



Comprehensive Annual Financial Report

**New Hanover County, North Carolina
For The Fiscal Year Ended June 30, 2015**

**Jonathan Barfield, Jr., Chairman
Board of Commissioners**

**Chris Coudriet
County Manager**

**Lisa H. Wurtzbacher, CPA
Chief Financial Officer**

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



NEW HANOVER COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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Our Vision For New Hanover County

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

Mission Statement

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

Shared Values

Professionalism – Integrity – Innovation – Stewardship – Accountability

The New Hanover County
Board of Commissioners
June 2015

BOARD OF COMMISSIONERS



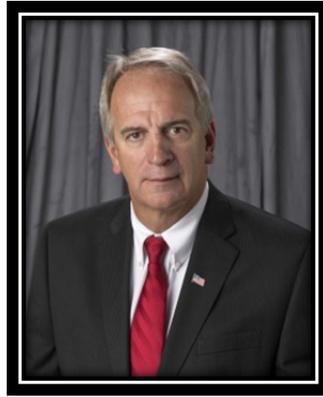
Jonathan Barfield Jr.
Chairman



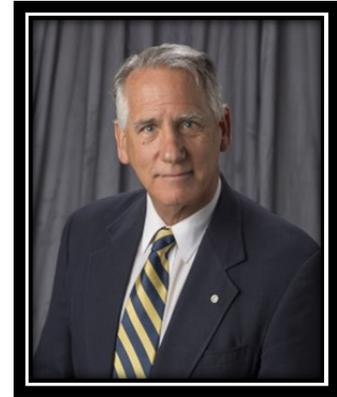
Beth Dawson
Vice-Chairman



Woody White
Commissioner



Skip Watkins
Commissioner



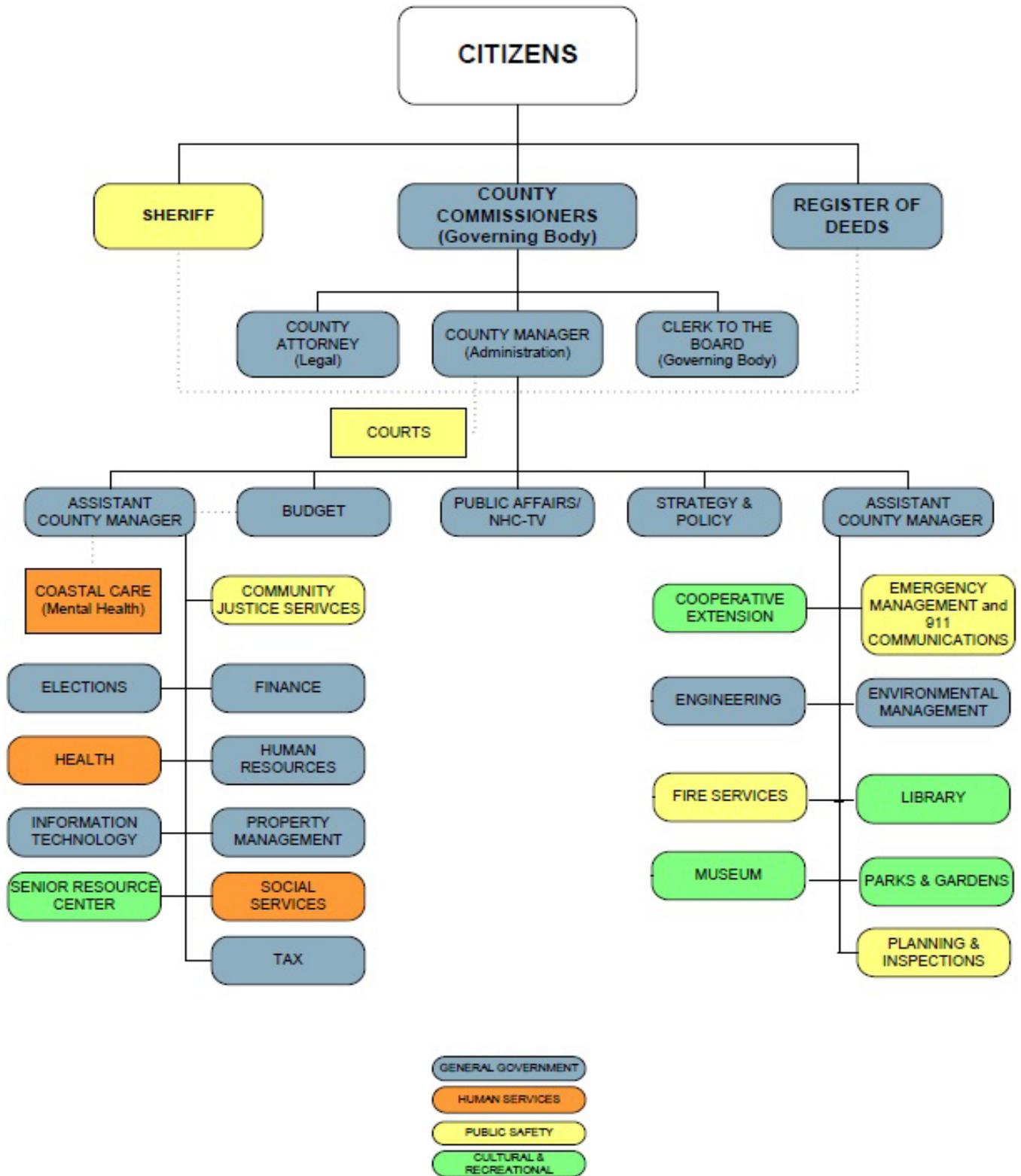
Rob Zapple
Commissioner

OTHER ELECTED OFFICIALS

Tammy Theusch Beasley
Registrar

Edward J. McMahon
Sheriff

NEW HANOVER COUNTY ORGANIZATIONAL CHART





NEW HANOVER COUNTY FINANCE DEPARTMENT

Lisa Wurtzbacher, CPA
Chief Financial Officer

Jennifer Maready, CPA
Deputy Chief Financial Officer

Barbara D. McClure, CPA
Deputy Chief Financial Officer

October 30, 2015

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, 2015.

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

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

Cherry Bekaert LLP, a firm of licensed certified public accountants, has audited the County's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit concluded that the County's financial statements for the fiscal year June 30, 2015 are fairly presented in conformity with GAAP.

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

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

PROFILE OF THE COUNTY OF NEW HANOVER

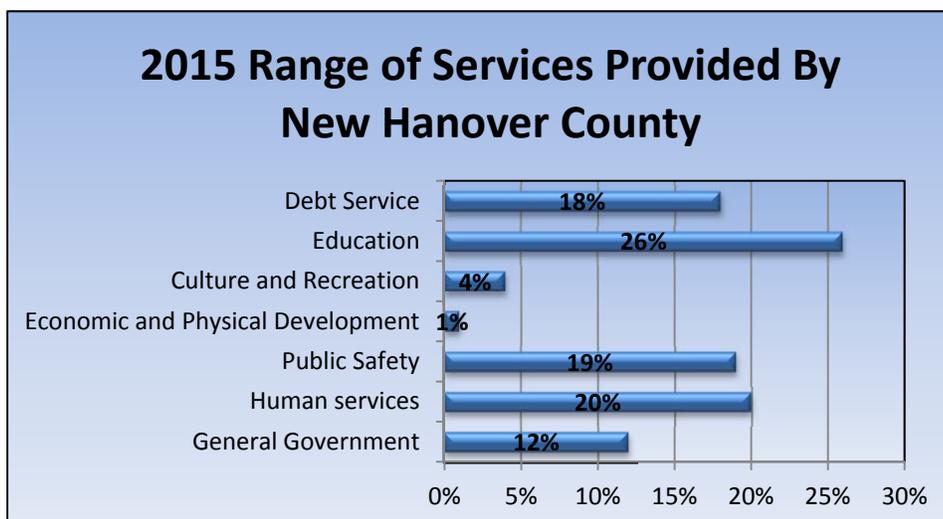


New Hanover County, established in 1729, is located in the tidewater section of Southeastern North Carolina. It is set between the Atlantic Ocean and the Cape Fear River. The surrounding terrain is low lying, with an average elevation of less than 40 feet and the highest elevation approximately 75 feet above sea level. The County is the second smallest in the state with land area totaling approximately 198 square miles, and the most densely populated with a population of over 218,510. 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.



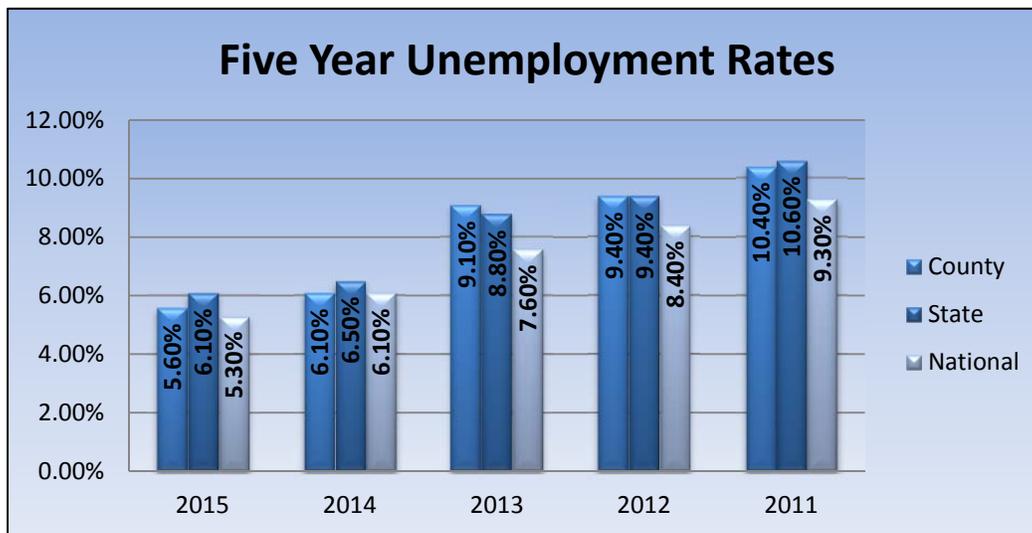
The County utilizes a County Manager form of government with five Commissioners who serve four year staggered terms. The Chairman is elected by the Commissioners each year for a one year term. The County Manager, County Attorney, and the Clerk to the Board are appointed by, and serve at the pleasure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



ECONOMIC CONDITION AND OUTLOOK

The County continues to experience growth in fiscal year 2015. Area employment has continued to recover during the current expansion, which officially dates from the middle of 2009. New Hanover County's unemployment rate has continued to drop, with 2015 being the lowest in over 5 years.



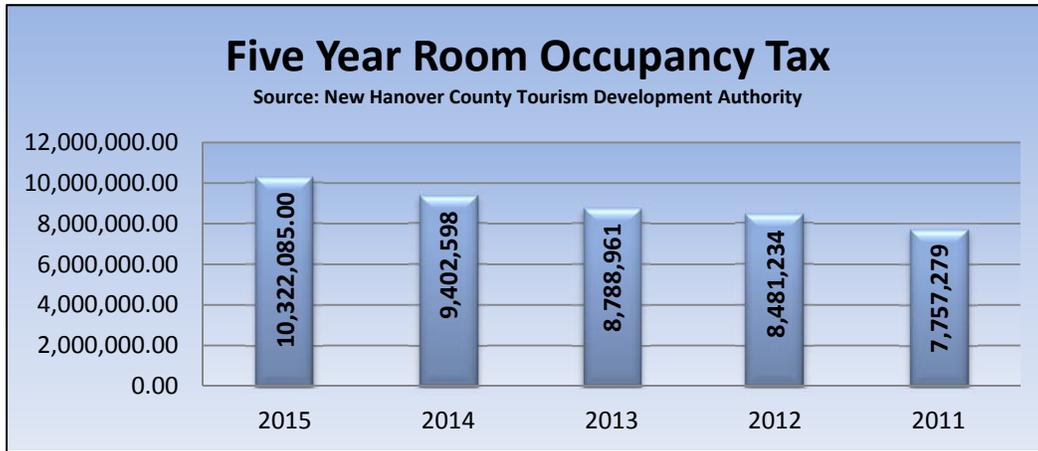
The housing market is getting stronger giving local builders a boost. It is reported that New Hanover County is on track to have its fourth most successful year in its history, with home sales up by 34% as of June 2015.

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 21.53 percent of the total employment within the County.

Top Ten Employers	2015		
	Employer	Employees	Rank
New Hanover Health Network	6,120	1	5.76%
New Hanover County Board of Education	4,440	2	4.18%
General Electric	2,175	3	2.05%
University of NC at Wilmington	1,860	4	1.75%
Walmart Stores, Inc.	1,755	5	1.65%
New Hanover County	1,610	6	1.52%
PPD, Inc.	1,500	7	1.41%
Verizon Wireless	1,410	8	1.33%
City of Wilmington	1,000	9	.94%
Corning	1,000	10	.94%

Sources: Greater Wilmington Business Journal 2015 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 continues to grow; this is evident in the Room Occupancy Tax collected of over \$10 million, equaling the highest in over six years.



The County maintains a diverse taxpayer base, with its top ten taxpayers representing only 4.74% 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
Duke Energy Progress	\$ 439,880,143	1	1.48%
General Electric Company	340,464,859	2	1.15%
Corning Inc.	236,420,029	3	.80%
River Ventures	77,920,600	4	0.26%
Fortron Industries LLC	68,735,253	5	0.23%
BellSouth Telecommunications	54,934,410	6	0.18%
Centro Independence LLC	54,078,800	7	0.18%
Global Nuclear Fuel	48,869,941	8	0.16%
Wal-Mart Property	48,018,442	9	0.16%
Piedmont Natural Gas Co. Inc.	38,010,289	10	0.13%
Total	\$1,407,332,766		4.74%

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 along with recent acquisitions is now called New Hanover Health Network. This network employs more than 6,100, making it 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 Health Network also operates Cape Fear Hospital, a rehabilitation hospital, a behavioral health hospital, Zimmer Cancer Center, the Betty H. Cameron Women's and Children's Hospital and has an affiliation agreement with Pender Memorial Hospital. New Hanover Health Network officials also have invested outside their main campus, with medical offices at Brunswick Forest and a diagnostic center in Porters Neck.

To help accommodate the growing population, in 2015, NHRMC opened a 30,000 square foot stand-alone emergency room in the northern part of the County. The hospital has also started a project to double its main emergency room, adding 54 to 108 treatment areas.

In 2015, *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. *Business NC*, ranked NHRMC the third best medical facility statewide. It was the only hospital in the tri-county area to make the list.

Industry

In CNBC's 2014 annual survey of America's Top States for Business, North Carolina placed in the top 10 overall and in the top 20 in economy, business friendliness, cost of doing business, technology and transportation, and workforce.

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 launched an expansion in Castle Hayne. 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.

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. The County and City approved the execution and delivery of a business investment grant agreement in connection with the construction of the new facility in downtown Wilmington. The grant was contingent on the construction of a facility with a direct investment of \$80 million and an increase in local workforce of 1,000 additional jobs commencing in the sixth year following the year in which the occupancy date occurs.

Castle Branch, one of the top 10 background screening and compliance tracking solutions companies in the nation, completed construction of an \$8 million, 54,000 square foot headquarters building in April 2014. The County approved a \$250,000 economic incentive grant, which was contingent upon Castle Branch completing construction of the headquarters office building and hiring 400 new full-time employees. The City also approved an appropriation of \$250,000 in economic incentives for Castle Branch.

Vertex Rail Technologies, LLC, a manufacturer of railroad tank cars, announced in November 2014 that it will occupy a facility located in the County. Vertex will make specialty tank cars designed to serve the U.S. energy market. The Massachusetts Company plans to invest \$60 million at the site, where it will employ over 1,300 workers.



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. In 2015,

the film industry is estimating that it will spend \$50 million locally.

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 continue to grow. In the 2014-2015 academic year, there were 14,611 full-time-equivalent students enrolled in undergraduate and graduate degree programs.



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 *Customer Digest*, UNCW was ranked the 10th best value University in their Top 50 in the Country, being the highest in the UNC System. UNCW also was on *Best Value Schools* list ranking 15th overall, and in the top 30 for the most beautiful Coastal College Campus. UNCW is part of the 2015-2016 College of Distinction list and for the sixth consecutive year UNCW was part of the exclusive group of universities included in the *Fisk Guide to Colleges*.

With over 30,000 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. CFCC offers 60 technical degree programs, and its graduate placement rate is currently 98%.

CFCC also constructed a new Fine Arts Building which opened in October 2015. The 159,368 square foot building will provide students a state of the art facility for all fine arts studies. It also includes a performance venue with 1,500 seat auditorium with two balconies to house local, regional, and national acts.



The Design of an Advance and Emerging Technology building has been completed.

Construction is expected to begin in August 2015 and completed by January 2017. This facility will consist of several buildings to house programs such as heavy equipment and transportation technology and will also allow for customized job training which is a critical factor in

attracting new businesses to the area as well as helping existing businesses expand, add more jobs and become more competitive.

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. The County is eighth in the state and second among coastal counties for tourism generated revenue.



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

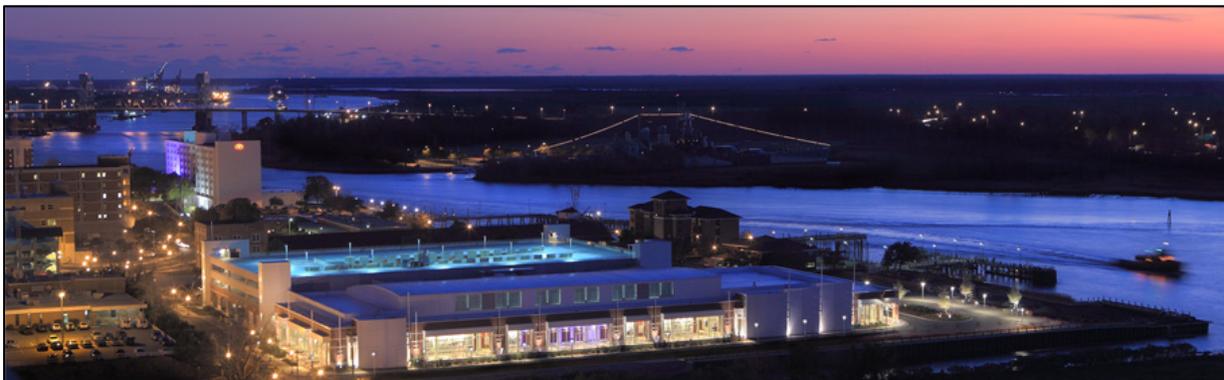
The Cape Fear Museum of History and Science is the oldest history museum in North Carolina. First opening in 1898, this museum is full of history and science. Since 1977, New Hanover County has served as the sole administrator of the Museum. The Museum is able to serve the community by offering over 52,000 items to help educate its guest. In fiscal year 2015, the Museum welcomed 40,680 guests, a 7% increase from previous years.

Library

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



Convention Center



The Wilmington Convention Center is the largest convention center on the NC Coast with 107,000 square feet, which has the capability to accommodate 25 to 2,300 guests.

It has 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. In 2013, its catering team won three top Epicurean Awards for best taste, best appetizer, and the highest honor of Best in Show.

The Wilmington Convention Center team sees the importance in community involvement, and has members volunteering time to over 15 community non-profit organizations throughout the year.

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. This project is expected to be completed by February 2016.

New Hanover County International Airport



New Hanover County International Airport also known as Wilmington International Airport (ILM) is one of the most dynamic, hospitable, progressive international airports in the Carolinas. 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 751,000 travelers passed through the airport last year, making ILM the fourth largest airport in the State.



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% to 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. NHC continues to strive to have a healthy workforce.



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.

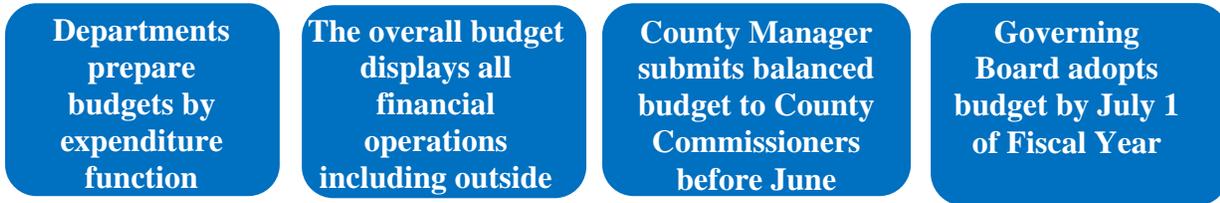
Bond Credit Rating

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 6 counties in North Carolina, and one of 80 counties nationwide to achieve this rating from both Moody's Investor Services and Standard and Poor's Ratings Services.

Budgetary Process

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

later than July 1. The annual budget is adopted on the modified accrual basis of accounting, and is an integral part of the County's accounting system and daily operations.



INDEPENDENT AUDIT

North Carolina General Statutes require an annual independent audit of all local government units in the State. Cherry Bekaert LLP, a firm of independent certified public accountants, has audited the financial records of the County and their opinion has been included in this report. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. Their audit was made in accordance with generally accepted auditing standards and, included examining on a test basis, evidence supporting the amounts and disclosures in the basic financial statements as well as assessing the accounting principles used and significant estimates made by management. Their opinion concluded that the accompanying financial statements for fiscal year ended June 30, 2015 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, 2015. This was the thirty-fourth 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 2014-2015. This marks the twenty-fourth 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 2015 CAFR:

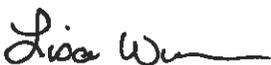
Amy Bradshaw
Lena Butler
Teresa Hewett
JD Limberger
Lyn Sanders
Beverly Thomas

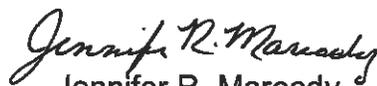
Barbara Brooks
Carrie Buttles
Betsy Kibbey
Cynthia Meadows
Bethany Scott

Linda Brothers
Kellie Daughtry
Teresa Lettley
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
Chief Financial
Officer


Jennifer R. Maready
Deputy Chief Financial
Officer


Barbara D. McClure
Deputy Chief Financial
Officer



Government Finance Officers Association

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

Presented to

**New Hanover County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



Report of Independent Auditor

Board of County Commissioners
New Hanover County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of New Hanover County, North Carolina (the "County") as of and for the year ended June 30, 2015 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 County Airport Authority ("Authority"), the New Hanover Regional Medical Center ("Medical Center"), the New Hanover County ABC Board ("ABC Board"), and the Airlie Gardens Foundation, Inc. ("Foundation"). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, the Medical Center, the ABC Board and the Foundation, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller 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 of material misstatement. The financial statements of the Authority, the Medical Center, ABC Board, the Foundation, and the New Hanover County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Changes in Accounting Principle

As discussed in Note 11 to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB statement No. 27)*, and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, effective July 1, 2014.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental and Other Information

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

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory and the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Cherry Roubert LLP

Raleigh, North Carolina
October 30, 2015



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, 2015. 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.

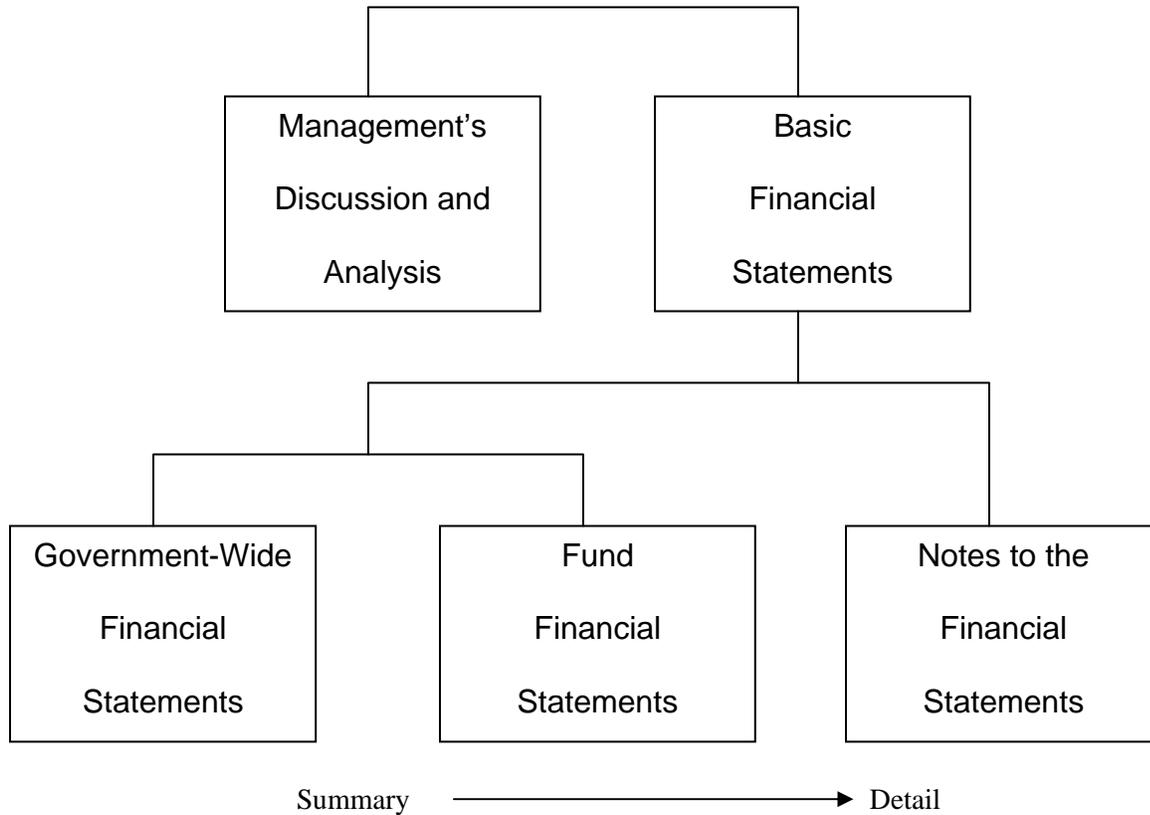
Financial Highlights

- The government's total net position decreased by \$9,759,022. This is primarily due to a decrease in net position from business activities, particularly an increase in closure/post-closure costs. In 2014, net position decreased by \$10,708,624.
- 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 \$89,518,623 (*net deficiency*).
- As of the close of the current fiscal year, New Hanover County's governmental funds reported combined ending fund balances of \$157,381,905 a decrease of \$37,430,361 in comparison with the prior year. Approximately 61.0 percent of this total amount, or \$95,995,891, is restricted or unspendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$55,123,865 or 19.2 percent of total General Fund expenses for the fiscal year.
- New Hanover County's total bonded and installment debt decreased by \$36,254,362 (8.6 percent) during the current fiscal year. This decrease is due to debt payments made 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 for reporting purposes 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 227,439,724	\$ 255,142,164	\$ 16,766,464	\$ 11,423,030	\$ 244,206,188	\$ 266,565,194
Capital assets	165,120,012	157,644,874	17,322,834	17,281,565	182,442,846	174,926,439
Total assets	392,559,736	412,787,038	34,089,298	28,704,595	426,649,034	441,491,633
Deferred outflows of resources	9,975,033	5,262,042	93,372	-	10,068,405	5,262,042
Long-term liabilities						
outstanding	449,224,213	475,354,975	29,745,208	17,396,175	478,969,421	492,751,150
Other liabilities	26,546,970	22,803,446	823,937	839,731	27,370,907	23,643,177
Total liabilities	475,771,183	498,158,421	30,569,145	18,235,906	506,340,328	516,394,327
Deferred inflows of resources	19,579,204	177,247	316,530	-	19,895,734	177,247
Net position (deficit):						
Net investment in						
capital assets	66,308,962	69,457,459	16,072,772	15,296,848	82,381,734	84,754,307
Restricted	95,103,161	111,955,598	-	-	95,103,161	111,955,598
Unrestricted	(254,227,741)	(261,739,645)	(12,775,777)	(4,828,159)	(267,003,518)	(266,567,804)
Total net position	\$ (92,815,618)	\$ (80,326,588)	\$ 3,296,995	\$ 10,468,689	\$ (89,518,623)	\$ (69,857,899)

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 \$89,518,623 as of June 30, 2015. As of June 30, 2014, the liabilities and deferred inflows of resources of New Hanover County exceeded assets and deferred outflows of resources by \$69,857,899. The County's net position decreased by \$9,759,022 for the fiscal year ended June 30, 2015. Comparatively, the County's net position decreased \$10,708,624 in 2014. Net position is reported in three categories: Net investment in capital assets of \$82.4 million; Restricted net position of \$95.1 million; and Unrestricted net position (deficit) of \$(267.0) 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 \$82.4 million at June 30, 2015. 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 \$95.1 million at June 30, 2015. 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 \$(267.0) million at June 30, 2015. 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 \$140.9 million of the outstanding debt on the County's financial statements was related to assets included in the public schools' financial statements and \$119.5 million related to assets included in the community college financial statements – a total of \$260.4 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 98.81 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	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 11,929,923	\$ 11,678,622	\$ 13,409,733	\$ 13,092,272	\$ 25,339,656	\$ 24,770,894
Operating grants and contributions	47,204,758	43,978,237	496,299	566,530	47,701,057	44,544,767
Capital grants and contributions	3,743,615	3,805,714	-	-	3,743,615	3,805,714
General revenues:						
Property taxes	173,851,757	173,492,200	-	-	173,851,757	173,492,200
Other taxes	70,272,514	67,611,937	-	-	70,272,514	67,611,937
Other	494,457	599,895	29,094	15,852	523,551	615,747
Total revenues	307,497,024	301,166,605	13,935,126	13,674,654	321,432,150	314,841,259
Expenses:						
General government	35,187,632	40,522,340	-	-	35,187,632	40,522,340
Human services	55,395,685	54,311,317	-	-	55,395,685	54,311,317
Public safety	69,683,033	67,785,667	-	-	69,683,033	67,785,667
Economic and physical development	-	-	-	-	-	-
21,859,872	12,680,537	-	-	21,859,872	12,680,537	
Culture and recreational	18,001,584	14,475,744	-	-	18,001,584	14,475,744
Education	97,491,199	109,549,492	-	-	97,491,199	109,549,492
Interest and fees on long-term debt	12,638,190	13,175,816	-	-	12,638,190	13,175,816
Environmental management	-	-	20,933,977	13,048,970	20,933,977	13,048,970
Total expenses	310,257,195	312,500,913	20,933,977	13,048,970	331,191,172	325,549,883
Increase/decrease in net position before transfers	(2,760,171)	(11,334,308)	(6,998,851)	625,684	(9,759,022)	(10,708,624)
Transfers	-	231,000	-	(231,000)	-	-
Increase (decrease) in net position	(2,760,171)	(11,103,308)	(6,998,851)	394,684	(9,759,022)	(10,708,624)
Net position - beginning, previously reported	(80,326,588)	(69,223,280)	10,468,689	10,074,005	(69,857,899)	(59,149,275)
Restatement	(9,728,859)	-	(172,843)	-	(9,901,702)	-
Net position - beginning, restated	(90,055,447)	(69,223,280)	10,295,846	10,074,005	(79,759,601)	(59,149,275)
Net position - ending	\$ (92,815,618)	\$ (80,326,588)	\$ 3,296,995	\$ 10,468,689	\$ (89,518,623)	\$ (69,857,899)

Governmental Activities. Governmental activities net position decreased by \$2,760,171, thereby attributing to the overall decline in the net position of New Hanover County. Key elements of this decrease are as follows:

- The County implemented a pay study recommendation bringing positions in line with market salaries in addition to approving a 2% market increase for all eligible employees.
- Increase in expenses for human services and public safety due to capital equipment purchases in which the County opted to pay cash for rather than borrow these funds as originally budgeted.
- The County approved an increase in funding for the FY2015 budget for the Public Schools and Cape Fear Community College.
- Increase in debt service payments of approximately \$4 million from FY2014.

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

- Increased sales tax revenue due to the continuing improvement of the economy and an increase in other taxes due to real property transfer taxes.
- Increase in Room Occupancy taxes collected due to the continued flourishing tourism industry.
- Increase in intergovernmental revenues related to federal and state assistance programs, school resource officer payments from schools, and an increase in repayment funds related an interlocal agreement with CFPWA for water and sewer connections. The County also benefited from an increase in Alcoholic Beverage Control Board revenues.

Business-Type Activities. Business-type activities net position decreased by \$6,998,851. Key elements of this decrease are as follows:

- The County updated its engineer estimates for closure and post-closure care costs. The key assumptions that increased the cost estimates were an increase in acreage subject to closure and post-closure care, the cost of hauling the leachate off-site for disposal versus maintaining the existing on-site treatment system, and the cost associated with importing soils for closure projects versus using on-site soils. The cost estimates are also adjusted to reflect actual costs during each report update.
- The County's landfill tipping fee decreased from \$59.00 per ton to \$55.00 per ton effective July 1, 2014.

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 \$55,123,865, while total fund balance was \$94,549,114. 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, 2015, unassigned fund balance for the General Fund represented 19.2% 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.

The unassigned fund balance ended below the County's goal due to the County's decision to use its reserve for capital expenditures rather than borrowing funds as it had budgeted, which maintained the County's borrowing capacity for future years. The County's policy directs that if the County's fund balance is less than the goal of 21%, it must develop a plan to replenish that fund balance within two years. The County is managing fiscal year 2016 expenditures to bring the fund balance back in line with policy. The replenishment of fund balance will also be addressed during the fiscal year 2017 budget process.

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 \$66,862,732, while total fund balance was \$94,549,114. The County currently has an available fund balance of 23.3 percent of General Fund expenditures, while total fund balance represents 32.97 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 \$43,154,755, as compared to \$41,411,634 at June 30, 2014. The majority of this fund balance, approximately 97.9 percent, is restricted for erosion control as required by the act of the North Carolina Legislature.

The increase in the fund balance for the room occupancy tax special revenue fund is due to an increase in collection of room occupancy tax. The fund also experienced a reduction in expenditures related to erosion control.

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 \$8,995,565, as compared to a \$22,213,748 fund balance at June 30, 2014. The decrease in this fund balance is due to the increase in capital outlay expenditures during the year as this project is nearing its completion.

The Heritage Park and Marquis Hills Sewer Expansion capital project fund is used to account for the sewer improvements to these neighborhood developments. At the end of the current fiscal year, fund balance in this fund was a deficit of (\$5,301,261), as compared to the fund balance at June 30, 2014 of a deficit of (\$1,045,229). This project is funded with State Revolving Loan funds which are on a reimbursement basis. The expenditures for this project increased during FY 2015 and a reimbursement request has been submitted to the State for these expenditures.

Other nonmajor governmental funds are combined for reporting on Exhibits C and D. At the end of the current fiscal year, fund balance for other governmental funds was \$15,983,732, of which 47.4 percent is restricted for capital project funds. At June 30, 2014, fund balance for other governmental funds was \$30,257,073.

The decrease in fund balance for the other nonmajor governmental funds is directly related to the increase in construction expenditures for the various capital projects.

At June 30, 2015, the governmental funds of New Hanover County reported a combined fund balance of \$157,381,905, a 19.2 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 \$0.9 million, due primarily to the increase in intergovernmental revenues and miscellaneous revenue contributions.

Amendments to general government activities increased budgeted expenditures by \$3.8 million primarily due to an increase in operations and capital outlay. Amendments to human services activities decreased budgeted expenditures by \$2.1 million primarily due to the reduction in program needs, offset by an increase in operations and capital outlay. Amendments to public safety activities increased budgeted expenditures by \$1.7 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 and other taxes are primarily due to continued improvements in the economy. 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 \$(12,775,777). The change in total net position (deficit) for the fiscal year ended June 30, 2015, was \$(6,998,851) for the Environmental Management Fund. This compares to unrestricted net position (deficit) of \$(4,828,159) in the Environmental Management Fund at June 30, 2014; as well as the change in total net position for the fund for the fiscal year ended June 30, 2014, of \$394,684.

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, 2015 totals \$182,442,846 (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)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 44,012,262	\$ 43,251,767	\$ 2,459,201	\$ 2,459,201	\$ 46,471,463	\$ 45,710,968
Buildings	135,175,867	135,158,869	23,176,265	23,176,265	158,352,132	158,335,134
Other improvements	27,567,406	27,118,094	19,239,040	19,239,040	46,806,446	46,357,134
Equipment and vehicles	56,475,960	53,877,995	28,698,323	28,370,977	85,174,283	82,248,972
Construction in progress	19,936,693	8,432,538	4,554,858	3,721,854	24,491,551	12,154,392
Total before depreciation	283,168,188	267,839,263	78,127,687	76,967,337	361,295,875	344,806,600
Less accumulated depreciation	(118,048,176)	(110,194,389)	(60,804,853)	(59,685,772)	(178,853,029)	(169,880,161)
Total net depreciation	<u>\$ 165,120,012</u>	<u>\$ 157,644,874</u>	<u>\$ 17,322,834</u>	<u>\$ 17,281,565</u>	<u>\$ 182,442,846</u>	<u>\$ 174,926,439</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, 2015, the carrying value of New Hanover County's total bonded debt outstanding was \$283,589,997, 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation bonds	\$ 283,589,997	\$ 308,179,997	\$ -	\$ -	\$ 283,589,997	\$ 308,179,997
Installment debt	84,554,433	93,017,963	1,235,410	1,965,970	85,789,843	94,983,933
Unamortized premium and discounts	16,229,583	18,695,760	14,652	18,747	16,244,235	18,714,507
Total long-term debt	<u>\$ 384,374,013</u>	<u>\$ 419,893,720</u>	<u>\$ 1,250,062</u>	<u>\$ 1,984,717</u>	<u>\$ 385,624,075</u>	<u>\$ 421,878,437</u>

New Hanover County's total bonded and installment debt decreased by \$36,254,362 (8.6 percent) during the past fiscal year due to decreased general obligation bond debt. General obligation debt decreased \$24.59 million and installment debt decreased by \$9.19 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 \$2,029,551,843. The County has \$200,000,000 in bonds authorized but unissued at June 30, 2015.

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, 2016

Governmental Activities. The County has approved a \$292.9 million General Fund budget for fiscal year 2015-2016, which represents a \$5.5 million decrease from the actual expenditures and other financing uses for the year ended June 30, 2015. The County is also expecting to see an increase in sales tax revenue based on the expectation of continued economic recovery.

The Board of County Commissioners approved a tax increase of \$0.02 per \$100 assessed value. The County tax rate increased from \$0.554 to \$0.574. The \$0.02 increase was approved to be used toward paying for voter approved debt from previous years.

The Special Fire District was approved for a tax decrease from \$0.079 to \$0.07.

Business-Type Activities. The environmental management fund budget is balanced with a tipping fee of \$52.00 per ton. This represents a decrease from \$55.00 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, 2015

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash, cash equivalents, and investments	\$ 139,881,347	\$ 15,496,872	\$ 155,378,219
Receivables - net of allowances for doubtful accounts	5,180,785	1,043,060	6,223,845
Due from other governments	23,414,907	-	23,414,907
Due from component units	222,971	-	222,971
Inventory	5,803	-	5,803
Prepays	124,691	-	124,691
Restricted cash, cash equivalents, and investments	15,984,688	93,270	16,077,958
Restricted receivables - net of allowances for doubtful accounts	-	-	-
Pension asset	8,509,064	133,262	8,642,326
Investment in affiliates	-	-	-
Other long-term assets	34,115,468	-	34,115,468
Capital assets:			
Land and construction in progress	63,948,955	7,014,059	70,963,014
Other capital assets, net of depreciation	101,171,057	10,308,775	111,479,832
Total capital assets	<u>165,120,012</u>	<u>17,322,834</u>	<u>182,442,846</u>
Total assets	<u>392,559,736</u>	<u>34,089,298</u>	<u>426,649,034</u>
Deferred Outflows of Resources	9,966,772	101,633	10,068,405
Liabilities:			
Accounts payable and accrued expenses	22,289,582	821,193	23,110,775
Accrued interest payable	2,788,921	2,744	2,791,665
Accrued expenses	-	-	-
Due to component unit	525,910	-	525,910
Due to primary government	-	-	-
Due to affiliates	-	-	-
Advances from grantors	896,971	-	896,971
Prepaid service fees	45,586	-	45,586
Long-term liabilities, net of amortized charges, discounts, and premiums:			
Due within one year	39,861,605	581,526	40,443,131
Due in more than one year	409,362,608	29,163,682	438,526,290
Total long-term liabilities	<u>449,224,213</u>	<u>29,745,208</u>	<u>478,969,421</u>
Total liabilities	<u>475,771,183</u>	<u>30,569,145</u>	<u>506,340,328</u>
Deferred Inflows of Resources	19,570,943	324,791	19,895,734
Net Position (Deficit):			
Net investment in capital assets	66,308,962	16,072,772	82,381,734
Restricted for:			
Passenger facility charges projects	-	-	-
Endowments, specific purpose donations and grants	-	-	-
Capital improvements	-	-	-
Working capital	-	-	-
Promotion and tourism	-	-	-
Stabilization by State statute	33,908,204	-	33,908,204
Register of Deeds	605,630	-	605,630
Human services	301,576	-	301,576
Public safety	4,881,759	-	4,881,759
Economic and physical development	42,242,720	-	42,242,720
Culture and recreation	4,167,707	-	4,167,707
Education	8,995,565	-	8,995,565
Unrestricted (deficit)	<u>(254,227,741)</u>	<u>(12,775,777)</u>	<u>(267,003,518)</u>
Total net position (deficit)	<u>\$ (92,815,618)</u>	<u>\$ 3,296,995</u>	<u>\$ (89,518,623)</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2015

	Component Units			
	New Hanover County Airport Authority	New Hanover Regional Medical Center	New Hanover County ABC Board	New Hanover County Tourism Development Authority
Assets:				
Cash, cash equivalents, and investments	\$ 15,415,873	\$ 456,479,000	\$ 3,767,957	\$ 2,796,911
Receivables - net of allowances for doubtful accounts	1,937,761	153,230,000	12,374	663,100
Due from other governments	-	-	-	-
Due from component units	-	-	-	525,910
Inventory	-	17,962,000	3,164,239	-
Prepays	17,290	16,855,000	91,024	23,153
Restricted cash, cash equivalents, and investments	5,374,047	7,234,000	-	-
Restricted receivables - net of allowances for doubtful accounts	270,512	2,121,000	-	-
Pension asset	229,705	4,363,000	209,595	-
Investment in affiliates	-	1,586,000	-	-
Other long-term assets	-	898,000	-	-
Capital assets:				
Land and construction in progress	21,650,179	30,884,000	6,658,897	-
Other capital assets, net of depreciation	49,576,918	471,577,000	10,102,094	64,592
Total capital assets	71,227,097	502,461,000	16,760,991	64,592
Total assets	94,472,285	1,163,189,000	24,006,180	4,073,666
Deferred Outflows of Resources	228,446	4,620,000	156,904	-
Liabilities:				
Accounts payable and accrued expenses	2,051,528	121,815,000	2,433,099	306,515
Accrued interest payable	-	5,951,000	-	-
Accrued expenses	707,998	-	-	-
Due to component unit	-	1,517,000	-	-
Due to primary government	-	311,000	222,971	-
Due to affiliates	-	-	-	-
Advances from grantors	-	-	-	-
Prepaid service fees	-	-	-	-
Long-term liabilities, net of amortized charges, discounts, and premiums:				
Due within one year	504,843	14,638,000	-	27,556
Due in more than one year	4,948,047	302,171,000	-	19,500
Total long-term liabilities	5,452,890	316,809,000	-	47,056
Total liabilities	8,212,416	446,403,000	2,656,070	353,571
Deferred Inflows of Resources	559,849	-	511,740	-
Net Position (Deficit):				
Net investment in capital assets	65,774,207	197,666,000	16,760,991	35,342
Restricted for:				
Passenger facility charges projects	3,271,635	-	-	-
Endowments, specific purpose donations and grants	-	12,430,000	-	-
Capital improvements	-	-	-	-
Working capital	-	-	1,124,430	-
Promotion and tourism	-	-	-	2,163,987
Stabilization by State statute	-	-	-	1,189,010
Register of Deeds	-	-	-	-
Human services	-	-	-	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Unrestricted (deficit)	16,882,624	511,310,000	3,109,853	331,756
Total net position (deficit)	\$ 85,928,466	\$ 721,406,000	\$ 20,995,274	\$ 3,720,095

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, 2015

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 35,187,632	\$ 2,858,123	\$ 9,650,756	\$ -
Human services	55,395,685	1,626,187	32,622,008	-
Public safety	69,683,033	5,909,430	4,065,285	333,008
Economic and physical development	21,859,872	-	-	169,225
Culture and recreation	18,001,584	1,536,183	866,709	42,393
Education	97,491,199	-	-	3,198,989
Interest and fees on long-term debt	12,638,190	-	-	-
Total governmental activities	<u>310,257,195</u>	<u>11,929,923</u>	<u>47,204,758</u>	<u>3,743,615</u>
Business-type activities:				
Environmental management	20,933,977	13,409,733	496,299	-
Total business-type activities	<u>20,933,977</u>	<u>13,409,733</u>	<u>496,299</u>	<u>-</u>
Total primary government	<u>\$ 331,191,172</u>	<u>\$ 25,339,656</u>	<u>\$ 47,701,057</u>	<u>\$ 3,743,615</u>
Component Units:				
NHC Airport Authority	\$ 13,248,375	\$ 10,907,463	\$ -	\$ 6,211,498
New Hanover Regional Medical Center	902,491,000	958,806,000	-	1,323,000
NHC ABC Board	27,581,221	29,235,200	-	-
NHS Tourism Development Authority	4,588,951	-	-	-
Total component units	<u>\$ 947,909,547</u>	<u>\$ 998,948,663</u>	<u>\$ -</u>	<u>\$ 7,534,498</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 previously reported
Restatement
Net position, beginning, restated
Net position, ending

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs:	Net (Expense) Revenue and Changes in Net Position						
	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	New Hanover County Airport Authority	New Hanover Regional Medical Center	New Hanover County ABC Board	New Hanover County Tourism Development Authority
Primary Government:							
Governmental activities:							
General government	\$ (22,678,753)	\$ -	\$ (22,678,753)	\$ -	\$ -	\$ -	\$ -
Human services	(21,147,490)	-	(21,147,490)	-	-	-	-
Public safety	(59,375,310)	-	(59,375,310)	-	-	-	-
Economic and physical development	(21,690,647)	-	(21,690,647)	-	-	-	-
Culture and recreation	(15,556,299)	-	(15,556,299)	-	-	-	-
Education	(94,292,210)	-	(94,292,210)	-	-	-	-
Interest and fees on long-term debt	(12,638,190)	-	(12,638,190)	-	-	-	-
Total governmental activities	<u>(247,378,899)</u>	<u>-</u>	<u>(247,378,899)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:							
Environmental management	-	(7,027,945)	(7,027,945)	-	-	-	-
Total business-type activities	<u>-</u>	<u>(7,027,945)</u>	<u>(7,027,945)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>(247,378,899)</u>	<u>(7,027,945)</u>	<u>(254,406,844)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units:							
NHC Airport Authority	-	-	-	3,870,586	-	-	-
New Hanover Regional Medical Center	-	-	-	-	57,638,000	-	-
NHC ABC Board	-	-	-	-	-	1,653,979	-
NHS Tourism Development Authority	-	-	-	-	-	-	(4,588,951)
Total component units	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,870,586</u>	<u>57,638,000</u>	<u>1,653,979</u>	<u>(4,588,951)</u>
	173,851,757	-	173,851,757	-	-	-	-
	62,184,952	-	62,184,952	-	-	-	-
	4,818,906	-	4,818,906	-	-	-	5,556,762
	3,268,656	-	3,268,656	-	-	-	-
	-	-	-	-	14,062,000	-	-
	494,457	29,094	523,551	12,303	3,907,000	6,859	1,837
	-	-	-	(2,956)	(679,000)	2,966	306,647
	<u>244,618,728</u>	<u>29,094</u>	<u>244,647,822</u>	<u>9,347</u>	<u>17,290,000</u>	<u>9,825</u>	<u>5,865,246</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>244,618,728</u>	<u>29,094</u>	<u>244,647,822</u>	<u>9,347</u>	<u>17,290,000</u>	<u>9,825</u>	<u>5,865,246</u>
	(2,760,171)	(6,998,851)	(9,759,022)	3,879,933	74,928,000	1,663,804	1,276,295
	(80,326,588)	10,468,689	(69,857,899)	82,303,187	-	19,620,702	-
	<u>(9,728,859)</u>	<u>(172,843)</u>	<u>(9,901,702)</u>	<u>(254,654)</u>	<u>-</u>	<u>(289,232)</u>	<u>-</u>
	<u>(90,055,447)</u>	<u>10,295,846</u>	<u>(79,759,601)</u>	<u>82,048,533</u>	<u>646,478,000</u>	<u>19,331,470</u>	<u>2,443,800</u>
	<u>\$ (92,815,618)</u>	<u>\$ 3,296,995</u>	<u>\$ (89,518,623)</u>	<u>\$ 85,928,466</u>	<u>\$ 721,406,000</u>	<u>\$ 20,995,274</u>	<u>\$ 3,720,095</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Room Occupancy Tax Special Revenue	\$164 Million CFCC Capital Project	Heritage Park Marquis Hills Capital Project	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash, cash equivalents, and investments	\$ 83,797,792	\$ 42,956,957	\$ -	\$ -	\$ 13,126,598	\$ 139,881,347
Receivables - net of allowances for doubtful accounts	25,759,502	1,237,902	-	15,189	1,583,099	28,595,692
Receivables - interfund loans	873,525	-	-	-	-	873,525
Due from component units	222,971	-	-	-	-	222,971
Inventory	5,803	-	-	-	-	5,803
Prepays	124,291	-	-	-	400	124,691
Restricted cash, cash equivalents, and investments	430	-	10,270,870	-	5,713,388	15,984,688
Total assets	<u>\$ 110,784,314</u>	<u>\$ 44,194,859</u>	<u>\$ 10,270,870</u>	<u>\$ 15,189</u>	<u>\$ 20,423,485</u>	<u>\$ 185,688,717</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 12,268,902	\$ 4,250	\$ 1,275,305	5,311,898	\$ 3,429,227	\$ 22,289,582
Interfund loans	-	-	-	4,552	868,973	873,525
Due to component unit	-	525,910	-	-	-	525,910
Advances from grantors	896,971	-	-	-	-	896,971
Prepaid service fees	45,586	-	-	-	-	45,586
Total liabilities	<u>13,211,459</u>	<u>530,160</u>	<u>1,275,305</u>	<u>5,316,450</u>	<u>4,298,200</u>	<u>24,631,574</u>
Deferred Inflows of Resources	3,023,741	509,944	-	-	141,553	3,675,238
Fund balances:						
Non-spendable:						
Inventory	5,803	-	-	-	-	5,803
Prepays	124,291	-	-	-	400	124,691
Restricted:						
Stabilization for State statute	26,950,658	912,035	-	-	6,045,511	33,908,204
Restricted - all other	605,630	42,242,720	8,995,565	-	10,113,278	61,957,193
Committed	-	-	-	-	1,179,690	1,179,690
Assigned	11,738,867	-	-	-	62,845	11,801,712
Unassigned	<u>55,123,865</u>	<u>-</u>	<u>-</u>	<u>(5,301,261)</u>	<u>(1,417,992)</u>	<u>48,404,612</u>
Total fund balances	<u>94,549,114</u>	<u>43,154,755</u>	<u>8,995,565</u>	<u>(5,301,261)</u>	<u>15,983,732</u>	<u>157,381,905</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 110,784,314</u>	<u>\$ 44,194,859</u>	<u>\$ 10,270,870</u>	<u>\$ 15,189</u>	<u>\$ 20,423,485</u>	

Amounts reported in the governmental activities in the Statements of Net Position (Exhibit A) are different because:

Charges related to refunding bond issue	3,869,084
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	165,120,012
Net pension asset	8,509,064
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statemet of Net Position	5,586,333
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	34,115,468
Liabilities for earned, but deferred inflow of resources	3,466,853
Pension related deferrals	(18,851,203)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(452,013,134)</u>
Net position of governmental activities	<u>\$ (92,815,618)</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, 2015

	General	Room Occupancy Tax Special Revenue	\$164 Million CFCC Capital Project	Heritage Park Marquis Hills Capital Project	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 226,850,924	\$ 4,818,906	\$ -	\$ -	\$ 12,234,354	\$ 243,904,184
Intergovernmental revenues	44,144,647	403,427	-	-	3,352,975	47,901,049
Special assessments	2,690	404,015	-	-	-	406,705
Charges for services	10,561,332	-	-	-	1,368,591	11,929,923
Contributions	-	-	-	-	55,000	55,000
Investment earnings	227,823	95,635	12,119	3	158,877	494,457
Miscellaneous	660,495	-	-	-	51,711	712,206
Total revenues	<u>282,447,911</u>	<u>5,721,983</u>	<u>12,119</u>	<u>3</u>	<u>17,221,508</u>	<u>305,403,524</u>
Expenditures:						
Current:						
General government	33,646,446	-	-	-	-	33,646,446
Human services	55,251,211	-	-	-	-	55,251,211
Public safety	53,284,250	-	-	-	11,397,733	64,681,983
Economic and physical development	1,237,853	3,738,862	-	-	-	4,976,715
Culture and recreation	11,803,352	-	-	-	1,101,691	12,905,043
Education - community college and schools	10,625,605	-	-	-	-	10,625,605
Education - public schools	70,629,109	-	-	-	-	70,629,109
Capital outlay	-	-	13,230,302	6,684,393	21,934,887	41,849,582
Debt service:						
Principal - bonds	24,590,000	-	-	-	-	24,590,000
Interest and fees	11,536,414	-	-	-	-	11,536,414
Installment debt payments	14,195,333	-	-	-	515,733	14,711,066
Bond issuance costs	-	-	-	-	-	-
Total expenditures	<u>286,799,573</u>	<u>3,738,862</u>	<u>13,230,302</u>	<u>6,684,393</u>	<u>34,950,044</u>	<u>345,403,174</u>
Revenues over (under) expenditures	<u>(4,351,662)</u>	<u>1,983,121</u>	<u>(13,218,183)</u>	<u>(6,684,390)</u>	<u>(17,728,536)</u>	<u>(39,999,650)</u>
Other Financing Sources (Uses):						
Sale of capital assets	40,839	-	-	-	-	40,839
Insurance claim proceeds	100,092	-	-	-	-	100,092
Long-term debt issued	-	-	-	2,428,358	-	2,428,358
Transfers from other funds	-	-	-	-	3,455,195	3,455,195
Transfers to other funds	(3,215,195)	(240,000)	-	-	-	(3,455,195)
Total other financing sources (uses)	<u>(3,074,264)</u>	<u>(240,000)</u>	<u>-</u>	<u>2,428,358</u>	<u>3,455,195</u>	<u>2,569,289</u>
Net change in fund balances	(7,425,926)	1,743,121	(13,218,183)	(4,256,032)	(14,273,341)	(37,430,361)
Fund Balances:						
Beginning of year - July 1	<u>101,975,040</u>	<u>41,411,634</u>	<u>22,213,748</u>	<u>(1,045,229)</u>	<u>30,257,073</u>	<u>194,812,266</u>
End of year - June 30	<u>\$ 94,549,114</u>	<u>\$ 43,154,755</u>	<u>\$ 8,995,565</u>	<u>\$ (5,301,261)</u>	<u>\$ 15,983,732</u>	<u>\$ 157,381,905</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, 2015**

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

Net change in fund balances - total governmental funds	\$ (37,430,361)
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.	7,475,138
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.	(2,807,030)
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.	34,377,974
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>(4,375,892)</u>
Change in net position of governmental activities	<u>\$ (2,760,171)</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, 2015

	General Fund			Variance from Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes:				
Ad valorem, including interest	\$ 162,065,212	\$ 162,065,212	\$ 164,665,972	\$ 2,600,760
Other	57,500,113	57,500,113	62,184,952	4,684,839
Total taxes	<u>219,565,325</u>	<u>219,565,325</u>	<u>226,850,924</u>	<u>7,285,599</u>
Special assessments	-	-	2,690	2,690
Intergovernmental revenue	44,557,577	45,430,162	43,951,841	(1,478,321)
Charges for services	10,418,061	10,418,574	10,561,332	142,758
Investment earnings	130,000	130,000	224,194	94,194
Miscellaneous	588,021	638,793	660,495	21,702
Total revenues	<u>275,258,984</u>	<u>276,182,854</u>	<u>282,251,476</u>	<u>6,068,622</u>
Expenditures:				
Current:				
General government	33,001,289	36,866,825	33,646,446	3,220,379
Human services	59,666,574	57,557,577	55,251,211	2,306,366
Public safety	52,542,044	54,244,569	53,284,250	960,319
Economic and physical development	1,071,463	2,048,203	1,237,853	810,350
Culture and recreation	12,077,719	12,665,694	11,803,352	862,342
Education - community college	10,625,605	10,625,605	10,625,605	-
Debt service:				
Principal retirement	10,456,005	10,456,005	10,456,005	-
Interest and fees	8,429,872	6,887,631	6,887,631	-
Installment lease payments	13,658,961	13,658,961	13,658,961	-
Total expenditures	<u>201,529,532</u>	<u>205,011,070</u>	<u>196,851,314</u>	<u>8,159,756</u>
Revenues over (under) expenditures	<u>73,729,452</u>	<u>71,171,784</u>	<u>85,400,162</u>	<u>14,228,378</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	75,000	40,839	(34,161)
Insurance claims proceeds	40,000	82,620	100,092	17,472
Long term debt issued	6,010,759	6,010,759	-	(6,010,759)
Transfers to other funds	(88,732,558)	(91,471,726)	(90,630,482)	841,244
Appropriated fund balance	8,952,347	14,131,563	-	(14,131,563)
Total other financing sources (uses)	<u>(73,729,452)</u>	<u>(71,171,784)</u>	<u>(90,489,551)</u>	<u>(19,317,767)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(5,089,389)</u>	<u>\$ (5,089,389)</u>
Fund Balance:				
Beginning of year - July 1			<u>99,638,503</u>	
End of year - June 30			<u>94,549,114</u>	
A legally budget Public Schools fund is consolidated into the General Fund for reporting purposes				
Investment earnings			3,629	
Intergovernmental revenue			192,806	
Transfer-in from other funds			88,415,287	
Transfer-out to other funds			(1,000,000)	
Expenditures			(70,629,109)	
Debt service:				
Principal			(14,133,995)	
Interest and fees			(4,648,783)	
Installment lease payments			(536,372)	
Beginning of year - July 1			<u>2,336,537</u>	
End of year - June 30 (Exhibit D)			<u>\$ 94,549,114</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, 2015

	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Room occupancy taxes	\$ 4,118,144	\$ 4,478,909	\$ 4,818,906	\$ 339,997
Special assessments	-	-	404,015	404,015
Intergovernmental revenue	-	-	403,427	403,427
Investment earnings	-	-	95,635	95,635
Total revenues	<u>4,118,144</u>	<u>4,478,909</u>	<u>5,721,983</u>	<u>1,243,074</u>
Expenditures:				
Current:				
Collection fee to New Hanover County	18,000	18,000	18,000	-
Tourism distributions to TDA and municipalities	1,653,544	2,201,465	2,133,411	68,054
Erosion control	<u>2,206,600</u>	<u>2,124,685</u>	<u>1,587,451</u>	<u>537,234</u>
Total expenditures	<u>3,878,144</u>	<u>4,344,150</u>	<u>3,738,862</u>	<u>605,288</u>
Revenues over (under) expenditures	<u>240,000</u>	<u>134,759</u>	<u>1,983,121</u>	<u>1,848,362</u>
Other Financing Sources (Uses):				
Appropriated fund balance	-	105,241	-	(105,241)
Transfers to other funds	<u>(240,000)</u>	<u>(240,000)</u>	<u>(240,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(240,000)</u>	<u>(134,759)</u>	<u>(240,000)</u>	<u>(105,241)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,743,121	<u>\$ 1,743,121</u>
Fund Balance:				
Beginning of year - July 1			<u>41,411,634</u>	
End of year - June 30			<u>\$ 43,154,755</u>	

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 13, 2015

	Environmental Management Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 15,496,872
Receivables	1,043,060
Total current assets	<u>16,539,932</u>
Non-current assets:	
Restricted cash and cash equivalents	93,270
Net pension asset	133,262
Capital assets:	
Land and construction in progress	7,014,059
Other capital assets, net of depreciation	<u>10,308,775</u>
Total non-current assets	<u>17,549,366</u>
Total assets	<u>34,089,298</u>
DEFERRED OUTFLOWS OF RESOURCES	101,633
Liabilities:	
Current liabilities:	
Current portion of long-term obligations	581,526
Accounts payable and accrued expenses	<u>823,937</u>
Total current liabilities	<u>1,405,463</u>
Non-current liabilities:	
Accrued landfill closure and post-closure care costs	28,363,935
Long-term obligations, net of amortized charge, discount, and premiums	<u>799,747</u>
Total non-current liabilities	<u>29,163,682</u>
Total liabilities	<u>30,569,145</u>
DEFERRED INFLOWS OF RESOURCES	324,791
Net Position:	
Net investment in capital assets	16,072,772
Unrestricted	<u>(12,775,777)</u>
Total net position	<u>\$ 3,296,995</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, 2015

	Environmental Management Fund
	<u> </u>
Operating Revenues:	
Charges for services	\$ 12,926,265
Other	483,468
Total operating revenues	<u>13,409,733</u>
Operating Expenses:	
Personnel	1,695,201
System maintenance	17,923,502
Depreciation	1,282,514
Total operating expenses	<u>20,901,217</u>
Operating income (loss)	<u>(7,491,484)</u>
Non-Operating Revenues (Expenses):	
Investment earnings	29,094
Intergovernmental revenues	496,299
Interest and fees	(32,760)
Total non-operating revenues (expenses)	<u>492,633</u>
Income (loss) before contributions and transfers	<u>(6,998,851)</u>
Change in net position	(6,998,851)
Net Position:	
Beginning of year - July 1	10,468,689
Restatement	(172,843)
Net position, beginning, restated	<u>10,295,846</u>
End of year - June 30	<u>\$ 3,296,995</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, 2015

	Environmental Management Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 13,208,716
Cash payments from suppliers for system maintenance	(4,551,338)
Cash paid to employees for services	(1,804,104)
Other operating revenues	483,468
Net cash provided (used) by operating activities	<u>7,336,742</u>
Cash Flows from Non-Capital Financing Activities:	
Proceeds from intergovernmental revenue	<u>496,299</u>
Net cash provided (used) by non-capital financing activities	<u>496,299</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisitions and construction of capital assets	(1,323,783)
Principal paid on long-term debt	(730,560)
Interest paid on long-term debt	<u>(37,438)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,091,781)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>29,094</u>
Net cash provided (used) by investing activities	<u>29,094</u>
Net increase (decrease) in cash and cash equivalents	5,770,354
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>9,819,788</u>
End of year - June 30	<u>\$ 15,590,142</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (7,491,484)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,282,514
Pension revenue	(82,947)
Landfill closure and post-closure care costs	13,109,644
Changes in assets and liabilities:	
(Increase) decrease in receivables	282,451
(Increase) decrease in inventory	277,731
Increase (decrease) in accounts payable and accrued expenses	<u>(41,167)</u>
Net cash provided (used) by operating activities	<u>\$ 7,336,742</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, 2015

	Law Enforcement Officers' Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 1,651,931	\$ 9,847,963
Accounts receivable	<u>89,205</u>	<u>4,768,866</u>
Total assets	<u>1,741,136</u>	<u>14,616,829</u>
Liabilities:		
Accounts payable and accrued expenses	19,020	2,239,637
Due to other governmental units	-	3,137,236
Escrow funds and deposits	<u>-</u>	<u>9,239,956</u>
Total liabilities	<u>19,020</u>	<u>\$ 14,616,829</u>
Net Position:		
Held in trust for employees' pension benefits	<u>\$ 1,722,116</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, 2015

	Law Enforcement Officers' Pension Trust Fund
Additions:	
Employer contributions	\$ 615,663
Investment earnings	2,653
Total additions	<u>618,316</u>
Deductions:	
Salaries and benefits	<u>305,967</u>
Total deductions	<u>305,967</u>
Change in net position	312,349
Net Position:	
Beginning of year - July 1	<u>1,409,767</u>
End of year - June 30	<u><u>\$ 1,722,116</u></u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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 218,510 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., Public Health Foundation of New Hanover County, Inc., and the Parks Conservancy of New Hanover County exist to provide service or benefit to County departments. These units are presented as special revenue funds of the County's financial statements. The New Hanover County Airport Authority (Authority), which has a June 30 year-end, the New Hanover Regional Medical Center (Medical Center), which has a September 30 year-end, the New Hanover County ABC Board (ABC Board), which has a June 30 year-end, and the New Hanover County Tourism Development Authority (TDA), which has a June 30 year-end are presented as if they are separate proprietary funds of the County (discrete presentation). The Industrial Facilities and Pollution Control Financing Authority (Industrial Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Industrial Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method. Each discretely presented component unit is reported in a separate column in the County's government-wide financial statements to emphasize they are legally separate from the County.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
The Airlie Gardens Foundation, Inc.	Blended	Exclusive service or benefit to the primary government. Established on April 8, 1999 as a charitable corporation to establish an endowment and to receive and distribute monies for prospective funding of capital improvements at the County owned Airlie Gardens. The unit also serves in an advisory capacity to the Airlie Gardens' staff and Board of Commissioners in relation to providing advice for operations, policy, capital improvements and program development.	The Airlie Gardens Foundation, Inc. Wilmington, NC
Public Health Foundation of New Hanover County, Inc.	Blended	Exclusive service or benefit to the primary government. Established on September 20, 2001 solely to provide for the support and benefit of the County's Health Department.	None issued.
Parks Conservancy of New Hanover County	Blended	Exclusive service or benefit to the primary government. Established on May 23, 2013 solely to provide for the support and benefit of the Parks and Gardens Department of New Hanover County.	None issued.
New Hanover County Airport Authority	Discrete	The Authority is governed by a five member board that is appointed by the board of commissioners. The County's ownership of the underlying real estate and statement of intent to provide financial support to fund any future operating deficits of the Authority provides a financial burden to the County.	New Hanover County Airport Authority 1740 Airport Blvd. Wilmington, NC 28405

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

New Hanover Regional Medical Center	Discrete	The Medical Center is a public, nonprofit corporation which has leased its existing facilities and all future improvements from the County for a period of 30 years from February 15, 1999. The Medical Center's board of trustees is appointed by the board of commissioners. The County has issued Hospital Revenue Bonds for construction of additions and improvements to the Medical Center and for purchase of equipment.	New Hanover Regional Medical Center PO BOX 9000 Wilmington, NC 28402
New Hanover County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County commissioners. The ABC Board is required by State Statute to distribute its surpluses to the General Fund of the County.	New Hanover County ABC Board 523 S. 17 th Street Wilmington, NC 28401
New Hanover County Tourism Development Authority	Discrete	The Tourism Development Authority (TDA) was established by the board of commissioners under the authority of North Carolina State Legislature House Bill 1707 and 1720 approved October 3, 2002. The members of the TDA board are appointed by the county commissioners.	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.

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,

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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.

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

Heritage Park and Marquis Hills Sewer Capital Project. This fund accounts for all transactions relative to the sewer improvements for the Heritage Park and Marquis Hills developments.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Non-major Funds. The County maintains twenty-two non-major funds. Nineteen are legally budgeted funds and three are component unit funds. There are seven non-major special revenue funds; Special Fire District, Local Law Enforcement Block Grant, Emergency Telephone System Grant, Revolving Loan Program, Parks Conservancy of NHC, Airlie Gardens Foundation, Inc., and Public Health Foundation. The County has fifteen non-major capital project funds; \$35.5M Park Bond Capital Project, Health Department Renovation Capital Project, \$160M School Bond Expenditure Capital Project, Public School Building Capital Fund Capital Project, Burn Pit Capital Project, Controlled Substance Tax Capital Project, Federal Forfeited Property 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, and Capital Improvement Projects 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. The resources in the Law Enforcement Officers' Special Separation Allowance Fund have been set aside to pay future obligations of the Law Enforcement Officers' Special Separation Allowance but are not held in a trust that meets the criteria outlined in GASB Statement 68, paragraph 4.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency Funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Room Occupancy Tax Fund, which accounts for the funds collected by the County for various municipalities and special districts within the County but that are not revenues to the County; the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Tax Clearing Fund, which accounts for funds that are billed and collected by the county for various municipalities and special districts within the County but that are not revenues to the County; and the Other Escrows Fund, which accounts for various revenues that the County holds on behalf of various organizations for various functions.

C. Measurement Focus and Basis of Accounting

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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

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

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Sales taxes collected and certain intergovernmental revenues, such as beer and wine tax, collected and held by the State at year-end on behalf of the County, are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Assets, Liabilities, and Deferred Inflows and Outflows

Cash, Cash Equivalents, Deposits and Investments

All deposits of the County, Authority, Medical Center, ABC Board and TDA are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County, Authority, Medical Center, ABC Board and TDA may designate, as an official depository, 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, 2015

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

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based assessed values as of January 1, 2014. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County’s General Fund, ad valorem tax revenues are reported net of such discounts.

Restricted Assets

The unexpended debt proceeds of the General Fund and Capital Project Funds are classified as restricted assets within the individual funds because their use is completely restricted to the purpose for which the debt was originally issued. Contributions received by the special revenue funds are classified as restricted assets because the use of the contributions is restricted for the purpose of the funds. The unexpended escrow funds of the Health Department Renovation Capital Project Fund are 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			
Governmental Activities			
General Fund	Unexpended debt proceeds	\$	430
Parks Conservancy of NHC Special Revenue Fund	Unexpended contributions		14,469
Health Foundation Special Revenue Fund	Unexpended contributions		21,431
\$164 Million CFCC Capital Projects Fund	Unexpended debt proceeds		10,270,870
Cobb Annex Repairs Capital Projects Fund	Unexpended debt proceeds		2,627,299
Airport Car Rental Parking Deck Capital Projects Fund	Unexpended debt proceeds		6,444
320 Chestnut Street Renovation Capital Projects Fund	Unexpended debt proceeds		2,759,941
Health Department Renovation Capital Projects Fund	Unexpended escrow funds		<u>283,804</u>
Total Governmental Activities		\$	<u>15,984,688</u>
Business-Type Activities			
Environment Management Fund	Unexpended White Goods Tax	\$	<u>93,270</u>
Total Restrictcd Cash		\$	<u><u>16,077,958</u></u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Inventory

Inventories of supplies and parts held at the County's garage (General Fund) are valued at cost (first-in, first-out method), which approximates market. The Medical Center and the ABC Board are valued at the lower of cost (first-in, first-out method) or market. Inventories are recorded as an asset and are not charged to operations until consumed or sold.

Prepays

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

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.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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.

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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 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.

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, 2015 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, 2014 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 and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion – a charge on refunding, pension related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has five items that meet the criterion for this category - prepaid taxes, property taxes receivable, assessment receivable, other receivables and other pension related deferrals.

Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

Bond Discounts and Premiums

In the government-wide financial statements and proprietary fund financial statements, bond discounts and premiums are deferred and amortized over the life of the bonds using the proportionate-to-stated-interest method. Long-term debt is reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Compensated Absences

The personal leave policy of the County generally provides for the accumulation of up to forty (40) days earned personal leave with such leave being 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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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.

E. Net Position/Fund Balances

Net Position

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

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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.

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

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

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

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

Restricted for General Government – portion of fund balance that is restricted by revenue source for renovation and improvements to the Cobb Annex and 320 Chestnut 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 to pay for the Health Department building renovations.

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

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

Restricted for Culture and Recreation – portion of fund balance that is restricted by revenue source for the Airlie Gardens and the \$35.5M bond issuance for park projects.

Restricted for Education – portion of fund balance that is restricted by revenue source to support public education with the \$164M bond issuance for the Cape Fear community college capital projects.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

<u>Purpose</u>	<u>General Fund</u>	<u>Room Occupancy Fund</u>	<u>\$164M CFCC Capital Project Fund</u>	<u>Other Governmental Funds</u>
Register of Deeds	\$ 605,630	\$ -	\$ -	\$ -
General government	-	-	-	762,236
Human services	-	-	-	301,576
Public safety	-	-	-	4,881,759
Economic and physical development	-	42,242,720	-	-
Culture and recreation	-	-	-	4,167,707
Education	-	-	8,995,565	-
Total	<u>\$ 605,630</u>	<u>\$ 42,242,720</u>	<u>\$ 8,995,565</u>	<u>\$ 10,113,278</u>

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

Committed for 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, Bike/Pedestrian Paths and the Capital Improvement Projects capital project.

<u>Purpose</u>	<u>Other Governmental Funds</u>
Economic and physical development	\$ 1,179,690
Total	<u>\$ 1,179,690</u>

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

Subsequent Year’s Expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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

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	\$ 8,438,867	\$ -
Post-employment benefits	3,300,000	-
Revolving loans	-	62,845
Total	\$ 11,738,867	\$ 62,845

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	\$ 94,549,114
Less:	
Inventories	5,803
Prepays	124,291
Stabilization by State statute	26,950,658
Register of Deeds	605,630
Total available fund balance	\$ 66,862,732

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, 2015

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

Encumbrances:	
General Fund	\$ 3,350,939
Room Occupancy Tax	184,077
Special Fire District	63,890
Capital Improvement Projects	112,652
Bike/Pedestrian Paths	62,405
\$35.5M Parks & Recreation	915,487
Cobb Annex Repairs	1,728,883
Health Department Renovations	3,288
Chestnut Street Renovation	1,682,664
Federal Forfeited Property	15,208
Masons Inlet Relocation	94,830
Total encumbrances	<u>\$ 8,214,323</u>

F. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

G. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental funds balance sheet includes a summary reconciliation between total fund balance – governmental funds and net position of governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$250,197,523) 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	\$ 3,869,084
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)	165,120,012
Net pension asset	8,509,064
Contributions to the pension plan in the current fiscal year	5,578,072
Other long-term assets are not available to pay for current period expenditures	34,115,468
Liabilities for deferred inflows of resources reported in the fund statements but not for government-wide	3,466,853
Pension related deferrals	(18,842,942)
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	(368,144,430)
Unamortized premiums & discounts	(16,229,583)
Accrued interest payable	(2,788,921)
Compensated absences	(6,816,575)
Net pension obligation	(721,903)
Net OPEB obligation	(57,072,187)
Claims and judgments	<u>(239,535)</u>
Total adjustment	<u>\$ (250,197,523)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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

The governmental fund statement of revenues, expenditures, and changes in fund balances include a summary reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$34,670,190 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 15,971,450
Loss on disposal of assets	(72,523)
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	(8,423,789)
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	(2,428,358)
County's portion of collective pension revenue	4,973,053
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	35,481,888
Changes on unammortized debt discounts and premiums	2,466,177
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	251,225
Claims and judgments	(114,535)
Compensated absences	(209,596)
Net pension obligation	(88,174)
Net OPEB obligation	(8,936,640)
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	(2,592,235)
Decrease in deferred inflows of resources- special assessments	(376,670)
Decrease in deferred inflows of resources- miscellaneous revenue	(28,177)
Reversal of deferred inflow of resources- tax revenue- June 30, 2014	(1,776,181)
Recording of deferred inflow of resources- taxes receivable in the fund statements as of June 30, 2015	1,966,233
Total adjustment	<u>\$ 34,670,190</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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 \$180,622,611 during the fiscal year ended June 30, 2015.

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, 2015, was as follows:

<u>Fund</u>	<u>Level</u>
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 Conservancy of New Hanover County, and the Airlie Gardens Foundation, Inc. special revenue funds (blended component units), and the Law Enforcement Officers' Pension Trust Fund did not adopt annual appropriated budgets.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Deficit Fund Balance or Net Assets of Individual Funds

For the fiscal year ended June 30, 2015, two individual funds had deficit fund balances. The deficit fund balance in the Heritage Park and Marquis Hills Sewer Expansion Capital Project Fund occurred due to timing of drawdowns on a State Revolving Loan. The deficit fund balance in the \$160M School Bond Expenditure Capital Project Fund occurred due to the timing of the bond issue which occurred in July 2015. The deficit funds are as follows:

Deficit Fund Balance	
<u>Fund</u>	<u>Amount</u>
Heritage Park and Marquis Hills Sewer Expansion Capital Project Fund	\$ (5,301,261)
\$160M School Bond Expenditure Capital Project Fund	<u>(909,710)</u>
	<u>\$ (6,210,971)</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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

At June 30, 2015, the County's deposits had a carrying amount of \$33,089,974 and a bank balance of \$34,393,786. Of the bank balance, \$1,285,900 was covered by federal depository insurance and \$33,107,886 was covered by collateral held under the Pooling Method.

At June 30, 2015, the Authority's deposits had a carrying amount of \$17,105,934 and a bank balance of \$17,161,265. Of the bank balance, \$2,497,151 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

At September 30, 2014, the Medical Center's deposits had a carrying amount of \$61,017,000 and a bank balance of \$72,164,000. 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, 2014, LCFH had cash balances in a financial institution that from time to time have exceeded federal depository insurance coverage. The carrying amount and bank balance were \$4,478,000 and \$4,482,000 respectively. Bank balances in excess of federal depository insurance limits are uninsured and uncollateralized.

At September 30, 2014, 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 \$5,784,000 and \$5,795,000 respectively. Bank balances in excess of federal depository insurance limits are uninsured and uncollateralized.

At September 30, 2014, PMH had cash balances in two financial institutions that from time to time have exceeded federal depository insurance coverage. Uninsured amounts are collateralized under the Pooling Method. The carrying amount and bank balance were \$3,369,000 and \$3,452,000 respectively.

At June 30, 2015, the ABC Board's deposits had a carrying amount of \$3,737,057 and a bank balance of \$3,962,480. Bank balances over the federal depository insurance limits are collateralized under the pooling method.

At June 30, 2015, the TDA's deposits had a carrying amount of \$1,756,348 and a bank balance of \$1,726,491. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,476,491 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, 2015

Investments

At June 30, 2015, 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	\$ 24,595,900	\$ 10,500,000	\$ 6,000,000	\$ 8,000,000
US Government Agencies	78,835,331	17,500,000	24,500,000	36,500,000
Commercial Paper	5,495,411	5,500,000	-	-
NC Capital Management Trust - Cash portfolio	28,464,211	-	-	-
NC Capital Management Trust - Term portfolio	10,026,637	-	-	-
Fixed Income Securities - Airlie Foundation	260,917	-	-	-
Mutual Funds - Airlie Foundation	2,053,689	-	-	-
Money Market	836	-	-	-
Total	<u>\$ 149,732,932</u>	<u>\$ 33,500,000</u>	<u>\$ 30,500,000</u>	<u>\$ 44,500,000</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 finance director may, at his/her discretion, allow a variance in the minimum portfolio percentages required to mature within 30 and 180 days if market conditions dictate and adequate cash balances are maintained.

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, 2015, 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, 2015. 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, 2015

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, 2015, the Airlie Gardens Foundation had \$260,917 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 8.93%, 10.66%, 7.26%, and 6.98% of the County's investments excluding investments with NC Capital Management Trust, respectively.

At June 30, 2015, the Authority's investments of \$3,682,986 in the North Carolina Capital Management Trust Cash Portfolio which carried a credit rating of AAAM by Standard & Poor's, Inc.

At September 30, 2014, the Medical Center's investment balance (including \$26,926,000 from Lower Cape Fear Hospice; \$55,000 from Pender Memorial Hospital and \$361,433,000 from the Medical Center) consisted of the following (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>11-20 Years</u>	<u>More Than 20 Years</u>
US Government Treasuries	\$ 24,804	\$ -	\$ 19,036	\$ 1,281	\$ 4,487	\$ -
US Government Agencies	94,288	-	19,130	1,733	53,563	19,862
NC Capital Management - Management Trust	68,301	-	-	-	-	-
Department of State Treasurer - Short-Term Investment Fund (STIF)	16,079	-	-	-	-	-
Department of State Treasurer Trust Funds Investment Program - Equity Investment Fund	151,499	-	-	-	-	-
Bond Funds	3,640	-	-	-	-	-
Mutual Funds	29,803	-	-	-	-	-
Total	\$ 388,414	\$ -	\$ 38,166	\$ 3,014	\$ 58,050	\$ 19,862

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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, 2014. 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, 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, 2014 securities issued/guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae represent 8.0%, 7.2%, and 8.0% of the Medical Center's investment portfolio, respectively.

At June 30, 2015, the TDA had \$1,040,563 invested with the North Carolina Capital Management Trust's Cash Portfolio which carries a credit rating of AAAM by Standard & Poor's. The TDA has no policy regarding credit risk.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Cash, cash equivalents and investments of the County can be summarized as follows as of June 30, 2015:

	Total
Cash on hand and undeposited items	\$ 133,165
Deposits	33,089,974
Investments	149,732,932
Total	\$ 182,956,071
Primary government, unrestricted	\$ 155,378,219
Primary government, restricted	16,077,958
Law Enforcement Officers' Pension Trust Fund, unrestricted	1,651,931
Agency Funds, unrestricted	9,847,963
Total	\$ 182,956,071

Cash, cash equivalents and investments of the Authority can be summarized as follows as of June 30, 2015:

	Total
Cash on hand	\$ 1,000
Deposits	17,105,934
Investments	3,682,986
Total	\$ 20,789,920
Unrestricted	\$ 15,415,873
Restricted	5,374,047
Total	\$ 20,789,920

Cash, cash equivalents and investments of the Medical Center can be summarized as follows as of September 30, 2014:

	Total
Cash on hand	\$ 30,000
Deposits	75,269,000
Investments	388,414,000
Total	\$ 463,713,000
Unrestricted	\$ 456,479,000
Restricted	7,234,000
Total	\$ 463,713,000

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Cash, cash equivalents and investments of the ABC Board can be summarized as follows as of June 30, 2015:

	<u>Total</u>
Cash on hand	\$ 30,900
Deposits	<u>3,737,057</u>
Total	<u>\$ 3,767,957</u>

Cash, cash equivalents and investments of the TDA can be summarized as follows as of June 30, 2015:

	<u>Total</u>
Deposits	\$ 1,756,348
Investments	<u>1,040,563</u>
Total	<u>\$ 2,796,911</u>

Receivables

The County divested its water and sewer assets and operations to Cape Fear Public Utility Authority (CFPUA) on July 1, 2008. As part of the divestiture, CFPUA assumed all of the County's liabilities including the long-term debt. However, certain term debt issuances of the County were combined between the governmental and business-type activities and as such could not be transferred as part of the inter-local agreement. Accordingly, the County is continuing to service the outstanding term debt and has recorded a receivable in its governmental activities in the government-wide statements from CFPUA in the same amount as the outstanding debt issuances which were not legally transferred to CFPUA. These debt balances are now considered governmental activities debt in the government-wide statements. The term and interest rate of the receivable corresponds to the terms and interest rates of the aforementioned debt. The long-term receivable balance from the Authority is \$15,609,000 at June 30, 2015, 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, 2015.

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 \$13,053,578 at June 30, 2015 which is recorded as other long-term receivables of governmental activities on the statement of net position. The related long-term debt balances of \$26,555,000, 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, 2015.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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 2015 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 \$5,452,890 at June 30, 2015 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, 2015.

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, 2015:

	Property Taxes (Other Sources)	Other Governmental Units	Other Sources (1)	Total
Governmental Activities:				
General:				
Local sales tax	\$ -	\$ 16,330,542	\$ -	\$ 16,330,542
Grants	-	3,647,417	-	3,647,417
Other	1,887,109	2,025,981	1,868,453	5,781,543
Subtotal	1,887,109	22,003,940	1,868,453	25,759,502
Special Revenue	148,005	813,502	1,277,218	2,238,725
Capital Projects	-	597,465	-	597,465
Total governmental activities	2,035,114	23,414,907	3,145,671	28,595,692
Business-Type Activities:				
Enterprise	-	-	1,043,060	1,043,060
Fiduciary Activities				
Agency Fund	2,867,873	1,135,013	855,185	4,858,071
Total	\$ 4,902,987	\$ 24,549,920	\$ 5,043,916	\$ 34,496,823
Primary Government, unrestricted				\$ 29,638,752
Agency Funds, unrestricted				4,858,071
Total				\$ 34,496,823

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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	\$	4,474,866
Allowance for other uncollectible receivables		<u>5,077,677</u>
Total governmental activities		<u><u>\$ 9,552,543</u></u>

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

The amount shown in Exhibit A for receivables of the Medical Center are net of an allowance for uncollectible accounts of \$112,691,000.

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
	<u> </u>	<u> </u>	<u> </u>
2014 Levy - County-wide (1)		\$ 0.5540	\$ 166,507,238
Add: Discoveries and fees			<u>405,321</u>
Subtotal			166,912,559
Less: Abatements and adjustments			<u>1,530,661</u>
Total adjusted levy	<u>\$ 29,745,736,443</u>		<u>\$ 165,381,898</u>
Collections			<u>\$ 163,393,906</u>
Percent collected			98.81%

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Analysis of General Fund property taxes receivable by year:

Tax Year	Taxes Receivable June 30, 2014	2014 Levy Discoveries and Fees	Collections	Abatements and Adjustments	Taxes Receivable June 30, 2015
Prior	\$ 5,852,797	\$ 4,792	\$ 1,272,066	\$ 377,688	\$ 4,207,835
2014	-	166,912,559	163,393,906	1,530,661	1,987,992
Total	<u>\$ 5,852,797</u>	<u>\$ 166,917,351</u>	<u>\$ 164,665,972</u>	<u>\$ 1,908,349</u>	6,195,827
Less: Allowance for uncollectible property taxes					4,308,718
Net property taxes receivable					<u>\$ 1,887,109</u>

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

	Total Property Valuation	Rate per \$100	Levy
2014 Levy - County-wide (1)		\$ 0.0790	\$ 9,102,703
Add: Discoveries and fees			30,816
Subtotal			9,133,519
Less: Abatements and adjustments			99,985
Total adjusted levy	<u>\$ 11,382,989,833</u>		<u>\$ 9,033,534</u>
Collections			<u>\$ 8,925,712</u>
Percent collected			98.81%

(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, 2014	2014 Levy Discoveries and Fees	Collections	Abatements and Adjustments	Taxes Receivable June 30, 2015
Prior	\$ 285,283	\$ 11	\$ 70,021	\$ 8,942	\$ 206,331
2014	-	9,133,519	8,925,712	99,985	107,822
Total	<u>\$ 285,283</u>	<u>\$ 9,133,530</u>	<u>\$ 8,995,733</u>	<u>\$ 108,927</u>	314,153
Less: Allowance for uncollectible property taxes					166,148
Net property taxes receivable					<u>\$ 148,005</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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, 2015. These amounts have not been recorded in the financial statements, since they are not available under the modified accrual basis of accounting.

Year Levied	Contingent - Gain Tax Capture
2011	\$ 432,640
2012	802,101
2013	811,911
2014	785,738
Total	<u>\$ 2,832,390</u>

Capital Assets

Capital assets activity of the primary government for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 43,251,767	\$ 760,495	\$ -	\$ 44,012,262
Construction in progress	8,432,538	11,898,626	394,471	19,936,693
Total non-depreciable capital assets	<u>51,684,305</u>	<u>12,659,121</u>	<u>394,471</u>	<u>63,948,955</u>
Depreciable Capital Assets:				
Buildings	135,158,869	16,998	-	135,175,867
Other improvements	27,118,094	449,312	-	27,567,406
Equipment and vehicles	53,877,995	3,240,490	642,525	56,475,960
Total depreciable capital assets	<u>216,154,958</u>	<u>3,706,800</u>	<u>642,525</u>	<u>219,219,233</u>
Less Accumulated Depreciation:				
Buildings	50,332,095	3,192,277	-	53,524,372
Other improvements	19,322,700	1,110,055	-	20,432,755
Equipment and vehicles	40,539,594	4,121,457	570,002	44,091,049
Total accumulated depreciation	<u>110,194,389</u>	<u>8,423,789</u>	<u>570,002</u>	<u>118,048,176</u>
Total depreciable capital assets, net	<u>105,960,569</u>			<u>101,171,057</u>
Governmental activities capital assets, net	<u>\$ 157,644,874</u>			<u>\$ 165,120,012</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Business Type Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 2,459,201	\$ -	\$ -	\$ 2,459,201
Construction in progress	3,721,854	833,004	-	4,554,858
Total non-depreciable capital assets	6,181,055	833,004	-	7,014,059
Depreciable Capital Assets:				
Buildings	23,176,265		-	23,176,265
Other improvements	19,239,040	-	-	19,239,040
Equipment and vehicles	28,370,977	490,779	163,433	28,698,323
Total depreciable capital assets	70,786,282	490,779	163,433	71,113,628
Less Accumulated Depreciation:				
Buildings	16,268,442	470,513	-	16,738,955
Other improvements	19,012,359	20,985	-	19,033,344
Equipment and vehicles	24,404,971	791,016	163,433	25,032,554
Total accumulated depreciation	59,685,772	1,282,514	163,433	60,804,853
Total depreciable capital assets, net	11,100,510			10,308,775
Business-type activities capital assets, net	\$ 17,281,565			\$ 17,322,834

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

Governmental Activities:

General government	\$ 1,440,505
Human services	574,720
Public safety	5,171,455
Culture and recreation	1,237,109
Total depreciation, governmental activities	\$ 8,423,789

Business-Type Activities:

Environmental management	\$ 1,282,514
Total depreciation, business-type activities	\$ 1,282,514

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Capital assets activity for the Authority for the year ended June 30, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Non-Depreciable Capital Assets:				
Land	\$ 14,872,958	\$ 94,979	\$ -	\$ 14,967,937
Easements	888,167	-	-	888,167
Construction in progress	8,228,711	7,735,622	10,170,258	5,794,075
Total non-depreciable capital assets	<u>23,989,836</u>	<u>7,830,601</u>	<u>10,170,258</u>	<u>21,650,179</u>
Depreciable Capital Assets:				
Land improvements	1,698,413	82,392	-	1,780,805
Building and improvements - (Airfield and building)	121,641,711	10,540,359	118,466	132,063,604
Vehicles	1,589,880	32,423	9,766	1,612,537
Machinery and equipment	4,323,613	45,365	4,012	4,364,966
Total depreciable capital assets	<u>129,253,617</u>	<u>10,700,539</u>	<u>132,244</u>	<u>139,821,912</u>
Less Accumulated Depreciation:				
Land improvements	61,815	87,155	-	148,970
Building and improvements - (Airfield and building)	79,929,712	6,515,639	115,510	86,329,841
Vehicles	806,773	82,529	9,766	879,536
Machinery and equipment	2,696,889	193,770	4,012	2,886,647
Total accumulated depreciation	<u>83,495,189</u>	<u>6,879,093</u>	<u>129,288</u>	<u>90,244,994</u>
Total depreciable capital assets, net	<u>45,758,428</u>			<u>49,576,918</u>
Business-type activities capital assets, net	<u>\$ 69,748,264</u>			<u>\$ 71,227,097</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Capital assets activity for the Medical Center for the year ended September 30, 2014:

	Balance October 1, 2013	Increases	Decreases	Balance September 30, 2014
Non-Depreciable Capital Assets:				
Land	\$ 16,016,000	\$ 950,000	\$ -	\$ 16,966,000
Construction in progress	6,244,000	53,117,000	45,443,000	13,918,000
Total non-depreciable capital assets	22,260,000	54,067,000	45,443,000	30,884,000
Depreciable Capital Assets:				
Intangible assets	67,422,000	-	1,173,000	66,249,000
Buildings and leasehold improvements	534,914,000	19,544,000	650,000	553,808,000
Equipment	332,652,000	27,738,000	10,646,000	349,744,000
Total depreciable capital assets	934,988,000	47,282,000	12,469,000	969,801,000
Less Accumulated Depreciation:				
Intangible assets	27,388,000	3,020,000	1,173,000	29,235,000
Buildings and leasehold improvements and equipment	431,873,000	46,940,000	9,824,000	468,989,000
Total accumulated depreciation	459,261,000	49,960,000	10,997,000	498,224,000
Total depreciable capital assets, net	475,727,000			471,577,000
Capital assets, net	\$ 497,987,000			\$ 502,461,000

Capital assets for the ABC Board at June 30, 2015:

	Balance June 30, 2015
Non-Depreciable Capital Assets:	
Land	\$ 6,443,684
Construction in progress	215,213
Total non-depreciable capital assets	6,658,897
Depreciable Capital Assets:	
Buildings and improvements	13,443,777
Vehicles	858,207
Fixtures and equipment	217,863
Total depreciable capital assets	14,519,847
Less: Accumulated depreciation	4,417,753
Total depreciable capital assets, net	10,102,094
Capital assets, net	\$ 16,760,991

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Capital assets activity for the TDA for the year ended June 30, 2015:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Depreciable Capital Assets:				
Equipment	\$ 136,473	\$ 45,856	\$ 25,162	\$ 157,167
Total depreciable capital assets	<u>136,473</u>	<u>45,856</u>	<u>25,162</u>	<u>157,167</u>
Less: Accumulated depreciation	<u>94,029</u>	<u>18,803</u>	<u>20,257</u>	<u>92,575</u>
Total depreciable capital assets, net	<u>42,444</u>	<u>27,053</u>	<u>4,905</u>	<u>64,592</u>
Capital assets, net	<u>\$ 42,444</u>	<u>\$ 27,053</u>	<u>\$ 4,905</u>	<u>\$ 64,592</u>

B. Liabilities

Payables

Accounts payable and accrued expenses at the government-wide level at June 30, 2015 were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	\$ 9,652,664	\$ 2,616,238	\$ 12,268,902
Special revenue	353,415	483,842	837,257
Capital projects	9,183,423	-	9,183,423
Total governmental activities	<u>\$ 19,189,502</u>	<u>\$ 3,100,080</u>	<u>\$ 22,289,582</u>
Business-Type Activities:			
Environmental management	\$ 709,496	\$ 111,697	\$ 821,193
Total business-type activities	<u>\$ 709,496</u>	<u>\$ 111,697</u>	<u>\$ 821,193</u>

Pension Plan Obligations

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

Local Governmental Employees' Retirement System of North Carolina

Plan Description

The County, Authority and the ABC Board are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS 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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

Benefits Provided

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits as age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

the year. Contributions to the pension plan from the County were \$5,658,901 for the year ended June 30, 2015.

The Authority's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters. Actuarially determined, this amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Authority were \$179,600 for the year ended June 30, 2015.

The ABC Board's contractually required contribution rate for the year ended June 30, 2015, was 7.07% for general employees. Actuarially determined, this amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the ABC Board were \$156,904 for the year ended June 30, 2015.

Refunds of Contributions

Employees who have terminated service as a contribution member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of resources and Deferred Inflows of resources Related to Pensions

At June 30, 2015, the County reported an asset of \$8,076,460 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was 1.369% an increase of 0.009% from its proportion measured as of June 30, 2013.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

For the year ended June 30, 2015, the County recognized pension expense of \$631,831. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 882,493
Net difference between projected and actual earnings on pension plan investments	-	18,801,810
Changes in proportion and differences between County contributions and proportionate share of contributions	500,663	-
County contributions subsequent to the measurement date	5,658,901	
Total	\$ 6,159,564	\$ 19,684,303

\$5,658,901 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (4,796,149)
2017	(4,796,149)
2018	(4,796,149)
2019	(4,795,193)
	\$ (19,183,640)

At June 30, 2015, the Authority reported an asset of \$229,705 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension asset was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Authority's proportion was 0.039%, which was an increase of 0.003% from its proportion measured as of June 30, 2013.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

For the year ended June 30, 2015, the Authority recognized pension expense of \$26,643. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 25,099
Net difference between projected and actual earnings on pension plan investments	-	534,750
Changes in proportion and differences between Authority contributions and proportionate share of contributions	48,846	-
Authority contributions subsequent to the measurement date	179,600	
Total	\$ 228,446	\$ 559,849

\$179,600 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (127,736)
2017	(127,736)
2018	(127,736)
2019	(127,795)
	\$ (511,003)

At June 30, 2015, the ABC Board reported an asset of \$209,595 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension asset was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Board's proportion was 0.0355%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2013.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

For the year ended June 30, 2015, the Board recognized pension expense of \$12,913. At June 30, 2015, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 22,902
Net difference between projected and actual earnings on pension plan investments	-	487,934
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	904
Board contributions subsequent to the measurement date	156,904	
Total	\$ 156,904	\$ 511,740

\$156,904 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (127,950)
2017	(127,950)
2018	(127,950)
2019	(127,890)
	\$ (511,740)

Actuarial Assumptions

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical performance of investment strategies. Fixed income return projections reflect current yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

NEW HANOVER COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE ENDED JUNE 30, 2015**

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contribution from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset to changes in the discount rate

The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 27,414,987	\$ (8,076,454)	\$ (37,959,106)

The following presents the Authority's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Authority's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Authority's proportionate share of the net pension liability (asset)	\$ 779,722	\$ (229,705)	\$ (1,079,612)

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

The following presents the ABC Board's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
ABC Board's proportionate share of the net pension liability (asset)	\$ 711,459	\$ (209,595)	\$ (985,094)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial report (CAFR) for the State of North Carolina.

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. For reporting purposes, the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

All full-time County and Authority law enforcement officers are covered by the LEO System. At December 31, 2014, the LEO System's membership consisted of:

	County	Authority
Retirees receiving benefits	20	0
Active plan members	371	8
Total	391	8

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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 statements on the accrual basis.

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

Funding Policy

The County and Authority are required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and have chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations as needed and pay-as-you-go basis, respectively. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. For the current year, the County contributed \$615,663, or 2.97% of annual covered payroll and the Authority did not contribute funds as of June 30, 2015. 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:

	<u>County</u>	<u>Authority</u>
Annual required contribution	\$ 725,685	\$ 14,267
Interest on net pension obligation	31,686	2,041
Adjustment to annual required contribution	<u>(53,534)</u>	<u>(3,449)</u>
Annual pension cost	703,837	12,859
Contributions made	<u>615,663</u>	-
Increase (decrease) in net pension obligation	88,174	12,859
Net pension obligation:		
Beginning of year - July 1	<u>633,729</u>	<u>40,823</u>
End of year - June 30	<u>\$ 721,903</u>	<u>\$ 53,682</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

The annual required contribution of the County for the fiscal year ended June 30, 2015 was determined as part of the December 31, 2013 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, 2013 was 17 years.

Three-Year Trend Information for County			
Year Ended	Annual	Percentage	Net
June 30	Pension	of APC	Pension
June 30	Cost (APC)	Contributed	Obligation
2013	\$ 561,508	92.31%	\$ 605,509
2014	596,606	95.27%	633,729
2015	703,837	87.47%	721,903

As of December 31, 2014, the most recent actuarial valuation date, the County's plan was 19.26 percent funded. The actuarial accrued liability for benefits was \$6,006,754, and the actuarial value of assets was \$1,175,018, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,831,736. The covered payroll (annual payroll of active employees covered by the plan) was \$20,701,650, and the ratio of the UAAL to the covered payroll was 23.34 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, 2015 was determined as part of the December 31, 2014 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, 2014 was 16 years.

Three-Year Trend Information for Authority			
Year Ended	Annual	Percentage	Net
June 30	Pension	of APC	Pension
June 30	Cost (APC)	Contributed	Obligation
2013	\$ 10,876	0.00%	\$ 30,597
2014	10,226	0.00%	40,823
2015	12,859	0.00%	53,682

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

As of December 31, 2014, 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 \$91,638. The covered payroll (annual payroll of active employees covered by the plan) was \$420,286, and the ratio of the UAAL to the covered payroll was 21.8 percent.

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

Supplemental Retirement Income Plan of North Carolina

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

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, 2015 were \$2,674,487, which consisted of \$1,477,846 from the County and \$1,196,641 from the law enforcement employees and general employees. Contributions of the Authority for the year ended June 30, 2015 were \$370,567 which consisted of \$129,582 from the Authority and \$240,985 from the law enforcement and general employees.

Register of Deeds' Supplemental Pension Fund

Plan Description

The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

Benefits Provided

An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions

Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$20,804 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of resources and Deferred Inflows of resources Related to Pensions

At June 30, 2015, the County reported an asset of \$565,866 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was 2.496% a decrease of .094% from its proportion measured as of June 30, 2013.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

For the year ended June 30, 2015, the County recognized pension expense of \$8,125. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,193	\$ -
New difference between projected and actual earnings on pension plan investments	-	3,046
Changes in proportion and differences between County contributions and proportionate share of contributions	13,760	-
County contributions subsequent to the measurement date	20,804	-
Total	\$ 39,757	\$ 3,046

\$20,804 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 7,853
2017	7,853
2018	201
	\$ 15,907

Actuarial Assumptions

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount Rate

The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contribution from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate

The following presents the county's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ (508,110)	\$ (565,854)	\$ (615,484)

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial report (CAFR) for the State of North Carolina.

New Hanover 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 2013 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, 2015

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, 2014 and 2013:

	2014	2013
Annual required contribution	\$ 8,422,000	\$ 8,842,000
Interest on net pension obligation	(328,000)	(330,000)
Adjustment to annual required contribution	345,000	346,000
Annual pension cost	8,439,000	8,858,000
Contributions made	8,422,000	8,842,000
Other	-	-
Increase (decrease) in net pension obligation	17,000	16,000
Net pension obligation:		
Beginning of year - July 1	(4,380,000)	(4,396,000)
End of year - June 30	\$ (4,363,000)	\$ (4,380,000)

The annual required contribution for the basic plan for the 2014 year was determined as part of the January 1, 2013 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 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 NHRMC for the years ended September 30, 2014 and 2013 were approximately \$8,422,000 and \$8,842,000, 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.

The Three-Year Trend information is as follows:

Employer Contributions:

Three-Year Trend Information for Medical Center			
Year Ended	Annual	Percentage	Net
September 30	Pension	of APC	Pension
	Cost (APC)	Contributed	Obligation
2012	\$ 10,610,000	100%	\$ 4,396,000
2013	8,858,000	100%	4,380,000
2014	8,439,000	100%	4,363,000

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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)
1/1/2012	\$ 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%
1/1/2014	196,826,000	232,802,000	(35,976,000)	85%	244,481,000	-14.72%

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.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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, 2014 and 2013:

	2014	2013
Annual required contribution	\$ 362,000	\$ 349,000
Interest on net pension obligation	17,000	17,000
Adjustment to annual required contribution	(18,000)	(18,000)
Annual pension cost	361,000	348,000
Contributions made	362,000	349,000
Other	-	1,000
Increase (decrease) in net pension obligation	(1,000)	(2,000)
Net pension obligation:		
Beginning of year - July 1	229,000	231,000
End of year - June 30	\$ 228,000	\$ 229,000

The annual required contribution for the basic plan for the 2014 year was determined as part of the January 1, 2013 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, 2014 and 2013 were approximately \$362,000 and \$349,000, respectively.

The Three-Year Trend information is as follows:

Three-Year Trend Information for Pender Memorial Hospital

Year Ended September 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 358,000	100%	\$ 231,000
2013	348,000	100%	229,000
2014	361,000	100%	228,000

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Funded Status and Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Deficit of Assets over AAL (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (C)	((a-b)/c)
1/1/2012	\$ 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%
1/1/2014	4,314,000	7,143,000	(2,829,000)	60%	9,515,000	-29.73%

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 \$8,956,000 and \$8,454,000 for the years ended September 30, 2014 and 2013, respectively. Employee contribution percentages were 3.37% and 3.33% of total payroll for the years ended September 30, 2014 and 2013, respectively. There were no employer matching contributions by NHRMC for the years ended September 30, 2014 and 2013.

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

CHA employer required and actual matching contributions totaled approximately \$365,000 and \$325,000, and employee optional contributions totaled approximately \$670,000 and \$605,000, for the years ended September 30, 2014 and 2013, respectively. Employee contribution percentages were 1.99% and 1.98%, and employer contribution percentages were 3.61% and 3.68% of total payroll for the years ended September 30, 2014 and 2013, 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, 2014 and 2013 were \$783,000 and \$691,000, respectively.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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 Supplemental Retirement Plan

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

The plan covers all employees who are also eligible to participate in the Local Government Employee's Retirement System. The Board's contribution is based on matching 100% of employee's contributions ranging from 2% to 5% of salary deferral elected by each eligible employee. The Board's contribution for the years ended June 30, 2015 and 2014 were \$58,471 and \$52,237, 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, 2015 and 2014, the TDA's contributions to the plan totaled \$50,142 and \$49,327, 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 \$1,350,000 and \$1,518,000 as of September 30, 2014 and 2013, respectively, in accordance with the provisions of these plans.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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

Other Post-Employment Benefits

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

Plan Description. The County provides post-employment healthcare benefits to retirees of the County, provided they have at least five consecutive years of service with the County immediately prior to retirement. Employees may maintain the type of coverage in effect at the time of retirement; however, the retiring employee must make an election to continue or terminate coverage at the time of retirement and may not elect coverage at a future date. 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, 2014, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	323
Active plan members	1,695
Total	2,018

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

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

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

The current ARC rate is 15.18% of annual covered payroll. For the current year, the County contributed \$3,581,212 or 4.37% of annual covered payroll. In 2014, \$1,891,176 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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	\$	12,431,806
Interest on net OPEB obligation		1,925,422
Adjustments to annual required contribution		<u>(1,839,376)</u>
Annual OPEB cost (expense)		12,517,852
Contributions made		<u>3,581,212</u>
Increase (decrease) in net OPEB obligation		8,936,640
Net OPEB obligation:		
Beginning of year - July 1		<u>48,135,547</u>
End of year - June 30	\$	<u><u>57,072,187</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2014, and 2015 were as follows:

Year Ended	Annual	Percentage of	Net
June 30	OPEB	Annual OPEB	OPEB
	Cost	Cost Contributed	Obligation
2013	\$ 11,148,693	14.00%	\$ 37,889,278
2014	12,137,445	15.60%	48,135,547
2015	12,517,852	28.60%	57,072,187

Funded Status and Funding Progress. As of December 31, 2014, 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 \$189,841,051. The covered payroll (annual payroll of active employees covered by the plan) was \$81,918,807, and the ratio of the UAAL to the covered payroll was 231.7 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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, 2014 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 7.50 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, 2014 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 2015, the Authority's total contributions were \$9,600.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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		1,661
Adjustments to annual required contribution		<u>(2,401)</u>
Annual OPEB cost (expense)		16,209
Contributions made		<u>(9,600)</u>
Increase (decrease) in net OPEB obligation		6,609
Net OPEB obligation:		
Beginning of year - July 1		<u>41,521</u>
End of year - June 30	\$	<u><u>48,130</u></u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2014, and 2015 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>
2013	\$ 13,562	75.21%	\$ 36,014
2014	16,307	66.23%	41,521
2015	16,209	59.23%	48,130

The net OPEB obligation of \$48,130 at June 30, 2015 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 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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 2.45% of annual covered payroll. For the current year, the Board contributed \$28,233 or 1.4% 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, 2015 and 2014, the Board's contributions were \$28,233 and \$33,288, respectively.

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

	2015	2014
Annual required contribution	\$ 49,981	\$ 49,984
Interest on net pension obligation	18,506	17,806
Adjustment to annual required contribution	(17,679)	(17,010)
Annual pension cost	50,808	50,780
Contributions made	28,233	33,288
Increase (decrease) in net pension obligation	22,575	17,492
Net pension obligation:		
Beginning of year - July 1	462,638	445,146
End of year - June 30	\$ 485,213	\$ 462,638

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

The ABC Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for 2015, 2014 and 2013 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2015	\$ 50,808	55.57%	\$ 485,213
2014	50,780	65.55%	462,638
2013	50,743	59.44%	445,146

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, 2015

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, 2015, 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, 2013. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

No. Years Contributing	Years Relief	FY Contributions Resume
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.

Long-Term Debt of the County

Debt Related to Capital Activities

Of the total Governmental Activities debt listed only \$108,074,248 relates to assets the County holds title. Unspent restricted cash related to the debt amounts to \$13,112,948.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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

Capital assets, net of accumulated depreciation		\$ 165,120,012
Deferred outflows of resources		3,869,084
Less: capital debt		
Gross debt	\$ (384,374,013)	
Debt related to assets to which the County does not capitalize	276,299,765	
Unspent debt proceeds, non school related debt	<u>5,394,114</u>	<u>(102,680,134)</u>
Net investment in capital assets		<u>\$ 66,308,962</u>

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

Capital assets, net of accumulated depreciation		\$ 17,322,834
Less: capital debt		
Gross debt	\$ (1,250,062)	
Unspent debt proceeds	<u>-</u>	<u>(1,250,062)</u>
Net investment in capital assets		<u>\$ 16,072,772</u>

Changes in long-term debt of the County during the year ended June 30, 2015:

<u>Governmental Activities</u>	<u>Balance July 1, 2014</u>	<u>Additions/ Transfers</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 308,179,997	\$ -	\$ 24,590,000	\$ 283,589,997	\$ 24,415,000
Installment debt	93,017,963	2,428,358	10,891,888	84,554,433	11,176,313
Unamortized Premiums & Discounts	18,695,760	(2,466,177)	-	16,229,583	-
Compensated absences	6,606,979	3,844,788	3,635,192	6,816,575	4,170,292
Net pension obligations (LEO)	633,729	703,837	615,663	721,903	-
Net pension liability (LGERS)	15,030,069	-	15,030,069	-	-
Net OPEB obligations	48,135,547	12,517,852	3,581,212	57,072,187	-
Claims and judgments	125,000	214,535	100,000	239,535	100,000
Total governmental activities	<u>\$ 490,425,044</u>	<u>\$ 17,243,193</u>	<u>\$ 58,444,024</u>	<u>\$ 449,224,213</u>	<u>\$ 39,861,605</u>

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.

<u>Business-Type Activities</u>	<u>Balance July 1, 2014</u>	<u>Additions/ Transfers</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Installment debt	1,965,970	-	730,560	1,235,410	486,478
Unamortized Premiums & Discounts	18,747	(4,095)	-	14,652	-
Accrued landfill closure and post-closure care costs	15,254,291	14,449,234	1,339,590	28,363,935	-
Net pension liability (LGERS)	261,439	-	261,439	-	-
Compensated absences	<u>157,167</u>	<u>56,896</u>	<u>82,852</u>	<u>131,211</u>	<u>95,048</u>
Total business-type activities	<u>\$ 17,657,614</u>	<u>\$ 14,502,035</u>	<u>\$ 2,414,441</u>	<u>\$ 29,745,208</u>	<u>\$ 581,526</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

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, 2015:

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 4.00% to 5.25% due semi-annually through February 1, 2018; \$6,410,000 principal plus unamortized premium of \$93,486 less unamortized charge of \$95,200. Serviced by General Fund and Public Schools Fund. \$ 6,408,286

\$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 4.00% to 4.25% due semi-annually through February 1, 2026. \$9,000,000 principal plus unamortized premium of \$5,193 less unamortized charge of \$1,353. Serviced by General Fund and Public Schools Fund. 9,003,840

\$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. \$12,500,000 principal plus unamortized bond premium of \$39,951 12,539,951

\$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 4.25% due semi-annually through June 1, 2029. Serviced by General Fund. \$13,500,000 principal plus unamortized bond premium of \$2,425 13,502,425

\$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. \$35,500,000 principal plus unamortized bond premium of \$1,093,646 36,593,646

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

\$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. \$31,154,998 principal plus unamortized premium of \$2,075,866	33,230,864
\$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. \$66,420,000 principal plus unamortized premium of \$3,223,162	69,643,162
\$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. \$51,250,000 principal plus unamortized premium of \$5,590,678	56,840,678
\$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 \$30,480,000 principal	30,480,000
\$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. \$27,375,000 principal	<u>27,375,000</u>
Total General and Public School Special Revenue Funds (Governmental activities)	<u>\$ 295,617,852</u>
Total Enterprise Funds (Business-type activities)	<u>-</u>
Total General Fund Obligation Bonds, net of unamortized charges and premiums	<u>\$ 295,617,852</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

Installment debt consists of the following at June 30, 2015:

\$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 \$17,840,000 plus unamortized premium of \$260,677 less unamortized charge of \$350,137. Serviced by the General Fund and enterprise funds.	\$ 17,750,540
\$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 \$28,810,000 plus unamortized premium of \$1,849,887. Serviced by the General Fund, Fire District Special Revenue, and enterprise funds.	30,659,887
\$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 \$3,448,021. Serviced by the Public Schools Fund.	3,448,021
\$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 \$15,995,000 plus unamortized premium of \$1,537,521. Serviced by the General Fund and Fire District Special Revenue.	17,532,521
\$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 \$11,990,000 plus unamortized premium of \$918,436.	12,908,436
\$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 \$4,270,000. Serviced by the General Fund.	4,270,000
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>3,436,818</u>
Total installment debt - governmental and business-type activities	<u>\$ 90,006,223</u>
Total installment debt - governmental activities	<u>\$ 88,756,161</u>
Total installment debt - business-type activities	<u>\$ 1,250,062</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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, 2015, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ 35,591,313	\$ 14,408,019	\$ 486,478	\$ 26,927	\$ 50,512,737
2017	35,085,242	13,188,431	491,318	18,436	48,783,427
2018	34,833,854	11,896,052	89,271	10,841	46,830,018
2019	31,950,554	10,578,401	54,117	7,235	42,590,307
2020	33,027,564	9,313,975	57,085	4,326	42,402,950
2021-2025	117,591,713	29,323,106	57,141	1,417	146,973,377
2026-2030	63,384,190	10,318,214	-	-	73,702,404
2031-2034	16,680,000	1,260,976	-	-	17,940,976
Total	<u>368,144,430</u>	<u>100,287,174</u>	<u>1,235,410</u>	<u>69,182</u>	<u>469,736,196</u>
Less: Unamortized discounts	(443,349)	-	(3,343)	-	(446,692)
Add: Unamortized Premiums	16,672,932	-	17,995	-	16,690,927
Net	<u>\$ 384,374,013</u>	<u>\$ 100,287,174</u>	<u>\$ 1,250,062</u>	<u>\$ 69,182</u>	<u>\$ 485,980,431</u>

Other

The County's legal debt margin at June 30, 2015 was \$2,029,551,843.

Debt authorized but unissued at June 30, 2015 is as follows:

Cape Fear Community College Bonds	\$ 40,000,000
School Bonds	<u>160,000,000</u>
	<u>\$200,000,000</u>

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 2015 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 2015.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

The following is a summary of changes in the Authority's long-term debt obligations, as detailed above, all due to the County, for the fiscal year ended June 30, 2015:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
Long-term debt	\$ 5,953,946	\$ -	\$ 501,056	\$ 5,452,890	\$ 504,843

Debt service requirements are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 504,843	\$ 174,210	\$ 679,053
2017	501,150	164,301	665,451
2018	498,702	152,537	651,239
2019	495,694	138,908	634,602
2020	506,153	123,670	629,823
2021-2025	1,726,348	415,003	2,141,351
2026-2030	1,220,000	126,240	1,346,240
Total	<u>\$ 5,452,890</u>	<u>\$ 1,294,869</u>	<u>\$ 6,747,759</u>

Long-Term Debt of the Medical Center

Changes in long-term debt of the Medical Center during the year ended September 30, 2014.

	<u>Balance</u> <u>October 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2014</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Revenue bonds	\$ 306,461,000	\$ -	\$ 11,929,000	\$ 294,532,000	\$12,285,000
Unamortized discounts and (premiums)	6,776,000	-	851,000	5,925,000	-
Capital leases	721,000	167,000	502,000	386,000	268,000
Other obligations	9,195,000	3,029,000	2,054,000	10,170,000	2,085,000
Total	<u>\$ 323,153,000</u>	<u>\$ 3,196,000</u>	<u>\$ 15,336,000</u>	<u>\$ 311,013,000</u>	<u>\$14,638,000</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, 2014 of \$5,796,000 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 position as a component of the net increase (decrease) in fair value of investments. For all swap instruments determined to be effective, any change in fair value is deferred and recorded on the balance sheet as a deferred outflow of resources.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

The terms, fair values, and underlying bond issued of the outstanding swaps as of September 30, 2014 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	\$ 7,240	December 14, 2005	October 1, 2023	\$ (743)
Series 2008A-2	7,225	December 14, 2005	October 1, 2023	(743)
Series 2008B-1	20,280	December 14, 2005	October 1, 2026	(2,517)
Series 2008B-2	1,445	December 14, 2005	October 1, 2026	(1,175)
Basis Swap	50,000	January 25, 2002	October 21, 2021	(402)

As of September 30, 2013, 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 statements of net position amounts.

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

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

During fiscal year 2002, the Medical Center entered into a nineteen year interest rate swap (basis swap) agreement, with a notional amount of \$50 million related to its Series 1999 Hospital Revenue Bonds with the objective of having a mixture of fixed and variable rate debt to take advantage of market fluctuations. At September 30, 2014 and 2013, the basis swap had an estimated negative fair value of approximately \$402,000 and \$647,000, 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 \$245,000 and \$101,000 for years ended September 30, 2014 and 2013 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, 2014 and 2013, the \$1,650,000 and \$1,750,000 amounts, respectively, are hedged at an interest rate of 3.885%. Based on market tax exempt interest rates of about .041% and .062%, the present value of cash payment under the swap arrangement is a negative position of approximately \$216,000 and \$221,000 as of September 30, 2014 and 2013, 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, 2014. 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, 2015

Revenue Bonds of the Medical Center

Series 2006, 2008, 2011 and 2014 Revenue Bonds of the Medical Center consist of the following at September 30, 2014:

Series 2006 Revenue Bonds

Serial revenue bonds with interest rates ranging from 3.0% to 5.0% maturing through 2024	\$ 51,910,000
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	3,300,000
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Series 2008 Revenue Bonds

Series 2008A Variable Rate Revenue Bonds, demand obligations, with mandatory redemptions annually through 2038	18,095,000
Series 2008B Variable Rate Revenue Bonds, demand obligations, with mandatory redemptions annually through 2038	18,095,000

Series 2011 Revenue Bonds

Serial revenue bonds with interest rates ranging from 3.0% to 5.0% maturing annually (beginning October 2012) through 2025	54,695,000
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	2,232,000
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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>53,315,000</u>
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Total long-term debt	294,532,000
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Unamortized discount	<u>5,925,000</u>
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Total long-term debt, net of unamortized discount and loss	<u>\$ 300,457,000</u>
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Due within one year	<u>\$ 12,285,000</u>
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Due in more than one year	<u>\$ 288,172,000</u>
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NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

The Series 2006, 2008, 2011 and 2014 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 2014 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, 2014.

Annual maturity requirements on outstanding revenue bonds of the Medical Center with related interest as of September 30, 2014 are as follows (in thousands):

Year Ending Sept 30	Principal	Interest	Total
2015	\$ 12,285	\$ 11,636	\$ 23,921
2016	12,930	11,243	24,173
2017	13,397	10,780	24,177
2018	13,959	10,289	24,248
2019	14,434	9,815	24,249
2020-2024	80,895	39,940	120,835
2025-2029	102,002	20,787	122,789
2030-2034	34,270	2,709	36,979
2035-2039	10,360	7	10,367
Total	<u>\$ 294,532</u>	<u>\$ 117,206</u>	<u>\$ 411,738</u>

Interest paid related to these bonds is approximately \$12,560,000 during fiscal year ended September 30, 2014.

Long-Term Debt of the TDA

Changes in long-term liabilities of the TDA for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Accrued vacation	\$ 17,659	\$ 147	\$ -	\$ 17,806	\$ 17,806
Long-term debt	-	39,000	9,750	29,250	9,750
	<u>\$ 17,659</u>	<u>\$ 39,147</u>	<u>\$ 9,750</u>	<u>\$ 47,056</u>	<u>\$ 27,556</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, 2015

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, 2015 are:

Year Ending June 30	Operating Lease Payments
2016	\$ 1,711,845
2017	863,471
2018	907,347
2019	919,996
2019	912,803
Thereafter	22,153,287
Total	<u>\$ 27,468,749</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, 2015

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

Year Ending September 30	Operating Lease Obligations
2015	\$ 12,385,000
2016	11,098,000
2017	10,255,000
2018	8,312,000
2019	3,529,000
Thereafter	9,514,000
Total	<u>\$ 55,093,000</u>

Rent expense on operating leases for the Medical Center totaled approximately \$13,914,000 and \$12,982,000 in 2014 and 2013, 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 \$46,000 and \$42,000 in 2014 and 2013, respectively.

PMH, under an amended and restated lease agreement dated November 15, 2004 leases its main facilities and equipment and all future improvements from Pender County through 2019, with an option (at Medical Center's direction) to renew for 10 additional years. Pender County and PMH maintain a limited right under the lease agreement to terminate the lease if specified provisions cannot be cured within 180 days, provided that 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 2017 and 2018.

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

Year Ending September 30	Operating Lease Obligations
2015	\$ 347,000
2016	347,000
2017	344,000
2018	230,000
2019	197,000
Thereafter	1,684,000
Total	<u>\$ 3,149,000</u>

Rent expense on operating leases for PMH totaled \$347,000 and \$439,000 in 2014 and 2013, respectively.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

The TDA is committed under an operating lease for a building facility and a copier. For the year ended June 30, 2015, the total lease expenditures under the operating lease totaled \$56,074. The future minimum lease commitments under the operating lease are as follows:

Year Ending June 30	Operating Lease Obligations
2016	\$ 34,835
2017	5,100
2018	5,100
2019	850
Total	<u>\$ 45,885</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, 2015, 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 \$28,363,935 reported as landfill closure and post-closure care liability at June 30, 2015 represents (1) a cumulative amount of \$20,214,722 for final closure and post-closure care based on the full use of the total estimated capacity of the landfill and (2) \$8,149,213 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 2015. 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 sixty 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, 2015

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 2015, 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 deferred outflows and deferred inflows of resources at June 30, 2015 are composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 3,869,084	\$ -
Pensions - difference between expected and actual experience		
LGERS		882,493
Register of Deeds	5,193	
Pensions - difference between projected and actual investment earnings		18,804,856
Pensions - charge in proportion and difference between employer contributions and proportionate share of contributions	514,423	
Contributions to pension plan in 2014-2015 fiscal year	5,679,705	
Prepaid property taxes not yet earned (General)		208,385
Taxes receivable, net (General), less penalties		1,823,221
Taxes receivable, net (Special revenue), less penalties		143,012
Special assessments receivable, net (General)		6,328
Special assessments receivable, net (Special revenue)		508,485
Scattered site/SARF receivables (General)		798,396
CFPUA Economic Development receivable (General)		187,411
Total	\$ 10,068,405	\$ 23,362,587

Interfund Receivables and Payables

Amounts classified on the balance sheet as “Receivables – interfund loans” and “Interfund loans” at June 30, 2015 including the following:

Receivable Fund	Payable Fund	Amount
General Fund	CDBG Scatter Site Housing Fund	\$ 1,348
General Fund	Heritage Park Marquis Hills Sewer Project Fund	4,552
General Fund	\$160M School Bond Fund	550,631
General Fund	\$35.5M Parks & Recreation Bond Project Fund	316,994
		\$ 873,525

NEW HANOVER COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE ENDED JUNE 30, 2015**

Due from/to Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component Unit:	
General Fund	New Hanover County ABC Board for intergovernmental revenues due at June 30, 2014	\$ 222,971
Component Unit:	Primary Government:	
NHC Tourism Development Authority	Room Occupancy Tax Fund for room occupancy tax collections held by the County	525,910
		<u>\$ 748,881</u>

C. Other

Interfund Transfers

Interfund transfers presented in the fund financial statements for the year ended June 30, 2015, can be summarized as follows:

<u>Transfers Out:</u>	<u>Transfers In:</u>	
	<u>Capital Projects Funds</u>	<u>Total</u>
General Fund	\$ 3,215,195	\$ 3,215,195
Special revenue funds	240,000	240,000
Total	<u>\$ 3,455,195</u>	<u>\$ 3,455,195</u>

Interfund transfers are made to accumulate resources for funding of capital projects.

4. Major Customers

Approximately 64% of Environmental Management revenues can be attributed to its largest three (3) customers, one of which is the City of Wilmington.

The Authority's operating revenues consist of rents, commissions 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. Exclusive of parking lot fees, transactions with three customers accounted for the following revenues and related trade accounts receivable balances at June 30, 2015:

<u>Customer</u>	<u>Revenues</u>	<u>Percentage</u>	<u>Accounts Receivable</u>
A	\$ 2,019,129	33%	\$ 63,012
B	1,045,872	17%	82,037
C	622,438	10%	2,108
	<u>\$ 3,687,439</u>		<u>\$ 147,157</u>

Medicare services represented 39% and Medicaid services represented 12% of net patient service revenue of the Medical Center for the fiscal year ended September 30, 2014.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

LCFH's revenues are 91% from Medicare and 4% from Medicaid for the fiscal year ended September 30, 2014.

PMH's revenues are 70% from Medicare and 20% from Medicaid for the fiscal year ended September 30, 2014.

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, 2015. 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 CoastalCare of Wilmington, (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 \$2,158,899 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, 2015. Complete financial statements for the Center can be obtained from the Center at 3809 Shipyard Blvd., Wilmington, NC 28403. Effective July 1, 2015, CoastalCare of Wilmington and East Carolina Behavioral Health of Greenville merged to become Trillium Health Resources.

The County, in conjunction with the State of North Carolina and the New Hanover County Board of Education, participates in a joint venture to operate Cape Fear Community College (the "College"). Each of the three participants appoints four members of the thirteen-member board of trustees of the College. The president of the College's student government serves as an ex-officio non-voting member of the College's board of trustees. The College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the College and also provides some financial support for the College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an on-going financial responsibility for the College because of the statutory responsibilities to provide funding for the College's facilities. The County contributed \$10,625,605 to the College for operating purposes, during the fiscal year ended June 30, 2015. In addition, the County made debt service payments of \$8,891,005 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, 2015. 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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 2013, the Surgicenter entered into a commitment letter in the amount of \$2,781,000 with TD Bank, N.A. and the Medical Center signed as the guarantor. The Medical Center has guaranteed a portion of the debt up to their ownership percentage in the joint venture. In June 2013, resolutions were adopted by the members of the joint venture resulting in an increase in the Medical Center's ownership in the joint venture to 46% with additional capital contribution of \$767,000. In January 2014, the Surgicenter entered into a loan agreement with First Citizens Bank & Trust Company in the amount of \$2,400, and the Medical Center signed as the guarantor. The Medical Center has guaranteed a portion of the debt up to their ownership percentage in the joint venture.

On October 1, 2013, the Medical Center and Atlantic Surgicenter, LLC entered into a Facility and Services Agreement whereby the Surgicenter will provide the Medical Center 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 2013, the Medical Center entered into a joint venture agreement to acquire and maintain a 10% ownership in the newly formed company, Assuring Affordable, Quality Healthcare in North Carolina, LLC (AAQHNC). This company conducts advocacy activities in support of North Carolina state laws that are designed to ensure access to safe, affordable, quality healthcare.

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 \$29,408 to the Council during the fiscal year ended June 30, 2015.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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 \$1.254 million for CFPUA during fiscal year ended June 30, 2015. CFPUA paid the County \$1,326,880 in connection with debt the County is servicing for CFPUA for the fiscal year ended June 30, 2015. 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	\$ 2,827,772	\$ -
Supplemental Nutrition Assistance Program	44,835,273	-
Medical Assistance	148,192,989	80,364,637
Health Choice	2,559,248	803,561
Independent Living	46,123	-
IV-E Adoption	1,560,129	406,758
Refugee Assistance	31,023	-
AFDC Payments & Penalty	(373)	(102)
TANF Payments & Penalty	906,016	(38)
CWS Adoption Subsidy	-	1,464,783
SC/SA Domiciliary Care	-	1,184,540
Total	\$ 200,958,200	\$ 84,224,139

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 establish and maintain 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, 2015, the balance of the County's ADM unallocated account related to corporate income taxes was \$5,764. 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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

disbursing account maintained with the State Treasurer. At June 30, 2015, 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, 2015, the County drew down in the public school building capital funds \$0 of ADM allocation and \$3,006,183 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, 2015. As of June 30, 2015, the County's allocated balance of lottery proceeds was \$879,247. \$15,099,304 has been approved by the State for construction projects at June 30, 2015. During the fiscal years ended June 30, 2008 through June 30, 2015, the County drew down \$13,309,482 of these funds, leaving a disbursing account balance of \$1,789,822.

8. 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, Employee Benefits Liability, and Cyber Liability from the Travelers Indemnity Insurance Company in the amount of \$1,000,000 each occurrence. In addition, the County purchases commercial excess liability (umbrella) insurance in the amount of \$4,000,000 each occurrence from Travelers Indemnity Insurance Company. Crime insurance in the amount of \$500,000 per claim is obtained through Travelers Casualty & Surety Company of America.

The County is self-insured for workers compensation and employers' liability insurance, and purchases Specific and Aggregate Excess Workers Compensation and 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 \$550,000 for all employees of cost and/or benefits payable to employees resulting from any one accident or event, regardless of the number of persons injured. Specific and Aggregate Excess Workers Compensation and Employers Liability Indemnity insurance provides protection against compensable claims during the policy year above the self-insured specific retention of \$550,000, up to the maximum limits provided under the North Carolina Workers' Compensation Act and up to \$1,000,000 each accident or disease for Employer's Liability. The aggregate excess insurance provides protection against cumulative retained losses after the County's aggregate costs reach a minimum of \$2,272,490 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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:

<u>For Fiscal Year Ended</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Unpaid claims at July 1	\$ 1,983,694	\$ 1,983,694
Provisions for claims	20,233,150	19,130,220
Payments for claims	(19,281,319)	(18,315,383)
Administrative fees	(865,487)	(814,837)
Unpaid claims at June 30	<u>\$ 2,070,038</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. During 2015, the Authority ceased participating in the NCACC pools and obtained commercial coverage for these risks of loss. Through commercial coverage, the Authority obtains property coverage equal to replacement cost values of owned property subject to a limit of \$55.7 million for any one occurrence, auto liability coverage of \$1 million per occurrence, 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 workers' compensation up to the statutory limits; and health and dental insurance for Authority employees.

The Authority carries earth movement/flood insurance through AmWINS Brokerage of Florida Inc. subject to a limit of \$10 million for any one occurrence.

The Authority Finance Director is bonded for \$250,000. All remaining Authority employees that have access to funds are bonded through the Authority's aforementioned crime package.

The 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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 2014 and 2013 with a deductible of \$100,000 for all perils except named windstorm. For 2014 and 2013, the minimum deductible for named storms is \$5,000,000 per location, with a maximum deductible of \$25,000,000 per location. For 2014 and 2013, 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 2014 and 2013, 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 is a \$20,000,000 annual aggregate in 2014. In both 2014 and 2013 hospital professional liability and general liability stop loss coverage is on a claims made basis; general liability is written on an occurrence basis. Excess commercial insurance is purchased to provide coverage above the self-insured retention levels for hospital professional liability and general liability. The Medical Center is fully self-insured for hospital professional liability claims incurred prior to June 25, 2002, but not reported as of that date. No payments have exceeded insurance coverage in the past three fiscal years where insurance coverage applies, subject to the deductibles and retentions noted above. The Medical Center is self-insured for employee claims up to \$350,000 per individual, excluding costs associated with domestic claims (claims for services provided at the Medical Center).

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

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

<u>For Fiscal Year Ended</u>	<u>September 30, 2014</u>	<u>September 30, 2013</u>	<u>September 30, 2012</u>
Unpaid claims at October 1	\$ 28,099,000	\$ 27,957,000	\$ 29,779,000
Provisions for claims	50,400,000	55,116,000	52,956,000
Payments for claims	(47,565,000)	(52,848,000)	(52,791,000)
Administrative fees	<u>(2,676,000)</u>	<u>(2,126,000)</u>	<u>(1,987,000)</u>
Unpaid claims at September 30	<u>\$ 28,258,000</u>	<u>\$ 28,099,000</u>	<u>\$ 27,957,000</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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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.

9. 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, 2015, the County was party to various contracts for the construction or purchase of various capital assets. The remaining commitments to be honored during the subsequent year under the aforementioned contracts relative to governmental activities have been included as fund balance reserved for encumbrances. Contractual commitments relative to construction in progress in the Capital Project funds was approximately \$4.6 million as of June 30, 2015.

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 each year for the first five 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

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 2013, the Authority entered into an amended contract with USA Parking System, Inc. for five years, effective November 1, 2013 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, 2015, the Authority paid fees and expenses totaling \$417,563, which is included in contracted services.

Estimated future commitments under the agreement are as follows:

2016	\$	426,000
2017		434,000
2018		<u>148,000</u>
Total	\$	<u>1,008,000</u>

The Authority has entered into several contracts and agreements as of June 30, 2015, primarily related to construction projects and equipment. The remaining commitment under these contracts and agreements is approximately \$1,600,000.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE ENDED JUNE 30, 2015

The Medical Center entered into an agreement with a consulting firm during the year ended September 30, 2014 to achieve cost savings and operating efficiencies. As of September 30, 2014, maximum remaining payments total \$12,508, of which \$2,858 is guaranteed and \$9,650 is contingent. Contingent fees are based on a percentage of cost savings achieved by the consulting firm, and could range between \$0 and \$9,650.

CHA has engaged Carolinas Physician Network (the "CPN"); a physician practice network within the non-profit corporation of Carolinas Health Care Systems, through contractual agreements, to operate and manage each of the medical practices owned by CHA and provide certain professional medical services for each of those practices. CPN provides physicians and mid-level providers to operate each of the medical practices owned by CHA and provide certain professional medical services for each of those practices. In exchange, CHA pays a flat annual fee adjusted annually to equal the estimated compensation of the Practice Provides. In its role as manager, CPN provides management and billing services, practice acquisition services, provider recruiting, and access to its practice management system. Fees under the management agreement are based on the number and specialties of the practices. The Management Services and Professional Services Agreements amended in 2014, expires in 2015 and may be renewed for successive one year terms. During the years ended September 30, 2014 and 2013, CHA paid \$66,683,000 and \$58,902,000, respectively, to CPN under these agreements.

The ABC Board has entered into a construction contract. At June 30, 2015, the commitment totaled \$1,579,893. The Board also has two contracts with the New Hanover County Sheriff's Department to provide law enforcement services. At June 30, 2015, the commitment for both contracts to the Sheriff's Department totaled \$520,200.

10. Subsequent Events

On August 27, 2015, the County issued \$83,055,000 in general obligation bonds bearing an average coupon of 3.97 percent. The bonds were issued pursuant to The Local Government Finance Act and bond orders adopted by the Board of Commissioners of the County on September 2, 2008 and August 11, 2014 respectively. These bonds were approved by the voters in the County at referendums held on November 4, 2008 and November 4, 2014, respectively. The bonds were executed and delivered to provide funds, together with other available funds, for the construction and improvement of school and community college facilities in the County.

11. Change in Accounting Principles/Restatement

The County, Authority and ABC Board implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB statement No. 27)*, and GASB statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB statement No. 68)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014).

As a result, net position for the County's governmental and business-type activities decreased by \$9,728,859 and \$172,843, respectively. Net position for the Authority decreased by \$254,654 and net position for the ABC Board decreased by \$289,232.



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, 2015**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
New Hanover County Law Enforcement Officers' Special Separation Allowance:		
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%
2015	725,685	84.8%
New Hanover County Airport Authority Law Enforcement Officers' Special Separation Allowance:		
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%
2015	14,267	0.0%
New Hanover Regional Medical Center Pension Plan:		
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%
2014	8,422,000	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, 2015**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
Pender Memorial Hospital Pension Plan:		
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%
2014	362,000	100.0%
New Hanover County Other Post-Employment Benefits:		
2011	\$ 6,981,320	15.8%
2012	10,774,858	9.8%
2013	11,098,104	14.0%
2014	12,069,715	15.6%
2015	12,431,806	28.8%
New Hanover County Airport Authority Other Post-Employment Benefits:		
2011	\$ 14,144	63.6%
2012	14,144	63.6%
2013	14,144	72.1%
2014	16,949	63.7%
2015	16,949	68.3%
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 FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015

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
New Hanover County Law Enforcement Officers' Special Separation Allowance (1):						
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%
12/31/2014	1,175,018	6,006,754	(4,831,736)	19.56%	20,701,650	-23.34%
New Hanover County Airport Authority Law Enforcement Officers' Special Separation Allowance (2):						
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%
12/31/2014	-	91,638	(91,638)	0.00%	420,286	-21.80%
New Hanover County Regional Medical Center Pension Plan (2):						
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%
1/1/2014	196,826,000	232,802,000	(35,976,000)	84.55%	244,481,000	-14.72%
Pender Memorial Pension Plan (2):						
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%
1/1/2014	4,314,000	7,143,000	(2,829,000)	60.39%	9,515,000	-29.73%

NEW HANOVER COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
NEW HANOVER MEDICAL CENTER AND PENDER MEMORIAL HOSPITAL PENSION PLANS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015

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
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%
12/31/2014		-	189,841,051	(189,841,051)	0.00%	81,918,807 -231.74%
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, 2015**

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, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	16 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, 2015**

New Hanover Regional Medical Center Pension Plan:

Valuation date	January 1, 2013
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*	7.50%
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, 2013
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*	7.50%
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, 2015**

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

Valuation date	December 31, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial Assumptions:	
Investment rate of return*	4.00%
Medical cost trend*	
Pre-Medicare cost trend*	7.50% - 5.00%
Post-Medicare cost trend*	5.50% - 5.00%
Year of ultimate trend rate*	2020

* 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, 2015**

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

Valuation date	December 31, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	29 years
Asset valuation method	Market value
Actuarial Assumptions:	
Investment rate of return*	4.00%
Medical cost trend*	
Pre-Medicare cost trend*	9.50% to 5.00%
Post-Medicare cost trend*	7.00% to 5.00%
Year of ultimate trend rate*	2018

* Includes inflation at 3.00%

NEW HANOVER COUNTY, NORTH CAROLINA

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

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	1.369%	1.315%
County's proportionate share of the net pension liability (asset) \$	\$ (8,076,454)	\$ 15,844,773
County's covered-employee payroll	\$ 58,694,755	\$ 56,562,848
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-13.76%	28.01%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

NEW HANOVER COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY CONTRIBUTIONS
LOCAL GOVERNMENT EMPLOYEES' RETIRMENT FUND
LAST TWO FISCAL YEARS ***

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,167,331	\$ 4,014,143
Contributions in relation to the contractually required contribution	<u>4,167,331</u>	<u>4,014,143</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 County's covered-employee payroll	 \$ 58,694,755	 \$ 56,562,848
 Contributions as a percentage of covered-employee payroll	 7.10%	 7.096%

NEW HANOVER COUNTY, NORTH CAROLINA

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET)
REGISTERS OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST TWO FISCAL YEARS ***

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	2.590%	2.496%
County's proportionate share of the net pension liability (asset) \$	\$ (553,265)	\$ (565,854)
County's covered-employee payroll	\$ 72,354	\$ 57,965
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-764.66%	-976.20%
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

NEW HANOVER COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY CONTRIBUTIONS
REGISTERS OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST TWO FISCAL YEARS ***

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,115	\$ 4,098
Contributions in relation to the contractually required contribution	<u>5,115</u>	<u>4,098</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 72,354	\$ 57,965
Contributions as a percentage of covered-employee payroll	7.07%	7.07%

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 8,578,191	\$ 4,548,407	\$ 13,126,598
Restricted cash	35,900	5,677,488	5,713,388
Receivables:			
Intergovernmental	761,342	582,276	1,343,618
Other sources, net	239,481	-	239,481
Prepays	400	-	400
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 9,615,314</u>	<u>\$ 10,808,171</u>	<u>\$ 20,423,485</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 833,007	\$ 2,596,220	\$ 3,429,227
Interfund loans	-	868,973	868,973
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>833,007</u>	<u>3,465,193</u>	<u>4,298,200</u>
Deferred Inflows of Resources			
Taxes receivable	141,553	-	141,553
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>141,553</u>	<u>-</u>	<u>141,553</u>
Fund Balances:			
Non-spendable	400	-	400
Restricted:			
Stabilization for State statute	923,160	5,122,351	6,045,511
Restricted, all other	7,654,349	2,458,929	10,113,278
Committed	-	1,179,690	1,179,690
Assigned	62,845	-	62,845
Unassigned	-	(1,417,992)	(1,417,992)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>8,640,754</u>	<u>7,342,978</u>	<u>15,983,732</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 9,615,314</u>	<u>\$ 10,808,171</u>	<u>\$ 20,423,485</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, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ 12,234,354	\$ -	\$ 12,234,354
Intergovernmental revenues	26,391	3,326,584	3,352,975
Charges for services	1,368,591	-	1,368,591
Contributions	-	55,000	55,000
Investment earnings	149,137	9,740	158,877
Miscellaneous	42,987	8,724	51,711
Total revenues	<u>13,821,460</u>	<u>3,400,048</u>	<u>17,221,508</u>
Expenditures:			
Current:			
Public safety	11,397,733	-	11,397,733
Culture and recreation	1,101,691	-	1,101,691
Capital outlay	1,498,200	20,436,687	21,934,887
Debt service:			
Installment debt payments	515,733	-	515,733
Total expenditures	<u>14,513,357</u>	<u>20,436,687</u>	<u>34,950,044</u>
Revenues over (under) expenditures	<u>(691,897)</u>	<u>(17,036,639)</u>	<u>(17,728,536)</u>
Other Financing Sources (Uses):			
Long-term debt issued	-	-	-
Transfers from other funds	-	3,455,195	3,455,195
Total other financing sources (uses)	<u>-</u>	<u>3,455,195</u>	<u>3,455,195</u>
Net change in fund balances	(691,897)	(13,581,444)	(14,273,341)
Fund Balances:			
Beginning of year - July 1	<u>9,332,651</u>	<u>20,924,422</u>	<u>30,257,073</u>
End of year - June 30	<u>\$ 8,640,754</u>	<u>\$ 7,342,978</u>	<u>\$ 15,983,732</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Fire District	Local Law Enforcement Block Grant	Emergency Telephone System Grant	Revolving Loan Program
Assets:				
Cash and investments	\$ 4,353,068	\$ 16,102	\$ 1,103,687	\$ 62,845
Restricted cash	-	-	-	-
Receivables:				
Intergovernmental	761,342	-	-	-
Other sources, net	192,216	-	46,540	-
Prepays	-	-	-	-
Total assets	<u>\$ 5,306,626</u>	<u>\$ 16,102</u>	<u>\$ 1,150,227</u>	<u>\$ 62,845</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 748,181	\$ -	\$ 615	\$ -
Total liabilities	<u>748,181</u>	<u>-</u>	<u>615</u>	<u>-</u>
Deferred Inflows of Resources				
Taxes receivable	141,553	-	-	-
Total deferred inflows of resources	<u>141,553</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Non-spendable:				
Prepays	-	-	-	-
Stabilization for State statute	875,895	-	46,540	-
Restricted, all other	3,540,997	16,102	1,103,072	-
Assigned	-	-	-	62,845
Unassigned	-	-	-	-
Total fund balances	<u>4,416,892</u>	<u>16,102</u>	<u>1,149,612</u>	<u>62,845</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 5,306,626</u>	<u>\$ 16,102</u>	<u>\$ 1,150,227</u>	<u>\$ 62,845</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
JUNE 30, 2015

	Parks Conservancy of NHC	Airlie Gardens Foundation, Inc.	Public Health Foundation	Total Nonmajor Special Revenue Funds
Assets:				
Cash and investments	\$ -	\$ 3,042,489	\$ -	\$ 8,578,191
Restricted cash	14,469	-	21,431	35,900
Receivables:				
Intergovernmental	-	-	-	761,342
Other sources, net	-	725	-	239,481
Prepays	-	400	-	400
Total assets	<u>\$ 14,469</u>	<u>\$ 3,043,614</u>	<u>\$ 21,431</u>	<u>\$ 9,615,314</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 84,211	\$ -	\$ 833,007
Total liabilities	<u>-</u>	<u>84,211</u>	<u>-</u>	<u>833,007</u>
Deferred Inflows of Resources				
Taxes receivable	-	-	-	141,553
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,553</u>
Fund Balances:				
Non-spendable:				
Prepays	-	400	-	400
Stabilization for State statute	-	725	-	923,160
Restricted, all other	14,469	2,958,278	21,431	7,654,349
Assigned	-	-	-	62,845
Unassigned	-	-	-	-
Total fund balances	<u>14,469</u>	<u>2,959,403</u>	<u>21,431</u>	<u>8,640,754</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 14,469</u>	<u>\$ 3,043,614</u>	<u>\$ 21,431</u>	<u>\$ 9,615,314</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, 2015

	Special Fire District	Local Law Enforcement Block Grant	Emergency Telephone System Grant	Revolving Loan Program
Revenues:				
Taxes:				
Ad valorem, including interest	\$ 8,995,733	\$ -	\$ -	\$ -
Other taxes	2,680,145	-	558,476	-
Total taxes	11,675,878	-	558,476	-
Charges for services	143,448	-	-	-
Intergovernmental revenues	26,391	-	-	-
Investment earnings	11,207	37	2,426	141
Miscellaneous	20,643	-	-	15,124
Total revenues	<u>11,877,567</u>	<u>37</u>	<u>560,902</u>	<u>15,265</u>
Expenditures:				
Current:				
Operating costs	10,991,756	-	391,879	13,998
Capital outlay	1,308,205	-	189,995	-
Debt service:				
Installment debt payments	515,733	-	-	-
Total expenditures	<u>12,815,694</u>	<u>-</u>	<u>581,874</u>	<u>13,998</u>
Revenues over (under) expenditures	<u>(938,127)</u>	<u>37</u>	<u>(20,972)</u>	<u>1,267</u>
Net change in fund balances	(938,127)	37	(20,972)	1,267
Fund Balances:				
Beginning of year - July 1	<u>5,355,019</u>	<u>16,065</u>	<u>1,170,584</u>	<u>61,578</u>
End of year - June 30	<u>\$ 4,416,892</u>	<u>\$ 16,102</u>	<u>\$ 1,149,612</u>	<u>\$ 62,845</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, 2015

	Parks Conservancy of NHC	Airlie Gardens Foundation, Inc.	Public Health Foundation	Total Nonmajor Special Revenue Funds
Revenues:				
Taxes:				
Ad valorem, including interest	\$ -	\$ -	\$ -	\$ 8,995,733
Other taxes	-	-	-	3,238,621
Total taxes	-	-	-	12,234,354
Charges for services	-	1,225,143	-	1,368,591
Intergovernmental revenues	-	-	-	26,391
Investment earnings	1	135,325	-	149,137
Miscellaneous	6,131	-	1,089	42,987
Total revenues	<u>6,132</u>	<u>1,360,468</u>	<u>1,089</u>	<u>13,821,460</u>
Expenditures:				
Current:				
Operating costs	137	1,101,554	100	12,499,424
Capital outlay	-	-	-	1,498,200
Debt service:				
Installment debt payments	-	-	-	515,733
Total expenditures	<u>137</u>	<u>1,101,554</u>	<u>100</u>	<u>14,513,357</u>
Revenues over (under) expenditures	<u>5,995</u>	<u>258,914</u>	<u>989</u>	<u>(691,897)</u>
Net change in fund balances	5,995	258,914	989	(691,897)
Fund Balances:				
Beginning of year - July 1	<u>8,474</u>	<u>2,700,489</u>	<u>20,442</u>	<u>9,332,651</u>
End of year - June 30	<u>\$ 14,469</u>	<u>\$ 2,959,403</u>	<u>\$ 21,431</u>	<u>\$ 8,640,754</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS
JUNE 30, 2015

	\$35.5M Park Bond Capital Project	Health Department Renovation Capital Project	\$160M School Bond Expenditure Capital Project	Public School Building Capital Fund Capital Project	Burn Pit Capital Project	Controlled Substance Tax Capital Project	Federal Forfeited Property Capital Project	Masons Inlet Relocation Capital Project
Assets:								
Cash and investments	\$ 2,715,449	\$ -	\$ -	\$ -	\$ 118,236	\$ 28,670	\$ 95,540	\$ 295,144
Restricted cash	-	283,804	-	-	-	-	-	-
Receivables:								
Intergovernmental	-	-	-	506,934	-	-	-	-
Total assets	\$ 2,715,449	\$ 283,804	\$ -	\$ 506,934	\$ 118,236	\$ 28,670	\$ 95,540	\$ 295,144
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 288,008	\$ 371	\$ 359,079	\$ 506,934	\$ -	\$ 625	\$ 5,025	\$ -
Interfund loans	316,994	-	550,631	-	-	-	-	-
Total liabilities	605,002	371	909,710	506,934	-	625	5,025	-
Fund Balances:								
Restricted:								
Stabilization for State statute	915,487	3,288	-	506,934	-	-	15,208	94,830
Restricted, all other	1,194,960	280,145	-	-	118,236	28,045	75,307	-
Committed	-	-	-	-	-	-	-	200,314
Unassigned	-	-	(909,710)	(506,934)	-	-	-	-
Total fund balances	2,110,447	283,433	(909,710)	-	118,236	28,045	90,515	295,144
Total liabilities and fund balances	\$ 2,715,449	\$ 283,804	\$ -	\$ 506,934	\$ 118,236	\$ 28,670	\$ 95,540	\$ 295,144

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS
JUNE 30, 2015

	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	Total Nonmajor Capital Project Funds
Assets:								
Cash and investments	\$ -	\$ 80,848	\$ -	\$ 273,955	\$ -	\$ -	\$ 940,565	\$ 4,548,407
Restricted cash	-	-	2,627,299	-	6,444	2,759,941	-	5,677,488
Receivables:								
Intergovernmental	-	75,342	-	-	-	-	-	582,276
Total assets	\$ -	\$ 156,190	\$ 2,627,299	\$ 273,955	\$ 6,444	\$ 2,759,941	\$ 940,565	\$ 10,808,171
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 25,062	\$ 251,839	\$ 182,965	\$ -	\$ 968,062	\$ 8,250	\$ 2,596,220
Interfund loans	1,348	-	-	-	-	-	-	868,973
Total liabilities	1,348	25,062	251,839	182,965	-	968,062	8,250	3,465,193
Fund Balances:								
Restricted:								
Stabilization for State statute	-	62,405	1,728,883	-	-	1,682,664	112,652	5,122,351
Restricted, all other	-	-	646,577	-	6,444	109,215	-	2,458,929
Committed	-	68,723	-	90,990	-	-	819,663	1,179,690
Unassigned	(1,348)	-	-	-	-	-	-	(1,417,992)
Total fund balances	(1,348)	131,128	2,375,460	90,990	6,444	1,791,879	932,315	7,342,978
Total liabilities and fund balances	\$ -	\$ 156,190	\$ 2,627,299	\$ 273,955	\$ 6,444	\$ 2,759,941	\$ 940,565	\$ 10,808,171

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	\$35.5M Park Bond Capital Project	Health Department Renovation Capital Project	\$160M School Bond Expenditure Capital Project	Public School Building Capital Fund Capital Project	Burn Pit Capital Project	Controlled Substance Tax Capital Project	Federal Forfeited Property Capital Project	Masons Inlet Relocation Capital Project
Revenues:								
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 3,006,183	\$ 12,583	\$ 58,525	\$ 261,901	\$ -
Contributions	55,000	-	-	-	-	-	-	-
Investment earnings	442	1,609	1,650	-	251	37	280	580
Miscellaneous	-	-	-	-	-	-	8,724	-
Total revenues	<u>55,442</u>	<u>1,609</u>	<u>1,650</u>	<u>3,006,183</u>	<u>12,834</u>	<u>58,562</u>	<u>270,905</u>	<u>580</u>
Expenditures:								
Supplies	-	-	-	-	-	67,416	152,923	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay	2,819,537	1,480,274	2,528,660	3,006,183	-	-	85,346	116,311
Contracted services	-	-	-	-	-	-	63,236	-
Total expenditures	<u>2,819,537</u>	<u>1,480,274</u>	<u>2,528,660</u>	<u>3,006,183</u>	<u>-</u>	<u>67,416</u>	<u>301,505</u>	<u>116,311</u>
Revenues over (under) expenditures	<u>(2,764,095)</u>	<u>(1,478,665)</u>	<u>(2,527,010)</u>	<u>-</u>	<u>12,834</u>	<u>(8,854)</u>	<u>(30,600)</u>	<u>(115,731)</u>
Other Financing Sources (Uses):								
Long-term debt issued	-	-	-	-	-	-	-	-
Transfers from other funds	-	-	1,617,300	-	-	-	-	240,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,617,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,000</u>
Net change in fund balances	<u>(2,764,095)</u>	<u>(1,478,665)</u>	<u>(909,710)</u>	<u>-</u>	<u>12,834</u>	<u>(8,854)</u>	<u>(30,600)</u>	<u>124,269</u>
Fund Balances:								
Beginning of year - July 1	<u>4,874,542</u>	<u>1,762,098</u>	<u>-</u>	<u>-</u>	<u>105,402</u>	<u>36,899</u>	<u>121,115</u>	<u>170,875</u>
End of year - June 30	<u>\$ 2,110,447</u>	<u>\$ 283,433</u>	<u>\$ (909,710)</u>	<u>\$ -</u>	<u>\$ 118,236</u>	<u>\$ 28,045</u>	<u>\$ 90,515</u>	<u>\$ 295,144</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	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	Total Nonmajor Capital Project Funds
Revenues:								
Intergovernmental revenues	\$ -	\$ (12,608)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,326,584
Contributions	-	-	-	-	-	-	-	55,000
Investment earnings	-	38	-	1,290	46	1,425	2,092	9,740
Miscellaneous	-	-	-	-	-	-	-	8,724
Total revenues	-	(12,570)	-	1,290	46	1,425	2,092	3,400,048
Expenditures:								
Supplies	-	-	-	-	-	-	-	220,339
Bond issuance costs	-	-	-	-	582	(582)	-	-
Capital outlay	-	34,348	1,913,501	773,955	527,477	6,682,035	185,485	20,153,112
Contracted services	-	-	-	-	-	-	-	63,236
Total expenditures	-	34,348	1,913,501	773,955	528,059	6,681,453	185,485	20,436,687
Revenues over (under) expenditures	-	(46,918)	(1,913,501)	(772,665)	(528,013)	(6,680,028)	(183,393)	(17,036,639)
Other Financing Sources (Uses):								
Long-term debt issued	-	-	-	-	-	-	-	-
Transfers from other funds	-	120,000	538,560	-	-	-	939,335	3,455,195
Total other financing sources (uses)	-	120,000	538,560	-	-	-	939,335	3,455,195
Net change in fund balances	-	73,082	(1,374,941)	(772,665)	(528,013)	(6,680,028)	755,942	(13,581,444)
Fund Balances:								
Beginning of year - July 1	(1,348)	58,046	3,750,401	863,655	534,457	8,471,907	176,373	20,924,422
End of year - June 30	\$ (1,348)	\$ 131,128	\$ 2,375,460	\$ 90,990	\$ 6,444	\$ 1,791,879	\$ 932,315	\$ 7,342,978

NEW HANOVER COUNTY, NORTH CAROLINA

GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 83,797,792	\$ 92,898,425
Restricted cash	430	431
Receivables:		
Interfund loans	873,525	112,047
Intergovernmental	21,485,441	20,327,071
Other sources, net	4,274,061	4,124,709
Due from component units	222,971	316,757
Inventory	5,803	6,241
Prepays	<u>124,291</u>	<u>122,480</u>
 Total assets	 <u>\$ 110,784,314</u>	 <u>\$ 117,908,161</u>
 Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 12,268,902	\$ 12,514,338
Advances from grantor	896,971	535,515
Prepaid service fees	<u>45,586</u>	<u>45,360</u>
Total liabilities	<u>13,211,459</u>	<u>13,095,213</u>
 Deferred Inflows of Resources		
Prepaid property taxes not yet earned	208,385	177,247
Taxes receivable	1,823,221	1,640,839
Special assessments receivable	6,328	5,838
Scattered site/SARF receivables	798,396	819,721
CFPUA Economic Development receivable	<u>187,411</u>	<u>194,263</u>
Total deferred inflows of resources	<u>3,023,741</u>	<u>2,837,908</u>
 Fund Balances:		
Non-spendable:		
Inventory	5,803	6,241
Prepays	124,291	122,480
Restricted:		
Stabilization for State statute	26,950,658	23,509,092
Register of Deeds	605,630	579,307
Assigned:		
Subsequent years' expenditures	8,438,867	8,952,347
Post-employment benefits	3,300,000	2,800,000
Public schools	-	2,336,537
Unassigned	<u>55,123,865</u>	<u>63,669,036</u>
Total fund balances	<u>94,549,114</u>	<u>101,975,040</u>
 Total liabilities and fund balances	 <u>\$ 110,784,314</u>	 <u>\$ 117,908,161</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Taxes:				
Ad valorem taxes	\$ 162,065,212	\$ 164,665,972	\$ 2,600,760	\$ 165,307,926
Other	57,500,113	62,184,952	4,684,839	56,379,614
Total taxes	219,565,325	226,850,924	7,285,599	221,687,540
Special assessments	-	2,690	2,690	5,269
Intergovernmental revenue	45,430,162	43,951,841	(1,478,321)	42,029,985
Charges for services	10,418,574	10,561,332	142,758	10,371,854
Investment earnings	130,000	224,194	94,194	193,632
Miscellaneous	638,793	660,495	21,702	1,424,695
Total revenues	276,182,854	282,251,476	6,068,622	275,712,975
Expenditures:				
Current:				
General government	36,866,825	33,646,446	3,220,379	32,535,630
Human services	57,557,577	55,251,211	2,306,366	53,615,690
Public safety	54,244,569	53,284,250	960,319	51,952,229
Economic and physical development	2,048,203	1,237,853	810,350	1,087,198
Culture and recreation	12,665,694	11,803,352	862,342	10,848,571
Education - community college	10,625,605	10,625,605	-	8,674,377
Debt service:				
Principal	10,456,005	10,456,005	-	7,751,669
Interest and fees	6,887,631	6,887,631	-	6,954,542
Installment lease payments	13,658,961	13,658,961	-	12,709,235
Bond issuance costs	-	-	-	562,701
Total expenditures	205,011,070	196,851,314	8,159,756	186,691,842
Revenues over (under) expenditures	71,171,784	85,400,162	14,228,378	89,021,133
Other Financing Sources (Uses):				
Sales of capital assets	75,000	40,839	(34,161)	80,658
Insurance claim proceeds	82,620	100,092	17,472	46,288
Transfers from other funds	-	-	-	239,752
Transfer to other funds	(91,471,726)	(90,630,482)	841,244	(87,174,603)
Long term debt issued	6,010,759	-	(6,010,759)	-
Refunding bonds issued	-	-	-	63,555,000
Payment to refunded bond escrow agent	-	-	-	(62,992,299)
Appropriated fund balance	14,131,563	-	(14,131,563)	-
Total other financing sources (uses)	(71,171,784)	(90,489,551)	(19,317,767)	(86,245,204)
Net change in fund balances	\$ -	(5,089,389)	\$ (5,089,389)	2,775,929
Fund Balances:				
Beginning of year - July 1		99,638,503		96,862,574
End of year - June 30		\$ 94,549,114		\$ 99,638,503

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 3,629	\$ 3,629	\$ 4,364
Intergovernmental revenues	193,014	192,806	(208)	210,171
Total revenues	<u>193,014</u>	<u>196,435</u>	<u>3,421</u>	<u>214,535</u>
Expenditures:				
Current:				
Payments to schools:				
Operating expenditures	67,879,109	67,879,109	-	64,740,640
Capital expenditures	2,750,000	2,750,000	-	2,124,146
Debt service:				
Principal	14,133,995	14,133,995	-	14,363,331
Interest and fees	4,650,068	4,648,783	1,285	5,048,843
Installment lease payments	536,373	536,372	1	554,758
Total expenditures	<u>89,949,545</u>	<u>89,948,259</u>	<u>1,286</u>	<u>86,831,718</u>
Revenues over (under) expenditures	(89,756,531)	(89,751,824)	4,707	(86,617,183)
Other Financing Sources (Uses):				
Transfers from other funds	88,756,531	88,415,287	(341,244)	86,373,093
Transfer to other funds	(1,000,000)	(1,000,000)	-	-
Appropriated fund balance	2,000,000	-	(2,000,000)	-
Total other financing sources (uses)	<u>89,756,531</u>	<u>87,415,287</u>	<u>(2,341,244)</u>	<u>86,373,093</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,336,537)</u>	<u>\$ (2,336,537)</u>	<u>(244,090)</u>
Fund Balance:				
Beginning of year - July 1		<u>2,336,537</u>		<u>2,580,627</u>
End of year - June 30		<u>\$ -</u>		<u>\$ 2,336,537</u>

NEW HANOVER COUNTY, NORTH CAROLINA

ROOM OCCUPANCY TAX FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 42,956,957	\$ 41,282,670
Receivables:		
Other sources, net	<u>1,237,902</u>	<u>1,574,612</u>
Total assets	<u>\$ 44,194,859</u>	<u>\$ 42,857,282</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 4,250	\$ 4,000
Due to component unit	<u>525,910</u>	<u>548,956</u>
Total liabilities	<u>530,160</u>	<u>552,956</u>
Deferred Inflows of Resources		
Taxes receivable	1,459	7,047
Special assessments receivable	<u>508,485</u>	<u>885,645</u>
Total deferred inflows of resources	<u>509,944</u>	<u>892,692</u>
Fund Balance:		
Restricted:		
Economic and physical development	42,242,720	40,624,472
Stabilization by State statute	<u>912,035</u>	<u>787,162</u>
Total fund balance	<u>43,154,755</u>	<u>41,411,634</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 44,194,859</u>	<u>\$ 42,857,282</u>

NEW HANOVER COUNTY, NORTH CAROLINA

ROOM OCCUPANCY TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Room occupancy taxes	\$ 4,478,909	\$ 4,818,906	\$ 339,997	\$ 4,416,767
Special assessments	-	404,015	404,015	2,889,056
Intergovernmental revenue	-	403,427	403,427	1,802,000
Investment earnings	-	95,635	95,635	73,272
Total revenues	<u>4,478,909</u>	<u>5,721,983</u>	<u>1,243,074</u>	<u>9,181,095</u>
Expenditures:				
Current:				
Collection fee to New Hanover County	18,000	18,000	-	18,000
Tourism distributions to TDA and municipalities	2,201,465	2,133,411	68,054	1,689,917
Erosion control	<u>2,124,685</u>	<u>1,587,451</u>	<u>537,234</u>	<u>2,632,730</u>
Total expenditures	<u>4,344,150</u>	<u>3,738,862</u>	<u>605,288</u>	<u>4,340,647</u>
Revenues over (under) expenditures	<u>134,759</u>	<u>1,983,121</u>	<u>1,848,362</u>	<u>4,840,448</u>
Other Financing Sources (Uses):				
Appropriated fund balance	105,241	-	(105,241)	-
Transfer to other funds	<u>(240,000)</u>	<u>(240,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(134,759)</u>	<u>(240,000)</u>	<u>(105,241)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,743,121</u>	<u>\$ 1,743,121</u>	<u>4,840,448</u>
Fund Balance:				
Beginning of year - July 1		<u>41,411,634</u>		<u>36,571,186</u>
End of year - June 30		<u>\$ 43,154,755</u>		<u>\$ 41,411,634</u>

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 4,353,068	\$ 5,295,162
Receivables:		
Intergovernmental	761,342	705,481
Other sources, net	<u>192,216</u>	<u>232,821</u>
Total assets	<u>\$ 5,306,626</u>	<u>\$ 6,233,464</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	<u>\$ 748,181</u>	<u>\$ 750,150</u>
Total liabilities	<u>748,181</u>	<u>750,150</u>
Deferred Inflows of Resources		
Taxes receivable	<u>141,553</u>	<u>128,295</u>
Total deferred inflows of resources	<u>141,553</u>	<u>128,295</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	875,895	1,059,825
Public safety	<u>3,540,997</u>	<u>4,295,194</u>
Total fund balance	<u>4,416,892</u>	<u>5,355,019</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 5,306,626</u>	<u>\$ 6,233,464</u>

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes, including interest	\$ 8,820,223	\$ 8,995,733	\$ 175,510	\$ 9,100,608
Other taxes	2,665,581	2,680,145	14,564	2,430,417
Miscellaneous	20,361	20,643	282	32,055
Intergovernmental revenue	117,608	26,391	(91,217)	85,939
Charges for services	125,000	143,448	18,448	107,451
Investment earnings	7,170	11,207	4,037	9,754
Total revenues	<u>11,755,943</u>	<u>11,877,567</u>	<u>121,624</u>	<u>11,766,224</u>
Expenditures:				
Current:				
Operating expenditures	11,108,297	10,991,756	116,541	10,134,596
Capital outlay	1,371,965	1,308,205	63,760	409,058
Installment debt payments	515,733	515,733	-	856,585
Total expenditures	<u>12,995,995</u>	<u>12,815,694</u>	<u>180,301</u>	<u>11,400,239</u>
Revenues over (under) expenditures	<u>(1,240,052)</u>	<u>(938,127)</u>	<u>301,925</u>	<u>365,985</u>
Other Financing Sources (Uses):				
Appropriated fund balance	1,240,052	-	(1,240,052)	-
Sale of capital assets	-	-	-	48,435
Transfer from other funds	-	-	-	162,684
Total other financing sources (uses)	<u>1,240,052</u>	<u>-</u>	<u>(1,240,052)</u>	<u>211,119</u>
Net change in fund balance	<u>\$ -</u>	<u>(938,127)</u>	<u>\$ (938,127)</u>	<u>577,104</u>
Fund Balance:				
Beginning of year - July 1		<u>5,355,019</u>		<u>4,777,915</u>
End of year - June 30		<u>\$ 4,416,892</u>		<u>\$ 5,355,019</u>

**LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 16,102	\$ 16,065
Total assets	<u>\$ 16,102</u>	<u>\$ 16,065</u>
Fund Balance:		
Restricted:		
Public safety	\$ 16,102	\$ 16,065
Total fund balance	<u>16,102</u>	<u>16,065</u>
Total liabilities and fund balance	<u>\$ 16,102</u>	<u>\$ 16,065</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ -	\$ 37	\$ 37	\$ 31
Total revenues	-	37	37	31
Revenues over (under) expenditures	-	37	37	31
Net change in fund balance	\$ -	37	\$ 37	31
Fund Balance:				
Beginning of year - July 1		<u>16,065</u>		<u>16,034</u>
End of year - June 30		<u>\$ 16,102</u>		<u>\$ 16,065</u>

NEW HANOVER COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND - ARTICLE 3

COMPARATIVE BALANCE SHEET

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 1,103,687	\$ 1,136,216
Receivables:		
Other sources, net	<u>46,540</u>	<u>51,968</u>
Total assets	<u>\$ 1,150,227</u>	<u>\$ 1,188,184</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	<u>\$ 615</u>	<u>\$ 17,600</u>
Total liabilities	<u>615</u>	<u>17,600</u>
Fund Balance:		
Restricted:		
Public safety	1,103,072	1,118,616
Stabilization by State statute	<u>46,540</u>	<u>51,968</u>
Total fund balance	<u>1,149,612</u>	<u>1,170,584</u>
Total liabilities and fund balance	<u>\$ 1,150,227</u>	<u>\$ 1,188,184</u>

NEW HANOVER COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND - ARTICLE 3
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes	\$ 413,215	\$ 558,476	\$ 145,261	\$ 623,620
Investment earnings	-	2,426	2,426	1,947
Total revenues	<u>413,215</u>	<u>560,902</u>	<u>147,687</u>	<u>625,567</u>
Expenditures:				
Current:				
Operating expenditures	413,215	391,879	21,336	356,285
Capital outlay	<u>189,995</u>	<u>189,995</u>	-	<u>25,701</u>
Total expenditures	<u>603,210</u>	<u>581,874</u>	<u>21,336</u>	<u>381,986</u>
Revenues over (under) expenditures	<u>(189,995)</u>	<u>(20,972)</u>	<u>169,023</u>	<u>243,581</u>
Other Financing Sources (Uses):				
Appropriated fund balance	189,995	-	(189,995)	-
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>189,995</u>	<u>-</u>	<u>(189,995)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(20,972)</u>	<u>\$ (20,972)</u>	<u>243,581</u>
Fund Balance:				
Beginning of year - July 1		<u>1,170,584</u>		<u>927,003</u>
End of year - June 30		<u>\$ 1,149,612</u>		<u>\$ 1,170,584</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**REVOLVING LOAN PROGRAM
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 62,845	\$ 62,504
Receivables:		
Intergovernmental revenues	<u>-</u>	<u>-</u>
Total assets	<u>\$ 62,845</u>	<u>\$ 62,504</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	<u>\$ -</u>	<u>\$ 926</u>
Total liabilities	<u>-</u>	<u>926</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	-	1,493
Assigned:		
Revolving loans	<u>62,845</u>	<u>60,085</u>
Total fund balance	<u>62,845</u>	<u>61,578</u>
Total liabilities and fund balance	<u>\$ 62,845</u>	<u>\$ 62,504</u>

NEW HANOVER COUNTY, NORTH CAROLINA

REVOLVING LOAN PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Miscellaneous revenue	\$ 10,000	\$ 15,124	\$ 5,124	\$ 13,690
Investment earnings	-	141	141	123
Total revenues	<u>10,000</u>	<u>15,265</u>	<u>5,265</u>	<u>13,813</u>
Expenditures:				
Current:				
Operating expenditures	<u>62,497</u>	<u>13,998</u>	<u>48,499</u>	<u>16,128</u>
Total expenditures	<u>62,497</u>	<u>13,998</u>	<u>48,499</u>	<u>16,128</u>
Revenues over (under) expenditures	<u>(52,497)</u>	<u>1,267</u>	<u>53,764</u>	<u>(2,315)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>52,497</u>	<u>-</u>	<u>(52,497)</u>	<u>-</u>
Total other financing sources (uses)	<u>52,497</u>	<u>-</u>	<u>(52,497)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,267</u>	<u>\$ 1,267</u>	<u>(2,315)</u>
Fund Balance:				
Beginning of year - July 1		<u>61,578</u>		<u>63,893</u>
End of year - June 30		<u>\$ 62,845</u>		<u>\$ 61,578</u>

NEW HANOVER COUNTY, NORTH CAROLINA

PARKS CONSERVANCY OF NEW HANOVER COUNTY
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Restricted Cash	\$ 14,469	\$ 8,474
Total assets	<u>\$ 14,469</u>	<u>\$ 8,474</u>
Fund Balance:		
Parks and recreation - Parks Foundation	\$ 14,469	\$ 8,474
Total fund balance	<u>14,469</u>	<u>8,474</u>
Total liabilities and fund balance	<u>\$ 14,469</u>	<u>\$ 8,474</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**PARKS CONSERVANCY OF NEW HANOVER COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Contributions	\$ -	\$ 6,131	\$ 6,131	\$ 8,874
Investment earnings	-	1	1	-
Total revenues	-	6,132	6,132	8,874
Expenditures:				
Current:				
Operating expenditures	-	137	(137)	400
Total expenditures	-	137	(137)	400
Revenues over (under) expenditures	\$ -	5,995	\$ 5,995	8,474
Fund Balance:				
Beginning of year - July 1		8,474		-
End of year - June 30		\$ 14,469		\$ 8,474

NEW HANOVER COUNTY, NORTH CAROLINA

**AIRLIE GARDENS FOUNDATION, INC.
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 3,042,489	\$ 2,780,697
Receivables:		
Other sources, net	725	2,874
Prepays	<u>400</u>	<u>400</u>
Total assets	<u>\$ 3,043,614</u>	<u>\$ 2,783,971</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	<u>\$ 84,211</u>	<u>\$ 83,482</u>
Total liabilities	<u>84,211</u>	<u>83,482</u>
Fund Balance:		
Non-spendable:		
Prepays	400	400
Restricted:		
Parks and recreation	2,958,278	2,697,215
Stabilization by State statute	<u>725</u>	<u>2,874</u>
Total fund balance	<u>2,959,403</u>	<u>2,700,489</u>
Total liabilities and fund balance	<u>\$ 3,043,614</u>	<u>\$ 2,783,971</u>

NEW HANOVER COUNTY, NORTH CAROLINA

AIRLIE GARDENS FOUNDATION, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Public support and revenue	\$ -	\$ 1,225,143	\$ 1,225,143	\$ 1,178,652
Investment earnings	-	135,325	135,325	290,785
Total revenues	-	<u>1,360,468</u>	<u>1,360,468</u>	<u>1,469,437</u>
Expenditures:				
Current:				
Operating expenditures	-	<u>1,101,554</u>	<u>(1,101,554)</u>	<u>1,051,836</u>
Total expenditures	-	<u>1,101,554</u>	<u>(1,101,554)</u>	<u>1,051,836</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>258,914</u>	<u>\$ 258,914</u>	<u>417,601</u>
Fund Balance:				
Beginning of year - July 1		<u>2,700,489</u>		<u>2,282,888</u>
End of year - June 30		<u>\$ 2,959,403</u>		<u>\$ 2,700,489</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**PUBLIC HEALTH FOUNDATION
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Restricted Cash	\$ 21,431	\$ 20,442
Total assets	<u>\$ 21,431</u>	<u>\$ 20,442</u>
Fund Balance:		
Restricted:		
Human services	\$ 21,431	\$ 20,442
Total fund balance	<u>21,431</u>	<u>20,442</u>
Total liabilities and fund balance	<u>\$ 21,431</u>	<u>\$ 20,442</u>

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC HEALTH FOUNDATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>2015</u>			<u>2014</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Contributions	\$ -	\$ 1,089	\$ 1,089	\$ 704
Total revenues	-	1,089	1,089	704
Expenditures:				
Current:				
Operating expenditures	-	100	(100)	100
Total expenditures	-	100	(100)	100
Revenues over (under) expenditures	\$ -	989	\$ 989	604
Fund Balance:				
Beginning of year - July 1		20,442		19,838
End of year - June 30		\$ 21,431		\$ 20,442

NEW HANOVER COUNTY, NORTH CAROLINA

**\$164 MILLION CFCC BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Restricted cash	\$ 10,270,870	\$ 24,181,137
Total assets	<u>\$ 10,270,870</u>	<u>\$ 24,181,137</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 1,275,305	\$ 1,967,389
Total liabilities	<u>1,275,305</u>	<u>1,967,389</u>
Fund Balance:		
Restricted		
Education	<u>8,995,565</u>	<u>22,213,748</u>
Total fund balance	<u>8,995,565</u>	<u>22,213,748</u>
Total liabilities and fund balance	<u>\$ 10,270,870</u>	<u>\$ 24,181,137</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, 2015**

	<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ -	\$ 242,660	\$ 12,119	\$ 254,779
Total	<u>-</u>	<u>242,660</u>	<u>12,119</u>	<u>254,779</u>
Expenditures:				
Capital outlay:				
Construction	164,000,000	108,841,521	13,230,302	122,071,823
Total expenditures	<u>164,000,000</u>	<u>108,841,521</u>	<u>13,230,302</u>	<u>122,071,823</u>
Revenues over (under) expenditures	<u>(164,000,000)</u>	<u>(108,598,861)</u>	<u>(13,218,183)</u>	<u>(121,817,044)</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>\$ 22,213,748</u>	<u>(13,218,183)</u>	<u>\$ 8,995,565</u>
Fund Balance:				
Beginning of year - July 1			<u>22,213,748</u>	
End of year - June 30			<u>\$ 8,995,565</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**\$35.5 MILLION PARKS & REC BONDS CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 2,715,449	\$ 5,249,162
Total assets	<u>\$ 2,715,449</u>	<u>\$ 5,249,162</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 288,008	\$ 374,620
Interfund loan	<u>316,994</u>	<u>-</u>
Total liabilities	<u>605,002</u>	<u>374,620</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	915,487	9,477
Parks and recreation	<u>1,194,960</u>	<u>4,865,065</u>
Total fund balance	<u>2,110,447</u>	<u>4,874,542</u>
Total liabilities and fund balance	<u>\$ 2,715,449</u>	<u>\$ 5,249,162</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, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Intergovernmental revenues	\$ 258,782	\$ 258,272	\$ -	\$ 258,272
Contributions	55,000	-	55,000	55,000
Investment earnings	119,201	335,308	442	335,750
Sales tax refund	<u>33,669</u>	<u>33,669</u>	<u>-</u>	<u>33,669</u>
Total revenues	<u>466,652</u>	<u>627,249</u>	<u>55,442</u>	<u>682,691</u>
Expenditures:				
Capital outlay:				
Land	9,214,357	9,214,357	-	9,214,357
Construction	<u>29,549,424</u>	<u>24,835,479</u>	<u>2,819,537</u>	<u>27,655,016</u>
Total expenditures	<u>38,763,781</u>	<u>34,049,836</u>	<u>2,819,537</u>	<u>36,869,373</u>
Revenues over (under) expenditures	<u>(38,297,129)</u>	<u>(33,422,587)</u>	<u>(2,764,095)</u>	<u>(36,186,682)</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	<u>3,042,279</u>	<u>3,042,279</u>	<u>-</u>	<u>3,042,279</u>
Total other financing sources (uses)	<u>38,297,129</u>	<u>38,297,129</u>	<u>-</u>	<u>38,297,129</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,874,542</u>	<u>(2,764,095)</u>	<u>\$ 2,110,447</u>
Fund Balance:				
Beginning of year - July 1			<u>4,874,542</u>	
End of year - June 30			<u>\$ 2,110,447</u>	

**HEALTH DEPARTMENT RENOVATION CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Restricted cash	\$ 283,804	\$ 2,524,679
Total assets	<u>\$ 283,804</u>	<u>\$ 2,524,679</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 371	\$ 762,581
Total liabilities	<u>371</u>	<u>762,581</u>
Fund Balance:		
Restricted:		
Stabilization by State Statute	3,288	1,273,253
Human services	<u>280,145</u>	<u>488,845</u>
Total fund balance	<u>283,433</u>	<u>1,762,098</u>
Total liabilities and fund balance	<u>\$ 283,804</u>	<u>\$ 2,524,679</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, 2015**

	<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	-	7,320	1,609	8,929
Total revenues	<u>40,000</u>	<u>47,320</u>	<u>1,609</u>	<u>48,929</u>
Expenditures:				
Capital outlay:				
Construction	<u>3,667,745</u>	<u>1,912,967</u>	<u>1,480,274</u>	<u>3,393,241</u>
Total expenditures	<u>3,667,745</u>	<u>1,912,967</u>	<u>1,480,274</u>	<u>3,393,241</u>
Revenues over (under) expenditures	<u>(3,627,745)</u>	<u>(1,865,647)</u>	<u>(1,478,665)</u>	<u>(3,344,312)</u>
Other Financing Sources (Uses):				
Transfer from other funds	<u>3,627,745</u>	<u>3,627,745</u>	-	<u>3,627,745</u>
Total other financing sources (uses)	<u>3,627,745</u>	<u>3,627,745</u>	-	<u>3,627,745</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,762,098</u>	<u>(1,478,665)</u>	<u>\$ 283,433</u>
Fund Balance:				
Beginning of year - July 1			<u>1,762,098</u>	
End of year - June 30			<u>\$ 283,433</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**\$160M SCHOOL BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 359,079	\$ -
Interfund loan	<u>550,631</u>	<u>-</u>
Total liabilities	<u>909,710</u>	<u>-</u>
Fund Balance:		
Restricted:		
Unassigned	<u>(909,710)</u>	<u>-</u>
Total fund balance	<u>(909,710)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**\$160M SCHOOL BOND EXPENDITURE CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ -	\$ 1,650	\$ 1,650
Total revenues	<u>-</u>	<u>-</u>	<u>1,650</u>	<u>1,650</u>
Expenditures:				
Capital outlay:				
Construction	161,617,300	-	2,528,660	2,528,660
Total expenditures	<u>161,617,300</u>	<u>-</u>	<u>2,528,660</u>	<u>2,528,660</u>
Revenues over (under) expenditures	<u>(161,617,300)</u>	<u>-</u>	<u>(2,527,010)</u>	<u>(2,527,010)</u>
Other Financing Sources (Uses):				
Long-term debt issued	160,000,000	-	-	-
Transfers from other funds	1,617,300	-	1,617,300	1,617,300
Total other financing sources (uses)	<u>161,617,300</u>	<u>-</u>	<u>1,617,300</u>	<u>1,617,300</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(909,710)	<u>\$ (909,710)</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ (909,710)</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**PUBLIC SCHOOL BUILDING CAPITAL FUND CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Receivables:		
Intergovernmental	\$ 506,934	\$ 401,847
Total assets	<u>\$ 506,934</u>	<u>\$ 401,847</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 506,934	\$ 401,847
Total liabilities	<u>506,934</u>	<u>401,847</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	506,934	401,847
Unassigned	<u>(506,934)</u>	<u>(401,847)</u>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 506,934</u>	<u>\$ 401,847</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, 2015**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Intergovernmental revenues	\$ 13,208,595	\$ 8,934,510	\$ 3,006,183	\$ 11,940,693
Total revenues	<u>13,208,595</u>	<u>8,934,510</u>	<u>3,006,183</u>	<u>11,940,693</u>
Expenditures:				
Capital outlay:				
Construction	<u>13,208,595</u>	<u>8,934,510</u>	<u>3,006,183</u>	<u>11,940,693</u>
Total expenditures	<u>13,208,595</u>	<u>8,934,510</u>	<u>3,006,183</u>	<u>11,940,693</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**BURN PIT CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 118,236	\$ 109,438
Total assets	<u>\$ 118,236</u>	<u>\$ 109,438</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 4,036
Total liabilities	<u>-</u>	<u>4,036</u>
Fund Balance:		
Restricted:		
Public Safety	<u>118,236</u>	<u>105,402</u>
Total fund balance	<u>118,236</u>	<u>105,402</u>
Total liabilities and fund balance	<u>\$ 118,236</u>	<u>\$ 109,438</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, 2015

		<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	\$ 12,583	\$ 1,567,463
Investment earnings	<u>269,934</u>	<u>270,457</u>	<u>251</u>	<u>270,708</u>
Total revenues	<u>1,782,584</u>	<u>1,825,337</u>	<u>12,834</u>	<u>1,838,171</u>
Expenditures:				
Capital outlay:				
Utilities	81,877	64,931	-	64,931
Contracted services	2,193,808	2,148,106	-	2,148,106
Training and travel	<u>1,899</u>	<u>1,898</u>	<u>-</u>	<u>1,898</u>
Total expenditures	<u>2,277,584</u>	<u>2,214,935</u>	<u>-</u>	<u>2,214,935</u>
Revenues over (under) expenditures	<u>(495,000)</u>	<u>(389,598)</u>	<u>12,834</u>	<u>(376,764)</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>\$ 105,402</u>	12,834	<u>\$ 118,236</u>
Fund Balance:				
Beginning of year - July 1			<u>105,402</u>	
End of year - June 30			<u>\$ 118,236</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

CONTROLLED SUBSTANCE TAX CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 28,670	\$ 46,920
Total assets	<u>\$ 28,670</u>	<u>\$ 46,920</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 625	\$ 10,021
Total liabilities	<u>625</u>	<u>10,021</u>
Fund Balance:		
Restricted:		
Stabilization for State Statute	-	11,644
Public Safety	<u>28,045</u>	<u>25,255</u>
Total fund balance	<u>28,045</u>	<u>36,899</u>
Total liabilities and fund balance	<u>\$ 28,670</u>	<u>\$ 46,920</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, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Intergovernmental revenues	\$ 1,499,229	\$ 1,463,553	\$ 58,525	\$ 1,522,078
Miscellaneous	49,707	49,707	-	49,707
Investment earnings	29,235	29,236	37	29,273
Total revenues	<u>1,578,171</u>	<u>1,542,496</u>	<u>58,562</u>	<u>1,601,058</u>
Expenditures:				
Supplies	884,452	811,880	67,416	879,296
Capital outlay	639,626	639,625	-	639,625
Contracted services	20,444	20,443	-	20,443
Total expenditures	<u>1,544,522</u>	<u>1,471,948</u>	<u>67,416</u>	<u>1,539,364</u>
Revenues over (under) expenditures	<u>33,649</u>	<u>70,548</u>	<u>(8,854)</u>	<u>61,694</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>\$ 36,899</u>	<u>(8,854)</u>	<u>\$ 28,045</u>
Fund Balance:				
Beginning of year - July 1			<u>36,899</u>	
End of year - June 30			<u>\$ 28,045</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**FEDERAL FORFEITED PROPERTY CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 95,540	\$ 143,803
Total assets	<u>\$ 95,540</u>	<u>\$ 143,803</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 5,025	\$ 22,688
Total liabilities	<u>5,025</u>	<u>22,688</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	15,208	53,189
Public Safety	<u>75,307</u>	<u>67,926</u>
Total fund balance	<u>90,515</u>	<u>121,115</u>
Total liabilities and fund balance	<u>\$ 95,540</u>	<u>\$ 143,803</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, 2015**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenue	\$ 6,679,776	\$ 6,472,204	\$ 261,901	\$ 6,734,105
Miscellaneous	182,894	174,170	8,724	182,894
Investment earnings	40,935	40,937	280	41,217
Total revenues	<u>6,903,605</u>	<u>6,687,311</u>	<u>270,905</u>	<u>6,958,216</u>
Expenditures:				
Supplies	1,628,527	1,449,410	152,923	1,602,333
Capital outlay	4,140,508	4,049,212	85,346	4,134,558
Contracted services	233,583	166,587	63,236	229,823
Total expenditures	<u>6,002,618</u>	<u>5,665,209</u>	<u>301,505</u>	<u>5,966,714</u>
Revenues over (under) expenditures	<u>900,987</u>	<u>1,022,102</u>	<u>(30,600)</u>	<u>991,502</u>
Other Financing Sources (Uses):				
Transfers to other funds	<u>(900,987)</u>	<u>(900,987)</u>	<u>-</u>	<u>(900,987)</u>
Total other financing sources (uses)	<u>(900,987)</u>	<u>(900,987)</u>	<u>-</u>	<u>(900,987)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 121,115</u>	<u>(30,600)</u>	<u>\$ 90,515</u>
Fund Balance:				
Beginning of year - July 1			<u>121,115</u>	
End of year - June 30			<u>\$ 90,515</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

MASONS INLET RELOCATION CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 295,144	\$ 170,875
Total assets	<u>\$ 295,144</u>	<u>\$ 170,875</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	\$ 94,830	\$ 99,346
Committed	<u>200,314</u>	<u>71,529</u>
Total fund balance	<u>295,144</u>	<u>170,875</u>
Total liabilities and fund balance	<u>\$ 295,144</u>	<u>\$ 170,875</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, 2015

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 100,000	\$ 135,293	\$ 580	\$ 135,873
Sales tax refund	162	162	-	162
Total revenues	100,162	135,455	580	136,035
Expenditures:				
Land	340,153	340,153	-	340,153
Construction	13,496,128	13,360,546	116,311	13,476,857
Total expenditures	13,836,281	13,700,699	116,311	13,817,010
Revenues over (under) expenditures	(13,736,119)	(13,565,244)	(115,731)	(13,680,975)
Other Financing Sources (Uses):				
Transfers from other funds	13,736,119	13,736,119	240,000	13,976,119
Total other financing sources (uses)	13,736,119	13,736,119	240,000	13,976,119
Net change in fund balance	\$ -	\$ 170,875	124,269	\$ 295,144
Fund Balance:				
Beginning of year - July 1			170,875	
End of year - June 30			\$ 295,144	

NEW HANOVER COUNTY, NORTH CAROLINA

SCATTERED SITE HOUSING CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Liabilities and Fund Balance:		
Liabilities:		
Interfund loan	\$ 1,348	\$ 1,348
Total liabilities	<u>1,348</u>	<u>1,348</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	-	330
Unassigned	<u>(1,348)</u>	<u>(1,678)</u>
Total fund balance	<u>(1,348)</u>	<u>(1,348)</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</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, 2015**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Intergovernmental revenue	\$ 2,100,000	\$ 1,928,976	\$ -	\$ 1,928,976
Sales tax refund	-	1,284	-	1,284
Investment earnings	-	4,420	-	4,420
Total revenues	<u>2,100,000</u>	<u>1,934,680</u>	<u>-</u>	<u>1,934,680</u>
Expenditures:				
Construction	<u>2,076,657</u>	<u>1,912,685</u>	<u>-</u>	<u>1,912,685</u>
Total expenditures	<u>2,076,657</u>	<u>1,912,685</u>	<u>-</u>	<u>1,912,685</u>
Revenues over (under) expenditures	<u>23,343</u>	<u>21,995</u>	<u>-</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>\$ (1,348)</u>	<u>-</u>	<u>\$ (1,348)</u>
Fund Balance:				
Beginning of year - July 1			<u>(1,348)</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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 80,848	\$ -
Receivables:		
Intergovernmental	<u>75,342</u>	<u>167,933</u>
Total assets	<u>\$ 156,190</u>	<u>\$ 167,933</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 25,062	\$ -
Interfund loan	<u>-</u>	<u>109,887</u>
Total liabilities	<u>25,062</u>	<u>109,887</u>
Fund Balance:		
Stabilization for State Statute	62,405	191,153
Committed	68,723	-
Unassigned	<u>-</u>	<u>(133,107)</u>
Total fund balance	<u>131,128</u>	<u>58,046</u>
Total liabilities and fund balance	<u>\$ 156,190</u>	<u>\$ 167,933</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, 2015

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Intergovernmental revenues	\$ 779,674	\$ 167,933	\$ (12,608)	\$ 155,325
Contributions	22,500	22,500	-	22,500
Investment earnings	-	114	38	152
Total revenues	<u>802,174</u>	<u>190,547</u>	<u>(12,570)</u>	<u>177,977</u>
Expenditures:				
Capital outlay:				
Construction	<u>1,019,593</u>	<u>229,920</u>	<u>34,348</u>	<u>264,268</u>
Total expenditures	<u>1,019,593</u>	<u>229,920</u>	<u>34,348</u>	<u>264,268</u>
Revenues over (under) expenditures	<u>(217,419)</u>	<u>(39,373)</u>	<u>(46,918)</u>	<u>(86,291)</u>
Other Financing Sources (Uses):				
Transfers from other funds	<u>217,419</u>	<u>97,419</u>	<u>120,000</u>	<u>217,419</u>
Total other financing sources (uses)	<u>217,419</u>	<u>97,419</u>	<u>120,000</u>	<u>217,419</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 58,046</u>	73,082	<u>\$ 131,128</u>
Fund Balance:				
Beginning of year - July 1			<u>58,046</u>	
End of year - June 30			<u>\$ 131,128</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

COBB ANNEX REPAIRS CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Restricted cash	\$ 2,627,299	\$ 3,818,088
Total assets	<u>\$ 2,627,299</u>	<u>\$ 3,818,088</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 251,839	\$ 66,875
Interfund loan	<u>-</u>	<u>812</u>
Total liabilities	<u>251,839</u>	<u>67,687</u>
Fund Balance:		
Restricted		
Stabilization for State Statute	1,728,883	14,996
General Government	<u>646,577</u>	<u>3,735,405</u>
Total fund balance	<u>2,375,460</u>	<u>3,750,401</u>
Total liabilities and fund balance	<u>\$ 2,627,299</u>	<u>\$ 3,818,088</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, 2015

	Project	Actual		
	Authorization	Prior	Current	Total
		Years	Year	to Date
Expenditures:				
Capital outlay:				
Bond issuance costs	\$ -	\$ 51,827	\$ -	\$ 51,827
Construction	4,484,460	189,769	1,913,501	2,103,270
Total expenditures	<u>4,484,460</u>	<u>241,596</u>	<u>1,913,501</u>	<u>2,155,097</u>
Revenues over (under) expenditures	<u>(4,484,460)</u>	<u>(241,596)</u>	<u>(1,913,501)</u>	<u>(2,155,097)</u>
Other Financing Sources (Uses):				
Long-term debt issued	3,945,900	3,695,000	-	3,695,000
Premium on long-term debt issued	-	296,997	-	296,997
Transfers from other funds	538,560	-	538,560	538,560
Total other financing sources (uses)	<u>4,484,460</u>	<u>3,991,997</u>	<u>538,560</u>	<u>4,530,557</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,750,401</u>	(1,374,941)	<u>\$ 2,375,460</u>
Fund Balance:				
Beginning of year - July 1			<u>3,750,401</u>	
End of year - June 30			<u>\$ 2,375,460</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

BALD EAGLE PUBLIC WATER EXPANSION CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 273,955	\$ 881,989
Total assets	<u>\$ 273,955</u>	<u>\$ 881,989</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 182,965	\$ 18,334
Total liabilities	<u>182,965</u>	<u>18,334</u>
Fund Balance:		
Committed	<u>90,990</u>	<u>863,655</u>
Total fund balance	<u>90,990</u>	<u>863,655</u>
Total liabilities and fund balance	<u>\$ 273,955</u>	<u>\$ 881,989</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, 2015

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 2,565	\$ 1,290	\$ 3,855
Total revenues	<u>-</u>	<u>2,565</u>	<u>1,290</u>	<u>3,855</u>
Expenditures:				
Capital outlay:				
Construction	883,645	22,555	773,955	796,510
Total expenditures	<u>883,645</u>	<u>22,555</u>	<u>773,955</u>	<u>796,510</u>
Revenues over (under) expenditures	<u>(883,645)</u>	<u>(19,990)</u>	<u>(772,665)</u>	<u>(792,655)</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>\$ 863,655</u>	<u>(772,665)</u>	<u>\$ 90,990</u>
Fund Balance:				
Beginning of year - July 1			<u>863,655</u>	
End of year - June 30			<u>\$ 90,990</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

AIRPORT RENTAL CAR PARKING DECK CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Restricted cash	\$ 6,444	\$ 534,457
Total assets	<u>\$ 6,444</u>	<u>\$ 534,457</u>
Fund Balance:		
Restricted		
General Government	\$ 6,444	\$ 534,457
Total fund balance	<u>6,444</u>	<u>534,457</u>
Total liabilities and fund balance	<u>\$ 6,444</u>	<u>\$ 534,457</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, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Investment earnings	\$ -	\$ -	\$ 46	\$ 46
Total revenues	-	-	46	46
Expenditures:				
Capital outlay:				
Bond issuance costs	-	63,020	582	63,602
Construction	4,500,000	3,972,523	527,477	4,500,000
Total expenditures	4,500,000	4,035,543	528,059	4,563,602
Revenues over (under) expenditures	(4,500,000)	(4,035,543)	(528,013)	(4,563,556)
Other Financing Sources (Uses):				
Long-term debt issued	4,500,000	4,570,000	-	4,570,000
Total other financing sources (uses)	4,500,000	4,570,000	-	4,570,000
Net change in fund balance	\$ -	\$ 534,457	(528,013)	\$ 6,444
Fund Balance:				
Beginning of year - July 1			534,457	
End of year - June 30			\$ 6,444	

NEW HANOVER COUNTY, NORTH CAROLINA

320 CHESTNUT STREET RENOVATION CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Restricted cash	\$ 2,759,941	\$ 8,759,972
Total assets	<u>\$ 2,759,941</u>	<u>\$ 8,759,972</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 968,062	\$ 288,065
Total liabilities	<u>968,062</u>	<u>288,065</u>
Fund Balance:		
Restricted		
Stabilization by state statute	1,682,664	7,361,923
General Government	<u>109,215</u>	<u>1,109,984</u>
Total fund balance	<u>1,791,879</u>	<u>8,471,907</u>
Total liabilities and fund balance	<u>\$ 2,759,941</u>	<u>\$ 8,759,972</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, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Investment earnings	\$ -	\$ -	\$ 1,425	\$ 1,425
Total revenues	-	-	1,425	1,425
Expenditures:				
Capital outlay:				
Bond issuance costs	-	125,337	(582)	124,755
Construction	10,000,000	1,037,673	6,682,035	7,719,708
Total expenditures	10,000,000	1,163,010	6,681,453	7,844,463
Revenues over (under) expenditures	(10,000,000)	(1,163,010)	(6,680,028)	(7,843,038)
Other Financing Sources (Uses):				
Long-term debt issued	10,000,000	8,920,000	-	8,920,000
Premium on long-term debt	-	714,917	-	714,917
Total other financing sources (uses)	10,000,000	9,634,917	-	9,634,917
Net change in fund balance	\$ -	\$ 8,471,907	(6,680,028)	\$ 1,791,879
Fund Balance:				
Beginning of year - July 1			8,471,907	
End of year - June 30			\$ 1,791,879	

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 940,565	\$ 176,373
Total assets	<u>\$ 940,565</u>	<u>\$ 176,373</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 8,250	\$ -
Total liabilities	<u>8,250</u>	<u>-</u>
Fund Balance:		
Restricted		
Stabilization by state statute	112,652	-
Committed	<u>819,663</u>	<u>176,373</u>
Total fund balance	<u>932,315</u>	<u>176,373</u>
Total liabilities and fund balance	<u>\$ 940,565</u>	<u>\$ 176,373</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, 2015**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ -	\$ 448	\$ 2,092	\$ 2,540
Total revenues	<u>-</u>	<u>448</u>	<u>2,092</u>	<u>2,540</u>
Expenditures:				
Capital outlay:				
Construction	1,289,335	174,075	185,485	359,560
Total expenditures	<u>1,289,335</u>	<u>174,075</u>	<u>185,485</u>	<u>359,560</u>
Revenues over (under) expenditures	<u>(1,289,335)</u>	<u>(173,627)</u>	<u>(183,393)</u>	<u>(357,020)</u>
Other Financing Sources (Uses):				
Transfers from other funds	1,289,335	350,000	939,335	1,289,335
Total other financing sources (uses)	<u>1,289,335</u>	<u>350,000</u>	<u>939,335</u>	<u>1,289,335</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 176,373</u>	755,942	<u>\$ 932,315</u>
Fund Balance:				
Beginning of year - July 1			<u>176,373</u>	
End of year - June 30			<u>\$ 932,315</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

**HERITAGE PARK AND MARQUIS HILLS SEWER EXPANSION CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ -	\$ 301,288
Receivables:		
Intergovernmental	<u>15,189</u>	<u>-</u>
Total assets	<u>\$ 15,189</u>	<u>\$ 301,288</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 5,311,898	\$ 1,346,517
Interfund loan	<u>4,552</u>	<u>-</u>
Total liabilities	<u>5,316,450</u>	<u>1,346,517</u>
Fund Balance:		
Unassigned	<u>(5,301,261)</u>	<u>(1,045,229)</u>
Total fund balance	<u>(5,301,261)</u>	<u>(1,045,229)</u>
Total liabilities and fund balance	<u>\$ 15,189</u>	<u>\$ 301,288</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, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Investment earnings	\$ -	\$ 504	\$ 3	\$ 507
Total revenues	-	504	3	507
Expenditures:				
Capital outlay:				
Construction	17,301,428	1,384,977	6,684,393	8,069,370
Total expenditures	17,301,428	1,384,977	6,684,393	8,069,370
Revenues over (under) expenditures	(17,301,428)	(1,384,473)	(6,684,390)	(8,068,863)
Other Financing Sources (Uses):				
Long-term debt issued	16,962,184	-	2,428,358	2,428,358
Transfers from other funds	339,244	339,244	-	339,244
Total other financing sources (uses)	17,301,428	339,244	2,428,358	2,767,602
Net change in fund balance	\$ -	\$ (1,045,229)	(4,256,032)	\$ (5,301,261)
Fund Balance:				
Beginning of year - July 1			(1,045,229)	
End of year - June 30			\$ (5,301,261)	

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, 2015
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Charges for services	\$ 12,140,000	\$ 12,926,265	\$ 786,265	\$ 12,689,379
Intergovernmental revenues	411,000	496,299	85,299	566,530
Investment earnings	-	21,534	21,534	12,224
Other	925,872	483,468	(442,404)	628,360
Total revenues	<u>13,476,872</u>	<u>13,927,566</u>	<u>450,694</u>	<u>13,896,493</u>
Expenditures:				
Current:				
Salaries and employee benefits	1,860,344	1,804,104	56,240	1,882,383
Operating expenditures	5,485,194	4,832,958	652,236	7,638,767
Installment debt payments	792,966	767,997	24,969	427,083
Capital expenditures	1,464,230	814,956	649,274	2,090,009
Total expenditures	<u>9,602,734</u>	<u>8,220,015</u>	<u>1,382,719</u>	<u>12,038,242</u>
Revenue over (under) expenditures	<u>3,874,138</u>	<u>5,707,551</u>	<u>1,833,413</u>	<u>1,858,251</u>
Other Financing Sources (Uses):				
Long-term debt issued	-	-	-	1,012,122
Transfers to other funds	(7,935,781)	(6,526,912)	1,408,869	(731,000)
Administrative reserve	(589)	-	589	-
Appropriated fund balance	4,062,232	-	(4,062,232)	-
Total other financing sources (uses)	<u>(3,874,138)</u>	<u>(6,526,912)</u>	<u>(2,652,774)</u>	<u>281,122</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (819,361)</u>	<u>\$ (819,361)</u>	<u>\$ 2,139,373</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (819,361)		\$ 2,139,373
Reconciling items:				
Revenues and other sources - capital project funds		7,560		3,628
Accrued vacation		25,956		1,054
Depreciation and amortization expenses		(1,282,514)		(1,389,909)
Capital outlay, costs, capitalized		834,056		1,970,892
Landfill closure costs		(13,109,644)		(1,990,512)
Long-term debt proceeds, premiums		-		(1,012,122)
Principal payments on debt		730,559		392,640
Interest expense accrual		4,678		5,107
Pension revenue		82,947		-
Loss on disposal of assets		-		(225,467)
Transfer (from) to capital project		<u>6,526,912</u>		<u>500,000</u>
Change in net position		<u>\$ (6,998,851)</u>		<u>\$ 394,684</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, 2015

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 8,133	\$ 395	\$ 8,528
Total revenues	<u>-</u>	<u>8,133</u>	<u>395</u>	<u>8,528</u>
Expenditures:				
Capital outlay:				
Construction	3,539,000	3,426,365	16,109	3,442,474
Total expenditures	<u>3,539,000</u>	<u>3,426,365</u>	<u>16,109</u>	<u>3,442,474</u>
Revenues over (under) expenditures	<u>(3,539,000)</u>	<u>(3,418,232)</u>	<u>(15,714)</u>	<u>(3,433,946)</u>
Other Financing Sources (Uses):				
Transfers from other funds	3,539,000	3,539,000	-	3,539,000
Total other financing sources (uses)	<u>3,539,000</u>	<u>3,539,000</u>	<u>-</u>	<u>3,539,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 120,768</u>	<u>(15,714)</u>	<u>\$ 105,054</u>

NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND
 LANDFILL NORTHERN PROPERTY CLOSURE CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 414	\$ 3,037	\$ 3,451
Total revenues	-	414	3,037	3,451
Expenditures:				
Capital outlay:				
Construction	2,881,912	196,864	190,334	387,198
Total expenditures	2,881,912	196,864	190,334	387,198
Revenues over (under) expenditures	(2,881,912)	(196,450)	(187,297)	(383,747)
Other Financing Sources (Uses):				
Transfers from other funds	2,881,912	250,000	2,631,912	2,881,912
Total other financing sources (uses)	2,881,912	250,000	2,631,912	2,881,912
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 53,550	\$ 2,444,615	\$ 2,498,165

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, 2015

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 536	\$ 3,796	\$ 4,332
Total revenues	-	536	3,796	4,332
Expenditures:				
Capital outlay:				
Construction	2,950,000	98,625	240,053	338,678
Total expenditures	2,950,000	98,625	240,053	338,678
Revenues over (under) expenditures	(2,950,000)	(98,089)	(236,257)	(334,346)
Other Financing Sources (Uses):				
Transfers from other funds	2,950,000	500,000	2,450,000	2,950,000
Total other financing sources (uses)	2,950,000	500,000	2,450,000	2,950,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 401,911	\$ 2,213,743	\$ 2,615,654

NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND
 ENVIRONMENTAL MANAGEMENT CAPITAL PROJECT VARIOUS
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ -	\$ 260	\$ 260
Total revenues	<u>-</u>	<u>-</u>	<u>260</u>	<u>260</u>
Expenditures:				
Capital outlay:				
Construction	1,395,000	-	-	-
Total expenditures	<u>1,395,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,395,000)</u>	<u>-</u>	<u>260</u>	<u>260</u>
Other Financing Sources (Uses):				
Transfers from other funds	1,395,000	-	1,395,000	1,395,000
Total other financing sources (uses)	<u>1,395,000</u>	<u>-</u>	<u>1,395,000</u>	<u>1,395,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,395,260</u>	<u>\$ 1,395,260</u>

NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND
 LANDFILL SOUTHERN PROPERTY CONSTRUCTION
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ -	\$ 72	\$ 72
Total revenues	<u>-</u>	<u>-</u>	<u>72</u>	<u>72</u>
Expenditures:				
Capital outlay:				
Construction	50,000	-	43,230	43,230
Total expenditures	<u>50,000</u>	<u>-</u>	<u>43,230</u>	<u>43,230</u>
Revenues over (under) expenditures	<u>(50,000)</u>	<u>-</u>	<u>(43,158)</u>	<u>(43,158)</u>
Other Financing Sources (Uses):				
Transfers from other funds	50,000	-	50,000	50,000
Total other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,842</u>	<u>\$ 6,842</u>

NEW HANOVER COUNTY, NORTH CAROLINA

**AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
Room Occupancy Tax Agency Fund:				
Assets:				
Cash and investments	\$ 566,037	\$ 15,809,320	\$ 15,789,182	\$ 586,175
Receivables	715,808	765,980	715,808	765,980
Total assets	<u>\$ 1,281,845</u>	<u>\$ 16,575,300</u>	<u>\$ 16,504,990</u>	<u>\$ 1,352,155</u>
Liabilities:				
Accounts payable	\$ 954,306	\$ 5,852,898	\$ 5,455,051	\$ 1,352,153
Due to other governmental units	327,539	10,722,402	11,049,939	2
Total liabilities	<u>\$ 1,281,845</u>	<u>\$ 16,575,300</u>	<u>\$ 16,504,990</u>	<u>\$ 1,352,155</u>
Tax Clearing Agency Fund:				
Assets:				
Cash and investments	\$ 321,991	\$ 73,244,215	\$ 73,296,845	\$ 269,361
Receivables	2,192,441	68,623,960	67,948,528	2,867,873
Total assets	<u>\$ 2,514,432</u>	<u>\$ 141,868,175</u>	<u>\$ 141,245,373</u>	<u>\$ 3,137,234</u>
Liabilities:				
Due to other governmental units	\$ 2,514,432	\$ 141,868,175	\$ 141,245,373	\$ 3,137,234
Total liabilities	<u>\$ 2,514,432</u>	<u>\$ 141,868,175</u>	<u>\$ 141,245,373</u>	<u>\$ 3,137,234</u>
Social Services Agency Fund:				
Assets:				
Cash and investments	\$ 215,584	\$ 847,389	\$ 841,875	\$ 221,098
Total assets	<u>\$ 215,584</u>	<u>\$ 847,389</u>	<u>\$ 841,875</u>	<u>\$ 221,098</u>
Liabilities:				
Accounts payable	\$ 24,970	\$ 409,993	\$ 406,967	\$ 27,996
Escrow funds	190,614	437,396	434,908	193,102
Total liabilities	<u>\$ 215,584</u>	<u>\$ 847,389</u>	<u>\$ 841,875</u>	<u>\$ 221,098</u>
Other Escrows Agency Fund:				
Assets:				
Cash and investments	\$ 6,673,313	\$ 9,633,696	\$ 7,535,680	\$ 8,771,329
ROD Deed of Trust cash	-	169,868	169,868	-
Receivables	43,117	1,135,013	43,117	1,135,013
Total assets	<u>\$ 6,716,430</u>	<u>\$ 10,938,577</u>	<u>\$ 7,748,665</u>	<u>\$ 9,906,342</u>
Liabilities:				
Accounts payable	\$ 43,484	\$ 3,733,640	\$ 2,917,636	\$ 859,488
Due to NC Treasurer - ROD Deed of Trust	-	169,868	169,868	-
Escrow funds	6,672,946	7,035,069	4,661,161	9,046,854
Total liabilities	<u>\$ 6,716,430</u>	<u>\$ 10,938,577</u>	<u>\$ 7,748,665</u>	<u>\$ 9,906,342</u>
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 7,776,925	\$ 99,534,620	\$ 97,463,582	\$ 9,847,963
ROD Deed of Trust cash	-	169,868	169,868	-
Receivables	2,951,366	70,524,953	68,707,453	4,768,866
Cash and receivables	<u>\$ 10,728,291</u>	<u>\$ 170,229,441</u>	<u>\$ 166,340,903</u>	<u>\$ 14,616,829</u>
Liabilities:				
Accounts payable	\$ 1,022,760	\$ 9,996,531	\$ 8,779,654	\$ 2,239,637
Due to other governmental units	2,841,971	152,590,577	152,295,312	3,137,236
Due to NC Treasurer - ROD Deed of Trust	-	169,868	169,868	-
Escrow funds	6,863,560	7,472,465	5,096,069	9,239,956
Intergovernmental payable	<u>\$ 10,728,291</u>	<u>\$ 170,229,441</u>	<u>\$ 166,340,903</u>	<u>\$ 14,616,829</u>

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY SOURCE

JUNE 30, 2015

	<u>2015</u>	<u>2014</u>
Governmental Funds Capital Assets:		
Land	\$ 44,012,262	\$ 43,251,767
Buildings	135,175,867	135,158,869
Improvements other than buildings	27,567,406	27,118,094
Equipment and buildings	56,475,960	53,877,995
Construction in progress	19,936,693	8,432,538
Total governmental funds capital assets	<u>\$ 283,168,188</u>	<u>\$ 267,839,263</u>
Investment in Governmental Funds Capital Assets by Source:		
General obligation bonds	\$ 20,575,543	\$ 19,548,192
Federal and state grants	24,472,066	24,322,716
General Fund revenues	230,836,527	216,685,666
Contributions	4,343,366	4,343,366
Gifts and other donated	2,940,686	2,939,323
Total governmental funds capital assets	<u>\$ 283,168,188</u>	<u>\$ 267,839,263</u>

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2015

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	18,179,406	591,852	16,478,929	60,366	1,048,259
Human Resources	64,157	-	-	5,466	58,691
Finance	71,353	-	-	-	71,353
Information Technology	6,055,361	-	-	138,265	5,917,096
Tax Administration	423,458	16,461	-	136,815	270,182
Legal	38,020	-	-	-	38,020
Elections	1,051,769	-	-	79,150	972,619
Register of Deeds	765,062	-	-	-	765,062
Property Management	2,531,743	-	620,282	376,869	1,534,592
Engineering	1,024,628	876,890	-	-	147,738
Planning	6,964,548	6,933,555	-	-	30,993
Total general government	<u>51,855,851</u>	<u>9,274,494</u>	<u>29,823,305</u>	<u>1,634,802</u>	<u>11,123,250</u>
Human Services:					
Health	5,208,274	-	2,972,847	186,746	2,048,681
Public Assistance	8,523,456	500,000	5,212,579	233,119	2,577,758
Human Services Transportation System	292,485	-	-	-	292,485
Human Relations	11,970	-	-	-	11,970
Aging Services	2,527,577	-	2,017,354	398,473	111,750
Total human services	<u>16,563,762</u>	<u>500,000</u>	<u>10,202,780</u>	<u>818,338</u>	<u>5,042,644</u>
Public Safety:					
Public Safety Communications Center	1,700,775	-	-	-	1,700,775
Sheriff	70,703,107	5,396,703	50,520,435	635,614	14,150,355
Emergency Management	14,388,985	-	2,263,381	764,063	11,361,541
Clerk of Court	19,681,510	-	18,819,599	639,683	222,228
Inspections	348,328	-	-	20,855	327,473
Fire Operations	15,038,730	377,686	4,467,245	688,504	9,505,295
Juvenile Services	1,189,665	7,000	1,128,558	-	54,107
Total public safety	<u>123,051,100</u>	<u>5,781,389</u>	<u>77,199,218</u>	<u>2,748,719</u>	<u>37,321,774</u>
Culture and Recreation:					
Library	14,381,763	846,813	12,588,605	157,250	789,095
Parks and Recreation	37,704,404	15,940,171	296,687	19,966,025	1,501,521
Museum	5,304,213	160,101	3,689,486	1,174,356	280,270
Cooperative Extension Service	832,956	40,006	553,380	96,468	143,102
Airlie Gardens	13,537,446	11,469,288	822,406	971,448	274,304
Total culture and recreation	<u>71,760,782</u>	<u>28,456,379</u>	<u>17,950,564</u>	<u>22,365,547</u>	<u>2,988,292</u>
Total	263,231,495	\$ 44,012,262	\$ 135,175,867	\$ 27,567,406	\$ 56,475,960
Construction in Progress	<u>19,936,693</u>				
Total governmental funds capital assets	<u>\$ 283,168,188</u>				

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
JUNE 30, 2015

Function and Activity	Governmental Funds Capital Assets				Governmental Funds Capital Assets June 30, 2015
	June 30, 2014	Additions	Deductions	Transfers	
General Government:					
Governing Body	\$ 14,686,346	\$ -	\$ -	\$ -	\$ 14,686,346
County Manager	17,656,046	523,360	-	-	18,179,406
Human Resources	64,157	-	-	-	64,157
Finance	71,353	-	-	-	71,353
Information Technology Systems	5,606,475	457,064	8,178	-	6,055,361
Tax Administration	469,773	-	46,315	-	423,458
Legal	38,020	-	-	-	38,020
Elections	1,051,769	-	-	-	1,051,769
Register of Deeds	794,012	-	28,950	-	765,062
Property Management	2,354,975	192,753	15,985	-	2,531,743
Engineering	1,017,513	7,115	-	-	1,024,628
Planning	6,964,548	-	-	-	6,964,548
Total general government	<u>50,774,987</u>	<u>1,180,292</u>	<u>99,428</u>	-	<u>51,855,851</u>
Human Services:					
Health	5,327,547	5,943	125,216	-	5,208,274
Veterans Services	-	-	-	-	-
Public Assistance	8,116,556	424,303	17,403	-	8,523,456
Human Services Transportation System	292,485	-	-	-	292,485
Human Relations	11,970	-	-	-	11,970
Aging Services	2,527,577	-	-	-	2,527,577
Total human services	<u>16,276,135</u>	<u>430,246</u>	<u>142,619</u>	-	<u>16,563,762</u>
Public Safety:					
Public Safety Communications Center	1,574,780	125,995	-	-	1,700,775
Sheriff	70,197,130	835,073	329,096	-	70,703,107
Emergency Management	14,340,595	60,076	11,686	-	14,388,985
Clerk of Court	19,681,510	-	-	-	19,681,510
Inspections	348,328	-	-	-	348,328
Fire Operations	13,959,624	1,091,612	12,506	-	15,038,730
Juvenile Services	1,171,348	18,317	-	-	1,189,665
Total public safety	<u>121,273,315</u>	<u>2,131,073</u>	<u>353,288</u>	-	<u>123,051,100</u>
Culture and Recreation:					
Library	13,906,653	475,110	-	-	14,381,763
Parks and Recreation	37,490,772	250,573	36,941	-	37,704,404
Museum	5,304,213	-	-	-	5,304,213
Cooperative Extension Service	832,956	-	-	-	832,956
Airlie Gardens	13,547,694	-	10,248	-	13,537,446
Total culture and recreation	<u>71,082,288</u>	<u>725,683</u>	<u>47,189</u>	-	<u>71,760,782</u>
Total	259,406,725	4,467,294	642,524	-	263,231,495
Construction in Progress	<u>8,432,538</u>	<u>11,898,626</u>	<u>394,471</u>	-	<u>19,936,693</u>
Total governmental funds capital assets	<u>\$ 267,839,263</u>	<u>\$ 16,365,920</u>	<u>\$ 1,036,995</u>	<u>\$ -</u>	<u>\$ 283,168,188</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)

	2006	2007	2008	2009	2010
Governmental activities:					
Net investment in capital assets	\$ 59,002,384	\$ 72,043,292	\$ 67,481,986	\$ 83,439,070	\$ 55,968,137
Restricted	29,964,424	34,667,984	39,177,585	44,795,381	45,015,518
Unrestricted (deficit)	(88,071,607)	(103,984,499)	(110,557,739)	(176,522,103)	(172,250,627)
Total governmental activities net position	\$ 895,201	\$ 2,726,777	\$ (3,898,168)	\$ (48,287,652)	\$ (71,266,972)
Business-type activities:					
Net investment in capital assets	\$ 122,905,015	\$ 149,121,226	\$ 178,756,569	\$ 15,175,229	\$ 16,238,444
Restricted	-	-	-	-	-
Unrestricted	44,494,678	33,168,433	13,176,137	(7,973,065)	(9,889,909)
Total business-type activities net position	\$ 167,399,693	\$ 182,289,659	\$ 191,932,706	\$ 7,202,164	\$ 6,348,535
Primary government:					
Net investment in capital assets	\$ 181,907,399	\$ 221,164,518	\$ 246,238,555	\$ 98,614,299	\$ 72,206,581
Restricted	29,964,424	34,667,984	39,177,585	46,200,679	45,015,518
Unrestricted (deficit)	(43,576,929)	(70,816,066)	(97,381,602)	(185,900,466)	(182,140,536)
Total primary government net position	\$ 168,294,894	\$ 185,016,436	\$ 188,034,538	\$ (41,085,488)	\$ (64,918,437)

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 1
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2011	2012	2013	2014	2015
Governmental activities:					
Net investment in capital assets	\$ 58,853,344	\$ 65,250,159	\$ 74,453,841	\$ 74,316,658	\$ 66,308,962
Restricted	130,178,769	89,136,681	133,680,657	112,349,642	95,103,161
Unrestricted (deficit)	(247,409,219)	(221,590,023)	(277,357,778)	(271,537,339)	(254,227,741)
Total governmental activities net position	\$ (58,377,106)	\$ (67,203,183)	\$ (69,223,280)	\$ (84,871,039)	\$ (92,815,618)
Business-type activities:					
Net investment in capital assets	\$ 14,575,511	\$ 13,081,015	\$ 12,192,927	\$ 11,577,960	\$ 16,072,772
Restricted	-	-	-	-	-
Unrestricted	(8,490,885)	(7,405,541)	(2,118,922)	(1,915,003)	(12,775,777)
Total business-type activities net position	\$ 6,084,626	\$ 5,675,474	\$ 10,074,005	\$ 9,662,957	\$ 3,296,995
Primary government:					
Net investment in capital assets	\$ 73,428,855	\$ 78,331,174	\$ 86,646,768	\$ 85,894,618	\$ 82,381,734
Restricted	130,178,769	89,136,681	133,680,657	112,349,642	95,103,161
Unrestricted (deficit)	(255,900,104)	(228,995,564)	(279,476,700)	(273,452,342)	(267,003,518)
Total primary government net position	\$ (52,292,480)	\$ (61,527,709)	\$ (59,149,275)	\$ (75,208,082)	\$ (89,518,623)

Source: County records.

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

	2006	2007	2008	2009	2010
Expenses:					
Governmental activities:					
General government	\$ 28,646,061	\$ 25,075,713	\$ 37,732,749	\$ 36,390,593	\$ 43,718,901
Human services	59,482,529	61,763,804	62,746,345	58,923,066	53,703,464
Public safety	52,164,537	56,064,864	56,865,683	57,968,693	56,726,590
Economic and physical development	2,589,960	4,666,707	3,192,042	2,537,751	5,934,637
Environmental Protection	-	-	-	178,589	-
Culture and recreation	10,779,828	11,388,613	11,746,120	21,404,716	15,257,799
Education	76,306,547	87,853,626	98,176,881	122,419,312	100,584,303
Interest and fees on long-term debt	13,813,775	14,400,529	14,209,311	15,825,728	15,296,312
Total governmental activities expenses	243,783,237	261,213,856	284,669,131	315,648,448	291,222,006
Business-type activities:					
Water and Sewer District	12,713,572	15,163,822	20,166,337	-	-
Environmental Management	12,125,044	13,628,225	14,441,845	14,102,891	13,981,178
Total business-type activities expenses	24,838,616	28,792,047	34,608,182	14,102,891	13,981,178
Total primary government expenses	\$ 268,621,853	\$ 290,005,903	\$ 319,277,313	\$ 329,751,339	\$ 305,203,184
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 4,155,603	\$ 3,964,266	\$ 3,863,383	\$ 3,427,781	\$ 3,186,784
Human services	1,349,844	1,341,106	1,913,407	2,210,078	1,948,892
Public safety	6,176,537	5,631,483	5,161,256	4,322,688	3,499,298
Economic and physical development	18,256	-	-	2,877,649	-
Environmental protection	-	-	-	7,320	-
Culture and recreation	310,590	323,016	320,428	1,190,437	294,407
Operating grants and contributions	38,480,337	39,296,595	39,611,425	41,290,965	43,499,099
Capital grants and contributions	7,469,412	2,738,000	8,575,692	2,115,369	6,429,061
Total governmental activities program revenues	57,960,579	53,294,466	59,445,591	57,442,287	58,857,541
Business-type activities:					
Charges for services:					
Water and Sewer District	13,004,665	15,733,105	16,018,463	-	-
Environmental Management	13,744,115	14,011,076	13,148,959	12,966,160	12,548,760
Operating grants and contributions	409,913	516,394	1,636,025	365,405	368,072
Capital grants and contributions	9,767,281	8,998,927	8,621,273	-	-
Total business-type activities program revenues	36,925,974	39,259,502	39,424,720	13,331,565	12,916,832
Total primary government program revenues	\$ 94,886,553	\$ 92,553,968	\$ 98,870,311	\$ 70,773,852	\$ 71,774,373

Source: County records.

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

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

Source: County records.

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

	2006	2007	2008	2009	2010
Net (expense)/revenue:					
Governmental activities	\$ (185,822,658)	\$ (207,919,390)	\$ (225,223,540)	\$ (258,206,161)	\$ (232,364,465)
Business-type activities	12,087,358	10,467,455	4,816,538	(771,326)	(1,064,346)
Total primary government net expense	\$ (173,735,300)	\$ (197,451,935)	\$ (220,407,002)	\$ (258,977,487)	\$ (233,428,811)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 132,303,679	\$ 138,440,818	\$ 145,564,877	\$ 157,318,774	\$ 160,751,779
Sales taxes	51,812,405	54,444,788	54,997,366	45,568,819	41,271,837
Room occupancy taxes	3,544,585	4,121,562	4,245,495	3,836,382	3,338,308
Other taxes	5,880,307	4,472,729	4,581,292	4,062,176	2,649,403
Investment earnings	6,249,595	8,286,962	6,150,700	2,409,565	695,767
Miscellaneous	4,995,154	1,706,135	5,321,087	381,294	-
Transfers	(1,919,533)	(1,722,028)	(2,262,222)	239,667	678,051
Total governmental activities	202,866,192	209,750,966	218,598,595	213,816,677	209,385,145
Business-type activities:					
Investment earnings	2,811,710	2,700,483	2,564,287	6,160	24
Special item - net position contributed to CFPUA and other funds	-	-	-	(183,725,709)	-
Transfers	1,919,533	1,722,028	2,262,222	(239,667)	(678,051)
Total business-type activities	4,731,243	4,422,511	4,826,509	(183,959,216)	(678,027)
Total primary government	\$ 207,597,435	\$ 214,173,477	\$ 223,425,104	\$ 29,857,461	\$ 208,707,118
Change in net position:					
Governmental activities	\$ 17,043,534	\$ 1,831,576	\$ (6,624,945)	\$ (44,389,484)	\$ (22,979,320)
Business-type activities	16,818,601	14,889,966	9,643,047	(184,730,542)	(1,742,373)
Total primary government	\$ 33,862,135	\$ 16,721,542	\$ 3,018,102	\$ (229,120,026)	\$ (24,721,693)

Source: County records.

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

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

Source: County records.

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

	2006	2007	2008	2009	2010
General Fund:					
Reserved	\$28,234,515	\$26,399,536	\$26,484,878	\$21,950,297	\$24,485,236
Unreserved	51,971,455	45,956,885	42,019,663	44,071,691	45,692,878
Nonspendable					
Restricted					
Assigned					
Unassigned					
Total general fund	\$80,205,970	\$72,356,421	\$68,504,541	\$66,021,988	\$70,178,114
All other governmental funds:					
Reserved	39,174,539	36,228,468	45,990,813	47,881,841	45,995,827
Unreserved, reported in:					
Capital projects funds	21,474,166	11,032,783	57,064,438	41,423,716	95,370,068
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	\$60,648,705	\$47,261,251	\$103,055,251	\$89,305,557	\$141,365,895

Source: County records.

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

	2011	2012	2013	2014	2015
General Fund:					
Reserved					
Unreserved					
Nonspendable	\$ 79,851	\$ 46,790	\$ 42,635	\$ 128,721	\$ 130,094
Restricted	24,193,303	21,768,800	23,185,423	24,103,644	27,556,288
Assigned	7,945,535	11,454,087	13,880,627	14,088,884	11,738,867
Unassigned	51,963,479	60,926,423	62,334,516	63,653,791	55,123,865
Total general fund	\$84,182,168	\$94,196,100	\$99,443,201	\$101,975,040	\$94,549,114
All other governmental funds:					
Reserved					
Unreserved, reported in:					
Capital projects funds					
Nonspendable		1,802	850	850	400
Restricted	41,449,014	44,001,373	44,594,014	65,686,061	51,732,264
Restricted, reported in capital					
Projects funds	64,536,452	23,366,508	65,901,220	22,213,748	16,576,845
Committed	3,374,752	4,226,116	-	972,801	1,179,690
Committed, reported in capital					
Projects funds	193,613	74,831	1,130,942	-	-
Assigned	59,433	68,966	63,893	61,578	62,845
Unassigned, reported in capital					
Projects funds	(525,173)	(302,827)	(1,564,138)	4,905,148	(6,719,253)
Total all other governmental funds	\$109,088,091	\$71,436,769	\$110,126,781	\$93,840,186	\$62,832,791

Source: County records.

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

	2006	2007	2008	2009	2010
Revenues:					
Taxes	\$ 193,537,310	\$ 201,239,764	\$ 209,046,468	\$ 211,395,647	\$ 207,845,642
Intergovernmental revenue	46,318,701	42,447,237	47,892,597	88,511,868	52,045,370
Special assessments	588,600	205,448	235,651	1,993,591	650,392
Charges for services	12,010,830	11,259,871	11,092,496	9,537,859	8,929,381
Miscellaneous	9,804,195	8,668,800	11,657,419	4,535,922	2,527,215
Total revenues	262,259,636	263,821,120	279,924,631	315,974,887	271,998,000
Expenditures:					
General government	29,368,933	29,818,279	32,906,560	29,016,838	29,485,936
Human services	59,686,429	61,353,480	62,122,735	58,211,859	53,253,360
Public safety	48,324,982	51,430,478	53,979,168	54,101,446	53,111,567
Economic and physical development	2,589,960	4,666,707	3,192,043	2,537,751	5,715,018
Culture and recreation	9,897,296	10,450,324	10,999,579	11,318,913	10,228,183
Education-community college and schools	63,280,896	67,473,345	72,049,228	71,524,315	67,750,207
Stormwater drainage	-	-	-	82,996	-
Capital outlay	21,977,861	35,629,488	38,890,813	62,970,803	39,698,425
Debt service:					
Interest and fees - bonds	8,434,272	8,815,049	8,298,196	10,866,108	11,449,659
Principal - bonds	11,220,001	11,885,000	12,545,000	16,845,000	17,845,000
Interest and fees - installment debt		4,536,863	4,335,233	6,155,264	5,784,678
Principal - installment debt		6,677,082	8,708,483	53,584,747	11,438,674
Installment debt payments	10,085,823				
Bond issuance costs					
Total expenditures	264,866,453	292,736,095	308,027,038	377,216,040	305,760,707
Revenues over (under) expenditures	(2,606,817)	(28,914,975)	(28,102,407)	(61,241,153)	(33,762,707)
Other financing sources (uses):					
Sale of capital assets					
Insurance claim proceeds					
Long-term debt issued	30,000,000	9,400,000	82,306,749	44,933,855	89,301,120
Premium on long-term debt issued					
Refunding bonds issued					
payment to refunded bond escrow agent					
Transfers from other funds	81,784,172	85,492,995	91,898,546	85,890,267	84,163,317
Transfers to other funds	(83,703,705)	(87,215,023)	(94,160,768)	(85,815,216)	(83,485,266)
Total other financing sources (uses)	28,080,467	7,677,972	80,044,527	45,008,906	89,979,171
Net change in fund balances	\$ 25,473,650	\$ (21,237,003)	\$ 51,942,120	\$ (16,232,247)	\$ 56,216,464
Debt service as % of noncapital expenditures	11.73%	11.73%	11.53%	23.53%	15.47%

Source: County records.

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

	2011	2012	2013	2014	2015
Revenues:					
Taxes	\$ 219,397,404	\$ 229,052,284	\$ 230,253,340	\$ 238,258,952	\$ 243,904,184
Intergovernmental revenue	41,719,627	51,294,237	51,435,873	47,736,506	47,956,049
Special assessments	549,508	485,862	309,431	2,894,325	406,705
Charges for services	8,714,885	10,745,642	12,283,293	11,925,569	11,929,923
Miscellaneous	8,065,255	2,843,795	5,863,970	1,987,912	1,206,663
Total revenues	278,446,679	294,421,820	300,145,907	302,803,264	305,403,524
Expenditures:					
General government	29,479,030	30,553,554	32,322,623	32,535,630	33,646,446
Human services	52,148,036	53,674,258	52,659,109	53,615,690	55,251,211
Public safety	54,056,134	59,406,202	59,862,271	62,459,338	64,681,983
Economic and physical development	2,438,992	3,114,839	12,487,481	5,427,845	4,976,715
Culture and recreation	10,124,210	10,732,645	12,358,781	12,133,804	12,905,043
Education-community college and schools	67,650,207	68,750,207	70,026,998	75,539,163	81,254,714
Stormwater drainage	-	-	-	-	-
Capital outlay	38,141,227	44,277,295	28,971,627	46,293,728	41,849,582
Debt service:					
Interest and fees - bonds	12,588,240	13,369,517	12,779,764	12,003,385	8,942,405
Principal - bonds	19,030,000	22,400,000	21,075,000	22,115,000	24,590,000
Interest and fees - installment debt	4,943,284	5,071,790	4,898,655	3,624,558	2,594,009
Principal - installment debt	11,519,621	10,917,265	9,928,268	10,496,020	14,711,066
Installment debt payments					
Bond issuance costs				562,701	-
Total expenditures	302,118,981	322,267,572	317,370,577	336,806,862	345,403,174
Revenues over (under) expenditures	(23,672,302)	(27,845,752)	(17,224,670)	(34,003,598)	(39,999,650)
Other financing sources (uses):					
Sale of capital assets		166,526	30,999	129,093	40,839
Insurance claim proceeds		40,140	29,161	46,288	100,092
Long-term debt issued	5,843,552	1,696	61,101,623	18,267,846	2,428,358
Premium on long-term debt issued				1,011,914	-
Refunding bonds issued				63,555,000	-
payment to refunded bond escrow agent				(62,992,299)	-
Transfers from other funds	3,024,201	1,516,547	6,735,806	2,063,189	3,455,195
Transfers to other funds	(3,469,201)	(1,516,547)	(6,735,806)	(1,832,189)	(3,455,195)
Total other financing sources (uses)	5,398,552	208,362	61,161,783	20,248,842	2,569,289
Net change in fund balances	\$ (18,273,750)	\$ (27,637,390)	\$ 43,937,113	\$ (13,754,756)	\$ (37,430,361)
Debt service as % of noncapital expenditures	16.40%	16.50%	15.77%	14.70%	15.10%

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 5
Governmental Funds Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Ad Valorem (Property) Taxes	Sales Taxes	Room Occupancy Taxes	Real Property Revenue Stamp Taxes	Other Taxes	Total Taxes
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
2015	173,852	62,185	4,819	2,278	990	244,124

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
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
2015	25,492,331,491	3,672,975,235	580,429,717	29,745,736,443	\$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 Ten Years Ago

Taxpayer	2015			2005		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Duke Energy Progress	\$ 439,880,143	1	1.48%	\$ 257,591,117	1	1.44%
General Electric Company	340,464,859	2	1.15%	90,767,135	3	0.51%
Corning, Inc.	236,420,029	3	0.80%	163,866,029	2	0.92%
River Ventures	77,920,600	4	0.26%	--	--	--
Fortron Industries LLC	68,735,253	5	0.23%	--	--	--
BellSouth Telecommunications	54,934,410	6	0.18%	84,603,456	4	0.47%
Centro Independence LLC	54,078,800	7	0.18%	--	--	--
Global Nuclear Fuel	48,869,941	8	0.16%	--	--	--
Wal Mart Property	48,018,442	9	0.16%	--	--	--
Piedmont Natural Gas Co Inc.	38,010,289	10	0.13%	--	--	--
URDT of North Carolina LLC	--	--	--	59,128,907	5	0.33%
Global Nuclear Fuel Americas LLC	--	--	--	43,995,952	6	0.25%
Arteva Specialities	--	--	--	42,532,417	7	0.24%
Independence Shoppingtown LLC	--	--	--	37,988,012	8	0.21%
Elementis Chromium	--	--	--	35,979,053	9	0.20%
GS II University Centre LLC	--	--	--	22,347,233	10	0.12%
Total	<u>\$ 1,407,332,766</u>		<u>4.74%</u>	<u>\$ 838,799,311</u>		<u>4.69%</u>
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
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%
2015	165,254,585	163,605,339	99.00	1,147,072	164,752,411	99.70%

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
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	0.2600
2014	0.5540	0.079	0.4500	0.133	0.235	0.2615
2015	0.5540	0.079	0.4600	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			
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
2015	283,589,997	17,741,000	66,813,433	-	99,000	1,136,410	369,379,840	N/A	1,690.45

* 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**
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
2015	283,590,000	0.95%	1,297.84

* 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, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County direct debt	\$ 368,144,430	100.00%	<u>\$ 368,144,430</u>
City of Wilmington debt	171,835,157	100.00%	171,835,157
Town of Wrightsville Beach debt	3,974,652	100.00%	3,974,652
Town of Carolina Beach debt	5,795,271	100.00%	5,795,271
Town of Kure Beach debt	2,283,159	100.00%	2,283,159
Subtotal, overlapping debt			<u>183,888,239</u>
Total direct and overlapping debt:			<u><u>\$ 552,032,669</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

	2006	2007	2008	2009	2010	2011
Debt limit	\$ 1,500,381,680	\$ 1,559,946,828	\$ 2,618,030,818	\$ 2,673,948,925	\$ 2,693,960,438	\$ 2,704,484,646
Total net debt applicable to limit	385,228,686	400,873,158	359,875,000	552,875,000	491,384,997	476,879,881
Legal debt margin	\$ 1,115,152,994	\$ 1,159,073,670	\$ 2,258,155,818	\$ 2,121,073,925	\$ 2,202,575,441	\$ 2,227,604,765
Total net debt applicable to the limit as a percentage of debt limit	25.68%	25.70%	13.75%	20.68%	18.24%	17.63%

NEW HANOVER COUNTY, NORTH CAROLINA
 Table 13
 Legal Debt Margin Information
 Last Ten Fiscal Years

New Hanover County	Legal Debt Margin Calculation for June 30, 2015			
	Total assessed value		\$	29,745,736,443
	Debt limit (8% of assessed value)			<u>2,379,658,915</u>
	Debt applicable to limit:			
	General obligation bonds			283,589,997
	Certificates of participation			17,741,000
	Installment			64,385,075
	Authorized but unissued debt			200,000,000
	Less:			
	Water Sewer			(15,609,000)
	Authorized but unissued debt			<u>(200,000,000)</u>
	Total net applicable to limit			<u>350,107,072</u>
	Legal debt margin			<u>\$ 2,029,551,843</u>
	2012	2013	2014	2015
Debt limit	\$ 2,735,242,156	\$ 2,310,367,729	\$ 2,377,170,770	\$ 2,379,658,915
Total net debt applicable to limit	<u>437,524,997</u>	<u>392,163,053</u>	<u>385,619,330</u>	<u>350,107,072</u>
Legal debt margin	<u>\$ 2,297,717,159</u>	<u>\$ 1,918,204,676</u>	<u>\$ 1,991,551,440</u>	<u>\$ 2,029,551,843</u>
Total net debt applicable to the limit as a percentage of debt limit	16.00%	16.97%	16.22%	14.71%

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	26,080	6.10%
2015	218,510	N/A	N/A	N/A	25,937	5.60%

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)	2015			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
New Hanover Health Network	6,120	1	5.76%	4,600	1	4.88%
New Hanover County Board of Education	4,440	2	4.18%	3,130	2	3.32%
General Electric	2,175	3	2.05%	1,850	3	1.96%
University of NC at Wilmington	1,860	4	1.75%	1,630	4	1.73%
Wal-Mart Stores, Inc	1,755	5	1.65%	1,050	7	1.11%
New Hanover County	1,610	6	1.52%	1,370	5	1.45%
PPD, Inc.	1,500	7	1.41%	900	10	0.96%
Verizon Wireless	1,410	8	1.33%	900	9	0.96%
City of Wilmington	1,000	9	0.94%	1,130	6	1.20%
Corning	1,000	10	0.94%	-	-	-
United States Government				940	8	1.00%
Total New Hanover County Employment	<u>106,218</u>			<u>94,219</u>		

Sources: Wilmington Chamber of Commerce, NC State Demographics Web Site, and New Hanover County

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	238	243	248	263	276	268	268	265	263	253
Human services	486	497	517	524	517	509	495	471	497	506
Public safety	578	586	620	632	632	635	651	680	727	764
Culture and recreation	108	110	115	117	117	123	126	127	136	136
Environmental Management	72	73	88	88	88	88	31	31	31	31
Water and Sewer	55	64	64	0	0	0	0	0	0	0
Total	1,537	1,573	1,652	1,624	1,630	1,623	1,571	1,574	1,654	1,690

Source: County Budget Department.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 17
Operating Indicators by Function
 Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010
Public safety:					
Sheriff:					
# of divisions	7	7	6	6	6
# of sheriff personnel	367	374	382	420	384
# of arrests made	6,023	6,704	6,430	7,011	6,364
# of service calls	181,351	101,877	175,770	173,502	190,539
Fire Services:					
# of stations	6	6	8	8	8
# of fire personnel	90	110	96	95	95
# of calls answered	6,704	6,425	5,139	4,676	4,665
Culture and recreation:					
Library:					
# of circulations	1,114,502	1,200,000	1,231,467	1,320,486	1,340,000
Museum:					
Attendance	32,251	31,000	38,504	41,683	47,128

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 17
Operating Indicators by Function
 Last Ten Fiscal Years

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

Source: County records.

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

Function	2006	2007	2008	2009	2010
Public safety (1):					
Sheriff:					
# of stations	2	2	2	2	2
# of vehicles	281	303	321	301	277
Human services (1):					
Health Department:					
# of vehicles	41	43	45	51	37
Culture and recreation (1):					
Parks:					
# of parks	23	23	34	34	35
Park acreage	807	807	1,100	1,100	1,310

Source: County records.

(1) Information represents vehicles currently owned as of June 30, 2015 by the County.

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

Function	2011	2012	2013	2014	2015
Public safety (1):					
Sheriff:					
# of stations	2	2	2	2	2
# of vehicles	290	279	298	311	305
Human services (1):					
Health Department:					
# of vehicles	29	23	22	22	22
Culture and recreation (1):					
Parks:					
# of parks	35	35	35	35	35
Park acreage	1,310	1,310	1,310	1,310	1,310

Source: County records.

(1) Information represents vehicles currently owned

NEW HANOVER COUNTY, NORTH CAROLINA
Table 19
ANALYSIS OF CURRENT TAX LEVY
New Hanover County
June 30, 2015

	County - Wide		Total Levy		
			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Amount of Levy		
Original levy:					
Property taxed at current year's rate	\$ 28,185,487,726	0.55400	\$ 156,147,602	\$ 156,147,602	\$ -
Motor vehicles	1,829,361,622	0.55400	10,134,669	-	10,134,669
Penalties	-		224,967	224,967	-
Total	<u>30,014,849,348</u>		<u>166,507,238</u>	<u>156,372,569</u>	<u>10,134,669</u>
Discoveries:					
Current year	-		405,321	405,321	-
	-		405,321	405,321	-
Abatements	(269,112,905)		(1,530,661)	(1,530,661)	-
Total property valuation	<u>\$ 29,745,736,443</u>				
Net levy			165,381,898	155,247,229	10,134,669
Uncollected taxes at June 30, 2015			1,987,992	1,981,576	6,416
Current year's taxes collected			<u>\$ 163,393,906</u>	<u>\$ 153,265,653</u>	<u>\$ 10,128,253</u>
Current levy collection percentage			98.81%	98.72%	99.94%
Secondary Market Disclosures:					
Assessed Valuation:					
Assessment Ratio			100%		
Real Property			\$ 25,492,331,491		
Personal Property			3,672,975,235		
Public Service Companies			580,429,717		
Total Assessed Valuation			<u>29,745,736,443</u>		
Tax rate per \$100			0.55400		
Levy (includes discoveries, abatements, penalties)			<u>\$ 165,381,898</u>		
Fire District			<u>\$ 9,033,534</u>		