% to 5.00% due semi-annually through February 1, 2026. Serviced by Public Schools Fund. \$15,000,000 principal plus unamortized bond premium of \$55,804. 15,055,804

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

\$18,000,000 general obligation parks and recreation bonds, series 2008, issued June 17, 2008, due in remaining annual installments of \$750,000 to \$1,100,000 beginning June 1, 2010 through June 1, 2029; interest rates ranging from 3.5% to 5.0% due semi-annually through June 1, 2029. Serviced by General Fund. \$14,250,000 principal plus unamortized bond premium of \$2,739.	14,252,739
\$43,000,000 general obligation bonds, series 2009, issued June 9, 2009, due in remaining annual installments of \$1,500,000 to \$4,000,000 beginning June 1, 2011 through June 1, 2029; interest rates ranging from 3.0% to 5.0%, due semi-annually. Serviced by Public Schools Fund. \$37,000,000 principal plus unamortized bond premium of \$1,224,622	38,224,622
\$48,970,000 2009 refunding general obligation bonds due in remaining annual installments ranging from \$1,925,000 to \$7,695,000 through December 1, 2021; interest rates ranging from 3.00% to 5.00%, due semi-annually through December 1, 2021. Serviced by General Fund and Public Schools Fund. \$36,354,997 principal plus unamortized premium of \$2,683,875	39,038,872
\$83,030,000 2010 A&B general obligation bonds due in remaining annual installments ranging from \$4,150,000 to \$4,155,000 through August 1, 2030; interest rates ranging from 2.00% to 5.00%, due semi-annually through August 1, 2030. Serviced by the General Fund. \$70,575,000 principal plus unamortized premium of \$3,608,678.	74,183,673
\$54,000,000 2013A general obligation bonds due in remaining annual installments ranging from \$1,750,000 to \$2,750,000 through June 1, 2034; interest rates ranging from 3.00% to 5.00%, due semi-annually through June 1, 2034. Serviced by the General Fund. \$54,000,000 principal plus unamortized premium of \$6,224,515	60,224,515
\$31,335,000 2013B refunding general obligation bonds due in annual installments ranging from \$390,000 to \$4,660,000 through December 1, 2025; interest rates ranging from 1.43% to 1.98% due semi-annually through December 1, 2025. Serviced by Public Schools Fund \$30,870,000 principal	30,870,000

NEW HANOVER COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE ENDED JUNE 30, 2014**

\$32,220,000 2013C refunding general obligation bonds due in remaining annual installments ranging from \$610,000 to \$7,340,000 through December 1, 2019; interest rate at 1.42% due semi-annually through December 1, 2016; Serviced by General Fund and Public School Fund; \$31,610,000 principal	<u>31,610,000</u>
Total General and Public School Special Revenue Funds (Governmental activities)	<u>321,989,092</u>
Total Enterprise Funds (Business-type activities)	<u>-</u>
Total General Fund Obligation Bonds, net of unamortized charges and premiums	<u>\$ 321,989,092</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Installment debt consists of the following at June 30, 2014:

\$33,725,000 Certificates of Participation, Series 2005A&B, issued July 19, 2005, due in annual installments through September 1, 2018; interest at rates ranging from 3.00% to 5.00%; principal of \$22,635,000 plus unamortized premium of \$413,484 less unamortized charge of \$559,777. Serviced by the General Fund and enterprise funds.	\$ 22,488,707
\$49,835,000 2010 refunding limited obligation bonds issued June 2, 2010, due in annual installments through December 1, 2025; interest rates ranging 2.00% to 5.00%; principal of \$32,125,000 plus unamortized premium of \$2,260,589. Serviced by the General Fund, Fire District Special Revenue, and enterprise funds.	34,385,589
\$4,925,744 Qualified School Construction Bonds issued December 14, 2010, due in semi-annual payments through December 14, 2025; interest at rate of 5.63%, principal of \$3,776,404. Serviced by the Public Schools Fund.	3,776,404
\$20,540,000 2012 refunding limited obligation bonds issued September 12, 2012, due in annual payments through December 1, 2022; interest at rate ranging from 1.00% to 5.00%; principal of \$17,535,000 plus unamortized premium of \$1,779,203. Serviced by the General Fund and Fire District Special Revenue.	19,314,203
\$12,615,000 2014 limited obligation bonds issued June 4, 2014, due in annual installments through June 1, 2034; interest rates ranging from 1.00% to 5.00% principal of \$12,615,000 plus unamortized premium of \$1,011,914.	13,626,914
\$4,570,000 2014 limited obligation bonds issued June 4, 2014, due in annual installments through June 1, 2029; interest rates ranging from 0.31% to 4.29% principal of \$4,570,000. Serviced by the General Fund.	4,570,000
Other installment debt; interest at rates ranging from 2.60% to 6.00%. Serviced by the General Fund, special revenue funds, and enterprise funds.	<u>1,727,528</u>
Total installment debt - governmental and business-type activities	<u>\$ 99,889,345</u>
Total installment debt - governmental activities	<u>\$ 97,904,628</u>
Total installment debt - business-type activities	<u>\$ 1,984,717</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Annual maturity requirements on the County's long-term debt (except compensated absences, net pension obligations, claims and judgments and accrued landfill closure and post-closure care costs) with related interest as of June 30, 2014, are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$ 35,481,852	\$ 15,623,433	\$ 730,560	\$ 37,437	\$ 51,873,282
2016	35,305,044	14,332,895	486,478	26,927	50,151,344
2017	34,798,943	13,079,995	491,318	18,403	48,388,659
2018	34,547,597	11,792,849	89,271	10,841	46,440,558
2019	31,664,266	10,480,927	54,117	7,235	42,206,545
2020-2024	130,762,674	34,219,226	57,086	4,326	165,043,312
2025-2029	74,422,584	13,375,640	57,140	1,417	87,856,781
2030-2034	24,215,000	2,220,258	-	-	26,435,258
Total	<u>401,197,960</u>	<u>115,125,223</u>	<u>1,965,970</u>	<u>106,586</u>	<u>518,395,739</u>
Less: Unamortized discounts	(705,406)	-	(5,750)	-	(711,156)
Add: Unamortized Premiums	19,401,166	-	24,497	-	19,425,663
Net	<u>\$ 419,893,720</u>	<u>\$ 115,125,223</u>	<u>\$ 1,984,717</u>	<u>\$ 106,586</u>	<u>\$ 537,110,246</u>

Other

The County's legal debt margin at June 30, 2014 was \$1,991,551,440.

Debt authorized but unissued at June 30, 2014 is as follows:

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

The Authority incurred an additional long-term debt in 2008 of \$2,700,000 in order to finance a new international terminal building construction project. Financing was acquired through an interlocal agreement with New Hanover County. Interest rates are currently ranging from 3.9% to 5.0%, as a result of the County's refunding with Limited Obligation Bonds in 2010.

The Authority incurred long term debt in 2014 of \$4,570,000 in order to finance a new consolidated car rental facility construction project. Financing was acquired through an interlocal agreement with New Hanover County. Under the agreement, New Hanover County incurred debt on behalf of the Authority and the Authority agreed to repay all expenses attributable to the debt, including principal, interest and issuance costs. Interest rates range from 0.31% to 4.29%, as a result of the County's bond refunding with Limited Obligation Bonds in 2014.

The aggregate balance of long-term debt at June 30, 2014 is \$5,982,848. The Authority's debt service for the year ended June 30, 2014 was \$202,269 for principal and \$62,243 for interest.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Long-Term Debt of the Medical Center

Changes in long-term debt of the Medical Center during the year ended September 30, 2013.

	<u>Balance</u> <u>October 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2013</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Revenue bonds	\$ 319,850,000	\$ 56,745,000	\$ 70,134,000	\$ 306,461,000	\$11,928,000
Unamortized discounts and (premiums)	2,520,000	4,630,000	374,000	6,776,000	-
Capital leases	-	1,189,000	468,000	721,000	484,000
Other obligations	10,247,000	2,665,000	3,717,000	9,195,000	1,997,000
Total	<u>\$ 332,617,000</u>	<u>\$ 65,229,000</u>	<u>\$ 74,693,000</u>	<u>\$ 323,153,000</u>	<u>\$14,409,000</u>

NHRMC and LCFH have entered into interest rate swap agreements to modify interest rates on certain outstanding debt. Net interest expenditures resulting from these agreements and the resulting accrued receivable or payable under the swap agreements are reflected in the financial statements. As discussed in Note 7, in accordance with GASB Statement 53, the estimated fair values of interest in rate swaps at September 30, 2013 of \$6,272,000 are recorded as a liability on the balance sheet. The fair value of interest rate swaps is recorded at the values reported by the counterparties, which approximates a value determined by the discounted cash flow model. For all swap instruments determined to be ineffective, the change in fair value is recorded in the statement of revenues, expenses and changes in net assets as a component of the net increase (decrease) in fair value of investments. For all swap instruments determined to be effective, any change in fair value is deferred and recorded on the balance sheet as a deferred outflow of resources.

The terms, fair values, and underlying bond issued of the outstanding swaps as of September 30, 2013 were as follows (in thousands):

<u>Associated Bond Issues</u>	<u>Notional</u>	<u>Start Date</u>	<u>End Date</u>	<u>Fair Value</u>
Series 2008A-1	\$ 7,825	December 14, 2005	October 1, 2023	\$ (893)
Series 2008A-2	7,730	December 14, 2005	October 1, 2023	(893)
Series 2008B-1	21,465	December 14, 2005	October 1, 2026	(2,761)
Series 2008B-2	-	December 14, 2005	October 1, 2026	(857)

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

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

During fiscal year 2002, the Medical Center entered into a nineteen year interest rate swap (basis swap) agreement, with a notional amount of \$50 million related to its Series 1999 Hospital Revenue Bonds with the objective of having a mixture of fixed and variable rate debt to take advantage of market fluctuations. At September 30, 2013 and 2012, the basis swap had an estimated negative fair value of approximately \$647,000 and \$748,000, which is recorded as a liability in the statement of net position. Under GASB 53, the basis swap qualifies as an investment derivative and changes in fair value of \$101,000 and \$1,038,000 for years ended September 30, 2013 and 2012 have been recorded as a component of net increase (decrease) in fair value of investments in Statement of Revenue, Expenses, and Change in Net Position.

LCFH hedged \$2,000,000 of its interest rate exposure associated with the LCFH 2007 Bonds through an interest rate swap agreement with a bank. As of September 30, 2013 and 2012, the \$1,750,000 and \$1,850,000 amounts, respectively, are hedged at an interest rate of 3.885%. Based on market tax exempt interest rates of about .164% and .2780%, the present value of cash payment under the swap arrangement is a negative position of approximately \$221,000 and \$356,000 as of September 30, 2013 and 2012, respectively, which is recognized as a liability. The objective of the swap agreement was to effectively change one half of the LCFH 2007 Bonds' variable rate to a fixed rate of 3.885%, to provide LCFH with a reduced possibility of a negative budget outcome. This swap has been effective from inception through September 30, 2013. The term of the LCFH 2007 Bonds and the swap are essentially the same, 20 years.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Revenue Bonds of the Medical Center

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

Series 2006 Revenue Bonds

Serial revenue bonds with interest rates ranging from 3.0% to 5.0% maturing through 2024	\$ 56,015,000
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	3,600,000
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Series 2008 Revenue Bonds

Series 2008A Variable Rate Revenue Bonds, demand obligations, with mandatory redemptions annually through 2038	18,510,000
Series 2008B Variable Rate Revenue Bonds, demand obligations, with mandatory redemptions annually through 2038	18,510,000

Series 2011 Revenue Bonds

Serial revenue bonds with interest rates ranging from 3.0% to 5.0% maturing annually (beginning October 2012) through 2025	57,945,000
Term revenue bonds maturing in October 2026, with stated interest rates of 4.625% and 5%	7,535,000
Term revenue bonds maturing in October 2027, with stated interest rates of 4.625% and 5%	12,375,000
Term revenue bonds maturing in October 2028, with stated interest rates of 4.625% and 5%	12,980,000

Series 2011 Variable Rate Health Care Facility Revenue Bonds

Series 2011 Variable Rate Health Care Facility Revenue Bonds, variable rate of 78% of LIBOR plus 1.3%, repayment of principal is due annually through August 2033	2,246,000
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Series 2013 Revenue Bonds

Serial revenue bonds with interest rates from 2.0% to 5%, maturing annually (beginning October 2013) through 2026	<u>56,745,000</u>
Total long-term debt	306,461,000
Unamortized discount	<u>6,776,000</u>
Total long-term debt, net of unamortized discount and loss	<u>\$ 313,237,000</u>
Due within one year	<u>\$ 11,928,000</u>
Due in more than one year	<u>\$ 301,309,000</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

The Series 2006, 2008, 2011 and 2013 Revenue Bonds are secured by, and payable from the net revenue of the Medical Center and CHA, the money and securities held by the Trustee pursuant to the bonds, as well as the income from the temporary investment of these Trustee-held funds. Substantially, all of the Medical Center and CHA revenues are security for the revenue bonds.

Under the terms of the Bond indentures and related lease agreement with the County, the Medical Center and CHA (excluding the Foundation component unit) are required to make semi-annual debt service payments on unpaid fixed rate debt (2006, 2011 and 2013 bonds), monthly debt service payments on variable rate demand bonds (2008 bonds), and is also required to comply with certain restrictive covenants, including limitations on incurrence of additional debt, limitations on transfer of assets, and maintenance of certain measure of financial performance including a minimum long-term debt service ratio, for as long as the bonds are outstanding. The Medical Center was in compliance with all debt covenants as of September 30, 2013.

Annual maturity requirements on outstanding revenue bonds of the Medical Center with related interest as of September 30, 2013 are as follows (in thousands):

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 11,928	\$ 10,023	\$ 21,951
2015	12,285	11,653	23,938
2016	12,930	11,260	24,190
2017	13,397	10,797	24,194
2018	13,959	10,306	24,265
2019-2023	77,891	43,220	121,111
2024-2028	97,169	25,103	122,272
2029-2033	54,712	5,098	59,810
2034-2038	9,950	26	9,976
2039-2040	2,240	-	2,240
Total	<u>\$ 306,461</u>	<u>\$ 127,486</u>	<u>\$ 433,947</u>

Interest paid related to these bonds is approximately \$12,297,000 during fiscal year ended September 30, 2013.

Long-Term Debt of the TDA

Changes in long-term liabilities of the TDA for the year ended June 30, 2014 are as follows:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Accrued vacation	<u>\$ 13,077</u>	<u>\$ 4,582</u>	<u>\$ -</u>	<u>\$ 17,659</u>	<u>\$ 17,659</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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 \$1,750,000.

The County leases existing facilities and equipment and all future improvements to the Medical Center at an annual rental of \$1 per year. The original lease effective October 1, 1993 and most recently amended June 4, 2009 extends the lease through October 2038. As the assets were acquired by the County for use in Medical Center operations, they are reported by the Medical Center component unit.

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

Minimum operating lease payments to be received by the Authority, as of June 30, 2014 are:

Year Ending June 30	Operating Lease Payments
2015	\$ 1,564,442
2016	1,587,904
2017	736,841
2018	760,832
2019	779,677
Thereafter	16,688,492
Total	<u>\$ 22,118,188</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

<u>Year Ending September 30</u>	<u>Operating Lease Obligations</u>
2014	\$ 11,926,000
2015	9,335,000
2016	7,967,000
2017	7,115,000
2018	5,161,000
Thereafter	<u>11,098,000</u>
Total	<u>\$ 52,602,000</u>

Rent expense on operating leases for the Medical Center totaled approximately \$12,982,000 and \$10,373,000 in 2013 and 2012, 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 \$42,000 and \$61,000 in 2013 and 2012, respectively.

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

PMH leases additional space under a non-cancelable operating lease, which expires in fiscal year 2028. In addition, PMH leases certain medical equipment under operating leases that expire between 2014 and 2018.

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

<u>Year Ending September 30</u>	<u>Operating Lease Obligations</u>
2014	\$ 355,000
2015	347,000
2016	347,000
2017	344,000
2018	230,000
Thereafter	<u>1,882,000</u>
Total	<u>\$ 3,505,000</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Rent expense on operating leases for PMH totaled \$439,000 and \$395,000 in 2013 and 2012, respectively.

The TDA leased its facilities from the County. Rent expense for the facility during the years ended June 30, 2014 and 2013 was \$50,974 and \$50,974, respectively. The minimum lease commitments on the facility lease are as follows:

Year Ending	
June 30	Total
2014	\$ 50,974
2015	50,974
2016	50,974
Total	<u>\$ 152,922</u>

Conduit Debt Obligations

Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are collateralized by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision, thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2014, the amount of industrial revenue bonds outstanding was \$2,321,250.

Accrual for Closure and Post-Closure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on estimated landfill capacity used as of each financial statement sheet date. The \$15,254,291 reported as landfill closure and post-closure care liability at June 30, 2014 represents (1) a cumulative amount of \$5,235,489 for final closure and post-closure care based on the full use of the total estimated capacity of the landfill and (2) \$10,018,802 for the cost of placing a closing cover on each open cell at the landfill, recognized as the cell receives waste. These amounts are based on what it would cost to perform all closure and post-closure care in 2014. 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

The County has met the requirements of a local government financial test that is one option under the State and federal laws and regulations that helps determine if a unit is financially able to meet closure and post-closure care requirements. In fiscal year 2014, the County made a change in their estimate for the landfill closure and post-closure care liability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 18, the effect of this change is being reported in the current period.

Deferred Outflows and Inflows of Resources

The amount of deferred outflows of resources is a charge on refunding of debt of \$5,262,042. The balance in deferred inflows and unearned revenues on the fund statements and on the government-wide financial statements at June 30, 2014 are composed of the following elements:

	Unavailable Revenue	Unearned Revenue
Prepaid property taxes not yet earned (General)	\$ -	\$ 177,247
Taxes receivable, net (General), less penalties	1,640,839	-
Taxes receivable, net (Special revenue), less penalties	135,342	-
Special assessments receivable, net (General)	5,838	-
Special assessments receivable, net (Special revenue)	885,645	-
Scattered site/SARF receivables (General)	819,721	-
CFPUA Economic Development receivable (General)	194,263	-
Total	\$ 3,681,648	\$ 177,247

Interfund Receivables and Payables

Amounts classified on the balance sheet as “Receivables – interfund loans” and “Interfund loans” at June 30, 2014 including the following:

Receivable Fund	Payable Fund	Amount
General Fund	CDBG Scatter Site Housing Fund	\$ 1,348
General Fund	Bike/Pedestrian Path Capital Project	109,887
General Fund	Cobb Annex Repairs Project	812
Total		\$ 112,047

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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, 2014	\$ 316,757
Component Unit:	Primary Government:	
NHC Tourism Development Authority	Room Occupancy Tax Fund for room occupancy tax collections held by the County	548,956
Total		\$ 865,713

C. Other

Interfund Transfers

Interfund transfers presented in the fund financial statements for the year ended June 30, 2014, can be summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	CDBG Scatter Site Housing Fund	\$ 1,348
General Fund	Bike/Pedestrian Path Capital Project	109,887
General Fund	Cobb Annex Repairs Project	812
Total		\$ 112,047

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.

4. Major Customers

Approximately 77% of Environmental Management revenues can be attributed to its largest four (4) 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. In addition, certain customers also pay contract facility charges, a non-operating revenue.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Exclusive of parking lot fees, transactions with five customers accounted for the following revenues and related trade accounts receivable balances at June 30, 2014:

<u>Customer</u>	<u>Revenues</u>	<u>Percentage</u>	<u>Accounts Receivable</u>
A	\$ 1,888,206	33.0%	\$ 44,025
B	1,091,320	19.0%	75,636
C	657,545	11.0%	471
	<u>\$ 3,637,071</u>		<u>\$ 120,132</u>

Medicare services represented 40% and Medicaid services represented 13% of net patient service revenue of the Medical Center for the fiscal year ended September 30, 2013.

LCFH's revenues are 90% from Medicare and 5% from Medicaid for the fiscal year ended September 30, 2013.

PMH's revenues are 65% from Medicare and 22% from Medicaid for the fiscal year ended September 30, 2013.

The TDA received approximately 100% its revenue from room occupancy tax revenues assessed by other governments and collected by the County during the year ended June 30, 2014. Receivables consist totally of Room Occupancy Taxes collected on behalf of the TDA.

5. Joint Ventures

The County, in conjunction with Brunswick County and Pender County, participates in a joint venture to operate the Southeastern Center for Mental Health, Developmental Disabilities and Substance Abuse Services (the "Center"). The counties appoint seven, five, and three members, respectively, to the fifteen member board of the Center. The County has an on-going financial responsibility for the Center because the Center's continued existence depends on the participating governments' continued funding. The County provided \$2,146,885 to the Center during the year for its on-going operations. None of the participating governments has an equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2014. 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 (the "College"). Each of the three participants appoints four members of the thirteen-member board of trustees of the College. The president of the College's student government serves as an ex-officio non-voting member of the College's board of trustees. The College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the College and also provides some financial support for the College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an on-going financial responsibility for the College because of the statutory responsibilities to provide funding for the College's facilities.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

The County contributed \$8,674,377 to the College for operating purposes, during the fiscal year ended June 30, 2013. In addition, the County made debt service payments of \$11,981,830 during the fiscal year on debt service for bonds issued for College capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2014. Complete financial statements for the College may be obtained from the College's administrative office at 321 N. Front Street, Wilmington, N.C. 28401.

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

In March 2005, the Medical Center invested in Atlantic Surgicenter, LLC, a joint venture formed to operate a freestanding ambulatory surgery center consisting of four general operating rooms and one non-licensed procedure room, located in New Hanover County, North Carolina. Annually, NHRMC invests additional funds as needed to maintain its 40% ownership in the joint venture. In May 2012, the Surgicenter entered into a commitment letter in the amount of \$2,781,000 with TD Bank, N.A. and NHRMC signed as the guarantor. NHRMC has guaranteed a portion of the debt up to their ownership percentage in the joint venture. In June 2012, resolutions were adopted by the members of the joint venture resulting in an increase in NHRMC ownership in the joint venture to 46% with additional capital contribution of \$767,000.

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

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

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

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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 (the “Council”). The Council was established for various purposes, but mainly to coordinate funding for federal and State assistance. Each participating government appoints a minimum of one member to the Council’s board. The County paid fees of \$25,788 to the Council during the fiscal year ended June 30, 2014.

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

The County and the City of Wilmington established the Cape Fear Public Utility Authority (CFPUA). CFPUA was established to provide water and sewer services for the residents of the County and City of Wilmington. The County appoints five of the eleven members of the CFPUA board. Two of these five members may be elected officials of the County. The County paid \$1.577 million for CFPUA during fiscal year ended June 30, 2014. CFPUA paid the County \$1,060,549 in connection with debt the County is servicing for CFPUA for the fiscal year ended June 30, 2014. See note 10 for further details.

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.

	Federal	State
WIC	\$ 2,775,335	\$ -
Supplemental Nutrition Assistance Program	45,624,858	-
Medical Assistance	131,490,386	72,391,006
Health Choice	3,774,871	1,193,190
Independent Living	32,727	-
IV-E Adoption	1,493,615	392,906
Refugee Assistance	9,532	-
AFDC Payments & Penalty	(797)	(208)
TANF Payments & Penalty	900,764	(122)
CWS Adoption Subsidy	-	1,523,170
SC/SA Domiciliary Care	-	1,176,281
Total	\$ 186,101,291	\$ 76,676,223

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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, 2014, the balance of the County's ADM unallocated account related to corporate income taxes was \$4,979. 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, 2014, the ADM funds in the County's disbursing account had a balance of \$0.

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 Capital Project Fund as intergovernmental revenue. During the fiscal year ended June 30, 2014, the County drew down in the public school building capital funds \$0 of ADM allocation and \$1,774,743 of lottery allocation.

Of the 35% of the proceeds of the North Carolina Education Lottery sales designated for education, approximately 40% is designated for school construction, broken down as follows: 65% allocated to counties bases on the ADM of school districts and 35% allocated to counties which have a property tax rate above the state average (numerical average of all one hundred counties), which New Hanover did not exceed for the year ended June 30, 2014. As of June 30, 2014, the County's allocated balance of lottery proceeds was \$2,937,165. \$14,220,057 has been approved by the State for construction projects at June 30, 2014. During the fiscal years ended June 30, 2008 through June 30, 2014, the County drew down \$10,810,232 of these funds, leaving a disbursing account balance of \$3,409,825.

9. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County obtains property insurance through Lexington Insurance Company equal to the replacement cost values of owned property, subject to a loss limit of \$50,000,000 for any one occurrence, with a sub-limit of \$25,000,000 when caused by wind or hail damage during a "named storm". The County obtains commercial general liability, auto liability, public officials' liability, law enforcement liability, employment practices liability, and Employee Benefits Liability from the Travelers Indemnity Insurance Company in the amount of \$1,000,000 each occurrence. In addition, the County purchases commercial excess liability (umbrella) insurance in the amount of \$4,000,000 each occurrence from Travelers Indemnity Insurance Company. Crime insurance in the amount of \$500,000 per claim is obtained through Travelers Casualty & Surety Company of America.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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 \$500,000 for all employees of cost and/or benefits payable to employees resulting from any one accident or event, regardless of the number of persons injured. Specific and Aggregate Excess Workers Compensation and Employers Liability Indemnity insurance provides protection against compensable claims during the policy year above the self-insured specific retention of \$500,000, up to the maximum limits provided under the North Carolina Workers' Compensation Act and up to \$1,000,000 each accident or disease for Employer's Liability. The aggregate excess insurance provides protection against cumulative retained losses after the County's aggregate costs reach a minimum of \$2,090,204 for claims occurring during the policy period. The aggregate excess insurance has a maximum limit of indemnity of \$2,000,000. Any losses above this amount would be retained by the County.

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

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through the Travelers Casualty & Surety Company of America with a limit of \$500,000 per occurrence. The Director of Finance is individually bonded under a Performance Bond in the amount of \$500,000. 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, 2014	June 30, 2013
Unpaid claims at July 1	\$ 1,983,694	\$ 1,675,842
Provisions for claims	19,130,220	19,157,894
Payments for claims	(18,315,383)	(17,564,290)
Administrative fees	(814,837)	(1,285,752)
Unpaid claims at June 30	<u>\$ 1,983,694</u>	<u>\$ 1,983,694</u>

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

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Authority participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the Authority obtains property coverage equal to replacement cost values of owned property subject to a limit of \$56.6 million for any one occurrence, auto, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and health and dental insurance for Authority employees. Workers Compensation is carried by Liberty Mutual Max Indemnity, with a limit of \$2 million.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

The pools are audited annually by certified public accountants, and the audited financial statements are available to the Authority upon request. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for public liability coverage, \$600,000 of aggregate losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$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. All remaining Authority employees that have access to funds are bonded through the Authority's aforementioned crime package.

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

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

The Medical Center purchases commercial insurance coverage against risk of loss due to errors and omissions, fiduciary liability, property damage and theft, and pollution liability and various other insurable risks. The Medical Center carries property insurance in the amount of \$750,000,000 for 2013 and \$600,000,000 for 2012 with a deductible of \$100,000 for all perils except named windstorm. For 2013 and 2012, the minimum deductible for named storms is \$5,000,000 per location, with a maximum deductible of \$25,000,000 per location. For 2013 and 2012, the Medical Center has self-insured for workers' compensation and employer's liability up to \$350,000 per claim. A specific limit of \$25,000,000 applies to worker's compensation. For 2013 and 2012, the Medical Center was also self-insured for hospital professional liability claims and general liability claims up to the first \$5,000,000 per claim. There was no annual aggregate in 2012; there is a \$20,000,000 annual aggregate in 2013. In both 2013 and 2012 hospital professional liability and general liability stop loss coverage is on a claims made basis; general liability is written on an occurrence basis. Excess commercial insurance is purchased to provide coverage above the self-insured retention levels for hospital professional liability and general liability. The Medical Center is fully self-insured for hospital professional liability claims incurred prior to June 25, 2002, but not reported as of that date. No payments have exceeded insurance coverage in the past three fiscal years where insurance coverage applies, subject to the deductibles and retentions noted above. The Medical Center is self-insured for employee claims up to \$350,000 per individual, excluding costs associated with domestic claims (claims for services provided at the Medical Center).

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

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

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

For Fiscal Year Ended	September 30, 2013	September 30, 2012	September 30, 2011
Unpaid claims at October 1	\$ 27,957,000	\$ 29,779,000	\$ 24,951,000
Provisions for claims	55,116,000	52,956,000	50,680,000
Payments for claims	(52,848,000)	(52,791,000)	(43,821,000)
Administrative fees	(2,126,000)	(1,987,000)	(2,031,000)
Unpaid claims at September 30	<u>\$ 28,099,000</u>	<u>\$ 27,957,000</u>	<u>\$ 29,779,000</u>

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

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

Each ABC Board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000, secured by a corporate surety.

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

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

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

In accordance with G.S. 159-29, TDA employees that have access to \$100 or more at any given time of TDA funds are performance bonded through a commercial surety bond. The TDA's Board is covered under a Directors and Officers liability policy in the amount of \$1,000,000 each claim. The Finance Officer is bonded under a surety bond for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

10. Commitments and Contingencies

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

At June 30, 2014, 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 \$2,410,000 million as of June 30, 2014.

Pursuant to the interlocal agreement transferring the County's water and sewer system to Cape Fear Public Utility Authority (the "CFPUA"), CFPUA has assumed responsibility for servicing all of the County's enterprise long-term debt. However, certain long-term debt instruments could not either be refinanced or transferred to CFPUA due to the nature of the agreements. Accordingly, the County has retained and is servicing those debt instruments with CFPUA making payments to the County equal to the principal and interest payments required under those debt instruments. 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 three years. Beginning in the sixth year (2014), the debt payment reduction amounts will consist of \$1.577 million for the sixth year, \$1.254 million for the seventh year, \$950,000 for the eighth year, \$627,000 for the ninth year, and \$304,000 for the tenth year. If at any time the debt payments reduction amounts in a given year are greater than the amounts required to be paid by the Authority to the County, the County will pay the Authority the difference.

Pursuant to a management agreement, the Authority retains USA Parking System, Inc. to provide management and operational services for the parking lot and skycap services. The agreement provides that USA Parking System, Inc. shall employ, furnish and supervise certain personnel necessary for the management of the parking lot and skycap services. The Authority reimburses USA Parking System, Inc. for all operating expenses incurred in the management of the parking lot and skycap services in addition to annual management, insurance and accounting services. In May of 2012, the Authority entered into an amended contract with USA Parking System, Inc. for five years, effective November 1, 2012 through October 31, 2017. After October 31, 2017, the agreement allows the Authority to continue the contract by one additional five year period. The Authority may cancel the agreement at any time after October 31, 2017 by providing USA Parking System, Inc. thirty days prior written notice. For the year ended June 30, 2014, the Authority paid fees and expenses totaling \$436,593, which is included in contracted services.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

Estimated future commitments under the agreement are as follows:

2015	\$	445,000
2016		454,000
2017		463,000
2018		<u>158,000</u>
Total	\$	<u>1,520,000</u>

The Authority has entered into several contracts and agreements as of June 30, 2014, primarily related to construction projects and equipment. The remaining commitment under these contracts and agreements is approximately \$2,100,000.

The Medical Center is aware of various asserted and unasserted claims. Management has been unable to reasonably estimate the amount of the loss, if any, since the ultimate resolution of these matters will be dependent upon future events. Management 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.

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

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

CHA has engaged Carolinas Physician Network (the "CPN"), a physician practice network within the non-profit corporation of Carolinas Health Care Systems, through contractual agreements, to operate and manage each of the medical practices owned by CHA and provide certain professional medical services for each of those practices. CPN provides physicians and mid-level providers to operate each of the medical practices owned by CHA and provide certain professional medical services for each of those practices. In exchange, CHA pays a flat annual fee adjusted annually to equal the estimated compensation of the Practice Provides. In its role as manager, CPN provides management and billing services, practice acquisition services, provider recruiting, and access to its practice

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

management system. Fees under the management agreement are based on the number and specialties of the practices. The Management Services and Professional Services Agreements expire in 2014 and may be renewed for successive one year terms. During the years ended September 30, 2013 and 2012, CHA paid \$58,902,000 and \$42,025,000, respectively, to CPN under these agreements.

The ABC Board has entered into agreements for both architectural and schematic design services. At June 30, 2014, the commitment to both companies totaled \$1,834,301. The Board also has two contracts with the New Hanover County Sheriff's Department to provide law enforcement services. At June 30, 2014, the commitment for both contracts to the Sheriff's Department totaled \$486,000.

11. Subsequent Events

On July 22, 2014 the General Assembly passed HB 1059 amending the New Hanover County District U (unincorporated) room occupancy tax distribution requirements. All District U proceeds collected prior to July 1, 2014 will be remitted to the NHC Tourism Development Authority within 30 days of the enabling legislation to be used for tourism-related expenditures within the district. All proceeds collected on or after July 1, 2014 will be remitted to the NHC Tourism Development Authority. Two-thirds of the proceeds will be used for tourism promotion and one-third will be used for tourism-related expenditures within the district.

12. Change in Accounting Principles/Restatement

During the year ended September 30, 2013, NHRMC adopted Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously reported as Assets and Liabilities. In accordance with GASB Statement 63, the Statement of Net Assets/Balance Sheet has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB 65 requires, among other things, that deferred costs from the refunding of debt which were previously presented with long term obligations, be presented as deferred outflows of resources, and bond issuance costs, which were previously deferred and amortized, must be included in current expenses.

As a result of the adoption of GASB Statement 65, the debt issuance costs that were previously being reported as intangible assets, (partially) and as a part of deferred charges on refunding (partially), were recognized as outflows of resources (i.e. expenses) in the period in which they were incurred.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2014

This change only impacted NHRMC and it was made retroactive to October 1, 2011 in accordance with the provisions of Statement 65 as follows:

	<u>NHRMC</u>
Net Position, October 1, 2011, as previously stated	\$ 597,465,000
Effect of accounting change	<u>(8,602,000)</u>
Net Position, October 1, 2011, as restated	<u>\$ 588,863,000</u>

The restatement also resulted in a reduction of depreciation and amortization expense and interest expense of \$371,000 and \$320,000 respectively, for a total increase of \$691,000 in the change in net position on the statement of revenues, expenses, and changes in net position for the year ended September 30, 2012, from the amounts previously reported.



NEW HANOVER COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
New Hanover County Law Enforcement Officers' Special Separation Allowance:		
2005	\$ 304,978	80.0%
2006	331,460	92.0%
2007	328,307	101.0%
2008	306,872	107.0%
2009	358,511	85.6%
2010	405,798	88.3%
2011	512,034	75.8%
2012	518,335	98.8%
2013	568,386	91.2%
2014	615,663	92.3%

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

2005	\$ 11,129	36.7%
2006	8,867	88.6%
2007	6,969	102.4%
2008	7,257	176.9%
2009	7,177	178.8%
2010	6,602	194.4%
2011	8,723	147.1%
2012	9,999	91.3%
2013	11,117	0.0%
2014	11,189	0.0%

New Hanover Regional Medical Center Pension Plan:

2004	\$ 8,159,380	100.0%
2005	8,760,456	100.0%
2006	8,832,780	100.0%
2007	8,218,000	100.0%
2008	8,263,000	100.0%
2009	8,428,000	100.0%
2010	8,960,000	100.0%
2011	9,781,000	100.0%
2012	10,600,000	100.0%
2013	8,842,000	100.0%

NEW HANOVER COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
Pender Memorial Hospital Pension Plan:		
2004	\$ 176,300	100.0%
2005	185,319	100.0%
2006	200,416	100.0%
2007	197,000	100.0%
2008	213,000	100.0%
2009	247,000	100.0%
2010	268,000	100.0%
2011	317,000	100.0%
2012	359,000	100.0%
2013	349,000	100.0%
New Hanover County Other Post-Employment Benefits:		
2010	\$ 6,911,756	13.5%
2011	6,981,320	15.8%
2012	10,774,858	9.8%
2013	11,098,104	14.0%
2014	12,069,715	15.6%
New Hanover County Airport Authority Other Post-Employment Benefits:		
2010	\$ 18,261	49.3%
2011	14,144	63.6%
2012	14,144	63.6%
2013	14,144	72.1%
2014	16,949	63.7%
New Hanover County ABC Board Other Post-Employment Benefits:		
2010	\$ 104,936	18.3%
2011	104,936	31.5%
2012	104,936	39.4%
2013	49,984	60.3%
2014	49,984	66.6%

NEW HANOVER COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2014**

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

12/31/2004	\$ 243,252	\$ 2,701,937	\$ (2,458,685)	9.00%	\$ 11,619,995	-21.16%
12/31/2005	374,857	2,593,801	(2,218,944)	14.45%	13,103,102	-16.93%
12/31/2006	564,252	2,765,097	(2,200,845)	20.41%	13,186,998	-16.69%
12/31/2007	350,340	3,107,557	(2,757,217)	11.27%	14,144,196	-19.49%
12/31/2008	442,060	3,515,534	(3,073,474)	12.57%	15,510,994	-19.81%
12/31/2009	457,304	4,567,208	(4,109,904)	10.01%	14,627,764	-28.10%
12/31/2010	477,368	4,521,066	(4,043,698)	10.56%	14,565,306	-27.76%
12/31/2011	494,732	4,775,981	(4,281,249)	10.36%	15,967,718	-26.81%
12/31/2012	713,125	5,104,664	(4,391,539)	13.97%	17,397,076	-25.24%
12/31/2013	932,739	5,394,674	(4,461,935)	17.29%	18,450,667	-24.18%

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

12/31/2004	\$ -	\$ 74,049	\$ (74,049)	0.00%	\$ 381,755	-19.40%
12/31/2005	-	74,232	(74,232)	0.00%	303,056	-24.49%
12/31/2006	-	66,280	(66,280)	0.00%	396,598	-16.71%
12/31/2007	-	62,086	(62,086)	0.00%	355,262	-17.48%
12/31/2008	-	50,131	(50,131)	0.00%	320,969	-15.62%
12/31/2009	-	54,225	(54,225)	0.00%	361,651	-14.99%
12/31/2010	-	53,679	(53,679)	0.00%	365,801	-14.67%
12/31/2011	-	53,679	(53,679)	0.00%	411,372	-13.05%
12/31/2012	-	58,390	(58,390)	0.00%	368,530	-15.84%
12/31/2013	-	72,279	(72,279)	0.00%	391,278	-18.47%

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

1/1/2004	\$ 129,523,435	\$ 135,764,516	\$ (6,241,081)	95.40%	\$ 175,010,789	-3.57%
1/1/2005	133,897,230	141,242,243	(7,345,013)	94.80%	182,282,839	-4.03%
1/1/2006	141,520,596	145,541,727	(4,021,131)	97.24%	184,743,315	-2.18%
1/1/2007	150,774,000	153,919,000	(3,145,000)	97.96%	192,601,000	-1.63%
1/1/2008	163,463,000	165,667,000	(2,204,000)	98.67%	202,700,000	-1.09%
1/1/2009	166,373,000	177,016,000	(10,643,000)	93.99%	201,438,000	-5.28%
1/1/2010	163,563,000	181,718,000	(18,155,000)	90.01%	200,573,000	-9.05%
1/1/2011	170,571,000	194,762,000	(24,191,000)	87.58%	205,914,000	-11.75%
1/1/2012	177,056,000	201,062,000	(24,006,000)	88.06%	214,146,000	-11.21%
1/1/2013	181,308,000	201,987,000	(20,679,000)	89.76%	234,391,000	-8.82%

NEW HANOVER COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) - Projected Unit Credit	Excess (Deficit) of Assets Over AAL	Funded Ratio (A/B)	Covered Payroll for Year Ending on Valuation Date	Excess (Deficit) as a Percentage of Covered Payroll
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Pender Memorial Pension Plan (2):

1/1/2004	\$ 2,461,615	\$ 2,763,000	\$ (301,385)	89.09%	\$ 4,407,340	-6.84%
1/1/2005	2,558,827	2,932,888	(374,061)	87.25%	4,861,261	-7.69%
1/1/2006	2,671,113	3,167,084	(495,971)	84.34%	4,441,209	-11.17%
1/1/2007	2,857,000	3,399,000	(542,000)	84.05%	4,917,000	-11.02%
1/1/2008	31,400,000	3,659,000	27,741,000	858.16%	5,632,000	492.56%
1/1/2009	3,268,000	3,938,000	(670,000)	82.99%	6,412,000	-10.45%
1/1/2010	3,388,000	4,266,000	(878,000)	79.42%	6,875,000	-12.77%
1/1/2011	3,552,000	4,689,000	(1,137,000)	75.75%	7,231,000	-15.72%
1/1/2012	3,739,000	5,068,000	(1,329,000)	73.78%	8,372,000	-15.87%
1/1/2013	3,921,000	5,386,000	(1,465,000)	72.80%	8,736,000	-16.77%

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

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

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

6/30/2007	\$ -	\$ 227,578	\$ (227,578)	0.00%	\$ 1,830,709	-12.43%
6/30/2010	-	188,082	(188,082)	0.00%	2,164,859	-8.69%
6/30/2013	-	208,279	(208,279)	0.00%	2,480,213	-8.40%

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

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

Notes:

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

NEW HANOVER COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
NOTES TO REQUIRED SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2014**

Notes to the Required Schedules:

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

New Hanover County Law Enforcement Officers' Special Separation Allowance:

Valuation date	December 31, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	17 years
Asset valuation method	Market value

Actuarial Assumptions:

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

* Includes inflation at 3.00%

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

Valuation date	December 31, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	17 years
Asset valuation method	Market value

Actuarial Assumptions:

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

* Includes inflation at 3.00%

NEW HANOVER COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
NOTES TO REQUIRED SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2014**

New Hanover Regional Medical Center Pension Plan:

Valuation date	January 1, 2012
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*	8.00%
Projected salary increases*	4.00% per year
Cost of living adjustments	None

* Includes inflation at 3.00%

Pender Memorial Hospital Pension Plan:

Valuation date	January 1, 2012
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*	8.00%
Projected salary increases*	4.00%
Cost of living adjustments	None

* Includes inflation at 3.00%

NEW HANOVER COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
NOTES TO REQUIRED SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

Actuarial Assumptions:

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

* Includes inflation at 3.00%

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

Valuation date	June 30, 2013
Actuarial cost method	Unit credit cost
Amortization method	Level dollar amount, open
Remaining amortization period	30 years
Asset valuation method	Market value

Actuarial Assumptions:

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

* Includes N/A

NEW HANOVER COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
NOTES TO REQUIRED SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

Actuarial Assumptions:

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

* Includes inflation at 3.00%

NEW HANOVER COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 9,290,644	\$ 7,079,848	\$ 16,370,492
Restricted cash	28,916	15,637,196	15,666,112
Receivables:			
Intergovernmental	705,481	569,780	1,275,261
Other sources, net	287,663	-	287,663
Prepays	400	-	400
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 10,313,104</u>	<u>\$ 23,286,824</u>	<u>\$ 33,599,928</u>
 Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 852,158	\$ 3,295,584	\$ 4,147,742
Interfund loans	-	112,047	112,047
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>852,158</u>	<u>3,407,631</u>	<u>4,259,789</u>
 Deferred Inflows of Resources			
Taxes receivable	128,295	-	128,295
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>128,295</u>	<u>-</u>	<u>128,295</u>
 Fund Balances:			
Non-spendable	400	-	400
Restricted:			
Stabilization for State statute	1,116,160	9,417,158	10,533,318
Restricted, all other	8,156,006	10,932,339	19,088,345
Committed	-	1,111,557	1,111,557
Assigned	60,085	-	60,085
Unassigned	-	(1,581,861)	(1,581,861)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>9,332,651</u>	<u>19,879,193</u>	<u>29,211,844</u>
 Total liabilities, deferred inflows of resources, and fund balance			
	<u>\$ 10,313,104</u>	<u>\$ 23,286,824</u>	<u>\$ 33,599,928</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Taxes	\$ 12,154,645	\$ -	\$ 12,154,645
Intergovernmental revenues	85,939	3,493,972	3,579,911
Charges for services	1,306,768	-	1,306,768
Contributions	-	22,500	22,500
Investment earnings	302,640	(1,210)	301,430
Miscellaneous	55,323	-	55,323
Total revenues	<u>13,905,315</u>	<u>3,515,262</u>	<u>17,420,577</u>
Expenditures:			
Current:			
Public safety	10,507,109	-	10,507,109
Culture and recreation	1,072,901	-	1,072,901
Capital outlay	434,759	13,724,060	14,158,819
Debt service:			
Installment debt payments	856,585	-	856,585
Total expenditures	<u>12,871,354</u>	<u>13,724,060</u>	<u>26,595,414</u>
Revenues over (under) expenditures	<u>1,033,961</u>	<u>(10,208,798)</u>	<u>(9,174,837)</u>
Other Financing Sources (Uses):			
Long-term debt issued	-	17,185,000	17,185,000
Premium on long-term debt issued	-	1,011,914	1,011,914
Sale of capital assets	48,435	-	48,435
Transfers to other funds	-	(1,030,679)	(1,030,679)
Transfers from other funds	162,684	1,660,753	1,823,437
Total other financing sources (uses)	<u>211,119</u>	<u>18,826,988</u>	<u>19,038,107</u>
Net change in fund balances	1,245,080	8,618,190	9,863,270
Fund Balances:			
Beginning of year - July 1	<u>8,087,571</u>	<u>11,261,003</u>	<u>19,348,574</u>
End of year - June 30	<u>\$ 9,332,651</u>	<u>\$ 19,879,193</u>	<u>\$ 29,211,844</u>



NEW HANOVER COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Special Fire District	Local Law Enforcement Block Grant	Emergency Telephone System Grant
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 5,295,162	\$ 16,065	\$ 1,136,216
Restricted cash	-	-	-
Receivables:			
Intergovernmental	705,481	-	-
Other sources, net	232,821	-	51,968
Prepays	-	-	-
Total assets	<u>\$ 6,233,464</u>	<u>\$ 16,065</u>	<u>\$ 1,188,184</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	<u>\$ 750,150</u>	<u>\$ -</u>	<u>\$ 17,600</u>
Total liabilities	<u>750,150</u>	<u>-</u>	<u>17,600</u>
Deferred Inflows of Resources			
Taxes receivable	<u>128,295</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>128,295</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Non-spendable:			
Prepays	-	-	-
Stabilization for State statute	1,059,825	-	51,968
Restricted, all other	4,295,194	16,065	1,118,616
Assigned	-	-	-
Total fund balances	<u>5,355,019</u>	<u>16,065</u>	<u>1,170,584</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6,233,464</u>	<u>\$ 16,065</u>	<u>\$ 1,188,184</u>

Schedule 3

Revolving Loan Program	Parks Conservatory of NHC	Arlie Gardens Foundation, Inc.	Public Health Foundation	Total Nonmajor Special Revenue Funds
\$ 62,504	\$ -	\$ 2,780,697	\$ -	\$ 9,290,644
-	8,474	-	20,442	28,916
-	-	-	-	705,481
-	-	2,874	-	287,663
-	-	400	-	400
<u>\$ 62,504</u>	<u>\$ 8,474</u>	<u>\$ 2,783,971</u>	<u>\$ 20,442</u>	<u>\$ 10,313,104</u>
<u>\$ 926</u>	<u>\$ -</u>	<u>\$ 83,482</u>	<u>\$ -</u>	<u>\$ 852,158</u>
<u>926</u>	<u>-</u>	<u>83,482</u>	<u>-</u>	<u>852,158</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,295</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,295</u>
-	-	400	-	400
1,493	-	2,874	-	1,116,160
-	8,474	2,697,215	20,442	8,156,006
<u>60,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,085</u>
<u>61,578</u>	<u>8,474</u>	<u>2,700,489</u>	<u>20,442</u>	<u>9,332,651</u>
<u>\$ 62,504</u>	<u>\$ 8,474</u>	<u>\$ 2,783,971</u>	<u>\$ 20,442</u>	<u>\$ 10,313,104</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, 2014**

	Special Fire District	Local Law Enforcement Block Grant	Emergency Telephone System Grant
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Taxes:			
Ad valorem, including interest	\$ 9,100,608	\$ -	\$ -
Other taxes	2,430,417	-	623,620
Total taxes	11,531,025	-	623,620
Charges for services	107,451	-	-
Intergovernmental revenues	85,939	-	-
Investment earnings	9,754	31	1,947
Miscellaneous	32,055	-	-
Total revenues	<u>11,766,224</u>	<u>31</u>	<u>625,567</u>
Expenditures:			
Current:			
Operating costs	10,134,596	-	356,285
Capital outlay	409,058	-	25,701
Debt service:			
Installment debt payments	856,585	-	-
Total expenditures	<u>11,400,239</u>	<u>-</u>	<u>381,986</u>
Revenues over (under) expenditures	<u>365,985</u>	<u>31</u>	<u>243,581</u>
Other Financing Sources (Uses):			
Sale of capital assets	48,435	-	-
Transfer from other funds	162,684	-	-
Total other financing sources (uses)	<u>211,119</u>	<u>-</u>	<u>-</u>
Net change in fund balances	577,104	31	243,581
Fund Balances:			
Beginning of year - July 1	<u>4,777,915</u>	<u>16,034</u>	<u>927,003</u>
End of year - June 30	<u>\$ 5,355,019</u>	<u>\$ 16,065</u>	<u>\$ 1,170,584</u>

Schedule 4

<u>Revolving Loan Program</u>	<u>Parks Conservatory of NHC</u>	<u>Archie Gardens Foundation, Inc.</u>	<u>Public Health Foundation</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,100,608
-	-	-	-	3,054,037
-	-	-	-	12,154,645
-	-	1,199,317	-	1,306,768
-	-	-	-	85,939
123	-	290,785	-	302,640
<u>13,690</u>	<u>8,874</u>	<u>-</u>	<u>704</u>	<u>55,323</u>
<u>13,813</u>	<u>8,874</u>	<u>1,490,102</u>	<u>704</u>	<u>13,905,315</u>
16,128	400	1,072,501	100	11,580,010
-	-	-	-	434,759
-	-	-	-	856,585
<u>16,128</u>	<u>400</u>	<u>1,072,501</u>	<u>100</u>	<u>12,871,354</u>
<u>(2,315)</u>	<u>8,474</u>	<u>417,601</u>	<u>604</u>	<u>1,033,961</u>
-	-	-	-	48,435
-	-	-	-	162,684
-	-	-	-	211,119
(2,315)	8,474	417,601	604	1,245,080
<u>63,893</u>	<u>-</u>	<u>2,282,888</u>	<u>19,838</u>	<u>8,087,571</u>
<u>\$ 61,578</u>	<u>\$ 8,474</u>	<u>\$ 2,700,489</u>	<u>\$ 20,442</u>	<u>\$ 9,332,651</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS
 JUNE 30, 2014

	\$123M School Bond Expenditure Capital Project	\$35.5M Park Bond Capital Project	Health Department Renovation Capital Project	Smith Creek Park Capital Project	Public School Building Capital Fund Capital Project	Burn Pit Capital Project	Qualified School Construction Bond Capital Project	Murrayville Fire Station Capital Project	Controlled Substance Tax Capital Project	Federal Forfeited Property Capital Project
Assets:										
Cash and investments	\$ -	\$ 5,249,162	\$ -	\$ -	\$ -	\$ 109,438	\$ -	\$ -	\$ 46,920	\$ 143,803
Restricted cash	-	-	2,524,679	-	-	-	-	-	-	-
Receivables:										
Intergovernmental	-	-	-	-	401,847	-	-	-	-	-
Total assets	\$ -	\$ 5,249,162	\$ 2,524,679	\$ -	\$ 401,847	\$ 109,438	\$ -	\$ -	\$ 46,920	\$ 143,803
Liabilities and Fund Balances:										
Liabilities:										
Accounts payable and accrued liabilities	\$ -	\$ 374,620	\$ 762,581	\$ -	\$ 401,847	\$ 4,036	\$ -	\$ -	\$ 10,021	\$ 22,688
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	374,620	762,581	-	401,847	4,036	-	-	10,021	22,688
Fund Balances:										
Restricted:										
Stabilization for State statute	-	9,477	1,273,253	-	401,847	-	-	-	11,644	53,189
Restricted, all other	-	4,865,065	488,845	-	-	105,402	-	-	25,255	67,926
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(401,847)	-	-	-	-	-
Total fund balances	-	4,874,542	1,762,098	-	-	105,402	-	-	36,899	121,115
Total liabilities and fund balances	\$ -	\$ 5,249,162	\$ 2,524,679	\$ -	\$ 401,847	\$ 109,438	\$ -	\$ -	\$ 46,920	\$ 143,803

\$38.3 Million CFCC Bond Expenditure Capital Project	Masons Inlet Relocation Capital Project	Scattered Site Housing Capital Project	Bike/Pedestrian Paths Capital Project	Cobb Annex Repairs Capital Project	Bald Eagle Public Water Expansion Capital Project	Airport Rental Car Parking Deck Capital Project	320 Chestnut Street Renovation Capital Project	Capital Improvement Projects Capital Project	Heritage Park and Marquis Hills Sewer Expansion Capital Project	Total Nonmajor Capital Project Funds
\$ -	\$ 170,875	\$ -	\$ -	\$ -	\$ 881,989	\$ -	\$ -	\$ 176,373	\$ 301,288	\$ 7,079,848
-	-	-	-	3,818,088	-	534,457	8,759,972	-	-	15,637,196
-	-	-	167,933	-	-	-	-	-	-	569,780
\$ -	\$ 170,875	\$ -	\$ 167,933	\$ 3,818,088	\$ 881,989	\$ 534,457	\$ 8,759,972	\$ 176,373	\$ 301,288	\$ 23,286,824
\$ -	\$ -	\$ -	\$ -	\$ 66,875	\$ 18,334	\$ -	\$ 288,065	\$ -	\$ 1,346,517	\$ 3,295,584
-	-	1,348	109,887	812	-	-	-	-	-	112,047
-	-	1,348	109,887	67,687	18,334	-	288,065	-	1,346,517	3,407,631
-	99,346	330	191,153	14,996	-	-	7,361,923	-	-	9,417,158
-	-	-	-	3,735,405	-	534,457	1,109,984	-	-	10,932,339
-	71,529	-	-	-	863,655	-	-	176,373	-	1,111,557
-	-	(1,678)	(133,107)	-	-	-	-	-	(1,045,229)	(1,581,861)
-	170,875	(1,348)	58,046	3,750,401	863,655	534,457	8,471,907	176,373	(1,045,229)	19,879,193
\$ -	\$ 170,875	\$ -	\$ 167,933	\$ 3,818,088	\$ 881,989	\$ 534,457	\$ 8,759,972	\$ 176,373	\$ 301,288	\$ 23,286,824

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	\$123M School Bond Expenditure Capital Project	\$35.5M Park Bond Capital Project	Health Department Renovation Capital Project	Smith Creek Park Capital Project	Public School Building Capital Fund Capital Project	Burn Pit Capital Project	Qualified School Construction Bond Capital Project	Murrayville Fire Station Capital Project	Controlled Substance Tax Capital Project	Federal Forfeited Property Capital Project
Revenues:										
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,774,743	\$ -	\$ -	\$ -	\$ 90,259	\$ 928,757
Contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	47	1,664	5,519	(2)	-	221	235	-	102	633
Total revenues	47	1,664	5,519	(2)	1,774,743	221	235	-	90,361	929,390
Expenditures:										
Supplies	-	-	-	-	-	-	-	-	92,659	287,654
Utilities	-	-	-	-	-	963	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Capital outlay	2,000	1,486,690	1,771,733	-	1,774,743	-	213,116	-	-	589,051
Contracted services	-	-	-	-	-	27,716	-	-	-	35,123
Total expenditures	2,000	1,486,690	1,771,733	-	1,774,743	28,679	213,116	-	92,659	911,828
Revenues over (under) expenditures	(1,953)	(1,485,026)	(1,766,214)	(2)	-	(28,458)	(212,881)	-	(2,298)	17,562
Other Financing Sources (Uses):										
Long-term debt issued	-	-	-	-	-	-	-	-	-	-
Premium on long-term debt issued	-	-	-	-	-	-	-	-	-	-
Transfers to other funds	(848,114)	-	-	(11,129)	-	-	-	(162,684)	-	(8,752)
Transfers from other funds	-	11,129	912,491	-	-	-	-	-	-	-
Total other financing sources (uses)	(848,114)	11,129	912,491	(11,129)	-	-	-	(162,684)	-	(8,752)
Net change in fund balances	(850,067)	(1,473,897)	(853,723)	(11,131)	-	(28,458)	(212,881)	(162,684)	(2,298)	8,810
Fund Balances:										
Beginning of year - July 1	850,067	6,348,439	2,615,821	11,131	-	133,860	212,881	162,684	39,197	112,305
End of year - June 30	\$ -	\$ 4,874,542	\$ 1,762,098	\$ -	\$ -	\$ 105,402	\$ -	\$ -	\$ 36,899	\$ 121,115

\$38.3 Million CFCC Bond Expenditure Capital Project	Masons Inlet Relocation Capital Project	Scattered Site Housing Capital Project	Bike/Pedestrian Paths Capital Project	Cobb Annex Repairs Capital Project	Bald Eagle Public Water Expansion Capital Project	Airport Rental Car Parking Deck Capital Project	320 Chestnut Street Renovation Capital Project	Capital Improvement Projects Capital Project	Heritage Park and Marquis Hills Sewer Expansion Capital Project	Total Nonmajor Capital Project Funds
\$ -	\$ -	\$ 532,280	\$ 167,933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,493,972
-	-	-	22,500	-	-	-	-	-	-	22,500
(12,739)	426	-	36	-	1,696	-	-	448	504	(1,210)
(12,739)	426	532,280	190,469	-	1,696	-	-	448	504	3,515,262
-	-	-	-	-	-	-	-	-	-	380,313
-	-	-	-	-	-	-	-	-	-	963
-	-	-	-	51,827	-	63,020	125,337	-	-	240,184
-	81,293	530,501	189,920	168,154	22,555	3,965,837	685,116	174,075	1,384,977	13,039,761
-	-	-	-	-	-	-	-	-	-	62,839
-	81,293	530,501	189,920	219,981	22,555	4,028,857	810,453	174,075	1,384,977	13,724,060
(12,739)	(80,867)	1,779	549	(219,981)	(20,859)	(4,028,857)	(810,453)	(173,627)	(1,384,473)	(10,208,798)
-	-	-	-	3,695,000	-	4,570,000	8,920,000	-	-	17,185,000
-	-	-	-	296,997	-	-	714,917	-	-	1,011,914
-	-	-	-	-	-	-	-	-	-	(1,030,679)
-	47,889	-	-	-	-	-	-	350,000	339,244	1,660,753
-	47,889	-	-	3,991,997	-	4,570,000	9,634,917	350,000	339,244	18,826,988
(12,739)	(32,978)	1,779	549	3,772,016	(20,859)	541,143	8,824,464	176,373	(1,045,229)	8,618,190
12,739	203,853	(3,127)	57,497	(21,615)	884,514	(6,686)	(352,557)	-	-	11,261,003
\$ -	\$ 170,875	\$ (1,348)	\$ 58,046	\$ 3,750,401	\$ 863,655	\$ 534,457	\$ 8,471,907	\$ 176,373	\$ (1,045,229)	\$ 19,879,193

NEW HANOVER COUNTY, NORTH CAROLINA

GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 92,898,425	\$ 89,575,982
Restricted cash	431	432
Receivables:		
Interfund loans	112,047	523,107
Intergovernmental	20,327,071	18,081,613
Other sources, net	4,124,709	4,301,003
Due from component units	316,757	300,216
Inventory	6,241	8,252
Prepays	<u>122,480</u>	<u>34,383</u>
Total assets	<u>\$ 117,908,161</u>	<u>\$ 112,824,988</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 12,514,338	\$ 9,599,060
Advances from grantor	535,515	198,568
Prepaid service fees	<u>45,360</u>	<u>31</u>
Total liabilities	<u>13,095,213</u>	<u>9,797,659</u>
Deferred Inflows of Resources		
Prepaid property taxes not yet earned	177,247	172,165
Taxes receivable	1,640,839	2,500,265
Special assessments receivable	5,838	11,046
Scattered site/SARF receivables	819,721	405,056
CFPUA Economic Development receivable	<u>194,263</u>	<u>495,596</u>
Total deferred inflows of resources	<u>2,837,908</u>	<u>3,584,128</u>
Fund Balances:		
Non-spendable:		
Inventory	6,241	8,252
Prepays	122,480	34,383
Restricted:		
Stabilization for State statute	23,509,092	22,487,420
Register of Deeds	579,307	698,003
Assigned:		
Subsequent years' expenditures	8,952,347	9,000,000
Post-employment benefits	2,800,000	2,300,000
Public schools	2,336,537	2,580,627
Unassigned	<u>63,669,036</u>	<u>62,334,516</u>
Total fund balances	<u>101,975,040</u>	<u>99,443,201</u>
Total liabilities and fund balances	<u>\$ 117,908,161</u>	<u>\$ 112,824,988</u>

NEW HANOVER COUNTY, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Taxes:				
Ad valorem taxes	\$ 161,641,517	\$ 165,307,926	\$ 3,666,409	\$ 159,760,979
Other	55,556,437	56,379,614	823,177	54,733,023
Total taxes	217,197,954	221,687,540	4,489,586	214,494,002
Special assessments	-	5,269	5,269	40,010
Intergovernmental revenue	44,333,168	42,029,985	(2,303,183)	41,624,015
Charges for services	9,373,292	10,371,854	998,562	10,737,835
Investment earnings	130,000	193,632	63,632	158,338
Miscellaneous	1,589,632	1,424,695	(164,937)	5,376,522
Total revenues	272,624,046	275,712,975	3,088,929	272,430,722
Expenditures:				
Current:				
General government	35,237,153	32,535,630	2,701,523	32,322,623
Human services	60,488,940	53,615,690	6,873,250	52,659,109
Public safety	52,682,637	51,952,229	730,408	50,056,939
Economic and physical development	1,702,074	1,087,198	614,876	615,237
Culture and recreation	11,460,729	10,848,571	612,158	11,073,548
Education - community college	8,674,377	8,674,377	-	7,839,548
Debt service:				
Principal	7,751,669	7,751,669	-	7,627,965
Interest and fees	6,954,542	6,954,542	-	5,364,078
Installment lease payments	13,774,406	12,709,235	1,065,171	13,198,038
Bond issuance costs	562,701	562,701	-	289,014
Total expenditures	199,289,228	186,691,842	12,597,386	181,046,099
Revenues over (under) expenditures	73,334,818	89,021,133	15,686,315	91,384,623
Other Financing Sources (Uses):				
Sales of capital assets	-	80,658	80,658	30,999
Insurance claim proceeds	25,623	46,288	20,665	29,161
Transfers from other funds	242,943	239,752	(3,191)	28,050
Transfer to other funds	(87,711,087)	(87,174,603)	536,484	(86,541,287)
Refunding bonds issued	63,555,000	63,555,000	-	20,540,000
Payment to refunded bond escrow agent	(62,992,299)	(62,992,299)	-	(22,465,000)
Premium refunding bonds	-	-	-	2,214,014
Appropriated fund balance	13,545,002	-	(13,545,002)	-
Total other financing sources (uses)	(73,334,818)	(86,245,204)	(12,910,386)	(86,164,063)
Net change in fund balances	\$ -	2,775,929	\$ 2,775,929	5,220,560
Fund Balances:				
Beginning of year - July 1		96,862,574		91,642,014
End of year - June 30		\$ 99,638,503		\$ 96,862,574

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC SCHOOLS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 4,364	\$ 4,364	\$ 3,381
Intergovernmental revenues	206,773	210,171	3,398	234,511
Total revenues	206,773	214,535	7,762	237,892
Expenditures:				
Current:				
Payments to schools:				
Operating expenditures	64,740,640	64,740,640	-	61,437,450
Capital expenditures	2,124,146	2,124,146	-	750,000
Debt service:				
Principal	13,423,333	14,363,331	(939,998)	13,447,035
Interest and fees	6,931,646	5,048,843	1,882,803	7,126,672
Installment lease payments	554,860	554,758	102	573,348
Total expenditures	87,774,625	86,831,718	942,907	83,334,505
Revenues over (under) expenditures	(87,567,852)	(86,617,183)	950,669	(83,096,613)
Other Financing Sources (Uses):				
Transfers from other funds	86,409,356	86,373,093	(36,263)	83,123,154
Appropriated fund balance	1,158,496	-	(1,158,496)	-
Total other financing sources (uses)	87,567,852	86,373,093	(1,194,759)	83,123,154
Net change in fund balance	\$ -	(244,090)	\$ (244,090)	26,541
Fund Balance:				
Beginning of year - July 1		2,580,627		2,554,086
End of year - June 30		\$ 2,336,537		\$ 2,580,627

NEW HANOVER COUNTY, NORTH CAROLINA

ROOM OCCUPANCY TAX FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 41,282,670	\$ 31,014,846
Receivables:		
Other sources, net	<u>1,574,612</u>	<u>5,985,442</u>
Total assets	<u>\$ 42,857,282</u>	<u>\$ 37,000,288</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 4,000	\$ 4,000
Due to component unit	<u>548,956</u>	<u>403,094</u>
Total liabilities	<u>552,956</u>	<u>407,094</u>
Deferred Inflows of Resources		
Taxes receivable	7,047	13,243
Special assessments receivable	<u>885,645</u>	<u>8,765</u>
Total deferred inflows of resources	<u>892,692</u>	<u>22,008</u>
Fund Balance:		
Restricted:		
Economic and physical development	40,624,472	30,573,028
Stabilization by State statute	<u>787,162</u>	<u>5,998,158</u>
Total fund balance	<u>41,411,634</u>	<u>36,571,186</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 42,857,282</u>	<u>\$ 37,000,288</u>

NEW HANOVER COUNTY, NORTH CAROLINA

ROOM OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Room occupancy taxes	\$ 4,049,900	\$ 4,416,767	\$ 366,867	\$ 4,135,580
Special assessments	56,000	2,889,056	2,833,056	269,421
Intergovernmental revenue	1,039,551	1,802,000	762,449	6,515,703
Investment earnings	-	73,272	73,272	57,947
Total revenues	<u>5,145,451</u>	<u>9,181,095</u>	<u>4,035,644</u>	<u>10,978,651</u>
Expenditures:				
Current:				
Collection fee to New Hanover County	18,000	18,000	-	18,000
Tourism distributions to TDA and municipalities	1,725,000	1,689,917	35,083	2,989,709
Erosion control	<u>5,425,175</u>	<u>2,632,730</u>	<u>2,792,445</u>	<u>8,864,535</u>
Total expenditures	<u>7,168,175</u>	<u>4,340,647</u>	<u>2,827,528</u>	<u>11,872,244</u>
Revenues over (under) expenditures	<u>(2,022,724)</u>	<u>4,840,448</u>	<u>6,863,172</u>	<u>(893,593)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	2,022,724	-	(2,022,724)	-
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,033,623)</u>
Total other financing sources (uses)	<u>2,022,724</u>	<u>-</u>	<u>(2,022,724)</u>	<u>(3,033,623)</u>
Net change in fund balance	<u>\$ -</u>	<u>4,840,448</u>	<u>\$ 4,840,448</u>	<u>(3,927,216)</u>
Fund Balance:				
Beginning of year - July 1		<u>36,571,186</u>		<u>40,498,402</u>
End of year - June 30		<u>\$ 41,411,634</u>		<u>\$ 36,571,186</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**SPECIAL FIRE DISTRICT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 5,295,162	\$ 4,678,063
Receivables:		
Intergovernmental	705,481	661,780
Other sources, net	232,821	185,109
Total assets	<u>\$ 6,233,464</u>	<u>\$ 5,524,952</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 750,150	\$ 563,552
Total liabilities	<u>750,150</u>	<u>563,552</u>
Deferred Inflows of Resources		
Taxes receivable	<u>128,295</u>	<u>183,485</u>
Total deferred inflows of resources	<u>128,295</u>	<u>183,485</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	1,059,825	825,690
Public safety	4,295,194	3,952,225
Total fund balance	<u>5,355,019</u>	<u>4,777,915</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6,233,464</u>	<u>\$ 5,524,952</u>

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes, including interest	\$ 8,724,716	\$ 9,100,608	\$ 375,892	\$ 8,694,458
Other taxes	2,422,775	2,430,417	7,642	2,368,750
Miscellaneous	5,475	32,055	26,580	16,853
Intergovernmental revenue	158,500	85,939	(72,561)	146,585
Charges for services	47,500	107,451	59,951	99,194
Investment earnings	6,100	9,754	3,654	10,341
Total revenues	<u>11,365,066</u>	<u>11,766,224</u>	<u>401,158</u>	<u>11,336,181</u>
Expenditures:				
Current:				
Operating expenditures	10,389,468	10,134,596	254,872	9,416,358
Capital outlay	546,252	409,058	137,194	854,107
Installment debt payments	<u>856,629</u>	<u>856,585</u>	<u>44</u>	<u>1,055,537</u>
Total expenditures	<u>11,792,349</u>	<u>11,400,239</u>	<u>392,110</u>	<u>11,326,002</u>
Revenues over (under) expenditures	<u>(427,283)</u>	<u>365,985</u>	<u>793,268</u>	<u>10,179</u>
Other Financing Sources (Uses):				
Appropriated fund balance	264,599	-	(264,599)	-
Sale of capital assets	-	48,435	48,435	-
Transfer from other funds	162,684	162,684	-	-
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(256,000)</u>
Total other financing sources (uses)	<u>427,283</u>	<u>211,119</u>	<u>(216,164)</u>	<u>(256,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>577,104</u>	<u>\$ 577,104</u>	<u>(245,821)</u>
Fund Balance:				
Beginning of year - July 1		<u>4,777,915</u>		<u>5,023,736</u>
End of year - June 30		<u>\$ 5,355,019</u>		<u>\$ 4,777,915</u>

NEW HANOVER COUNTY, NORTH CAROLINA

LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 16,065	\$ 16,034
Total assets	<u>\$ 16,065</u>	<u>\$ 16,034</u>
Fund Balance:		
Restricted:		
Public safety	<u>\$ 16,065</u>	<u>\$ 16,034</u>
Total liabilities and fund balance	<u>\$ 16,065</u>	<u>\$ 16,034</u>

NEW HANOVER COUNTY, NORTH CAROLINA

LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Intergovernmental revenue	\$ 82,714	\$ -	\$ (82,714)	\$ -
Investment earnings	-	31	31	27
Total revenues	82,714	31	(82,683)	27
Expenditures:				
Current:				
Operating expenditures	82,714	-	82,714	-
Total expenditures	82,714	-	82,714	-
Revenues over (under) expenditures	\$ -	31	\$ 31	27
Fund Balance:				
Beginning of year - July 1		16,034		16,007
End of year - June 30		\$ 16,065		\$ 16,034

NEW HANOVER COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND - ARTICLE 3

COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 1,136,216	\$ 833,578
Receivables:		
Other sources, net	<u>51,968</u>	<u>93,425</u>
Total assets	<u>\$ 1,188,184</u>	<u>\$ 927,003</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	<u>\$ 17,600</u>	<u>\$ -</u>
Total liabilities	<u>17,600</u>	<u>-</u>
Fund Balance:		
Restricted:		
Public safety	1,118,616	833,578
Stabilization by State statute	<u>51,968</u>	<u>93,425</u>
Total fund balance	<u>1,170,584</u>	<u>927,003</u>
Total liabilities and fund balance	<u>\$ 1,188,184</u>	<u>\$ 927,003</u>

NEW HANOVER COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND - ARTICLE 3
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes	\$ 623,620	\$ 623,620	\$ -	\$ 560,550
Investment earnings	-	1,947	1,947	1,611
Total revenues	<u>623,620</u>	<u>625,567</u>	<u>1,947</u>	<u>562,161</u>
Expenditures:				
Current:				
Operating expenditures	637,151	356,285	280,866	367,560
Capital outlay	<u>35,000</u>	<u>25,701</u>	<u>9,299</u>	<u>-</u>
Total expenditures	<u>672,151</u>	<u>381,986</u>	<u>290,165</u>	<u>367,560</u>
Revenues over (under) expenditures	<u>(48,531)</u>	<u>243,581</u>	<u>292,112</u>	<u>194,601</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>48,531</u>	<u>-</u>	<u>(48,531)</u>	<u>-</u>
Total other financing sources (uses)	<u>48,531</u>	<u>-</u>	<u>(48,531)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>243,581</u>	<u>\$ 243,581</u>	<u>194,601</u>
Fund Balance:				
Beginning of year - July 1		<u>927,003</u>		<u>732,402</u>
End of year - June 30		<u>\$ 1,170,584</u>		<u>\$ 927,003</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**REVOLVING LOAN PROGRAM
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 62,504	\$ 63,893
Total assets	<u>\$ 62,504</u>	<u>\$ 63,893</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 926	\$ -
Total liabilities	<u>926</u>	<u>-</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	1,493	-
Assigned:		
Revolving loans	<u>60,085</u>	<u>63,893</u>
Total fund balance	<u>61,578</u>	<u>63,893</u>
Total liabilities and fund balance	<u>\$ 62,504</u>	<u>\$ 63,893</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**REVOLVING LOAN PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Miscellaneous revenue	\$ 7,000	\$ 13,690	\$ 6,690	\$ 14,028
Investment earnings	-	123	123	106
Total revenues	<u>7,000</u>	<u>13,813</u>	<u>6,813</u>	<u>14,134</u>
Expenditures:				
Current:				
Operating expenditures	<u>63,318</u>	<u>16,128</u>	<u>47,190</u>	<u>19,207</u>
Total expenditures	<u>63,318</u>	<u>16,128</u>	<u>47,190</u>	<u>19,207</u>
Revenues over (under) expenditures	<u>(56,318)</u>	<u>(2,315)</u>	<u>54,003</u>	<u>(5,073)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>56,318</u>	-	<u>(56,318)</u>	-
Total other financing sources (uses)	<u>56,318</u>	-	<u>(56,318)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>(2,315)</u>	<u>\$ (2,315)</u>	<u>(5,073)</u>
Fund Balance:				
Beginning of year - July 1		<u>63,893</u>		<u>68,966</u>
End of year - June 30		<u>\$ 61,578</u>		<u>\$ 63,893</u>

NEW HANOVER COUNTY, NORTH CAROLINA

PARKS FOUNDATION
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Restricted Cash	\$ 8,474	\$ -
Total assets	<u>\$ 8,474</u>	<u>\$ -</u>
Fund Balance:		
Parks and recreation - Parks Foundation	\$ 8,474	\$ -
Total liabilities and fund balance	<u>\$ 8,474</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**PARKS CONSERVATORY OF NEW HANOVER COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Contributions	\$ -	\$ 8,874	\$ 8,874	\$ -
Total revenues	-	8,874	8,874	-
Expenditures:				
Current:				
Operating expenditures	-	400	(400)	-
Total expenditures	-	400	(400)	-
Revenues over (under) expenditures	\$ -	8,474	\$ 8,474	-
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		\$ 8,474		\$ -

NEW HANOVER COUNTY, NORTH CAROLINA

**AIRLIE GARDENS FOUNDATION, INC.
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 2,780,697	\$ 2,423,826
Receivables:		
Other sources, net	2,874	5,082
Prepays	400	850
Total assets	<u>\$ 2,783,971</u>	<u>\$ 2,429,758</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 83,482	\$ 146,870
Total liabilities	<u>83,482</u>	<u>146,870</u>
Fund Balance:		
Non-spendable:		
Prepays	400	850
Restricted:		
Parks and recreation	2,697,215	2,276,956
Stabilization by State statute	2,874	5,082
Total fund balance	<u>2,700,489</u>	<u>2,282,888</u>
Total liabilities and fund balance	<u>\$ 2,783,971</u>	<u>\$ 2,429,758</u>

NEW HANOVER COUNTY, NORTH CAROLINA

AIRLIE GARDENS FOUNDATION, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Public support and rescue	\$ -	\$ 1,199,317	\$ 1,199,317	\$ 1,446,264
Investment earnings	-	290,785	290,785	181,404
Miscellaneous	-	-	-	3,754
Total revenues	-	<u>1,490,102</u>	<u>1,490,102</u>	<u>1,631,422</u>
Expenditures:				
Current:				
Operating expenditures	-	<u>1,072,501</u>	<u>(1,072,501)</u>	<u>1,285,233</u>
Total expenditures	-	<u>1,072,501</u>	<u>(1,072,501)</u>	<u>1,285,233</u>
Revenues over (under) expenditures	\$ -	417,601	\$ <u>417,601</u>	346,189
Fund Balance:				
Beginning of year - July 1		<u>2,282,888</u>		<u>1,936,699</u>
End of year - June 30		\$ <u>2,700,489</u>		\$ <u>2,282,888</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**PUBLIC HEALTH FOUNDATION
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Restricted Cash	\$ 20,442	\$ 19,838
Total assets	<u>\$ 20,442</u>	<u>\$ 19,838</u>
Fund Balance:		
Restricted:		
Human services	\$ 20,442	\$ 19,838
Total liabilities and fund balance	<u>\$ 20,442</u>	<u>\$ 19,838</u>

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC HEALTH FOUNDATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Contributions	\$ -	\$ 704	\$ 704	\$ -
Total revenues	-	704	704	-
Expenditures:				
Current:				
Operating expenditures	-	100	(100)	2,207
Total expenditures	-	100	(100)	2,207
Revenues over (under) expenditures	\$ -	604	\$ 604	(2,207)
Fund Balance:				
Beginning of year - July 1		19,838		22,045
End of year - June 30		\$ 20,442		\$ 19,838

NEW HANOVER COUNTY, NORTH CAROLINA

**\$164 MILLION CFCC BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Restricted cash	\$ 24,181,137	\$ 56,720,184
Total assets	<u>\$ 24,181,137</u>	<u>\$ 56,720,184</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 1,967,389	\$ 2,513,163
Interfund loan	<u>-</u>	<u>-</u>
Total liabilities	<u>1,967,389</u>	<u>2,513,163</u>
Fund Balance:		
Restricted		
Education	<u>22,213,748</u>	<u>54,207,021</u>
Total fund balance	<u>22,213,748</u>	<u>54,207,021</u>
Total liabilities and fund balance	<u>\$ 24,181,137</u>	<u>\$ 56,720,184</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**\$164 MILLION CFCC BOND EXPENDITURE CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ -	\$ 215,463	\$ 27,197	\$ 242,660
Total	<u>-</u>	<u>215,463</u>	<u>27,197</u>	<u>242,660</u>
Expenditures:				
Capital outlay:				
Construction	164,000,000	76,821,051	32,020,470	108,841,521
Total expenditures	<u>164,000,000</u>	<u>76,821,051</u>	<u>32,020,470</u>	<u>108,841,521</u>
Revenues over (under) expenditures	<u>(164,000,000)</u>	<u>(76,605,588)</u>	<u>(31,993,273)</u>	<u>(108,598,861)</u>
Other Financing Sources (Uses):				
Long-term debt issued	164,000,000	120,211,254	-	120,211,254
Premium on long-term debt issued	<u>-</u>	<u>10,601,355</u>	<u>-</u>	<u>10,601,355</u>
Total other financing sources (uses)	<u>164,000,000</u>	<u>130,812,609</u>	<u>-</u>	<u>130,812,609</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 54,207,021</u>	(31,993,273)	<u>\$ 22,213,748</u>
Fund Balance:				
Beginning of year - July 1			<u>54,207,021</u>	
End of year - June 30			<u>\$ 22,213,748</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**\$123M SCHOOL BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ -	\$ 850,067
Total assets	<u>\$ -</u>	<u>\$ 850,067</u>
Fund Balance:		
Restricted:		
Education	\$ -	\$ 850,067
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 850,067</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**\$123M SCHOOL BOND EXPENDITURE CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenue	\$ 6,524,753	\$ 6,524,753	\$ -	\$ 6,524,753
Investment earnings	3,243,298	3,243,239	47	3,243,286
Total revenues	<u>9,768,051</u>	<u>9,767,992</u>	<u>47</u>	<u>9,768,039</u>
Expenditures:				
Capital outlay:				
Construction	129,524,753	129,522,753	2,000	129,524,753
General education	-	-	-	-
Total expenditures	<u>129,524,753</u>	<u>129,522,753</u>	<u>2,000</u>	<u>129,524,753</u>
Revenues over (under) expenditures	<u>(119,756,702)</u>	<u>(119,754,761)</u>	<u>(1,953)</u>	<u>(119,756,714)</u>
Other Financing Sources (Uses):				
Long-term debt issued	123,000,000	123,000,000	-	123,000,000
Premiums on long-term debt issued	2,129,300	2,129,299	-	2,129,299
Transfers to other funds	<u>(5,372,598)</u>	<u>(4,524,471)</u>	<u>(848,114)</u>	<u>(5,372,585)</u>
Total other financing sources (uses)	<u>119,756,702</u>	<u>120,604,828</u>	<u>(848,114)</u>	<u>119,756,714</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 850,067</u>	<u>(850,067)</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>850,067</u>	
End of year - June 30			<u>\$ -</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**\$35.5 MILLION PARKS & REC BONDS CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 5,249,162	\$ 6,291,302
Receivables:		
Intergovernmental	-	258,273
Total assets	<u>\$ 5,249,162</u>	<u>\$ 6,549,575</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 374,620	\$ 500
Interfund loan	-	200,636
Total liabilities	<u>374,620</u>	<u>201,136</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	9,477	319,502
Parks and recreation	4,865,065	6,028,937
Total fund balance	<u>4,874,542</u>	<u>6,348,439</u>
Total liabilities and fund balance	<u>\$ 5,249,162</u>	<u>\$ 6,549,575</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**\$35.5 MILLION PARKS & REC BONDS CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Intergovernmental revenues	\$ 258,782	\$ 258,272	\$ -	\$ 258,272
Investment earnings	119,201	333,644	1,664	335,308
Sales tax refund	33,669	33,669	-	33,669
Total revenues	<u>411,652</u>	<u>625,585</u>	<u>1,664</u>	<u>627,249</u>
Expenditures:				
Capital outlay:				
Land	9,214,357	9,214,357	-	9,214,357
Construction	29,494,424	23,348,789	1,486,690	24,835,479
Total expenditures	<u>38,708,781</u>	<u>32,563,146</u>	<u>1,486,690</u>	<u>34,049,836</u>
Revenues over (under) expenditures	<u>(38,297,129)</u>	<u>(31,937,561)</u>	<u>(1,485,026)</u>	<u>(33,422,587)</u>
Other Financing Sources (Uses):				
Long-term debt issued	35,500,000	34,179,083	-	34,179,083
Premiums on long-term debt issued	6,655	1,327,572	-	1,327,572
Transfers to other funds	(251,805)	(251,805)	-	(251,805)
Transfers from other funds	3,042,279	3,031,150	11,129	3,042,279
Total other financing sources (uses)	<u>38,297,129</u>	<u>38,286,000</u>	<u>11,129</u>	<u>38,297,129</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,348,439</u>	<u>(1,473,897)</u>	<u>\$ 4,874,542</u>
Fund Balance:				
Beginning of year - July 1			<u>6,348,439</u>	
End of year - June 30			<u>\$ 4,874,542</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

HEALTH DEPARTMENT RENOVATION CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Restricted cash	\$ 2,524,679	\$ 2,633,176
Total assets	<u>\$ 2,524,679</u>	<u>\$ 2,633,176</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 762,581	\$ 17,355
Total liabilities	<u>762,581</u>	<u>17,355</u>
Fund Balance:		
Restricted:		
Stabilization by State Statute	1,273,253	87,464
Human services	488,845	2,528,357
Total fund balance	<u>1,762,098</u>	<u>2,615,821</u>
Total liabilities and fund balance	<u>\$ 2,524,679</u>	<u>\$ 2,633,176</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**HEALTH DEPARTMENT RENOVATION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Intergovernmental revenues	\$ 40,000	\$ 40,000	\$ -	\$ 40,000
Investment earnings	-	1,801	5,519	7,320
Total revenues	<u>40,000</u>	<u>41,801</u>	<u>5,519</u>	<u>47,320</u>
Expenditures:				
Capital outlay:				
Construction	<u>3,667,745</u>	<u>141,234</u>	<u>1,771,733</u>	<u>1,912,967</u>
Total expenditures	<u>3,667,745</u>	<u>141,234</u>	<u>1,771,733</u>	<u>1,912,967</u>
Revenues over (under) expenditures	<u>(3,627,745)</u>	<u>(99,433)</u>	<u>(1,766,214)</u>	<u>(1,865,647)</u>
Other Financing Sources (Uses):				
Transfer from other funds	<u>3,627,745</u>	<u>2,715,254</u>	<u>912,491</u>	<u>3,627,745</u>
Total other financing sources (uses)	<u>3,627,745</u>	<u>2,715,254</u>	<u>912,491</u>	<u>3,627,745</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,615,821</u>	<u>(853,723)</u>	<u>\$ 1,762,098</u>
Fund Balance:				
Beginning of year - July 1			<u>2,615,821</u>	
End of year - June 30			<u>\$ 1,762,098</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

SMITH CREEK PARK CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ -	\$ 11,131
Total assets	<u>\$ -</u>	<u>\$ 11,131</u>
Fund Balance:		
Restricted:		
Committed	<u>\$ -</u>	<u>\$ 11,131</u>
Total liabilities and fund balance	<u><u>\$ -</u></u>	<u><u>\$ 11,131</u></u>

NEW HANOVER COUNTY, NORTH CAROLINA

SMITH CREEK PARK CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

		<u>Actual</u>		
	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>to Date</u>
Revenues:				
Intergovernmental revenues	\$ 1,144,206	\$ 1,144,206	\$ -	\$ 1,144,206
Investment earnings	83,317	83,317	(2)	83,315
Sales tax refund	3,594	3,594	-	3,594
Fees	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total revenues	<u>1,266,117</u>	<u>1,266,117</u>	<u>(2)</u>	<u>1,266,115</u>
Expenditures:				
Capital outlay:				
Construction	<u>1,444,988</u>	<u>1,444,986</u>	<u>-</u>	<u>1,444,986</u>
Total expenditures	<u>1,444,988</u>	<u>1,444,986</u>	<u>-</u>	<u>1,444,986</u>
Revenues over (under) expenditures	<u>(178,871)</u>	<u>(178,869)</u>	<u>(2)</u>	<u>(178,871)</u>
Other Financing Sources (Uses):				
Transfers from other funds	205,000	205,000	-	205,000
Transfers to other funds	<u>(26,129)</u>	<u>(15,000)</u>	<u>(11,129)</u>	<u>(26,129)</u>
Total other financing sources (uses)	<u>178,871</u>	<u>190,000</u>	<u>(11,129)</u>	<u>178,871</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,131</u>	<u>(11,131)</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>11,131</u>	
End of year - June 30			<u>\$ -</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**PUBLIC SCHOOL BUILDING CAPITAL FUND CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Receivables:		
Intergovernmental	\$ 401,847	\$ 392,108
Total assets	<u>\$ 401,847</u>	<u>\$ 392,108</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 401,847	\$ 392,108
Total liabilities	<u>401,847</u>	<u>392,108</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	401,847	392,108
Unassigned	<u>(401,847)</u>	<u>(392,108)</u>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 401,847</u>	<u>\$ 392,108</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**PUBLIC SCHOOL BUILDING CAPITAL FUND CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Intergovernmental revenues	\$ 12,295,207	\$ 7,159,767	\$ 1,774,743	\$ 8,934,510
Total revenues	<u>12,295,207</u>	<u>7,159,767</u>	<u>1,774,743</u>	<u>8,934,510</u>
Expenditures:				
Capital outlay:				
Construction	12,295,207	7,159,767	1,774,743	8,934,510
Total expenditures	<u>12,295,207</u>	<u>7,159,767</u>	<u>1,774,743</u>	<u>8,934,510</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			<u>\$ -</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**BURN PIT CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 109,438	\$ 133,860
Total assets	<u>\$ 109,438</u>	<u>\$ 133,860</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 4,036	\$ -
Total liabilities	<u>4,036</u>	<u>-</u>
Fund Balance:		
Restricted:		
Stabilization by State Statute	-	21,135
Public Safety	<u>105,402</u>	<u>112,725</u>
Total fund balance	<u>105,402</u>	<u>133,860</u>
Total liabilities and fund balance	<u>\$ 109,438</u>	<u>\$ 133,860</u>

NEW HANOVER COUNTY, NORTH CAROLINA

BURN PIT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

		<u>Actual</u>		
	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>to Date</u>
Revenues:				
Intergovernmental revenues	\$ 1,512,650	\$ 1,554,880	\$ -	\$ 1,554,880
Investment earnings	269,934	270,236	221	270,457
Total revenues	<u>1,782,584</u>	<u>1,825,116</u>	<u>221</u>	<u>1,825,337</u>
Expenditures:				
Capital outlay:				
Utilities	81,877	63,968	963	64,931
Contracted services	2,193,808	2,120,390	27,716	2,148,106
Training and travel	1,899	1,898	-	1,898
Total expenditures	<u>2,277,584</u>	<u>2,186,256</u>	<u>28,679</u>	<u>2,214,935</u>
Revenues over (under) expenditures	<u>(495,000)</u>	<u>(361,140)</u>	<u>(28,458)</u>	<u>(389,598)</u>
Other Financing Sources (Uses):				
Transfers from other funds	625,000	625,000	-	625,000
Transfers to other funds	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>	<u>(130,000)</u>
Total other financing sources (uses)	<u>495,000</u>	<u>495,000</u>	<u>-</u>	<u>495,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 133,860</u>	<u>(28,458)</u>	<u>\$ 105,402</u>
Fund Balance:				
Beginning of year - July 1			<u>133,860</u>	
End of year - June 30			<u>\$ 105,402</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

QUALIFIED SCHOOL CONSTRUCTION BOND
 EXPENDITURE CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Restricted cash	\$ -	\$ 762,551
Total assets	<u>\$ -</u>	<u>\$ 762,551</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 549,670
Total liabilities	<u>-</u>	<u>549,670</u>
Fund Balance:		
Restricted:		
Education	-	212,881
Total fund balance	<u>-</u>	<u>212,881</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 762,551</u>

NEW HANOVER COUNTY, NORTH CAROLINA

QUALIFIED SCHOOL CONSTRUCTION BOND

EXPENDITURE CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ 12,064	\$ 11,829	\$ 235	\$ 12,064
Total revenues	<u>12,064</u>	<u>11,829</u>	<u>235</u>	<u>12,064</u>
Expenditures:				
Capital outlay:				
Construction	4,937,808	4,724,692	213,116	4,937,808
Total expenditures	<u>4,937,808</u>	<u>4,724,692</u>	<u>213,116</u>	<u>4,937,808</u>
Revenues over (under) expenditures	<u>(4,925,744)</u>	<u>(4,712,863)</u>	<u>(212,881)</u>	<u>(4,925,744)</u>
Other Financing Sources (Uses):				
Long-term debt issued	4,925,744	4,925,744	-	4,925,744
Total other financing sources (uses)	<u>4,925,744</u>	<u>4,925,744</u>	<u>-</u>	<u>4,925,744</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 212,881</u>	(212,881)	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>212,881</u>	
End of year - June 30			<u>\$ -</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

MURRAYVILLE FIRE STATION CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Restricted cash	\$ -	\$ 162,684
Total assets	<u>\$ -</u>	<u>\$ 162,684</u>
Fund Balance:		
Restricted:		
Public Safety	\$ -	\$ 162,684
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 162,684</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**MURRAYVILLE FIRE STATION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 23,381	\$ 23,379	\$ -	\$ 23,379
Sales tax refund	54,037	54,036	-	54,036
Total revenues	<u>77,418</u>	<u>77,415</u>	<u>-</u>	<u>77,415</u>
Expenditures:				
Capital outlay:				
Construction	<u>3,464,700</u>	<u>3,464,697</u>	<u>-</u>	<u>3,464,697</u>
Total expenditures	<u>3,464,700</u>	<u>3,464,697</u>	<u>-</u>	<u>3,464,697</u>
Revenues over (under) expenditures	<u>(3,387,282)</u>	<u>(3,387,282)</u>	<u>-</u>	<u>(3,387,282)</u>
Other Financing Sources (Uses):				
Long-term debt issued	3,549,966	3,549,966	-	3,549,966
Transfer to other funds	(162,684)	-	(162,684)	(162,684)
Total other financing sources (uses)	<u>3,387,282</u>	<u>3,549,966</u>	<u>(162,684)</u>	<u>3,387,282</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 162,684</u>	<u>(162,684)</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>162,684</u>	
End of year - June 30			<u>\$ -</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**CONTROLLED SUBSTANCE TAX CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 46,920	\$ 46,484
Total assets	<u>\$ 46,920</u>	<u>\$ 46,484</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 10,021	\$ 7,287
Total liabilities	<u>10,021</u>	<u>7,287</u>
Fund Balance:		
Restricted:		
Stabilization for State Statute	11,644	-
Public Safety	<u>25,255</u>	<u>39,197</u>
Total fund balance	<u>36,899</u>	<u>39,197</u>
Total liabilities and fund balance	<u>\$ 46,920</u>	<u>\$ 46,484</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**CONTROLLED SUBSTANCE TAX CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 1,458,912	\$ 1,373,294	\$ 90,259	\$ 1,463,553
Miscellaneous	49,707	49,707	-	49,707
Sales tax refund	29,188	29,134	102	29,236
Total revenues	<u>1,537,807</u>	<u>1,452,135</u>	<u>90,361</u>	<u>1,542,496</u>
Expenditures:				
Supplies	844,088	719,221	92,659	811,880
Capital outlay	639,626	639,625	-	639,625
Contracted services	20,444	20,443	-	20,443
Total expenditures	<u>1,504,158</u>	<u>1,379,289</u>	<u>92,659</u>	<u>1,471,948</u>
Revenues over (under) expenditures	<u>33,649</u>	<u>72,846</u>	<u>(2,298)</u>	<u>70,548</u>
Other Financing Sources (Uses):				
Transfers to other funds	<u>(33,649)</u>	<u>(33,649)</u>	<u>-</u>	<u>(33,649)</u>
Total other financing sources (uses)	<u>(33,649)</u>	<u>(33,649)</u>	<u>-</u>	<u>(33,649)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 39,197</u>	<u>(2,298)</u>	<u>\$ 36,899</u>
Fund Balance:				
Beginning of year - July 1			<u>39,197</u>	
End of year - June 30			<u>\$ 36,899</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**FEDERAL FORFEITED PROPERTY CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 143,803	\$ 121,705
Total assets	<u>\$ 143,803</u>	<u>\$ 121,705</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 22,688	\$ 9,400
Total liabilities	<u>22,688</u>	<u>9,400</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	53,189	21,162
Public Safety	<u>67,926</u>	<u>91,143</u>
Total fund balance	<u>121,115</u>	<u>112,305</u>
Total liabilities and fund balance	<u>\$ 143,803</u>	<u>\$ 121,705</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**FEDERAL FORFEITED PROPERTY CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Intergovernmental revenue	\$ 6,458,922	\$ 5,543,447	\$ 928,757	\$ 6,472,204
Miscellaneous	174,170	174,170	-	174,170
Investment earnings	40,741	40,304	633	40,937
Total revenues	<u>6,673,833</u>	<u>5,757,921</u>	<u>929,390</u>	<u>6,687,311</u>
Expenditures:				
Supplies	1,528,973	1,161,756	287,654	1,449,410
Capital outlay	4,054,666	3,460,161	589,051	4,049,212
Contracted services	186,224	131,464	35,123	166,587
Total expenditures	<u>5,769,863</u>	<u>4,753,381</u>	<u>911,828</u>	<u>5,665,209</u>
Revenues over (under) expenditures	<u>903,970</u>	<u>1,004,540</u>	<u>17,562</u>	<u>1,022,102</u>
Other Financing Sources (Uses):				
Transfers to other funds	<u>(903,970)</u>	<u>(892,235)</u>	<u>(8,752)</u>	<u>(900,987)</u>
Total other financing sources (uses)	<u>(903,970)</u>	<u>(892,235)</u>	<u>(8,752)</u>	<u>(900,987)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 112,305</u>	8,810	<u>\$ 121,115</u>
Fund Balance:				
Beginning of year - July 1			<u>112,305</u>	
End of year - June 30			<u>\$ 121,115</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**\$38.3M CFCC BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Restricted cash	\$ -	\$ 12,739
Total assets	<u>\$ -</u>	<u>\$ 12,739</u>
Fund Balance:		
Restricted:		
Education	\$ -	\$ 12,739
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 12,739</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**\$38.3M CFCC BOND EXPENDITURE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 2,297,424	\$ 2,310,164	\$ (12,739)	\$ 2,297,425
Sales tax refund	-	-	-	-
Total revenues	<u>2,297,424</u>	<u>2,310,164</u>	<u>(12,739)</u>	<u>2,297,425</u>
Expenditures:				
Capital outlay:				
Land	7,623,383	7,623,383	-	7,623,383
Construction	<u>30,676,617</u>	<u>30,676,618</u>	-	<u>30,676,618</u>
Total expenditures	<u>38,300,000</u>	<u>38,300,001</u>	-	<u>38,300,001</u>
Revenues over (under) expenditures	<u>(36,002,576)</u>	<u>(35,989,837)</u>	<u>(12,739)</u>	<u>(36,002,576)</u>
Other Financing Sources (Uses):				
Long-term debt issued	38,300,000	38,300,000	-	38,300,000
Transfers to other funds	<u>(2,297,424)</u>	<u>(2,297,424)</u>	-	<u>(2,297,424)</u>
Total other financing sources (uses)	<u>36,002,576</u>	<u>36,002,576</u>	-	<u>36,002,576</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 12,739</u>	(12,739)	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>12,739</u>	
End of year - June 30			<u>\$ -</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

MASONS INLET RELOCATION CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 170,875	\$ 203,952
Total assets	<u>\$ 170,875</u>	<u>\$ 203,952</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 99
Total liabilities	<u>-</u>	<u>99</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	99,346	26,053
Committed	<u>71,529</u>	<u>177,800</u>
Total fund balance	<u>170,875</u>	<u>203,853</u>
Total liabilities and fund balance	<u>\$ 170,875</u>	<u>\$ 203,952</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**MASONS INLET RELOCATION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues:				
Investment earnings	\$ 100,000	\$ 134,867	\$ 426	\$ 135,293
Sales tax refund	162	162	-	162
Total revenues	<u>100,162</u>	<u>135,029</u>	<u>426</u>	<u>135,455</u>
Expenditures:				
Land	340,153	340,153	-	340,153
Construction	<u>13,496,128</u>	<u>13,279,253</u>	<u>81,293</u>	<u>13,360,546</u>
Total expenditures	<u>13,836,281</u>	<u>13,619,406</u>	<u>81,293</u>	<u>13,700,699</u>
Revenues over (under) expenditures	<u>(13,736,119)</u>	<u>(13,484,377)</u>	<u>(80,867)</u>	<u>(13,565,244)</u>
Other Financing Sources (Uses):				
Transfers from other funds	<u>13,736,119</u>	<u>13,688,230</u>	<u>47,889</u>	<u>13,736,119</u>
Total other financing sources (uses)	<u>13,736,119</u>	<u>13,688,230</u>	<u>47,889</u>	<u>13,736,119</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 203,853</u>	(32,978)	<u>\$ 170,875</u>
Fund Balance:				
Beginning of year - July 1			<u>203,853</u>	
End of year - June 30			<u>\$ 170,875</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

SCATTERED SITE HOUSING CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Receivables:		
Intergovernmental	\$ -	\$ 83,909
Total assets	<u>\$ -</u>	<u>\$ 83,909</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 64,107
Interfund loan	1,348	22,929
Total liabilities	<u>1,348</u>	<u>87,036</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	330	276,459
Unassigned	<u>(1,678)</u>	<u>(279,586)</u>
Total fund balance	<u>(1,348)</u>	<u>(3,127)</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 83,909</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**SCATTERED SITE HOUSING CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Intergovernmental revenue	\$ 2,100,000	\$ 1,396,696	\$ 532,280	\$ 1,928,976
Sales tax refund	-	1,284	-	1,284
Investment earnings	-	4,420	-	4,420
Total revenues	<u>2,100,000</u>	<u>1,402,400</u>	<u>532,280</u>	<u>1,934,680</u>
Expenditures:				
Construction	<u>2,076,657</u>	<u>1,382,184</u>	<u>530,501</u>	<u>1,912,685</u>
Total expenditures	<u>2,076,657</u>	<u>1,382,184</u>	<u>530,501</u>	<u>1,912,685</u>
Revenues over (under) expenditures	<u>23,343</u>	<u>20,216</u>	<u>1,779</u>	<u>21,995</u>
Other Financing Sources (Uses):				
Transfers to other funds	<u>(23,343)</u>	<u>(23,343)</u>	<u>-</u>	<u>(23,343)</u>
Total other financing sources (uses)	<u>(23,343)</u>	<u>(23,343)</u>	<u>-</u>	<u>(23,343)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (3,127)</u>	1,779	<u>\$ (1,348)</u>
Fund Balance:				
Beginning of year - July 1			<u>(3,127)</u>	
End of year - June 30			<u>\$ (1,348)</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

BIKE/PEDESTRIAN PATHS CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ -	\$ 57,497
Receivables:		
Intergovernmental	<u>167,933</u>	<u>-</u>
Total assets	<u>\$ 167,933</u>	<u>\$ 57,497</u>
Liabilities and Fund Balance:		
Liabilities:		
Interfund loan	<u>\$ 109,887</u>	<u>\$ -</u>
Total liabilities	<u>109,887</u>	<u>-</u>
Fund Balance:		
Stabilization for State Statute	191,153	-
Committed	-	57,497
Unassigned	<u>(133,107)</u>	<u>-</u>
Total fund balance	<u>58,046</u>	<u>57,497</u>
Total liabilities and fund balance	<u>\$ 167,933</u>	<u>\$ 57,497</u>

NEW HANOVER COUNTY, NORTH CAROLINA

BIKE/PEDESTRIAN PATHS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenues	\$ 779,674	\$ -	\$ 167,933	\$ 167,933
Contributions	22,500	-	22,500	22,500
Investment earnings	-	78	36	114
Total revenues	<u>802,174</u>	<u>78</u>	<u>190,469</u>	<u>190,547</u>
Expenditures:				
Capital outlay:				
Construction	<u>899,593</u>	<u>40,000</u>	<u>189,920</u>	<u>229,920</u>
Total expenditures	<u>899,593</u>	<u>40,000</u>	<u>189,920</u>	<u>229,920</u>
Revenues over (under) expenditures	<u>(97,419)</u>	<u>(39,922)</u>	<u>549</u>	<u>(39,373)</u>
Other Financing Sources (Uses):				
Transfers from other funds	<u>97,419</u>	<u>97,419</u>	<u>-</u>	<u>97,419</u>
Total other financing sources (uses)	<u>97,419</u>	<u>97,419</u>	<u>-</u>	<u>97,419</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 57,497</u>	<u>549</u>	<u>\$ 58,046</u>
Fund Balance:				
Beginning of year - July 1			<u>57,497</u>	
End of year - June 30			<u>\$ 58,046</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

COBB ANNEX REPAIRS CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Restricted cash	\$ 3,818,088	\$ -
Total assets	<u>\$ 3,818,088</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 66,875	\$ 3,746
Interfund loan	812	17,869
Total liabilities	<u>67,687</u>	<u>21,615</u>
Fund Balance:		
Restricted		
Stabilization for State Statute	14,996	38,385
General Government	3,735,405	(60,000)
Total fund balance	<u>3,750,401</u>	<u>(21,615)</u>
Total liabilities and fund balance	<u>\$ 3,818,088</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**COBB ANNEX REPAIRS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures:				
Capital outlay:				
Bond issuance costs	\$ -	\$ -	\$ 51,827	\$ 51,827
Construction	<u>3,945,900</u>	<u>21,615</u>	<u>168,154</u>	<u>189,769</u>
Total expenditures	<u>3,945,900</u>	<u>21,615</u>	<u>219,981</u>	<u>241,596</u>
Revenues over (under) expenditures	<u>(3,945,900)</u>	<u>(21,615)</u>	<u>(219,981)</u>	<u>(241,596)</u>
Other Financing Sources (Uses):				
Long-term debt issued	3,945,900	-	3,695,000	3,695,000
Premium on long-term debt issued	<u>-</u>	<u>-</u>	<u>296,997</u>	<u>296,997</u>
Total other financing sources (uses)	<u>3,945,900</u>	<u>-</u>	<u>3,991,997</u>	<u>3,991,997</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (21,615)</u>	3,772,016	<u>\$ 3,750,401</u>
Fund Balance:				
Beginning of year - July 1			<u>(21,615)</u>	
End of year - June 30			<u>\$ 3,750,401</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

BALD EAGLE PUBLIC WATER EXPANSION CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 881,989	\$ 884,514
Total assets	<u>\$ 881,989</u>	<u>\$ 884,514</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 18,334	\$ -
Total liabilities	<u>18,334</u>	<u>-</u>
Fund Balance:		
Committed	<u>863,655</u>	<u>884,514</u>
Total fund balance	<u>863,655</u>	<u>884,514</u>
Total liabilities and fund balance	<u>\$ 881,989</u>	<u>\$ 884,514</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**BALD EAGLE PUBLIC WATER EXPANSION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 869	\$ 1,696	\$ 2,565
Total revenues	<u>-</u>	<u>869</u>	<u>1,696</u>	<u>2,565</u>
Expenditures:				
Capital outlay:				
Construction	883,645	-	22,555	22,555
Total expenditures	<u>883,645</u>	<u>-</u>	<u>22,555</u>	<u>22,555</u>
Revenues over (under) expenditures	<u>(883,645)</u>	<u>869</u>	<u>(20,859)</u>	<u>(19,990)</u>
Other Financing Sources (Uses):				
Transfers from other funds	883,645	883,645	-	883,645
Total other financing sources (uses)	<u>883,645</u>	<u>883,645</u>	<u>-</u>	<u>883,645</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 884,514</u>	<u>(20,859)</u>	<u>\$ 863,655</u>
Fund Balance:				
Beginning of year - July 1			<u>884,514</u>	
End of year - June 30			<u>\$ 863,655</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**AIRPORT RENTAL CAR PARKING DECK CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Restricted cash	\$ 534,457	\$ -
Total assets	<u>\$ 534,457</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 6,686
Total liabilities	<u>-</u>	<u>6,686</u>
Fund Balance:		
Restricted		
General Government	534,457	(6,686)
Total fund balance	<u>534,457</u>	<u>(6,686)</u>
Total liabilities and fund balance	<u>\$ 534,457</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**AIRPORT RENTAL CAR PARKING DECK CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Expenditures:				
Capital outlay:				
Bond issuance costs	\$ -	\$ -	\$ 63,020	\$ 63,020
Construction	<u>4,500,000</u>	<u>6,686</u>	<u>3,965,837</u>	<u>3,972,523</u>
Total expenditures	<u>4,500,000</u>	<u>6,686</u>	<u>4,028,857</u>	<u>4,035,543</u>
Revenues over (under) expenditures	<u>(4,500,000)</u>	<u>(6,686)</u>	<u>(4,028,857)</u>	<u>(4,035,543)</u>
Other Financing Sources (Uses):				
Long-term debt issued	<u>4,500,000</u>	<u>-</u>	<u>4,570,000</u>	<u>4,570,000</u>
Total other financing sources (uses)	<u>4,500,000</u>	<u>-</u>	<u>4,570,000</u>	<u>4,570,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (6,686)</u>	541,143	<u>\$ 534,457</u>
Fund Balance:				
Beginning of year - July 1			<u>(6,686)</u>	
End of year - June 30			<u>\$ 534,457</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

320 CHESTNUT STREET RENOVATION CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Restricted cash	\$ 8,759,972	\$ -
Total assets	<u>\$ 8,759,972</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 288,065	\$ 70,884
Interfund loan	-	281,673
Total liabilities	<u>288,065</u>	<u>352,557</u>
Fund Balance:		
Restricted		
Stabilization by state statute	7,361,923	473,201
General Government	1,109,984	(825,758)
Total fund balance	<u>8,471,907</u>	<u>(352,557)</u>
Total liabilities and fund balance	<u>\$ 8,759,972</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**320 CHESTNUT STREET RENOVATION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Expenditures:				
Capital outlay:				
Bond issuance costs	\$ -	\$ -	\$ 125,337	\$ 125,337
Construction	<u>10,000,000</u>	<u>352,557</u>	<u>685,116</u>	<u>1,037,673</u>
Total expenditures	<u>10,000,000</u>	<u>352,557</u>	<u>810,453</u>	<u>1,163,010</u>
Revenues over (under) expenditures	<u>(10,000,000)</u>	<u>(352,557)</u>	<u>(810,453)</u>	<u>(1,163,010)</u>
Other Financing Sources (Uses):				
Long-term debt issued	10,000,000	-	8,920,000	8,920,000
Premium on long-term debt	<u>-</u>	<u>-</u>	<u>714,917</u>	<u>714,917</u>
Total other financing sources (uses)	<u>10,000,000</u>	<u>-</u>	<u>9,634,917</u>	<u>9,634,917</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (352,557)</u>	8,824,464	<u>\$ 8,471,907</u>
Fund Balance:				
Beginning of year - July 1			<u>(352,557)</u>	
End of year - June 30			<u>\$ 8,471,907</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 176,373	\$ -
Total assets	<u>\$ 176,373</u>	<u>\$ -</u>
Fund Balance:		
Committed	\$ 176,373	\$ -
Total liabilities and fund balance	<u>\$ 176,373</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ -	\$ 448	\$ 448
Total revenues	<u>-</u>	<u>-</u>	<u>448</u>	<u>448</u>
Expenditures:				
Capital outlay:				
Construction	350,000	-	174,075	174,075
Total expenditures	<u>350,000</u>	<u>-</u>	<u>174,075</u>	<u>174,075</u>
Revenues over (under) expenditures	<u>(350,000)</u>	<u>-</u>	<u>(173,627)</u>	<u>(173,627)</u>
Other Financing Sources (Uses):				
Transfers from other funds	350,000	-	350,000	350,000
Total other financing sources (uses)	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>350,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	176,373	<u>\$ 176,373</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ 176,373</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**HERITAGE PARK AND MARQUIS HILLS SEWER EXPANSION CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 301,288	\$ -
Total assets	<u>\$ 301,288</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 1,346,517	\$ -
Total liabilities	<u>1,346,517</u>	<u>-</u>
Fund Balance:		
Unassigned	<u>(1,045,229)</u>	<u>-</u>
Total fund balance	<u>(1,045,229)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 301,288</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**HERITAGE PARK AND MARQUIS HILLS SEWER EXPANSION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	
			<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 504	\$ 504
Total revenues	-	-	504	504
Expenditures:				
Capital outlay:				
Construction	17,301,428	-	1,384,977	1,384,977
Total expenditures	17,301,428	-	1,384,977	1,384,977
Revenues over (under) expenditures	(17,301,428)	-	(1,384,473)	(1,384,473)
Other Financing Sources (Uses):				
Long-term debt issued	16,962,184	-	-	-
Transfers from other funds	339,244	-	339,244	339,244
Total other financing sources (uses)	17,301,428	-	339,244	339,244
Net change in fund balance	\$ -	\$ -	(1,045,229)	\$ (1,045,229)
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			\$ (1,045,229)	

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, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Charges for services	\$ 11,900,000	\$ 12,689,379	\$ 789,379	\$ 12,188,059
Intergovernmental revenues	429,009	566,530	137,521	453,071
Investment earnings	150	12,224	12,074	5,757
Other	720,453	628,360	(92,093)	429,235
Total revenues	<u>13,049,612</u>	<u>13,896,493</u>	<u>846,881</u>	<u>13,076,122</u>
Expenditures:				
Current:				
Salaries and employee benefits	1,896,108	1,882,383	13,725	1,937,124
Operating expenditures	7,309,992	7,638,767	(328,775)	4,639,003
Installment debt payments	611,559	427,083	184,476	602,274
Capital expenditures	2,485,074	2,090,009	395,065	315,332
Total expenditures	<u>12,302,733</u>	<u>12,038,242</u>	<u>264,491</u>	<u>7,493,733</u>
Revenue over (under) expenditures	<u>746,879</u>	<u>1,858,251</u>	<u>582,390</u>	<u>5,582,389</u>
Other Financing Sources (Uses):				
Long-term debt issued	1,060,000	1,012,122	(47,878)	-
Transfers to other funds	(3,700,779)	(731,000)	2,969,779	(1,489,000)
Administrative reserve	(675)	-	675	-
Appropriated fund balance	1,894,575	-	(1,894,575)	-
Total other financing sources (uses)	<u>(746,879)</u>	<u>281,122</u>	<u>1,028,001</u>	<u>(1,489,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,139,373</u>	<u>\$ 2,139,373</u>	<u>\$ 4,093,389</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 2,139,373		\$ 4,093,389
Reconciling items:				
Revenues and other sources - capital project funds		3,628		4,327
Accrued vacation		1,054		27,268
Depreciation and amortization expenses		(1,389,909)		(1,886,302)
Capital outlay, costs, capitalized		1,970,892		380,473
Landfill closure costs		(1,990,512)		(219,405)
Long-term debt proceeds, premiums		(1,012,122)		-
Principal payments on debt		392,640		557,436
Interest expense accrual		5,107		6,849
Loss on disposal of assets		(225,467)		(46,879)
Transfer (from) to capital project		500,000		1,489,000
Change in net position		<u>\$ 394,684</u>		<u>\$ 4,406,156</u>

NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND
 CELL 6E CONSTRUCTION AND CELL 5 PARTIAL CLOSURE CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 5,346	\$ 2,787	\$ 8,133
Total revenues	-	5,346	2,787	8,133
Expenditures:				
Capital outlay:				
Construction	3,539,000	348,985	3,077,380	3,426,365
Total expenditures	3,539,000	348,985	3,077,380	3,426,365
Revenues over (under) expenditures	(3,539,000)	(343,639)	(3,074,593)	(3,418,232)
Other Financing Sources (Uses):				
Transfers from other funds	3,539,000	3,539,000	-	3,539,000
Total other financing sources (uses)	3,539,000	3,539,000	-	3,539,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 3,195,361	(3,074,593)	\$ 120,768

NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND
 LANDFILL NORTHERN PROPERTY CLOSURE CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 109	\$ 305	\$ 414
Total revenues	-	109	305	414
Expenditures:				
Capital outlay:				
Construction	250,000	9,497	187,367	196,864
Total expenditures	250,000	9,497	187,367	196,864
Revenues over (under) expenditures	(250,000)	(9,388)	(187,062)	(196,450)
Other Financing Sources (Uses):				
Transfers from other funds	250,000	250,000	-	250,000
Total other financing sources (uses)	250,000	250,000	-	250,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 240,612	(187,062)	\$ 53,550

NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND
 LANDFILL LEACHATE TREATMENT SYSTEM UPGRADE CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 536	\$ 536
Total revenues	-	-	536	536
Expenditures:				
Capital outlay:				
Construction	500,000	-	98,625	98,625
Total expenditures	500,000	-	98,625	98,625
Revenues over (under) expenditures	(500,000)	-	(98,089)	(98,089)
Other Financing Sources (Uses):				
Transfers from other funds	500,000	-	500,000	500,000
Total other financing sources (uses)	500,000	-	500,000	500,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	401,911	\$ 401,911

NEW HANOVER COUNTY, NORTH CAROLINA

**AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
Room Occupancy Tax Agency Fund:				
Assets:				
Cash and investments	\$ 469,748	\$ 14,995,522	\$ 14,899,233	\$ 566,037
Receivables	658,587	715,808	658,587	715,808
Total assets	<u>\$ 1,128,335</u>	<u>\$ 15,711,330</u>	<u>\$ 15,557,820</u>	<u>\$ 1,281,845</u>
Liabilities:				
Accounts payable	\$ 1,109,785	\$ 5,332,247	\$ 5,487,726	\$ 954,306
Due to other governmental units	18,550	10,379,083	10,070,094	327,539
Total liabilities	<u>\$ 1,128,335</u>	<u>\$ 15,711,330</u>	<u>\$ 15,557,820</u>	<u>\$ 1,281,845</u>
Tax Clearing Agency Fund:				
Assets:				
Cash and investments	\$ 317,542	\$ 70,735,393	\$ 70,730,944	\$ 321,991
Receivables	2,085,116	68,450,456	68,343,131	2,192,441
Total assets	<u>\$ 2,402,658</u>	<u>\$ 139,185,849</u>	<u>\$ 139,074,075</u>	<u>\$ 2,514,432</u>
Liabilities:				
Due to other governmental units	\$ 2,402,658	\$ 139,185,849	\$ 139,074,075	\$ 2,514,432
Total liabilities	<u>\$ 2,402,658</u>	<u>\$ 139,185,849</u>	<u>\$ 139,074,075</u>	<u>\$ 2,514,432</u>
Social Services Agency Fund:				
Assets:				
Cash and investments	\$ 219,242	\$ 795,983	\$ 799,641	\$ 215,584
Total assets	<u>\$ 219,242</u>	<u>\$ 795,983</u>	<u>\$ 799,641</u>	<u>\$ 215,584</u>
Liabilities:				
Accounts payable	\$ 29,146	\$ 390,877	\$ 395,053	\$ 24,970
Escrow funds	190,096	405,106	404,588	190,614
Total liabilities	<u>\$ 219,242</u>	<u>\$ 795,983</u>	<u>\$ 799,641</u>	<u>\$ 215,584</u>
Other Escrows Agency Fund:				
Assets:				
Cash and investments	\$ 7,145,458	\$ 4,340,484	\$ 4,812,629	\$ 6,673,313
ROD Deed of Trust cash	-	169,260	169,260	-
Receivables	135,315	43,117	135,315	43,117
Total assets	<u>\$ 7,280,773</u>	<u>\$ 4,552,861</u>	<u>\$ 5,117,204</u>	<u>\$ 6,716,430</u>
Liabilities:				
Accounts payable	\$ 181,872	\$ 1,583,007	\$ 1,721,395	\$ 43,484
Due to NC Treasurer - ROD Deed of Trust	-	169,260	169,260	-
Escrow funds	7,098,901	2,800,594	3,226,549	6,672,946
Total liabilities	<u>\$ 7,280,773</u>	<u>\$ 4,552,861</u>	<u>\$ 5,117,204</u>	<u>\$ 6,716,430</u>
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 6,602,259	\$ 90,867,382	\$ 91,242,447	\$ 7,776,925
ROD Deed of Trust cash	\$ -	169,260	169,260	\$ -
Receivables	1,383,519	69,209,381	69,137,033	2,951,366
Cash and receivables	<u>\$ 7,985,778</u>	<u>\$ 160,246,023</u>	<u>\$ 160,548,740</u>	<u>\$ 10,728,291</u>
Liabilities:				
Accounts payable	\$ 2,045,490	\$ 7,306,131	\$ 7,604,174	\$ 1,022,760
Due to other governmental units	1,253,195	149,564,932	149,144,169	2,841,971
Due to NC Treasurer - ROD Deed of Trust	-	169,260	169,260	-
Escrow funds	4,687,093	3,205,700	3,631,137	6,863,560
Intergovernmental payable	<u>\$ 7,985,778</u>	<u>\$ 160,246,023</u>	<u>\$ 160,548,740</u>	<u>\$ 10,728,291</u>

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY SOURCE

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Governmental Funds Capital Assets:		
Land	\$ 43,251,767	\$ 43,141,966
Buildings	135,158,869	135,081,972
Improvements other than buildings	27,118,094	26,999,944
Equipment and buildings	53,877,995	52,321,441
Construction in progress	8,432,538	5,500,441
Total governmental funds capital assets	<u>\$ 267,839,263</u>	<u>\$ 263,045,764</u>
 Investment in Governmental Funds Capital Assets by Source:		
General obligation bonds	\$ 19,548,192	\$ 19,453,384
Federal and state grants	24,322,716	23,662,162
General Fund revenues	216,685,666	212,666,795
Contributions	4,343,366	4,336,817
Gifts and other donated	2,939,323	2,926,606
Total governmental funds capital assets	<u>\$ 267,839,263</u>	<u>\$ 263,045,764</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 JUNE 30, 2014**

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment and Vehicles
General Government:					
Governing Body	\$ 14,686,346	\$ 855,736	\$ 12,724,094	\$ 837,871	\$ 268,645
County Manager	17,656,046	285,450	16,478,929	60,366	831,301
Human Resources	64,157	-	-	5,466	58,691
Finance	71,353	-	-	-	71,353
Information Technology	5,606,475	-	-	138,265	5,468,210
Tax Administration	469,773	16,461	-	136,815	316,497
Legal	38,020	-	-	-	38,020
Elections	1,051,769	-	-	79,150	972,619
Register of Deeds	794,012	-	-	-	794,012
Property Management	2,354,975	-	620,282	376,869	1,357,824
Engineering	1,017,513	876,890	-	-	140,623
Planning	6,964,548	6,933,555	-	-	30,993
Total general government	<u>50,774,987</u>	<u>8,968,092</u>	<u>29,823,305</u>	<u>1,634,802</u>	<u>10,348,788</u>
Human Services:					
Health	5,327,547	-	2,972,847	186,746	2,167,954
Public Assistance	8,116,556	500,000	5,212,579	233,119	2,170,858
Human Services Transportation System	292,485	-	-	-	292,485
Human Relations	11,970	-	-	-	11,970
Aging Services	<u>2,527,577</u>	<u>-</u>	<u>2,017,354</u>	<u>398,473</u>	<u>111,750</u>
Total human services	<u>16,276,135</u>	<u>500,000</u>	<u>10,202,780</u>	<u>818,338</u>	<u>4,755,017</u>
Public Safety:					
Public Safety Communications Center	1,574,780	-	-	-	1,574,780
Sheriff	70,197,130	5,396,703	50,520,436	398,113	13,881,878
Emergency Management	14,340,595	-	2,263,381	764,063	11,313,151
Clerk of Court	19,681,510	-	18,819,599	639,683	222,228
Inspections	348,328	-	-	20,855	327,473
Fire Operations	13,959,624	377,686	4,467,245	611,929	8,502,764
Juvenile Services	<u>1,171,348</u>	<u>7,000</u>	<u>1,128,558</u>	<u>-</u>	<u>35,790</u>
Total public safety	<u>121,273,315</u>	<u>5,781,389</u>	<u>77,199,219</u>	<u>2,434,643</u>	<u>35,858,064</u>
Culture and Recreation:					
Library	13,906,653	392,720	12,588,605	157,250	768,078
Parks and Recreation	37,490,772	15,940,171	279,688	19,830,789	1,440,124
Museum	5,304,213	160,101	3,689,486	1,174,356	280,270
Cooperative Extension Service	832,956	40,006	553,380	96,468	143,102
Airlie Gardens	<u>13,547,694</u>	<u>11,469,288</u>	<u>822,406</u>	<u>971,448</u>	<u>284,552</u>
Total culture and recreation	<u>71,082,288</u>	<u>28,002,286</u>	<u>17,933,565</u>	<u>22,230,311</u>	<u>2,916,126</u>
Total	259,406,725	\$ 43,251,767	\$ 135,158,869	\$ 27,118,094	\$ 53,877,995
Construction in Progress	<u>8,432,538</u>				
Total governmental funds capital assets	<u>\$ 267,839,263</u>				

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
JUNE 30, 2014

Function and Activity	Governmental Funds Capital Assets				Governmental Funds Capital Assets
	June 30, 2013	Additions	Deductions	Transfers	June 30, 2014
General Government:					
Governing Body	\$ 14,686,346	\$ -	\$ -	\$ -	\$ 14,686,346
County Manager	17,643,062	12,984	-	-	17,656,046
Human Resources	64,157	-	-	-	64,157
Finance	71,353	-	-	-	71,353
Information Technology Systems	5,235,955	370,520	-	-	5,606,475
Tax Administration	469,773	-	-	-	469,773
Legal	38,020	-	-	-	38,020
Elections	1,123,511	-	71,742	-	1,051,769
Register of Deeds	794,012	-	-	-	794,012
Property Management	2,256,836	137,431	39,292	-	2,354,975
Engineering	1,017,513	-	-	-	1,017,513
Planning	6,868,987	109,801	14,240	-	6,964,548
Total general government	<u>50,269,525</u>	<u>630,736</u>	<u>125,274</u>	<u>-</u>	<u>50,774,987</u>
Human Services:					
Health	5,342,370	-	14,823	-	5,327,547
Public Assistance	8,078,034	55,452	16,930	-	8,116,556
Human Services Transportation System	469,141	-	176,656	-	292,485
Human Relations	11,970	-	-	-	11,970
Aging Services	2,527,577	-	-	-	2,527,577
Total human services	<u>16,429,092</u>	<u>55,452</u>	<u>208,409</u>	<u>-</u>	<u>16,276,135</u>
Public Safety:					
Public Safety Communications Center	1,549,080	25,700	-	-	1,574,780
Sheriff	69,424,614	1,426,149	653,633	-	70,197,130
Emergency Management	14,082,460	298,755	40,620	-	14,340,595
Clerk of Court	19,651,392	30,118	-	-	19,681,510
Inspections	348,328	-	-	-	348,328
Fire Operations	13,686,648	353,908	80,932	-	13,959,624
Juvenile Services	1,151,424	19,924	-	-	1,171,348
Total public safety	<u>119,893,946</u>	<u>2,154,554</u>	<u>775,185</u>	<u>-</u>	<u>121,273,315</u>
Culture and Recreation:					
Library	13,884,201	22,452	-	-	13,906,653
Parks and Recreation	37,390,245	269,883	169,356	-	37,490,772
Museum	5,304,213	-	-	-	5,304,213
Cooperative Extension Service	832,956	-	-	-	832,956
Airlie Gardens	13,541,145	6,549	-	-	13,547,694
Total culture and recreation	<u>70,952,760</u>	<u>298,884</u>	<u>169,356</u>	<u>-</u>	<u>71,082,288</u>
Total	257,545,323	3,139,626	1,278,224	-	259,406,725
Construction in Progress	<u>5,500,441</u>	<u>5,040,044</u>	<u>2,107,947</u>	<u>-</u>	<u>8,432,538</u>
Total governmental funds capital assets	<u>\$ 263,045,764</u>	<u>\$ 8,179,670</u>	<u>\$ 3,386,171</u>	<u>\$ -</u>	<u>\$ 267,839,263</u>

STATISTICAL SECTION

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

Financial Trends

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

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity

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

- Governmental Funds Tax Revenues by Source
- Assessed Value and Actual Value of Taxable Property
- Principal Property Taxpayers
- Property Tax Levies and Collections
- Direct and Overlapping Property Tax Rates

Debt Capacity

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

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin

Demographic and Economic Information

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

- Demographic and Economic Statistics

Operating Information

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

- Principal Employers
- Full-Time Equivalent Government Employees by Function
- Operating Indicators by Function
- Capital Asset Statistics by Function

NEW HANOVER COUNTY, NORTH CAROLINA
Table 1
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	\$ 48,307,214	\$ 59,002,384	\$ 72,043,292	\$ 67,481,986
Restricted	28,053,183	29,964,424	34,667,984	39,177,585
Unrestricted (deficit)	(92,508,730)	(88,071,607)	(103,984,499)	(110,557,739)
Total governmental activities net position	\$ (16,148,333)	\$ 895,201	\$ 2,726,777	\$ (3,898,168)
Business-type activities:				
Net investment in capital assets	\$ 102,451,280	\$ 122,905,015	\$ 149,121,226	\$ 178,756,569
Restricted	-	-	-	-
Unrestricted	48,129,812	44,494,678	33,168,433	13,176,137
Total business-type activities net position	\$ 150,581,092	\$ 167,399,693	\$ 182,289,659	\$ 191,932,706
Primary government:				
Net investment in capital assets	\$ 150,758,494	\$ 181,907,399	\$ 221,164,518	\$ 246,238,555
Restricted	28,053,183	29,964,424	34,667,984	39,177,585
Unrestricted (deficit)	(44,378,918)	(43,576,929)	(70,816,066)	(97,381,602)
Total primary government net position	\$ 134,432,759	\$ 168,294,894	\$ 185,016,436	\$ 188,034,538

Source: County records.

2009	2010	2011	2012	2013	2014
\$ 83,439,070	\$ 55,968,137	\$ 58,853,344	\$ 65,250,159	\$ 74,453,841	\$ 69,457,459
44,795,381	45,015,518	130,178,769	89,136,681	133,680,657	111,955,598
(176,522,103)	(172,250,627)	(247,409,219)	(221,590,023)	(277,357,778)	(261,739,645)
\$ (48,287,652)	\$ (71,266,972)	\$ (58,377,106)	\$ (67,203,183)	\$ (69,223,280)	\$ (80,326,588)
\$ 15,175,229	\$ 16,238,444	\$ 14,575,511	\$ 13,081,015	\$ 12,192,927	\$ 15,296,848
-	-	-	-	-	-
(7,973,065)	(9,889,909)	(8,490,885)	(7,405,541)	(2,118,922)	(4,828,159)
\$ 7,202,164	\$ 6,348,535	\$ 6,084,626	\$ 5,675,474	\$ 10,074,005	\$ 10,468,689
\$ 98,614,299	\$ 72,206,581	\$ 73,428,855	\$ 78,331,174	\$ 86,646,768	\$ 84,754,307
46,200,679	45,015,518	130,178,769	89,136,681	133,680,657	111,955,598
(185,900,466)	(182,140,536)	(255,900,104)	(228,995,564)	(279,476,700)	(266,567,804)
\$ (41,085,488)	\$ (64,918,437)	\$ (52,292,480)	\$ (61,527,709)	\$ (59,149,275)	\$ (69,857,899)

NEW HANOVER COUNTY, NORTH CAROLINA

Table 2
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2005	2006	2007	2008
Expenses:				
Governmental activities:				
General government	\$ 22,735,211	\$ 28,646,061	\$ 25,075,713	\$ 37,732,749
Human services	59,656,469	59,482,529	61,763,804	62,746,345
Public safety	50,863,103	52,164,537	56,064,864	56,865,683
Economic and physical development	1,625,159	2,589,960	4,666,707	3,192,042
Environmental Protection	-	-	-	-
Culture and recreation	8,953,895	10,779,828	11,388,613	11,746,120
Education	65,419,664	76,306,547	87,853,626	98,176,881
Interest and fees on long-term debt	14,383,524	13,813,775	14,400,529	14,209,311
Total governmental activities expenses	223,637,025	243,783,237	261,213,856	284,669,131
Business-type activities:				
Water and Sewer District	12,012,782	12,713,572	15,163,822	20,166,337
Environmental Management	12,013,594	12,125,044	13,628,225	14,441,845
Total business-type activities expenses	24,026,376	24,838,616	28,792,047	34,608,182
Total primary government expenses	\$ 247,663,401	\$ 268,621,853	\$ 290,005,903	\$ 319,277,313
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 3,745,357	\$ 4,155,603	\$ 3,964,266	\$ 3,863,383
Human services	1,292,818	1,349,844	1,341,106	1,913,407
Public safety	6,095,398	6,176,537	5,631,483	5,161,256
Economic and physical development	180,993	18,256	-	-
Environmental protection	-	-	-	-
Culture and recreation	317,205	310,590	323,016	320,428
Operating grants and contributions	40,596,299	38,480,337	39,296,595	39,611,425
Capital grants and contributions	1,184,293	7,469,412	2,738,000	8,575,692
Total governmental activities program revenues	53,412,363	57,960,579	53,294,466	59,445,591
Business-type activities:				
Charges for services:				
Water and Sewer District	11,937,188	13,004,665	15,733,105	16,018,463
Environmental Management	13,707,987	13,744,115	14,011,076	13,148,959
Operating grants and contributions	355,797	409,913	516,394	1,636,025
Capital grants and contributions	8,602,855	9,767,281	8,998,927	8,621,273
Total business-type activities program revenues	34,603,827	36,925,974	39,259,502	39,424,720
Total primary government program revenues	\$ 88,016,190	\$ 94,886,553	\$ 92,553,968	\$ 98,870,311

Source: County records.

Continued

	2009	2010	2011	2012	2013	2014
\$	36,390,593	\$ 43,718,901	\$ 36,568,270	\$ 41,972,224	\$ 42,674,900	\$ 40,522,340
	58,923,066	53,703,464	52,463,115	57,254,304	52,229,154	54,311,317
	57,968,693	56,726,590	58,689,889	61,249,146	64,335,363	67,785,667
	2,537,751	5,934,637	2,590,876	3,269,578	16,204,467	12,680,537
	178,589	-	-	-	-	-
	21,404,716	15,257,799	13,046,607	13,040,089	13,982,770	14,475,744
	122,419,312	100,584,303	96,348,851	105,836,858	93,167,945	109,549,492
	15,825,728	15,296,312	17,842,985	16,665,752	13,105,962	13,175,816
	315,648,448	291,222,006	277,550,593	299,287,951	295,700,561	312,500,913
	-	-	-	-	-	-
	14,102,891	13,981,178	13,418,203	13,332,838	8,627,414	13,048,970
	14,102,891	13,981,178	13,418,203	13,332,838	8,627,414	13,048,970
\$	329,751,339	\$ 305,203,184	\$ 290,968,796	\$ 312,620,789	\$ 304,327,975	\$ 325,549,883
\$	3,427,781	\$ 3,186,784	\$ 3,149,377	\$ 3,511,381	\$ 3,595,872	\$ 2,712,105
	2,210,078	1,948,892	1,924,882	2,108,510	1,467,806	1,506,738
	4,322,688	3,499,298	3,322,685	4,054,577	5,423,054	5,915,414
	2,877,649	-	-	-	-	-
	7,320	-	-	-	-	-
	1,190,437	294,407	317,941	1,071,174	1,768,511	1,544,365
	41,290,965	43,499,099	42,960,426	46,239,886	49,386,172	43,978,237
	2,115,369	6,429,061	1,576,193	3,878,594	3,142,533	3,805,714
	57,442,287	58,857,541	53,251,504	60,864,122	64,783,948	59,462,573
	-	-	-	-	-	-
	12,966,160	12,548,760	12,282,592	12,260,605	12,570,415	13,092,272
	365,405	368,072	426,674	661,657	453,071	566,530
	-	-	-	-	-	-
	13,331,565	12,916,832	12,709,266	12,922,262	13,023,486	13,658,802
\$	70,773,852	\$ 71,774,373	\$ 65,960,770	\$ 73,786,384	\$ 77,807,434	\$ 73,121,375

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

	2005	2006	2007
Net (expense)/revenue:			
Governmental activities	\$ (170,224,661)	\$ (185,822,658)	\$ (207,919,390)
Business-type activities	10,577,451	12,087,358	10,467,455
Total primary government net expense	\$ (159,647,210)	\$ (173,735,300)	\$ (197,451,935)
General revenues and other changes in net position:			
Governmental activities:			
Taxes:			
Property taxes	\$ 126,325,033	\$ 132,303,679	\$ 138,440,818
Sales taxes	46,150,292	51,812,405	54,444,788
Room occupancy taxes	3,202,223	3,544,585	4,121,562
Other taxes	3,722,678	5,880,307	4,472,729
Investment earnings	3,840,774	6,249,595	8,286,962
Miscellaneous	1,487,939	4,995,154	1,706,135
Transfers	(2,264,245)	(1,919,533)	(1,722,028)
Total governmental activities	182,464,694	202,866,192	209,750,966
Business-type activities:			
Investment earnings	1,369,573	2,811,710	2,700,483
Special item - net assets contributed to CFPUA and other funds	-	-	-
Transfers	2,264,245	1,919,533	1,722,028
Total business-type activities	3,633,818	4,731,243	4,422,511
Total primary government	\$ 186,098,512	\$ 207,597,435	\$ 214,173,477
Change in net position:			
Governmental activities	\$ 12,240,033	\$ 17,043,534	\$ 1,831,576
Business-type activities	14,211,269	16,818,601	14,889,966
Total primary government	\$ 26,451,302	\$ 33,862,135	\$ 16,721,542

Source: County records.

2008	2009	2010	2011	2012	2013	2014
\$ (225,223,540)	\$ (258,206,161)	\$ (232,364,465)	\$ (224,299,089)	\$ (238,423,829)	\$ (230,916,613)	\$ (253,038,340)
4,816,538	(771,326)	(1,064,346)	(708,937)	(410,576)	4,396,072	609,832
\$ (220,407,002)	\$ (258,977,487)	\$ (233,428,811)	\$ (225,008,026)	\$ (238,834,405)	\$ (226,520,541)	\$ (252,428,508)
\$ 145,564,877	\$ 157,318,774	\$ 160,751,779	\$ 166,565,832	\$ 169,636,356	\$ 168,655,909	\$ 173,492,200
54,997,366	45,568,819	41,271,837	47,359,441	52,668,352	54,733,023	56,379,614
4,245,495	3,836,382	3,338,308	3,630,298	4,163,935	4,135,580	4,416,767
4,581,292	4,062,176	2,649,403	2,977,009	2,733,756	2,955,492	6,815,556
6,150,700	2,409,565	695,767	535,595	395,353	459,846	599,895
5,321,087	381,294	-	-	-	-	-
(2,262,222)	239,667	678,051	(445,000)	-	-	231,000
218,598,595	213,816,677	209,385,145	220,623,175	229,597,752	230,939,850	241,935,032
2,564,287	6,160	24	28	1,424	10,084	15,852
-	(183,725,709)	-	-	-	-	-
2,262,222	(239,667)	(678,051)	445,000	-	-	(231,000)
4,826,509	(183,959,216)	(678,027)	445,028	1,424	10,084	(215,148)
\$ 223,425,104	\$ 29,857,461	\$ 208,707,118	\$ 221,068,203	\$ 229,599,176	\$ 230,949,934	\$ 241,719,884
\$ (6,624,945)	\$ (44,389,484)	\$ (22,979,320)	\$ (3,675,942)	\$ (8,826,077)	\$ 23,237	\$ (11,103,308)
9,643,047	(184,730,542)	(1,742,373)	(263,909)	(409,152)	4,406,156	394,684
\$ 3,018,102	\$ (229,120,026)	\$ (24,721,693)	\$ (3,939,851)	\$ (9,235,229)	\$ 4,429,393	\$ (10,708,624)

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

	2005	2006	2007	2008
General Fund:				
Reserved	\$21,154,326	\$28,234,515	\$26,399,536	\$26,484,878
Unreserved	48,591,036	51,971,455	45,956,885	42,019,663
Nonspendable				
Restricted				
Assigned				
Unassigned				
Total general fund	\$69,745,362	\$80,205,970	\$72,356,421	\$68,504,541
All other governmental funds:				
Reserved	31,895,531	39,174,539	36,228,468	45,990,813
Unreserved, reported in:				
Capital projects funds	13,740,132	21,474,166	11,032,783	57,064,438
Nonspendable				
Restricted				
Restricted, reported in capital				
Projects funds				
Committed				
Committed, reported in capital				
Projects funds				
Assigned				
Unassigned, reported in capital				
Projects funds				
Total all other governmental funds	\$45,635,663	\$60,648,705	\$47,261,251	\$103,055,251

Source: County records.

						Fiscal year
2009	2010	2011	2012	2013	2014	
\$21,950,297	\$24,485,236					
44,071,691	45,692,878					
		79,851	46,790	42,635	128,721	
		24,193,303	21,768,800	23,185,423	24,088,399	
		7,945,535	11,454,087	13,880,627	14,088,884	
		51,963,479	60,926,423	62,334,516	63,669,036	
\$66,021,988	\$70,178,114	\$84,182,168	\$94,196,100	\$99,443,201	\$101,975,040	
47,881,841	45,995,827					
41,423,716	95,370,068					
			1,802	850	400	
		41,449,014	44,001,373	44,594,014	41,411,634	
		64,536,452	23,366,508	65,901,220	51,835,411	
		3,374,752	4,226,116	-	-	
		193,613	74,831	1,130,942	1,111,557	
		59,433	68,966	63,893	60,085	
		(525,173)	(302,827)	(1,564,138)	(1,581,861)	
\$89,305,557	\$141,365,895	\$109,088,091	\$71,436,769	\$110,126,781	\$92,837,226	

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

	2005	2006	2007	2008
Revenues:				
Taxes	\$ 179,510,144	\$ 193,537,310	\$ 201,239,764	\$ 209,046,468
Intergovernmental revenue	41,826,632	46,318,701	42,447,237	47,892,597
Special assessments	1,762,456	588,600	205,448	235,651
Charges for services	11,467,639	12,010,830	11,259,871	11,092,496
Miscellaneous	4,136,828	9,804,195	8,668,800	11,657,419
Total revenues	238,703,699	262,259,636	263,821,120	279,924,631
Expenditures:				
General government	22,418,450	29,368,933	29,818,279	32,906,560
Human services	59,389,334	59,686,429	61,353,480	62,122,735
Public safety	42,876,389	48,324,982	51,430,478	53,979,168
Economic and physical development	1,625,159	2,589,960	4,666,707	3,192,043
Culture and recreation	8,985,440	9,897,296	10,450,324	10,999,579
Education-community college and schools	58,513,627	63,280,896	67,473,345	72,049,228
Stormwater drainage	-	-	-	-
Capital outlay	21,645,262	21,977,861	35,629,488	38,890,813
Debt service:				
Interest and fees - bonds	9,046,742	8,434,272	8,815,049	8,298,196
Principal - bonds	12,140,000	11,220,001	11,885,000	12,545,000
Interest and fees - installment debt			4,536,863	4,335,233
Principal - installment debt			6,677,082	8,708,483
Installment debt payments	8,937,062	10,085,823		
Bond issuance costs				
Total expenditures	245,577,465	264,866,453	292,736,095	308,027,038
Revenues over (under) expenditures	(6,873,766)	(2,606,817)	(28,914,975)	(28,102,407)
Other financing sources (uses):				
Sale of capital assets				
Insurance claim proceeds				
Long-term debt issued	7,846,913	30,000,000	9,400,000	82,306,749
Premium on long-term debt issued				
Refunding bonds issued				
payment to refunded bond escrow agent				
Transfers from other funds	75,339,629	81,784,172	85,492,995	91,898,546
Transfers to other funds	(77,603,874)	(83,703,705)	(87,215,023)	(94,160,768)
Total other financing sources (uses)	5,582,668	28,080,467	7,677,972	80,044,527
Net change in fund balances	\$ (1,291,098)	\$ 25,473,650	\$ (21,237,003)	\$ 51,942,120
Debt service as % of noncapital expenditures	12.97%	11.73%	11.73%	11.53%

Source: County records.

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 211,395,647	\$ 207,845,642	\$ 219,397,404	\$ 229,052,284	\$ 230,253,340	\$ 238,258,952	
88,511,868	52,045,370	41,719,627	51,294,237	51,435,873	47,622,067	
1,993,591	650,392	549,508	485,862	309,431	2,894,325	
9,537,859	8,929,381	8,714,885	10,745,642	12,283,293	11,678,622	
4,535,922	2,527,215	8,065,255	2,843,795	5,863,970	2,102,413	
315,974,887	271,998,000	278,446,679	294,421,820	300,145,907	302,556,379	
29,016,838	29,485,936	29,479,030	30,553,554	32,322,623	32,535,630	
58,211,859	53,253,360	52,148,036	53,674,258	52,659,109	53,615,690	
54,101,446	53,111,567	54,056,134	59,406,202	59,862,271	62,459,338	
2,537,751	5,715,018	2,438,992	3,114,839	12,487,481	5,427,845	
11,318,913	10,228,183	10,124,210	10,732,645	12,358,781	11,921,472	
71,524,315	67,750,207	67,650,207	68,750,207	70,026,998	75,539,163	
82,996	-	-	-	-		
62,970,803	39,698,425	38,141,227	44,277,295	28,971,627	46,179,289	
10,866,108	11,449,659	12,588,240	13,369,517	12,779,764	12,003,385	
16,845,000	17,845,000	19,030,000	22,400,000	21,075,000	22,115,000	
6,155,264	5,784,678	4,943,284	5,071,790	4,898,655	3,624,558	
53,584,747	11,438,674	11,519,621	10,917,265	9,928,268	10,496,020	
					562,701	
377,216,040	305,760,707	302,118,981	322,267,572	317,370,577	336,480,091	
(61,241,153)	(33,762,707)	(23,672,302)	(27,845,752)	(17,224,670)	(33,923,712)	
			166,526	30,999	129,093	
			40,140	29,161	46,288	
44,933,855	89,301,120	5,843,552	1,696	61,101,623	17,185,000	
					1,011,914	
					63,555,000	
					(62,992,299)	
85,890,267	84,163,317	3,024,201	1,516,547	6,735,806	2,063,189	
(85,815,216)	(83,485,266)	(3,469,201)	(1,516,547)	(6,735,806)	(1,832,189)	
45,008,906	89,979,171	5,398,552	208,362	61,161,783	19,165,996	
\$ (16,232,247)	\$ 56,216,464	\$ (18,273,750)	\$ (27,637,390)	\$ 43,937,113	\$ (14,757,716)	
23.53%	15.47%	16.46%	16.39%	15.55%	14.60%	

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
2005	126,435	46,260	3,202	3,114	499	179,510
2006	132,300	51,812	3,545	3,570	2,310	193,537
2007	138,200	54,445	4,122	2,303	2,170	201,240
2008	145,222	54,997	4,245	2,056	2,526	209,046
2009	157,929	45,569	3,836	1,162	2,900	211,396
2010	160,694	41,272	3,338	1,168	1,374	207,846
2011	166,566	47,359	3,630	1,043	1,934	220,532
2012	169,636	52,668	4,164	1,162	1,572	229,202
2013	168,455	53,812	4,172	1,436	2,386	230,261
2014	173,492	56,380	4,417	1,593	5,222	241,104

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
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
2011	30,261,859,704	3,114,706,992	429,491,376	33,806,058,072	\$0.4655
2012	30,442,282,655	3,313,128,898	435,115,395	34,190,526,948	\$0.4655
2013	24,960,307,036	3,408,471,354	510,818,217	28,879,596,607	\$0.5540
2014	25,182,059,055	4,074,186,222	458,389,351	29,714,634,628	\$0.5540

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	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
General Electric Company	\$ 325,745,478	1	1.10%	90,767,135	3	0.51%
Progress Energy	319,382,329	2	1.07%	257,591,117	1	1.44%
Corning, Inc.	220,252,069	3	0.74%	163,866,029	2	0.92%
Fortron Industries LLC	73,294,125	5	0.25%	--	--	--
River Ventures	77,920,600	4	0.26%	--	--	--
Invista Sarl	68,091,661	6	0.23%	--	--	--
Global Nuclear Fuel	57,590,846	7	0.19%	--	--	--
BellSouth Telecommunications	56,173,508	8	0.19%	84,603,456	4	0.47%
Centro Independence LLC	54,078,800	9	0.18%	--	--	--
Wal Mart Property	47,543,522	10	0.16%	--	--	--
GS II University Centre LLC	--	--	--	22,347,233	10	0.12%
Arteva Specialities	--	--	--	42,532,417	7	0.24%
Global Nuclear Fuel Americas LLC	--	--	--	43,995,952	6	0.25%
URDT of North Carolina LLC	--	--	--	59,128,907	5	0.33%
Elementis Chromium	--	--	--	35,979,053	9	0.20%
Independence Shoppingtown LLC	--	--	--	37,988,012	8	0.21%
Total	\$ 1,300,072,938		4.38%	\$ 838,799,311		4.69%
Total taxable assessed value	<u>\$ 29,714,634,628</u>			<u>\$17,896,300,639</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
2005	121,948,982	119,911,021	98.33	2,013,235	121,924,256	99.98%
2006	127,712,283	125,732,975	98.45	1,810,494	127,543,469	99.87%
2007	133,831,150	131,522,360	98.27	1,718,400	133,240,760	99.56%
2008	139,222,476	136,794,279	98.26	1,751,897	138,546,176	99.51%
2009	151,208,013	149,085,288	98.60	2,040,367	151,125,655	99.95%
2010	152,793,146	150,719,243	98.64	1,763,311	152,482,554	99.80%
2011	158,470,084	155,710,692	98.25	1,566,776	157,277,468	99.25%
2012	159,752,984	157,409,935	98.53	2,451,860	159,861,795	100.07%
2013	159,719,773	157,265,840	98.47	1,817,256	159,083,096	99.60%
2014	164,878,765	162,687,043	98.68	2,136,274	164,823,317	99.97%

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
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
2011	0.4655	0.060	0.3700	0.099	0.175	0.135
2012	0.4655	0.068	0.3700	0.099	0.175	0.163
2013	0.5540	0.079	0.4500	0.133	0.235	0.260
2014	0.5540	0.079	0.4500	0.133	0.235	0.2615

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			
2005	175,630,000	92,499,701	8,789,308	19,955,000	36,170,299	519,921	333,564,229	5.50%	1,835.55
2006	194,525,000	87,988,034	8,133,018	15,850,000	34,621,966	320,520	341,438,538	5.20%	1,830.65
2007	182,640,000	82,888,727	16,340,243	11,645,000	32,821,273	708,315	327,043,558	4.71%	1,722.59
2008	238,095,000	76,991,623	27,994,703	7,345,000	72,988,380	1,207,653	424,622,359	6.02%	2,182.50
2009	270,815,000	99,160,947	24,727,589	355,000	1,044,053	760,880	396,863,469	5.55%	1,990.78
2010	334,069,997	62,898,500	49,416,186	175,000	241,500	1,154,399	447,955,582	6.28%	2,213.10
2011	315,039,997	56,820,000	50,443,221	-	215,000	899,921	423,418,139	N/A	2,050.90
2012	292,639,997	50,697,400	45,899,037	-	187,600	1,716,322	391,140,356	N/A	1,867.30
2013	340,716,687	27,012,659	62,229,209	-	151,071	1,218,679	431,328,305	N/A	2,054.30
2014	308,179,997	22,505,400	70,512,563	-	129,600	1,836,370	403,163,930	N/A	1,870.86

* 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**
2005	175,630,000	0.98%	966.47
2006	194,525,000	1.04%	1,042.96
2007	182,640,000	0.94%	961.99
2008	238,095,000	0.72%	1,223.77
2009	270,815,000	0.81%	1,358.48
2010	334,069,997	0.99%	1,650.45
2011	325,844,881	0.96%	1,578.29
2012	302,178,637	0.88%	1,442.60
2013	340,716,687	1.18%	1,622.74
2014	308,179,997	1.04%	1,430.09

* 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, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County direct debt	\$ 401,197,960	100.00%	<u>\$ 401,197,960</u>
City of Wilmington debt	165,593,000	100.00%	165,593,000
Town of Wrightsville Beach debt	4,460,714	100.00%	4,460,714
Town of Carolina Beach debt	6,176,160	100.00%	6,176,160
Town of Kure Beach debt	2,079,283	100.00%	2,079,283
Subtotal, overlapping debt			<u>178,309,157</u>
Total direct and overlapping debt:			<u><u>\$ 579,507,117</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

	2005	2006	2007	2008
Debt limit	\$ 1,431,704,051	\$ 1,500,381,680	\$ 1,559,946,828	\$ 2,618,030,818
Total net debt applicable to limit	403,590,274	385,228,686	400,873,158	359,875,000
Legal debt margin	\$ 1,028,113,777	\$ 1,115,152,994	\$ 1,159,073,670	\$ 2,258,155,818
Total net debt applicable to the limit as a percentage of debt limit	28.19%	25.68%	25.70%	13.75%

Legal Debt Margin Calculation for June 30, 2014

Total assessed value	\$ 29,714,634,628
Debt limit (8% of assessed value)	2,377,170,770
Debt applicable to limit:	
General obligation bonds	308,179,997
Certificates of participation	22,635,000
Installment	72,348,933
Authorized but unissued debt	40,000,000
Less:	
Water Sewer	(17,544,600)
Authorized but unissued debt	(40,000,000)
Total net applicable to limit	385,619,330
Legal debt margin	\$ 1,991,551,440

2009	2010	2011	2012	2013	2014
\$ 2,673,948,925	\$ 2,693,960,438	\$ 2,704,484,646	\$ 2,735,242,156	\$ 2,310,367,729	\$ 2,377,170,770
552,875,000	491,384,997	476,879,881	437,524,997	392,163,053	385,619,330
\$ 2,121,073,925	\$ 2,202,575,441	\$ 2,227,604,765	\$ 2,297,717,159	\$ 2,297,717,159	\$ 1,991,551,440

20.68%	18.24%	17.63%	16.00%	16.97%	16.22%
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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 ²	Median Age ³ (Years)	School Enrollment ⁴	Unemployment Rate ¹
2005	181,724	6,061,123	32,607	37.0	23,020	4.5%
2006	186,512	6,569,209	33,705	36.0	23,848	3.5%
2007	189,856	3,949,636	35,461	38.0	23,781	3.9%
2008	194,558	7,293,899	36,629	37.1	23,757	5.1%
2009	199,351	7,152,155	36,662	36.9	24,095	9.6%
2010	202,411	7,131,435	29,363	37.3	23,934	9.4%
2011	206,455	N/A	N/A	N/A	24,060	10.1%
2012	209,468	N/A	N/A	N/A	N/A	9.3%
2013	212,484	N/A	N/A	37.6	24,650	9.10%
2014	215,497	N/A	N/A	N/A	25,129	6.10%

¹ **Source:** Office of State Budget Management

² **Source:** Federal Agency Data: Bureau of Economic Analysis

³ **Source:** U. S. Census Bureau

⁴ **Source:** New Hanover County Board of Education.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 15

Principal Employers

Current Fiscal Year and Ten Years Ago

Employer (Top Ten)	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
New Hanover Health Network	5,991	1	5.68%	4,600	1	5.36%
New Hanover County Board of Education	4,226	2	4.00%	3,130	2	3.65%
General Electric	2,175	3	2.06%	1,850	3	2.16%
University of NC at Wilmington	1,844	5	1.75%	1,630	4	1.90%
Wal-Mart Stores, Inc	1,834	4	1.74%	1,050	7	1.22%
New Hanover County	1,563	6	1.48%	1,370	5	1.60%
PPD, Inc.	1,500	7	1.42%	900	10	1.05%
Verizon Wireless	1,216	8	1.15%	900	9	1.05%
Cape Fear Community College	1,176	9	1.11%	-----	-----	-----
City of Wilmington	1,100	10	1.04%	1,130	6	1.32%
United States Government	-----	-----	-----	940	8	1.10%
Total New Hanover County Employment	<u>105,535</u>			<u>85,805</u>		

Sources: Greater Wilmington Business Journal, NC State Demographics Web Site, and New Hanover County

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	234	238	243	248	263	276	268	268	265	263
Human services	481	486	497	517	524	517	509	495	471	497
Public safety	510	578	586	620	632	632	635	651	680	727
Culture and recreation	98	108	110	115	117	117	123	126	127	136
Environmental Management	71	72	73	88	88	88	88	31	31	31
Water and Sewer	45	55	64	64	0	0	0	0	0	0
Total	1,439	1,537	1,573	1,652	1,624	1,630	1,623	1,571	1,574	1,654

Source: County Budget Department.



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

Function	Fiscal Year			
	2005	2006	2007	2008
Public safety:				
Sheriff:				
# of divisions	6	7	7	6
# of sheriff personnel	359	367	374	382
# of arrests made	3,261	6,023	6,704	6,430
# of service calls	171,684	181,351	101,877	175,770
Fire Services:				
# of stations	8	6	6	8
# of fire personnel	250	90	110	96
# of calls answered	5,935	6,704	6,425	5,139
Culture and recreation:				
Library:				
# of circulations	1,129,675	1,114,502	1,200,000	1,231,467
Museum:				
Attendance	36,885	32,251	31,000	38,504

Source: County records.

Fiscal Year					
2009	2010	2011	2012	2013	2014
6	6	6	6	8	8
420	384	384	423	455	473
7,011	6,364	6,613	6,506	5,536	5,397
173,502	190,539	190,500	132,492	137,954	139,964
8	8	8	8	8	8
95	95	95	217	197	172
4,676	4,665	4,823	5,600	5,242	5,862
1,320,486	1,340,000	1,350,000	1,387,929	1,398,310	1,365,134
41,683	47,128	49,261	47,223	42,877	37,858

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

Function	2005	2006	2007	2008
Public safety (1):				
Sheriff:				
# of stations	2	2	2	2
# of vehicles	260	281	303	321
Human services (1):				
Health Department:				
# of vehicles	40	41	43	45
Culture and recreation (1):				
Parks:				
# of parks	23	23	23	34
Park acreage	807	807	807	1,100

Source: County records.

(1) Information represents vehicles currently owned as of June 30, 2013 by the County.

Fiscal Year						
2009	2010	2011	2012	2013	2014	
2	2	2	2	2	2	
301	277	290	279	298	311	
51	37	29	23	22	22	
34	35	35	35	35	35	
1,100	1,310	1,310	1,310	1,310	1,310	

NEW HANOVER COUNTY, NORTH CAROLINA

Table 19

ANALYSIS OF CURRENT TAX LEVY

New Hanover County

June 30, 2014

	County - Wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current year's rate	\$ 27,654,625,090	1	\$ 153,206,623	\$ 153,206,623	\$ -
Motor vehicles	2,213,726,629	1	12,263,446	-	12,263,446
Penalties	-		248,735	248,735	-
Total	<u>29,868,351,719</u>		<u>165,718,804</u>	<u>153,455,358</u>	<u>12,263,446</u>
Discoveries:					
Current year	-		78,820	78,820	-
	<u>-</u>		<u>78,820</u>	<u>78,820</u>	<u>-</u>
Abatements	(153,717,091)		(918,859)	(918,859)	-
Total property valuation	<u>\$ 29,714,634,628</u>				
Net levy			164,878,765	152,615,319	12,263,446
Uncollected taxes at June 30, 2014			2,191,722	1,738,099	453,623
Current year's taxes collected			<u>\$ 162,687,043</u>	<u>\$ 150,877,220</u>	<u>\$ 11,809,823</u>
Current levy collection percentage			98.68%	98.86%	96.30%
Secondary Market Disclosures:					
Assessed Valuation:					
Assessment Ratio			100%		
Real Property			\$ 25,182,059,055		
Personal Property			4,074,186,222		
Public Service Companies			458,389,351		
Total Assessed Valuation			<u>29,714,634,628</u>		
Tax rate per \$100			0.55400		
Levy (includes discoveries, abatements, penalties)			<u>\$ 164,878,764</u>		
Fire District			<u>\$ 9,063,030</u>		