

**NEW HANOVER COUNTY  
AIRPORT AUTHORITY**

**A Component Unit of New Hanover County, North Carolina**

**FINANCIAL STATEMENTS AND COMPLIANCE**

*As of and for the Year Ended June 30, 2024*

*And Reports of Independent Auditor*

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**

TABLE OF CONTENTS

---

**FINANCIAL SECTION**

Report of Independent Auditor..... 1-3  
Management’s Discussion and Analysis (Unaudited) ..... 4-7

**FINANCIAL STATEMENTS**

Statement of Net Position ..... 8-9  
Statement of Revenues, Expenses, and Changes in Net Position ..... 10  
Statement of Cash Flows..... 11-12  
Notes to the Financial Statements..... 13-32

**REQUIRED SUPPLEMENTAL FINANCIAL DATA**

Local Government Employees’ Retirement System –  
the Authority’s Proportionate Share of Net Pension Liability (Asset) ..... 33  
Local Government Employees’ Retirement System –  
the Authority’s Contributions..... 34  
Law Enforcement Officers’ Special Separation Allowance –  
Schedule of Changes in Total Pension Liability ..... 35  
Law Enforcement Officers’ Special Separation Allowance –  
Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll ..... 36  
Schedule of Changes in Total OPEB Liability and Related Ratios ..... 37

**OTHER SUPPLEMENTARY INFORMATION**

Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP):  
Operating Fund..... 38-39  
Capital Projects Fund ..... 40

**COMPLIANCE SECTION**

Report of Independent Auditor on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards* ..... 41-42  
Report of Independent Auditor on Compliance for the Major Federal Program and on  
Internal Control over Compliance in Accordance with OMB Uniform Guidance and the  
State Single Audit Implementation Act ..... 43-44  
Report of Independent Auditor on Compliance for the Major State Program and on  
Internal Control over Compliance in Accordance with OMB Uniform Guidance and the  
State Single Audit Implementation Act ..... 45-46  
Schedule of Findings and Questioned Costs..... 47-49  
Corrective Action Plan..... 50  
Summary of Schedule of Prior Audit Findings ..... 51  
Schedule of Expenditures of Federal and State Awards ..... 52  
Notes to Schedule of Expenditures of Federal and State Awards..... 53

**COMPLIANCE SECTION RELATED TO PASSENGER FACILITY CHARGE PROGRAM**

Report of Independent Auditor on Compliance for the Passenger Facility Charge  
Program and on Internal Control over Compliance Required by the  
Passenger Facility Program Audit Guide for Public Agencies..... 54-55  
Schedule of Findings and Questioned Costs..... 56  
Summary of Schedule of Prior Audit Findings ..... 57  
Schedule of Passenger Facility Charges ..... 58  
Notes to Schedule of Passenger Facility Charges ..... 59

## Report of Independent Auditor

To the Board Members and Management  
New Hanover County Airport Authority  
Wilmington, North Carolina

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of the New Hanover County Airport Authority (the "Authority"), a component unit of New Hanover County, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Authority restated beginning net position due to correction of an error. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *government auditing standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental financial data, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of passenger facility charges, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, schedule of expenditures of federal and state awards, and the schedule of passenger facility charges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Cherry Bekaert LLP*

Raleigh, North Carolina  
September 30, 2024

## **FINANCIAL SECTION**

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

*JUNE 30, 2024*

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As management of the New Hanover County Airport Authority ("Authority"), we offer readers of our financial statements this narrative overview and analysis of our financial activities for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with the financial statements and accompanying notes to the financial statements, which follow this narrative.

The Authority is responsible for the operation and maintenance of the Wilmington International Airport (ILM) facilities.

**Financial Highlights**

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$221,583,204 (net position) at June 30, 2024. Of this amount, \$67,536,586 is unrestricted and available to meet ongoing future obligations of the Authority including its share of capital projects.
- Capital asset expenditures for the year ended June 30, 2024 were \$23,353,418 compared to \$31,017,156 expended in the year ended June 30, 2023, as the Authority is still engaged in ongoing construction projects.
- Net position increased \$24,688,716 during the year ended June 30, 2024 compared to an increase of \$23,159,039 during the year ended June 30, 2023. The unrestricted portion of net position increased \$8,630,581 during the year ended June 30, 2024 compared to an increase of \$12,517,345 during the year ended June 30, 2023. Net position invested in capital assets, which is net of related debt, increased \$12,281,644 during the year ended June 30, 2024 compared to an increase of \$8,445,351 during the year ended June 30, 2023.
- Operating income before depreciation and amortization of \$3,174,425 for the current year reflects a decrease of \$781,774 from the prior year's operating income before depreciation and amortization of \$3,956,199.
- The statement of cash flows, which identifies the sources and uses of cash activity for the fiscal year, indicates cash and cash equivalents increased \$24,121,907 from the prior year.

**Overview of the Financial Statements**

The financial statements of the Authority consist of five components. They are as follows:

- Management's Discussion and Analysis
- Financial Statements
- Notes to the Financial Statements
- Required Supplemental Financial Data
- Other Supplementary Information

Our financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. The Authority is operated under one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used. Revenue is recorded when earned and expenses are recorded when incurred. The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. These are followed by notes to the financial statements. In addition to the financial statements, this report also contains required supplemental information and other supplemental information that will enhance the reader's understanding of the financial condition of the Authority.

The statement of net position presents information on the Authority's net position – the difference between total assets plus deferred outflows and total liabilities plus deferred inflows. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

JUNE 30, 2024

The statement of revenues, expenses, and changes in net position reports the operating revenues and expenses and nonoperating revenues and expenses of the Authority for the fiscal year with the difference – income or loss before capital contributions – being combined with any capital contributions to determine the change in net position for the fiscal year. That change combined with last year-end net position total reconciles to the net position total at the end of this fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash and cash equivalents balance at the end of the current fiscal year.

**Financial Information**

**Net Position** – The following schedule presents a summary of net position at June 30, 2024 and 2023.

	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>Increase (Decrease)</b>
Current and other assets	\$ 148,753,112	\$ 103,076,976	\$ 45,676,136
Restricted assets	16,405,271	12,628,780	3,776,491
Capital assets, net	148,336,661	133,649,839	14,686,822
<b>Total Assets</b>	<b>313,495,044</b>	<b>249,355,595</b>	<b>64,139,449</b>
Contributions to pension plan in current fiscal year	429,930	378,756	51,174
Pension deferrals	1,050,630	923,341	127,289
OPEB deferrals	66,936	57,534	9,402
<b>Total Deferred Outflows of Resources</b>	<b>1,547,496</b>	<b>1,359,631</b>	<b>187,865</b>
Current liabilities	8,185,219	8,250,879	(65,660)
Net LGERS pension liability	2,368,548	1,881,416	487,132
Total LEO pension liability	68,834	83,748	(14,914)
OPEB liability	220,402	239,003	(18,601)
Unearned Grant Revenue	19,110,947	-	19,110,947
Long-term debt	5,150,605	3,701,053	1,449,552
<b>Total Liabilities</b>	<b>35,104,555</b>	<b>14,156,099</b>	<b>20,948,456</b>
Pension deferrals	9,338	37,186	(27,848)
OPEB deferrals	118,208	130,718	(12,510)
Lease deferrals	58,227,225	39,496,731	18,730,494
<b>Total Deferred Inflows of Resources</b>	<b>58,354,771</b>	<b>39,664,635</b>	<b>18,690,136</b>
Net Position:			
Net investment in capital assets	137,641,347	125,359,703	12,281,644
Restricted	16,405,271	12,628,780	3,776,491
Unrestricted	67,536,586	58,906,005	8,630,581
<b>Total Net Position</b>	<b>\$ 221,583,204</b>	<b>\$ 196,894,488</b>	<b>\$ 24,688,716</b>

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

JUNE 30, 2024

**Change in Net Position** – The following schedule presents a summary of the change in net position for the fiscal years ended June 30, 2024 and 2023.

	<b>For the Years Ended June 30,</b>		<b>Increase</b>
	<b>2024</b>	<b>2023</b>	<b>(Decrease)</b>
Operating Revenues:			
Aviation	\$ 2,159,424	\$ 2,137,100	\$ 22,324
Parking	6,909,071	6,321,334	587,737
Rent	1,501,236	1,295,447	205,789
Commissions	2,627,017	1,996,477	630,540
Security	601,622	643,392	(41,770)
Lease revenue	2,208,758	1,975,051	233,707
Miscellaneous	491,016	404,189	86,827
<b>Total Operating Revenues</b>	<b>16,498,144</b>	<b>14,772,990</b>	<b>1,725,154</b>
Operating Expenses:			
Salaries and employee benefits	4,902,759	4,478,280	424,479
Contracted services	1,961,376	1,693,111	268,265
Utilities	719,605	694,424	25,181
Repairs and maintenance	1,347,544	830,775	516,769
Other operating expenses	4,392,435	3,120,201	1,272,234
Depreciation and amortization	8,565,025	8,322,883	242,142
<b>Total Operating Expenses</b>	<b>21,888,744</b>	<b>19,139,674</b>	<b>2,749,070</b>
<b>Operating Loss</b>	<b>(5,390,600)</b>	<b>(4,366,684)</b>	<b>(1,023,916)</b>
Nonoperating Revenues (Expense):			
Lease revenue			-
Interest revenue	3,383,314	1,400,672	1,982,642
Lease interest revenue	1,517,291	1,000,212	517,079
Passenger facility charge	3,237,003	2,640,888	596,115
Contract facility charge	1,356,094	964,965	391,129
Gain on disposal of assets	(45,133)	(49,935)	4,802
Air service development revenue	371,977	-	371,977
Air service development expense	(333,790)	-	(333,790)
Hurricane related revenue	15,169	328,592	(313,423)
Interest expense	(172,524)	(484,120)	311,596
Lease interest expense	(1,094)	(1,194)	100
Subscription interest expense	(6,094)	(3,369)	(2,725)
<b>Total Nonoperating Revenues, Net</b>	<b>9,322,213</b>	<b>5,796,711</b>	<b>3,525,502</b>
<b>Income Before Capital Contributions</b>	<b>3,931,613</b>	<b>1,430,027</b>	<b>2,501,586</b>
Capital contributions	20,757,103	21,729,012	(971,909)
Change in net position	24,688,716	23,159,039	1,529,677
Net position, July 1	195,940,756	172,781,717	23,159,039
Restatement	953,732	-	953,732
Net position, July 1, restated	196,894,488	172,781,717	24,112,771
Net Position, June 30	<b>\$ 221,583,204</b>	<b>\$ 195,940,756</b>	<b>\$ 25,642,448</b>

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

*JUNE 30, 2024*

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Operating revenues for the current year increased 11.7% from the previous year. The increase is due largely to an increase in certain rates and fees that affect revenues that include parking, commissions, and other aviation revenues as well as an increase in passengers as demand for travel increased from the previous year.

Nonoperating revenues in the current year include contract facility charges from contracts with rental car agencies, effective February 1, 2024, for ten years, which contain provisions for contract facility charges that are intended to be used for capital improvements and maintenance of rental car facilities.

**Capital Assets** – During the fiscal year ended June 30, 2024, the Authority expended \$23,353,418 on capital assets. This included \$17,375,380 for airfield improvements that included apron pavement rehabilitation, terminal expansion, and stormwater improvements, \$103,042 for improvements to the infrastructure of the business park, and \$5,344,503 for new parking and other improvements. At June 30, 2024, commitments for future capital outlay were approximately \$23,191,360.

**Long-Term Debt** – The aggregate balance of long-term debt at June 30, 2024, is \$7,378,361. The Authority's debt service for the year ended June 30, 2024 was \$2,130,000 for principal and \$172,524 for interest.

**Economic Factors and Next Year's Budget**

Commercial airline passenger traffic at Wilmington International Airport was up 12.2% for the year ended June 30, 2024 compared to the prior fiscal year. Airlines provided a substantial increase in seat capacity and passengers responded positively. Increased passenger numbers along with strong fares are producing high yields for the airlines and is viewed as favorable to the Authority. The continued introduction of additional seats in the market by the airlines looks positive for the future. Long-term forecasts show an increase in passenger traffic nationwide. The Authority expects an increase in traffic for the upcoming year. Revenue streams continue to be strong across all lines of business for the Authority.

The Authority had a very successful year with leasing land to new tenants. New and renewed leases have increased business park revenue and future business park revenue looks favorable.

The Contract Facility Charge and Passenger Facility Charge collections were in line with expectations and forecasts for future passenger growth should result in strong collections going forward. As a result, the Authority is positioned well for future funding of capital projects and debt service.

Cash reserves along with access to federal and state grants will allow the Authority to continue to fund select capital projects programmed in the Capital Plan.

These factors have been incorporated into the 2025 fiscal year budget.

**Requests for Information**

The financial report is intended to provide an overview of the finances of the Authority for those with an interest in this organization. Questions concerning any information contained in this report may be directed to the Airport Director, 1740 Airport Boulevard, Wilmington, North Carolina 28405.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**STATEMENT OF NET POSITION**

JUNE 30, 2024

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 63,301,568
Investments	18,688,860
Trade accounts receivable, net	900,541
Current portion of lease receivable	444,160
Lease interest receivable	166,346
Capital grants receivable	2,887,991
Other accounts receivable	243,204
Prepaid expenses	<u>1,081,508</u>
Total current assets	<u>87,714,178</u>

Noncurrent Assets:

Restricted Assets:

Cash - passenger facility charges	11,172,578
Other receivable - passenger facility charges	564,611
Cash - contract facility charges	4,668,082
Lease receivable	61,038,934
Capital assets	
Capital assets not being depreciated	89,370,095
Capital assets being depreciated and amortized, net	<u>58,966,566</u>
Total capital assets	<u>148,336,661</u>
Total noncurrent assets	<u>225,780,866</u>
Total assets	<u>313,495,044</u>

**Deferred Outflows of Resources**

Pension deferrals	1,480,560
OPEB deferrals	<u>66,936</u>
Total deferred outflows of resources	<u>1,547,496</u>

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

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**STATEMENT OF NET POSITION (CONTINUED)**

JUNE 30, 2024

**LIABILITIES**

Current Liabilities:

Trade accounts payable	\$ 1,413,162
Current portion of long-term debt	2,310,055
Construction accounts payable	3,115,737
Current portion of lease liability	14,643
Current portion of subscription liability	104,274
Accrued expenses and other liabilities	<u>1,227,348</u>
Total current liabilities	<u>8,185,219</u>

Noncurrent Liabilities:

Net LGERS pension liability	2,368,548
Total LEO pension liability	68,834
Total OPEB liability	220,402
Unearned grant revenue	19,110,947
Long-term debt	<u>5,150,605</u>
Total noncurrent liabilities	<u>26,919,336</u>
Total liabilities	<u>35,104,555</u>

**Deferred Inflows of Resources**

Pension deferrals	9,338
OPEB deferrals	118,208
Lease deferrals	<u>58,227,225</u>
Total deferred inflows of resources	<u>58,354,771</u>

**Net Position**

Net investment in capital assets	138,538,240
Restricted	16,405,271
Unrestricted	<u>66,639,693</u>
Total net position	<u>\$ 221,583,204</u>

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

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

YEAR ENDED JUNE 30, 2024

Operating Revenues:	
Aviation	\$ 2,159,424
Parking lot	6,909,071
Rent	1,501,236
Commissions	2,627,017
Security	601,622
Lease revenue	2,208,758
Miscellaneous	491,016
<b>Total Operating Revenues</b>	<u>16,498,144</u>
Operating Expenses:	
Salaries and employee benefits	4,902,759
Contracted services	1,961,376
Utilities	719,605
Repairs and maintenance	1,347,544
Other operating expenses	4,392,435
Depreciation and amortization	8,565,025
<b>Total Operating Expenses</b>	<u>21,888,744</u>
<b>Operating Loss</b>	<u>(5,390,600)</u>
Nonoperating Revenues (Expense):	
Interest revenue	3,383,314
Lease interest revenue	1,517,291
Passenger facility charge	3,237,003
Contract facility charge	1,356,094
Loss on disposal of assets	(45,133)
Hurricane related revenue	15,169
Air service development revenue	371,977
Air service development expense	(333,790)
Interest expense	(179,712)
<b>Total Nonoperating Revenues (Expense)</b>	<u>9,322,213</u>
<b>Income before Capital Contributions</b>	<u>3,931,613</u>
Capital Contributions:	
Federal grants	10,817,369
State grants	9,752,296
Other grants	187,438
<b>Total Capital Contributions</b>	<u>20,757,103</u>
<b>Change in Net Position</b>	<u>24,688,716</u>
Net Position:	
Beginning of year	195,940,756
Restatement	953,732
Restated net position, beginning	<u>196,894,488</u>
End of year	<u>\$ 221,583,204</u>

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

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2024

<b>Cash flows from operating activities:</b>	
Cash received from tenants and concessionaires	\$ 16,025,307
Cash payments to suppliers for goods and services	(10,211,008)
Cash payments to employees for services	(4,818,761)
Other miscellaneous revenue	491,021
	<u>1,486,559</u>
<b>Net cash from operating activities</b>	
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from passenger facility charges	3,167,137
Proceeds from contract facility charges	1,356,094
Proceeds from capital contributions - federal grants	10,199,892
Proceeds from capital contributions - state grants	28,863,243
Proceeds from capital contributions - other grants	187,438
Loan proceeds	4,106,431
Principal payment on long-term debt	(2,357,907)
Interest payments on long-term debt	(172,524)
Acquisition and construction of capital assets	(22,511,819)
Capital lease activity	98,231
Capital subscription-based information arrangement activity	(120,444)
Hurricane related revenue	15,169
	<u>22,830,941</u>
<b>Net cash from capital and related financing activities</b>	
<b>Cash flows from investing activities:</b>	
Investment in U.S. Treasuries	(3,617,093)
Interest on investments	3,383,313
	<u>(233,780)</u>
<b>Net cash from investing activities</b>	
Net change in cash and cash equivalents	24,121,907
Cash and cash equivalents beginning of year	55,020,321
Cash and cash equivalents end of year	<u>\$ 79,142,228</u>

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

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**STATEMENT OF CASH FLOWS (CONTINUED)**

YEAR ENDED JUNE 30, 2024

**Reconciliation of operating loss to net cash from operating activities:**

Operating loss	\$ (5,390,600)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	8,565,025
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable:	
Trade	61,138
Other	(42,959)
Deferred outflows of resources - pensions	(178,461)
Deferred outflows of resources - OPEB	(9,402)
Net pension liability	487,132
Total pension liability	(14,914)
OPEB liability	(18,601)
Deferred inflows of resources - pensions	(27,846)
Deferred inflows of resources - OPEB	(12,510)
Accounts payable	(879,891)
Accrued expenses and other liabilities	(141,395)
Prepaid expenses	(910,157)
<b>Net cash from operating activities</b>	<b>\$ 1,486,559</b>

**Noncash investing, capital, and financing activities:**

Payables for construction, retainages, and land acquisition costs	\$ 785,158
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**Reconciliation to cash and cash equivalents:**

Cash and cash equivalents	63,301,568
Cash - passenger facility charges	11,172,578
Cash - contract facility charges	4,668,082
	<b>\$ 79,142,228</b>

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

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

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**Note 1—Nature of operations and summary of significant accounting policies**

The accounting policies of New Hanover County Airport Authority (“Authority”), a component unit of New Hanover County, North Carolina, conform to generally accepted accounting principles (“U.S. GAAP”) as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

*Reporting Entity* – The Authority is a public body and a body corporate and politic created under the laws of the State of North Carolina. The Authority, which consists of individuals appointed by New Hanover County, North Carolina (the “County”) Board of Commissioners, is responsible for the operation and maintenance of the Wilmington International Airport facilities, which are owned by the County. For financial reporting purposes, in conformity with U.S. GAAP, the Authority is a component unit of the County and is included as such in the County’s annual comprehensive financial report. The Authority has separate corporate powers legally separate from the County but the County appoints a majority of the Authority’s governing body and the Authority’s financial burden on behalf of the County.

*Basis of Presentation* – The accounts of the Authority are organized and operated on a fund basis.

The Authority accounts for its operations in one proprietary fund, an enterprise fund. Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services.

*Measurement Focus and Basis of Accounting* – The Authority’s proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned. Contributions are recorded when all eligibility requirements have been met. Expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses 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 Authority are charges to tenants and concessionaires for services. Operating expenses include the costs of sales and services, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In accordance with North Carolina General Statutes, the Authority’s fund is maintained during the year using the modified accrual basis of accounting.

*Deposits* – All deposits of the Authority are made in board-designated official depositories and are secured as required by North Carolina General Statute 159-31. The Authority may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the Authority may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

*Cash and Cash Equivalents* – For the purpose of reporting cash flows, cash equivalents are short-term (within 90 days), highly liquid investments that are readily convertible to known amounts of cash and acquired within three months of their maturity date. Cash equivalents include restricted cash from receipt of passenger facility charge revenue and designated cash from contract facility charges.

*Allowance for Uncollectible Receivables* – Trade accounts receivable are reported net of an allowance in the amount of \$50,000 for possible uncollectible accounts. The allowance for uncollectible accounts is based on collection history, aviation industry trends, and current information regarding the credit worthiness of the tenants and others doing business with the Authority.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 1—Nature of operations and summary of significant accounting policies (continued)**

*Capital Assets* – Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of five years. Donated capital assets received are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

The right-to-use assets are initially measured at an amount equal to the initial measurement of the related liability plus any payments made prior to the term, less lease incentives, and plus ancillary charges necessary to place the asset into service. The right-to-use assets are amortized on a straight-line basis over the life of the related agreement. For additional information, refer to Note 5.

Depreciation is computed by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	10-20
Airfield improvements	10
Buildings	25
Building improvements, including parking facilities	5-15
Vehicles	5-20
Machinery and equipment	5-15

*Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net asset that applies to a future period and so will not be recognized as an expense until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net asset that applies to a future period and so will not be recognized as revenue until then. Deferred inflows and outflows include contributions to the pension plan made after its measurement date, differences between expected and actual experience related to the pension and other postemployment benefits (“OPEB”) liabilities, and lease revenues that apply to future periods.

*Compensated Absences* – Full-time employees accumulate sick leave and personal leave time in varying amounts depending on the length of service and job classification. Part-time permanent employees who work a minimum of 20 hours per week earn personal leave at a pro rata amount of that granted to full-time employees. Personal leave may accumulate to a maximum of 320 hours per employee and is paid to an employee at termination. Accumulated earned personal leave at June 30, 2024, of \$254,047, has been recorded as a liability and included in accrued expenses and other liabilities.

Sick leave accumulation is not limited. Accumulated sick leave at June 30, 2024, amounted to \$575,033. Sick leave does not vest, but any sick leave accumulated at the time of retirement may be used in the determination of the length of service for retirement benefit purposes. Since the Authority has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 1—Nature of operations and summary of significant accounting policies (concluded)**

*Net Position* – Net position is classified as follows:

*Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by balances in long-term debt that were used to fund capital asset acquisitions, and increased by any unspent debt proceeds.

*Restricted* – This component of net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments (see Note 10 and Note 11) or imposed by law through state statute.

*Unrestricted* – This component of net position consists of assets that do not meet the definition of "restricted" or "net investment in capital assets", above.

The Authority has designated \$2,898,009 of unrestricted net position for repair and replacement of property and equipment in future years and also designated \$4,000,000 of unrestricted net position as an operational reserve.

*Error Correction* – During fiscal year 2024, an error correction resulted in a restatement of beginning net position as follows:

Net position, June 30, 2023, as previously reported	\$ 195,940,756
Error correction	953,732
Net position, June 30, 2023, as restated	<u>\$ 196,894,488</u>

This restatement was due to an error in the allocation between principle and interest paid in the debt service payments made to New Hanover County in prior years.

**Note 2—Cash and cash equivalents and investments**

A summary of cash and cash equivalents are as follows:

*Deposits* – All of the Authority’s deposits are either insured or collateralized under the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Authority, these deposits are considered to be held by the Authority’s agent in the Authority’s name. 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 Authority or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Authority 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 of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 2—Cash and cash equivalents (concluded)**

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The Authority relies on the State Treasurer to monitor those financial institutions. As a formal policy, the Authority maintains a list of authorized financial institutions and complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the Authority's deposits had a carrying amount of \$42,969,585 and a bank balance of \$43,269,883. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The Authority has a petty cash balance of \$1,000.

As of June 30, 2024, the Authority had the following investments:

Investment Type	Measurement Valuation Method	Value at Fair Value June 30, 2024	Maturity 12 months
U.S. Treasuries	Fair Value Level 1	\$ 18,688,860	\$ 18,688,860
NCCMT - Term Portfolio	Fair Value Level 1	36,171,643	36,171,643
		\$ 54,860,503	\$ 54,860,503

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

*Level of Fair Value Hierarchy* – Level 1 investment securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

*Interest Rate Risk* – Interest rate risk is the risk that rising interest rates will adversely affect the fair value of an interest bearing investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority limits the investment portfolio to 24 months.

*Credit Risk* – The Authority has a formal policy regarding credit risk and has internal management procedures that limits the Authority's investment to the provisions of G.S. 159-30 and restricted 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. The Authority's investment in the NCCMT Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2024. The Authority has no formal policy regarding credit risk on its investments.

G.S. 159-30(C) authorizes the Authority to invest in obligations of the U.S. Treasury; obligations of any agency of the United States of America, provided the payment of interest and principle of such obligations is fully guaranteed 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-acceptances; and the North Carolina Capital Management Trust (NCCMT), a SEC registered mutual fund, dedicated to serving North Carolina public units.

The Authority places no formal limit on the amount that the Authority may invest in any one issuer.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 3—Capital assets**

The County holds title to certain properties which are reflected as capital assets in the financial statements of the Authority. Under a lease agreement amended in 2022, the County leases the facilities to the Authority for \$1 per year through 2082. The lease gives the Authority full use of the facilities and 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. At June 30, 2024, the Authority was in compliance with the terms of the lease.

Capital asset activity for the Authority for the year ended June 30, 2024 follows:

	Balance July 1, 2023	Additions	Disposals	Transfers	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 15,939,523	\$ -	\$ -	\$ -	\$ 15,939,523
Easements	888,167	-	-	-	888,167
Construction in progress	56,499,977	17,190,427	(96,532)	(1,051,467)	72,542,405
Total capital assets not being depreciated	73,327,667	17,190,427	(96,532)	(1,051,467)	89,370,095
Capital assets being depreciated:					
Land improvements	2,501,937	4,504,557	-	-	7,006,494
Airfield improvements	117,064,357	-	-	-	117,064,357
Buildings and improvements	71,652,223	40,680	(50,400)	239,827	71,882,330
Vehicles	1,947,237	1,412,722	(42,950)	-	3,317,009
Machinery and equipment	12,324,706	205,033	-	324,626	12,854,365
Furniture and fixtures	-	-	-	487,014	487,014
Equipment, right to use asset	60,973	-	-	-	60,973
Software, subscription right to use asset	562,922	-	-	-	562,922
Total capital assets being depreciated and amortized	206,114,355	6,162,992	(93,350)	1,051,467	213,235,464
Less accumulated depreciation for:					
Land improvements	899,334	240,588	-	-	1,139,922
Airfield improvements	91,507,276	4,985,666	-	-	96,492,942
Buildings and improvements	47,304,357	1,958,875	(45,360)	-	49,217,872
Vehicles	1,360,657	84,858	(42,951)	-	1,402,564
Machinery and equipment	4,636,031	1,119,485	-	-	5,755,516
Furniture and fixtures	-	5,798	-	-	5,798
Equipment, right to use asset	21,234	14,151	-	-	35,385
Software, subscription right to use asset	63,295	155,604	-	-	218,899
Total accumulated depreciation and amortization	145,792,184	\$ 8,565,025	\$ (88,311)	\$ -	154,268,898
Total capital assets being depreciated, net of accumulated depreciation and amortization	60,322,171				58,966,566
Capital assets, net	<u>\$ 133,649,838</u>				<u>\$ 148,336,661</u>

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 4—Leases**

**Lease Receivable**

The Authority has entered into lease agreements as Lessor for the use of 22 buildings under varying terms. Lessees are required to make monthly fixed payments as determined by each lease. As of June 30, 2024 the value of the lease receivable is \$7,987,139. The value of the deferred inflow of resources as of June 30, 2024 is \$7,619,916 and the Authority recognized lease revenue of \$862,779 during the fiscal year.

The Authority has entered into lease agreements as Lessor for the use of 24 parcels of land under varying terms. Lessees are required to make monthly fixed payments as determined by each lease. As of June 30, 2024 the value of the lease receivable is \$53,495,955. The value of the deferred inflow of resources as of June 30, 2024 is \$50,607,309 and the Authority recognized lease revenue of \$1,345,979 during the fiscal year.

The activity for lease receivables for the year ended June 30, 2024 are as follows:

**Principal and Interest Expected to Maturity**

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 444,160	\$ 1,745,730	\$ 2,189,890
2026	728,842	1,735,111	2,463,953
2027	730,646	1,720,025	2,450,671
2028	766,019	1,703,680	2,469,699
2029	853,268	1,685,672	2,538,940
2030 - 2034	4,344,160	8,109,749	12,453,909
2035 - 2039	3,519,539	7,604,273	11,123,812
2040 - 2044	5,803,315	6,916,883	12,720,198
2045 - 2049	7,386,149	5,896,004	13,282,153
2050 - 2054	10,262,481	4,554,769	14,817,250
2055 - 2059	11,091,557	2,808,577	13,900,134
2060 - 2064	8,146,399	1,452,679	9,599,078
2065 - 2069	4,186,294	706,837	4,893,131
2070 - 2073	3,220,265	155,438	3,375,703
	<u>\$ 61,483,094</u>	<u>\$ 46,795,427</u>	<u>\$ 108,278,521</u>

**Regulated Leases Receivable**

The Authority entered into regulated leases as Lessor for the use of space at the airport. As of June 30, 2023, the value of the expected future minimum receipts is \$1,628,187. The lessees are required to make monthly fixed payments in accordance with the terms of each lease. The Authority recognized lease revenue of \$864,313 during the fiscal year.

**Future Minimum Expected Receipts Until Maturity**

<u>Fiscal Year</u>	<u>Future Minimum Expected Receipts</u>
2025	\$671,363
2026	478,412
2027	478,412

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

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**Note 5—Retirement plans**

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

*Plan Description* – The Authority is a participating employer in the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local Law Enforcement Officers ("LEO") of participating governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consist of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The LGERS is included in the Annual Comprehensive Financial Report ("ACFR") for the state of North Carolina. The state's ACFR 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](http://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 at age 50 with 15 years of creditable service as an officer.

*Contributions* – Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Authority's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Authority's contractually required contribution rate for the year ended June 30, 2024, was 14.10% of compensation for law enforcement officers and 12.90% 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 the year. Contributions to the pension plan from the Authority were \$420,525 for the year ended June 30, 2024.

*Refunds of Contributions* – Authority employees who have terminated service as a contributing 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.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 5—Retirement plans (continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At June 30, 2024, the Authority reported a liability of \$2,368,548 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The Authority’s proportion of the net pension liability was based on a projection of the Authority’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, 2024, the Authority’s proportion was 0.03576%, which is an increase of 0.00241% with its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the Authority recognized pension expense of \$688,859. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 263,926	\$ 5,682
Changes of assumptions	86,263	-
Net difference between projected and actual earnings on pension plan investments	633,927	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	65,300	3,525
Authority contributions subsequent to measurement date	420,525	-
	<u>\$ 1,469,941</u>	<u>\$ 9,207</u>

The \$420,525 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Years Ended June 30:**

2025	\$ 388,959
2026	199,148
2027	439,685
2028	12,418
	<u>\$ 1,040,210</u>

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 5—Retirement plans (continued)**

*Actuarial Assumptions* – The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 8.25%, including inflation and productivity factor
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of an actuarial experience study as of December 31, 2019.

Future ad hoc cost of living adjustment 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. 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, 2023 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	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	6.0%	2.7%
	<u>100.0%</u>	

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 5—Retirement plans (continued)**

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in 2022 and is part of the asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. All rates of return and inflation are annualized.

*Discount Rate* – The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on 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 Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 6.50%, 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 one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Authority's proportionate share of the net pension liability (asset)	\$ 4,103,417	\$ 2,368,548	\$ 940,242

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

**Law Enforcement Officers Special Separation Allowance**

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

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 5—Retirement plans (continued)**

All full-time law enforcement officers of the Authority are covered by the Separation Allowance. At December 31, 2022, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
	<u>1</u>

*Basis of Accounting* – 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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust.

*Actuarial Assumptions* – The entry age actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 7.75%, including inflation and productivity factor
Discount rate	4.00%

The discount rate is the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Mortality rates are based on the Pub-2010 mortality tables with adjustments for mortality improvements based on MP-2019.

*Contributions* – The Authority is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis. The Authority paid no benefits for the fiscal year ended June 30, 2024, as there were no eligible retirees. The Authority’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At June 30, 2024, the Authority reported a liability of \$68,834. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Authority recognized a change in pension expense of \$2,548.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 662	\$ -
Changes of assumptions	552	131
Authority benefit payments and plan administrative expense made subsequent to the measurement date	9,405	-
	<u>\$ 10,619</u>	<u>\$ 131</u>

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

**Note 5—Retirement plans (continued)**

The Authority reported \$9,405 as deferred outflows of resources related to pensions resulting from benefit payments and administrative expenses incurred subsequent to the measurement date. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Years Ending June 30:**

2025	\$ 1,083
	<u>\$ 1,083</u>

*Sensitivity of the Authority's Total Pension Liability to Changes in the Discount Rate* – The following presents the Authority's total pension liability calculated using the discount rate of 4.00%, as well as what the Authority's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	<u>1% Decrease (3.00%)</u>	<u>Discount Rate (4.00%)</u>	<u>1% Increase (5.00%)</u>
Total pension liability	\$ 70,102	\$ 68,834	\$ 67,613

Schedule of changes in total pension liability law enforcement officer's special separation allowance:

Beginning balance of the pension liability as of December 31, 2022	\$ 83,748
Service cost	-
Interest on the total pension liability	3,204
Differences between expected and actual experience in the measurement of total pension liability	309
Changes of assumptions or other inputs	383
Benefit payments	(18,810)
Ending balance of the total pension liability as of December 31, 2023	<u>\$ 68,834</u>

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study as of December 31, 2019.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

**Note 5—Retirement plans (continued)**

*Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions* – Following is information related to the proportionate share and pension expense for all pension plans:

	<b>LGERS</b>	<b>LEOSSA</b>	<b>Total</b>
Pension expense	\$ 688,857	\$ 2,548	\$ 691,405
Pension liability	2,368,548	68,834	2,437,382
Proportionate share of the net pension liability	0.03576%	n/a	
Deferred outflows of resources:			
Differences between expected and actual experience	263,926	662	264,588
Changes of assumptions	86,263	552	86,815
Net difference between projected and actual earnings on plan investments	633,927	-	633,927
Changes in proportion and differences between contributions and proportionate share of contributions	65,300	-	65,300
Benefit payments and administrative costs paid subsequent to the measurement date	420,525	9,405	429,930
Deferred inflows of resources:			
Differences between expected and actual experience	5,682	-	5,682
Changes of assumptions		131	131
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,525	-	3,525

**Supplemental Retirement Income Plan for Law Enforcement Officers:**

*Plan Description* – The Authority contributes to the Supplemental Retirement Income Plan (the “Plan”), 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 officers employed by 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 Plan is included in the ACFR for the state of North Carolina. The state’s ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the 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.

*Funding Policy* – Article 12E of G.S. Chapter 143 requires the Authority to contribute each month an amount equal to 5% of each officer’s salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan.

Neither the Authority nor the LEOs made contributions for the reporting year.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 5—Retirement plans (concluded)**

The Authority is only required to make contributions on behalf of the officers. The Authority has elected to contribute on behalf of employees not engaged in law enforcement at the same rate as for law enforcement officers. Authority contributions on behalf of employees not engaged in law enforcement were \$116,534 for the year ended June 30, 2024. The Plan provides for voluntary contributions on the part of all employees. Voluntary contributions by employees not engaged in law enforcement were \$157,549 for the year ended June 30, 2024.

*Deferred Compensation Plan* – The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all Authority employees, permits 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 plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

**Note 6—Other postemployment benefits (“OPEB”)**

**Healthcare Benefits**

*Plan Description* – Under the terms of an Authority resolution, the Authority administers a single-employer defined benefit healthcare plan. The Authority may amend the benefit provisions. No assets are accumulated in a trust. A separate report was not issued for the plan.

*Benefits Provided* – The plan provides healthcare benefits to retirees of the Authority who have not yet reached their 65<sup>th</sup> birthday and who participate in the North Carolina Local Governmental Employees’ Retirement System (“System”). If the retiree’s age and service equal 70 years with 10 years of creditable service, the Authority will pay 100% of the premium not to exceed \$300 per month, and with five years of creditable service, the Authority pays 50% of the premium not to exceed \$150 per month. As of July 1, 2018, this plan was closed to new participants.

Membership of the healthcare benefits plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

Retirees receiving benefits	4
Active plan members	22
	<u>26</u>

**Total OPEB Liability**

The Authority’s total OPEB liability of \$220,402 was measured as of June 30, 2023 based on a June 30, 2023 actuarial valuation.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases	3.25% - 8.41%, including inflation
Discount rate	3.65%
Healthcare cost trend rates	7.00%

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

**Note 6—Other postemployment benefits (“OPEB”) (continued)**

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

**Changes in the Total OPEB Liability**

Total OPEB liability	
Balance at June 30, 2022	\$ 239,003
Changes for the year:	
Service cost	11,428
Interest	8,506
Differences between expected and actual experience	(19,850)
Changes in assumptions or other inputs	1,815
Benefit changes	(20,500)
Net changes	<u>(18,601)</u>
Balance at June 30, 2023	<u>\$ 220,402</u>

Changes in assumption and other inputs reflect a change in the discount rate from 3.54% to 3.65%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments from LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increased used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions used in the June 30, 2023 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2023 valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 237,105	\$ 220,402	\$ 205,328

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates* – The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (6.00%)	Health Care Cost Trend Rates (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$ 209,095	\$ 220,402	\$ 233,803

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 6—Other postemployment benefits (“OPEB”) (concluded)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2024, the Authority recognized OPEB expense of \$591. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,242	\$ 98,058
Changes of assumptions	62,694	20,150
	<u>\$ 66,936</u>	<u>\$ 118,208</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

**Years Ending June 30:**

2025	\$ (14,519)
2026	(13,907)
2027	(8,800)
2028	(11,140)
2029	(899)
Thereafter	(2,007)
	<u>\$ (51,272)</u>

**Note 7—Other employment benefits**

The Authority has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees’ Retirement System (“Death Benefit Plan”), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee’s 12 highest months’ salary in a row during the 24 months prior to the employee’s death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Authority, the Authority does not determine the number of eligible participants. The Authority has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Authority considers these contributions to be immaterial.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 8—Long-term debt**

The Authority incurred long-term debt in 2014 of \$4,570,000 in order to finance a new consolidated car rental facility construction project. Financing was acquired through an interlocal agreement with New Hanover County. Under the agreement, New Hanover County incurred debt on behalf of the Authority, and the Authority agreed to repay all expenses attributable to the debt, including principal, interest, and issuance costs. Interest rates range from 0.69% to 4.29%, as a result of the County's bond refunding with Limited Obligation Bonds in 2014.

The Authority incurred additional long-term debt in 2019 of \$12,790,000 to assist with the financing of the terminal expansion project. Financing was acquired through an interlocal agreement with New Hanover County. Under the agreement, New Hanover County incurred debt on behalf of the Authority, and the Authority agreed to repay all expenses attributable to the debt, including principal, interest, and issuance costs. Interest rates are currently ranging from 3.00% to 5.00%. The Authority had fully drawn upon this loan at June 30, 2024.

The following is a summary of changes in the Authority's long-term debt obligations, as detailed above, all due to New Hanover County, for the fiscal year ended June 30, 2024:

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>June 30, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2024</b>	<b>Portion</b>
Principal:					
\$ 4,570,000 issue	\$ 1,830,000	\$ -	\$ (305,000)	\$ 1,525,000	\$ 305,000
\$12,790,000 issue	3,799,837	4,106,431	(2,052,907)	5,853,361	2,005,055
Lease liability	40,581	-	(14,121)	26,460	14,643
Subscription liability	288,380	-	(113,624)	174,756	104,274
	<u>\$ 5,958,798</u>	<u>\$ 4,106,431</u>	<u>\$ (2,485,652)</u>	<u>\$ 7,579,577</u>	<u>\$ 2,428,972</u>

Debt service requirements are as follows:

<b>Years Ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 2,310,055	\$ 136,430	\$ 2,446,485
2026	2,262,204	99,877	2,362,081
2027	2,196,102	63,020	2,259,122
2028	305,000	25,705	330,705
2029-2030	305,000	13,081	318,081
	<u>\$ 7,378,361</u>	<u>\$ 338,113</u>	<u>\$ 7,716,474</u>

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 8—Long-term debt (concluded)**

**Lease Liability**

The Authority has recorded three active leases for equipment under varying terms. The Authority is required to make monthly fixed payments as determined by each lease.

**Principal and Interest Requirements to Maturity**

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 14,643	\$ 604	\$ 15,247
2026	4,333	263	4,596
2027	4,450	146	4,596
2028	3,035	31	3,066
	<u>\$ 26,461</u>	<u>\$ 1,044</u>	<u>\$ 27,505</u>

**Subscription Liability**

The Authority has recorded nine active subscriptions for software under varying terms. The Authority is required to make regular fixed payments as determined by each subscription. The subscriptions are amortized on a straight-line basis over the terms of the related subscriptions.

**Variable Subscriptions**

The Authority has entered into two subscription agreements with variable payment terms. These subscription agreements are not included in the measurement of the subscription liability. Rather, payments under these variable payment subscription agreements are recorded as expenses. The Authority recorded \$95,406 of expense related to variable payment subscription agreements during the fiscal year.

**Principal and Interest Payments to Maturity**

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 104,274	\$ 4,058	\$ 108,332
2026	37,330	1,655	38,985
2027	30,109	850	30,959
2028	3,042	82	3,124
	<u>\$ 174,755</u>	<u>\$ 6,645</u>	<u>\$ 181,400</u>

**Note 9—Contingencies**

*Federal and State Financial Assistance* – Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Authority management believes disallowances, if any, will not be significant. No provision has been made in the accompanying financial statements for the refund of grant monies.

Also, under the terms of federal and state assistance programs, fixed assets acquired partially, or entirely with federal or state funds have asset disposition restrictions which provide for the disposition of assets or proceeds from the approved sales in accordance with federal or state regulations.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

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**Note 9—Contingencies (concluded)**

*Risk Management* – The Authority 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. Through commercial coverage, the Authority has replacement cost coverage for owned property in the amount of \$98.3 million, auto liability coverage of \$1 million with physical damage on owned autos paid at actual cash value, public officials liability and employment practices liability coverage of \$2 million, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory limits; and health and dental insurance for Authority employees. The Authority carries commercial coverage for all other risks of loss, including airport liability coverage of \$75 million per occurrence. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the last three fiscal years.

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

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

**Note 10—Passenger facility charges**

The Federal Aviation Administration (“FAA”), under applicable regulations, can approve the collection and use of passenger facility charges (“PFC”). Air carriers are responsible for the collection of PFC and are required to submit to the Authority the revenue collected by the last day of each month following the month in which PFC was recorded in the carrier’s accounting system. The Authority may use PFC revenue only for FAA-approved airport improvement projects, including debt service on indebtedness incurred to carry out such projects, and deposits PFC revenues in a restricted bank account until disbursed in payment of eligible costs of these capital projects.

Effective June 1, 1998, the Authority was approved by the FAA to impose a passenger facility charge of \$3 per enplaning passenger. Total approved PFC revenue to be collected was \$8,179,319. The Authority received approval to amend the 1998 PFC application increasing the passenger facility charge to \$4.50 per enplaning passenger and reducing the approved total to be collected to \$7,984,994. The Authority has received approval to impose a passenger facility charge of \$4.50 per enplaning passenger, effective April 1, 2007, for an amended amount of \$9,668,699.

The April 1, 2007 charge effective date was based upon the estimated charge expiration date for the 1998 PFC application. In addition, the Authority has received approval to impose a passenger facility charge of \$4.50 per enplaning passenger, effective November 1, 2014, for an amended amount of \$6,028,314. The November 1, 2014 charge effective date was based upon the estimated charge expiration date for the original 2003 PFC application and may change such that the Authority will continue to collect the authorized PFC revenue without a cessation in collections. During 2015, the authority received approval to impose a passenger facility charge of \$4.50 per enplaning passenger, with an effective charge date of October 1, 2019, for an amount of \$7,947,596. The effective charge date is based upon estimated charge expiration date of the November 1, 2014 amendment.

For the year ended June 30, 2024, no PFC funds were disbursed.

The Authority also records a restriction of net position in an amount equal to the balance in the restricted bank account plus any PFC receivables at year-end, which were \$11,172,578 and \$564,611, respectively, at June 30, 2024.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024

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**Note 10—Passenger facility charges (concluded)**

PFC revenue for 2024 is summarized as follows:

PFC earned	\$ 2,764,040
Interest earned on restricted bank account	472,963
	<hr/>
	\$ 3,237,003
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**Note 11—Contract facility charges**

Contracts with rental car agencies, effective February 1, 2024, for ten years, contain provisions for contract facility charges at a rate of \$6.50 per contract day that are intended to be used for capital improvements, maintenance of rental car facilities, and debt service for construction of rental car facilities.

The Authority also records a restriction of net position in an amount equal to the balance in the restricted bank account at year-end, which was \$4,668,082 at June 30, 2024.

**Note 12—Security revenue**

Security revenue includes \$105,006 in reimbursements of certain operating expenses under an agreement with the Department of Homeland Security, through the Transportation Security Administration. The agreement expires in April 2026.

**Note 13—Commitments**

The Authority has also entered into other contracts and agreements as of June 30, 2024, primarily related to construction projects and equipment, with the remaining commitment under these contracts and agreements aggregating approximately \$23,191,360.

**Note 14—Recently issued pronouncements**

GASB has issued several pronouncements prior to June 30, 2024, that have effective dates applicable to future years and may impact future financial presentations. Of these pronouncements, the following may have an impact on future financial presentations:

GASB Statement Number 101, *Compensated Absences*, will be effective for the Authority beginning with its year ending June 30, 2025.

GASB Statement Number 102, *Certain Risk Disclosures*, will be effective for the Authority with its year ending June 30, 2025.

GASB Statement Number 103, *Financial Reporting Model Improvements*, will be effective for the Authority beginning with its year ending June 30, 2026.

**Note 15—Subsequent events**

The Authority has evaluated all subsequent events for potential recognition and disclosure through September 30, 2024, the date these financial statements will be available.

**REQUIRED SUPPLEMENTAL FINANCIAL DATA**

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**  
**THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**

*LAST TEN FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability (asset) (%)	0.03576%	0.03335%	0.03366%	0.03337%	0.04082%	0.04059%	0.04244%	0.04231%	0.03964%	0.03895%
Authority's proportion of the net pension liability (asset) (\$)	\$ 2,368,548	\$ 1,881,416	\$ 516,208	\$ 1,192,452	\$ 1,114,762	\$ 962,934	\$ 648,366	\$ 897,960	\$ 177,902	\$ (229,705)
Authority's covered-employee payroll	\$ 3,039,926	\$ 2,709,718	\$ 2,762,845	\$ 2,694,334	\$ 2,932,806	\$ 2,829,763	\$ 2,689,850	\$ 2,689,289	\$ 2,520,623	\$ 2,523,268
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	77.91%	69.43%	18.68%	44.26%	38.01%	34.03%	24.10%	33.39%	7.06%	-9.10%
Plan fiduciary net position as a percentage of total pension liability	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

\* The amounts presented for each fiscal year were determined as of June 30.

Plan fiduciary net position as a percentage of total pension liability

\*\* This will be the same percentage for all participant employers in the LGERS plan.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**  
**THE AUTHORITY'S CONTRIBUTIONS**

*LAST TEN FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 420,525	\$ 369,351	\$ 309,409	\$ 282,761	\$ 244,405	\$ 232,564	\$ 217,415	\$ 200,857	\$ 183,880	\$ 179,600
Contributions in relation to the contractually required contribution	420,525	369,351	309,409	282,761	244,405	232,564	217,415	200,857	183,880	179,600
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 3,261,888	\$ 3,039,926	\$ 2,709,718	\$ 2,762,845	\$ 2,694,334	\$ 2,932,806	\$ 2,829,763	\$ 2,689,850	\$ 2,689,289	\$ 2,520,623
Contributions as a percentage of covered-employee payroll	12.89%	12.15%	11.42%	10.23%	9.07%	7.93%	7.68%	7.47%	6.84%	7.13%

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**

*LAST EIGHT FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017
Beginning total pension liability	\$ 83,748	\$ 85,138	\$ 87,249	\$ 170,721	\$ 147,030	\$ 135,022	\$ 123,466	\$ 111,591
Service cost	-	-	3,230	1,913	10,426	10,200	9,766	10,332
Interest on the total pension liability	3,204	1,704	1,607	5,566	5,352	4,267	4,766	3,984
Differences between expected and actual experience in the measurement of the total pension liability	309	19,762	1,718	(117,788)	4,111	2,322	(12,989)	-
Changes of assumptions or other inputs	383	(4,046)	(708)	26,837	3,802	(4,781)	10,013	(2,441)
Benefit payments	(18,810)	(18,810)	(7,958)	-	-	-	-	-
Ending total pension liability	\$ 68,834	\$ 83,748	\$ 85,138	\$ 87,249	\$ 170,721	\$ 147,030	\$ 135,022	\$ 123,466

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

This schedule is intended to show information for 10 years, additional years will be displayed as they become available.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE SCHEDULE OF**  
**TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL**

*LAST EIGHT FISCAL YEARS*

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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 68,834	\$ 83,748	\$ 85,138	\$ 87,249	\$ 170,721	\$ 147,030	\$ 135,022	\$ 123,466
Covered-employee payroll	-	-	36,517	111,200	571,023	522,083	547,890	567,747
Total pension liability as a percentage of covered-employee payroll	N/A	N/A	233.15%	78.46%	29.90%	28.16%	24.64%	21.75%

**Notes to the Schedules:**

The Authority has no assets accumulated in a trust to pay related benefits.

This schedule is intended to show information for 10 years, additional years will be displayed as they become available.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

*LAST SEVEN FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service cost	\$ 11,428	\$ 14,346	\$ 21,117	\$ 16,462	\$ 20,181	\$ 20,509	\$ 21,557
Interest	8,506	5,691	7,196	9,915	11,514	10,498	9,035
Differences between expected and actual experience	(19,850)	5,185	(112,238)	(2,865)	(48,222)	3,481	3,119
Changes in assumptions	1,815	(26,341)	44,856	28,364	6,321	(7,795)	(12,916)
Benefit payments	(20,500)	(17,900)	(14,700)	(13,700)	(24,100)	(27,100)	(25,100)
Net Change in Total OPEB Liability	(18,601)	(19,019)	(53,769)	38,176	(34,306)	(407)	(4,305)
Total OPEB liability - beginning	239,003	258,022	311,791	273,615	307,921	308,328	312,633
Total OPEB Liability - Ending	\$ 220,402	\$ 239,003	\$ 258,022	\$ 311,791	\$ 273,615	\$ 307,921	\$ 308,328
Covered payroll	\$ 1,620,245	\$ 2,118,082	\$ 2,118,082	\$ 2,721,309	\$ 2,721,309	\$ 2,440,968	\$ 2,440,968
Total OPEB liability as a percentage of covered payroll	13.60%	11.28%	12.18%	11.46%	10.05%	12.61%	12.63%

**Note to Schedule:**

Changes of assumption. Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2017	3.01%
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%
2022	2.16%
2023	3.54%
2024	3.65%

This schedule is intended to show information for 10 years, additional years will be displayed as they become available.

**OTHER SUPPLEMENTARY INFORMATION**

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**SCHEDULE OF REVENUE AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**OPERATING FUND**

YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Operating Revenues:</b>			
Aviation revenue	\$ 2,455,100	\$ 2,159,424	\$ (295,676)
Parking lot	5,656,250	6,909,071	1,252,821
Rent	3,413,382	1,187,722	(2,225,660)
Commissions	2,605,000	2,627,017	22,017
Security	120,000	601,622	481,622
Business park	20,550	313,514	292,964
Miscellaneous	425,885	491,016	65,131
<b>Total Operating Revenues</b>	<u>14,696,167</u>	<u>14,289,386</u>	<u>(406,781)</u>
<b>Operating Expenditures:</b>			
Advertising and marketing	943,900	916,287	27,613
Business park	425,000	387,910	37,090
Contracted services	2,048,200	1,961,376	86,824
Dues and subscriptions	20,000	13,545	6,455
Economic development	150,000	129,931	20,069
Insurance	1,113,100	1,095,366	17,734
Lease payments	32,800	18,118	14,682
Maintenance:			
Vehicle	100,000	95,967	4,033
Equipment	297,000	285,217	11,783
Building and grounds	1,133,000	966,360	166,640
Professional services	1,472,000	1,343,992	128,008
Salaries and employee benefits	4,759,000	4,643,850	115,150
Supplies	58,000	40,942	17,058
Travel	272,000	244,885	27,115
Uniforms	40,000	35,506	4,494
Utilities	800,000	719,605	80,395
Vehicle operation	75,000	61,410	13,590
Other	126,500	104,543	21,957
<b>Total Operating Expenditures</b>	<u>13,865,500</u>	<u>13,064,810</u>	<u>800,690</u>
<b>Excess of Operating Revenues Over Operating Expenditures</b>	<u>830,667</u>	<u>1,224,576</u>	<u>393,909</u>

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**SCHEDULE OF REVENUE AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**OPERATING FUND (CONTINUED)**

YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Nonoperating Revenues (Expenditures):			
Air service development revenue	\$ -	\$ 371,977	\$ 371,977
Air service development expense	-	(333,790)	(333,790)
Interest revenue	1,300,000	3,383,314	2,083,314
Principal payments on long-term debt	(2,130,000)	(2,130,000)	-
Hurricane related revenue	-	15,169	15,169
Hurricane related expense	-	-	-
Interest on long-term debt	(623,668)	(172,524)	451,144
<b>Total Nonoperating Revenue (Expenditures), Net</b>	<u>(1,453,668)</u>	<u>1,134,146</u>	<u>2,587,814</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(623,001)</u>	<u>2,358,722</u>	<u>2,981,723</u>
Other Financing Sources (Uses):			
Operating transfers - out:			
Capital Projects Fund	(5,500,000)	(5,437,545)	62,455
Appropriated fund balance	6,123,001	-	(6,123,001)
<b>Total Other Financing Sources (Uses), Net</b>	<u>623,001</u>	<u>(5,437,545)</u>	<u>(6,060,546)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>(3,078,823)</u>	<u>(3,078,823)</u>
Reconciliation from Budgetary Basis (Modified Accrual):			
to Full Accrual Basis			
Capital contributions in project fund		20,757,103	
Lease revenue		2,208,758	
Lease interest revenue		1,517,291	
Lease interest expense		(1,094)	
Subscription interest expense		(6,094)	
PFC revenues in project fund		3,237,003	
CFC revenues in project fund		1,356,094	
Depreciation and amortization		(8,565,025)	
Operating transfers to Capital Projects Fund		5,437,545	
Increase in deferred outflows of resources - pensions		178,463	
Decrease in deferred outflows of resources - OPEB		9,402	
Increase in net pension liability		(487,132)	
Decrease in deferred inflows of resources - pensions		27,848	
Decrease in deferred inflows of resources - OPEB		12,510	
Principal payments on long-term debt		2,130,000	
<b>Change in Net Position</b>		<u>\$ 24,688,716</u>	

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**SCHEDULE OF REVENUES AND EXPENDITURES –**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**CAPITAL PROJECTS FUND**

YEAR ENDED JUNE 30, 2024

	Grant Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Revenues:					
Restricted Intergovernmental:					
Federal grants	\$ 65,788,002	\$ 44,507,119	\$ 10,817,369	\$ 55,324,488	\$ (10,463,514)
State grants	34,666,913	6,755,913	9,752,296	16,508,209	(18,158,704)
PFC revenues	26,225,378	17,692,228	3,237,003	20,929,231	(5,296,147)
CFC revenues	1,525,000	8,901,829	1,356,094	10,257,923	8,732,923
<b>Total Revenues</b>	<b>128,205,293</b>	<b>77,857,089</b>	<b>25,162,762</b>	<b>103,019,851</b>	<b>(25,185,442)</b>
Expenditures:					
Airfield improvements	112,398,785	68,528,536	17,375,380	85,903,916	26,494,869
Land, easements, and improvements	7,840,850	6,277,552	-	6,277,552	1,563,298
Business park buildings and improvements	27,848,345	673,655	103,042	776,697	27,071,648
Rental car service center	5,981,825	4,700,095	540,493	5,240,588	741,237
Other equipment and improvements	736,000	9,004,899	5,334,503	14,339,402	(13,603,402)
<b>Total Expenditures</b>	<b>154,805,805</b>	<b>89,184,737</b>	<b>23,353,418</b>	<b>112,538,155</b>	<b>42,267,650</b>
<b>Excess of Revenues (Under) Over Expenditures</b>	<b>(26,600,512)</b>	<b>(11,327,648)</b>	<b>1,809,344</b>	<b>(9,518,304)</b>	<b>17,082,208</b>
Other Financing Sources:					
Operating transfers - in	3,112,327	31,269,244	5,437,545	36,706,789	(33,594,462)
Release of debt proceeds by County	4,500,000	4,500,000	-	4,500,000	-
<b>Net Change in Fund Balance</b>	<b>\$ (18,988,185)</b>	<b>\$ 24,441,596</b>	<b>\$ 7,246,889</b>	<b>\$ 31,688,485</b>	<b>\$ (16,512,254)</b>

## **COMPLIANCE SECTION**

**Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Members  
New Hanover County Airport Authority  
Wilmington, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Hanover County Airport Authority (the "Authority"), a component unit of New Hanover County, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 30, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **New Hanover County Airport Authority's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on New Hanover County Airport Authority's, response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. New Hanover County Airport Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cherry Bekaert LLP*

Raleigh, North Carolina  
September 30, 2024

**Report of Independent Auditor on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act**

To the Members  
New Hanover County Airport Authority  
Wilmington, North Carolina

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited the New Hanover County Airport Authority's (the "Authority"), a component unit of New Hanover County, North Carolina, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2024. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance, and the State Single Audit Implementation Act, are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal program.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

*Cherry Bekaert LLP*

Raleigh, North Carolina  
September 30, 2024

## **Report of Independent Auditor on Compliance for the Major State Program and on Internal Control over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act**

To the Members  
New Hanover County Airport Authority  
Wilmington, North Carolina

### **Report on Compliance for the Major State Program**

#### ***Opinion on the Major State Program***

We have audited the New Hanover County Airport Authority's (the "Authority"), a component unit of New Hanover County, North Carolina, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Authority's major state program for the year ended June 30, 2024. The Authority's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2024.

#### ***Basis for Opinion on the Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance, and the State Single Audit Implementation Act, are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's state program.

#### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

*Cherry Bekaert LLP*

Raleigh, North Carolina  
September 30, 2024

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2024

**Section I—Summary of auditor’s results**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance to U.S. GAAP:

**Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes      no
- Significant deficiency(ies) identified that are not considered to be material weaknesses      yes   X   none reported

Noncompliance material to financial statements noted

     yes   X   no

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?      yes   X   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses      yes   X   none reported

Noncompliance material to federal awards

     yes   X   no

Type of auditor’s report issued on compliance for major federal programs:

**Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

     yes   X   no

Identification of major federal programs:

**Assistance Listing Numbers**  
20.106

**Names of Federal Program or Cluster**  
Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B Programs

\$     750,000    

Auditee qualified as low-risk auditee?

  X   yes      no

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

YEAR ENDED JUNE 30, 2024

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**Section I—Summary of auditor’s results (continued)**

**State Award**

Internal control over major State program:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses  yes  none reported

Noncompliance material to State award  yes  no

Type of report auditor’s issued on compliance for major State program: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with the *Audit Manual for Governmental Auditors in North Carolina*  yes  no

Identification of major State program:

Program Name  
State Aid to Airports Program

**Section II—Financial statement findings**

**Material Weakness - Finding 2024-001**

*Criteria:* The Authority should maintain good financial reporting policies and procedures in order for the organization to prepare materially correct financial statements in accordance with generally accepted accounting principles (“GAAP”).

*Condition:* Two material adjustments were noted from audit procedures: 1) The Authority recognized revenue related to the State Aid to Airports grant funding prior to incurring eligible expenditures under the eligibility criteria in the current year, and 2) an error in the allocation between principle and interest paid in the debt service payments made to New Hanover County in prior years.

*Effect:* The Authority overstated its intergovernmental revenue by \$19,110,947 and understated its unearned revenue by the same amount in the current year and overstated debt by \$953,732 and understated beginning net position by the same amount.

*Cause:* The Authority considered appropriation of the funding for specific projects to meet the eligibility requirements under GASB 33. The Authority did not properly allocate debt service payments between principle and interest in prior years.

*Recommendation:* We recommend the Authority verify all grants received in advance are properly accounted for and reconciled with eligible expenditures incurred to ensure proper revenue recognition in accordance with GAAP. We also recommend the Authority discuss with New Hanover County the correct repayment schedule on the debt that was incorrectly accounted for in prior years.

*Views of Responsible Officials:* Management agrees with the finding and is implementing procedures to correct this which is further discussed in the corrective action plan.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2024*

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*Corrective Action Plan:* See Corrective Action Plan prepared by the Authority.

**Section III—Federal awards findings and questioned costs**

None reported.

**Section IV—State award findings and questioned costs**

None reported.



September 30, 2024

**Airport Authority**

F. Spruill Thompson  
Chairman

Nick Rhodes  
Vice Chairman

Jason Thompson  
Secretary

Wanda Copley

Faison B. Gibson

LeAnn Pierce

W. Lee Williams

**Airport Director**

Jeffrey Bourk, A.A.E.

**Corrective Action Plan**

**Finding:** 2024-001

**Name of Contact Person:** Robert Campbell, Deputy Airport Director

**Corrective Action:** The requirements for revenue recognition will vary from grant to grant; going forward, the Finance Director will research what triggers revenue recognition and will consult with peers, the School of Government, the Local Government Commission and the Authority's auditors as needed to confirm the correct requirements are known and met for each specific grant. As for the debt service payments, the Airport will record the payments in accordance with the agreed upon maturity and repayment schedule provided by the County which properly allocates between principle and interest.

**Proposed Completion Date:** November 30, 2024

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

*YEAR ENDED JUNE 30, 2024*

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None reported.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2024

<u>Grantor/Program Title</u>	<b>Federal Assistance Listing /State DOT Number</b>	<b>Grantor's Number</b>	<b>Federal</b>	<b>State</b>	<b>Local</b>	<b>Total</b>
<u>Federal Awards:</u>						
U.S. Department of Transportation						
Direct Federal Programs:						
Federal Aviation Administration (FAA):						
Airport Improvement Program	20.106	3-37-0084-058-2021	\$ 2,377,561	\$ -	\$ -	\$ 2,377,561
Airport Improvement Program	20.106	3-37-0084-059-2020	3,551,910	-	-	3,551,910
Airport Improvement Program	20.106	3-37-0084-061-2022	459,758	-	-	459,758
Airport Improvement Program	20.106	3-37-0084-063-2022	26,450	-	-	26,450
Airport Improvement Program	20.106	3-37-0084-064-2022	1,991,779	-	-	1,991,779
Airport Improvement Program	20.106	3-37-0084-066-2022	-	-	-	-
Airport Improvement Program	20.106	3-37-0084-067-2023	312,486	-	-	312,486
Airport Improvement Program	20.106	3-37-0084-068-2023	2,223,195	-	-	2,223,195
<b>Total Airport Improvement Program</b>			<u>10,943,139</u>	<u>-</u>	<u>-</u>	<u>10,943,139</u>
Small Community Air Service Development	20.930	69A34521400150044	464,972	-	-	464,972
<b>Total Federal Awards</b>			<u>11,408,111</u>	<u>-</u>	<u>-</u>	<u>11,408,111</u>
<u>State Awards:</u>						
N.C. Department of Transportation						
State Aid to Airports	DOT-8	36244.36.23.1	-	2,495,955	-	2,495,955
State Aid to Airports	DOT-8	36244.36.24.1	-	6,923,243	-	6,923,243
State Aid to Airports	DOT-8	36244.36.24.2	-	2,829,053	-	2,829,053
<b>Total State Awards</b>			<u>-</u>	<u>12,248,251</u>	<u>-</u>	<u>12,248,251</u>
<b>Total Awards</b>			<u>\$ 11,408,111</u>	<u>\$ 12,248,251</u>	<u>\$ -</u>	<u>\$ 23,656,362</u>

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2024

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**Note 1—General**

The accompanying schedule of expenditures of federal and state awards reports the activity of all federal and state financial award programs of New Hanover County Airport Authority (“Authority”) for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

**Note 2—Basis of accounting**

The accompanying schedule of expenditures of federal and state awards is presented using the modified accrual basis of accounting, which is its budgetary basis of accounting. Under the modified accrual basis, expenditures include capital outlay and principal payments on long-term debt.

The Authority has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Expenditures are reported on the schedule only at such time as there is an approved award and as activity occurs that obligates the Authority to make a payment, not when the award has been received. As a result, certain federal or state expenditures are reported as reimbursements of local expenditures that have been recorded in a prior year. In addition, certain expenditures reported in the current year reflect a reclassification of expenditures made in a prior year. There were no local funds expended in 2024 prior to approval of the project that were reported as expenditures in the 2024 schedule.

**Note 3—Subrecipients**

The Authority has not contracted or made awards to any subrecipients.

**COMPLIANCE SECTION RELATED TO  
PASSENGER FACILITY CHARGE**

**Report of Independent Auditor on Compliance for the Passenger Facility Charge Program and on Internal Control over Compliance Required by the Passenger Facility Program Audit Guide for Public Agencies**

To the Members  
New Hanover County Airport Authority  
Wilmington, North Carolina

**Report on Compliance for the Passenger Facility Charge Program**

***Opinion on the Passenger Facility Charge Program***

We have audited the New Hanover County Airport Authority's (the "Authority"), a component unit of New Hanover County, North Carolina, compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by Federal Aviation Administration (the "Guide"), that could have a direct and material effect on the Authority's passenger facility charge program for the year ended June 30, 2024.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2024.

***Basis for Opinion on the Passenger Facility Charge Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Our responsibilities under those standards and the Guide are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the passenger facility charge program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Authority's passenger facility charge program.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the passenger facility charge program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

*Cherry Bekaert LLP*

Raleigh, North Carolina  
September 30, 2024

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2024*

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**Section I—Passenger facility charge program**

Internal control over passenger facility charge program:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses  yes  none reported

Noncompliance material to passenger facility charge program  yes  no

Type of auditor's report issued on compliance for passenger facility charge program: **Unmodified**

**Section II—Financial statement findings**

None reported.

**Section III—Passenger facility charge program findings and questioned costs**

None reported.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**

*YEAR ENDED JUNE 30, 2024*

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None reported.

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
**SCHEDULE OF PASSENGER FACILITY CHARGE REVENUE AND EXPENDITURES**

*YEAR ENDED JUNE 30, 2024 AND EACH QUARTER DURING THE YEAR ENDED JUNE 30, 2024*

	<b>Quarter Ended</b>				<b>Year Ended June 30, 2024</b>
	<b>September 30, 2023</b>	<b>December 31, 2023</b>	<b>March 31, 2024</b>	<b>June 30, 2024</b>	
<b>Revenues:</b>					
Receipts <sup>1</sup>	\$ 742,310	\$ 659,773	\$ 559,981	\$ 732,110	\$ 2,694,174
Total Revenues	<u>742,310</u>	<u>659,773</u>	<u>559,981</u>	<u>732,110</u>	<u>2,694,174</u>
<b>Expenditures:</b>					
Total Expenditures	-	-	-	-	-
Net PFC Inflows (Outflows)	<u>\$ 742,310</u>	<u>\$ 659,773</u>	<u>\$ 559,981</u>	<u>\$ 732,110</u>	<u>\$ 2,694,174</u>

Revenues received and expenditures spent on approved projects in the schedule above agree to the Passenger Facility Charge Quarterly Status Reports (PFC Reports) submitted by the New Hanover County Airport Authority to the Federal Aviation Administration (FAA).

<sup>1</sup> PFC revenues are shown on this schedule when the cash is received (cash basis).

**NEW HANOVER COUNTY AIRPORT AUTHORITY**  
**A Component Unit of New Hanover County, North Carolina**  
NOTES TO THE SCHEDULE OF PASSENGER FACILITY CHARGES

YEAR ENDED JUNE 30, 2024

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**Note 1—Basis of presentation**

The accompanying schedule of passenger facility charges is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration.

**Note 2—Passenger facility charges**

The Authority was authorized to impose a passenger facility charge to a maximum of \$7,984,994 under application 98-03-C-00-ILM, as amended; \$5,474,351 under application 03-04-C-00-ILM, as amended; \$5,408,898 under application 07-05-C-00-ILM, as amended; \$3,257,104 under application 14-06-C-00-ILM, as amended; \$697,586 under application 16-07-U-00-ILM, as amended; and \$23,310,725 under application 19-08-C-00-ILM, as amended. There were no current year expenditures from these funds.

Revenue from passenger facility charges for the year ended June 30, 2024 consists of \$2,764,040 for passenger facility charges plus \$472,963 of interest earnings from the restricted bank account. Passenger facility charges are administered by the FAA but are not considered federal awards. The Authority's presentation in this schedule is in accordance with FAA requirements.

Expenditures are reported on the schedule only at such time as there is an approved award and as activity occurs that obligates the Authority to make a payment, not when the award has been received. As a result, certain passenger facility charges expenditures are reported as reimbursements that have been recorded in a prior year. In the 2024 schedule, no passenger facility charges expenditures reported were expended in a previous year.

A reconciliation between cash collections and revenue on the accrual basis is as follows:

Passenger Facility Charges:	
Cash collections per Schedule of Passenger Facility Charges	\$ 2,694,175
Less prior year accrual	(494,745)
Add current year accrual	564,611
Passenger Facility Charges Interest:	
Cash collections per Schedule of Passenger Facility Charges	472,962
Amount per Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 3,237,003</u>