

**COUNTY OF BRUNSWICK
NORTH CAROLINA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended
June 30, 2004**

**Prepared by the Brunswick County Finance Office
Lithia E. Brooks, Director of Fiscal Operations**

COUNTY OF BRUNSWICK, NORTH CAROLINA
Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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COUNTY OF BRUNSWICK FINANCE DEPARTMENT

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Telecopy (910) 253-2068

October 31, 2004

Honorable Members of the Brunswick County Board of Commissioners and Citizens of
Brunswick County, North Carolina:

State law requires that all local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Brunswick County for the fiscal year ended June 30, 2004.

This report consists of management's representations concerning the finances of Brunswick County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Brunswick County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Brunswick County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Brunswick County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Martin Starnes & Associates, CPAs, P.A., a firm of licensed certified public accountants, has independently audited Brunswick County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Brunswick County for the fiscal year ended June 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Brunswick County's financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Brunswick County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal

controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

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

Profile of the Government

Brunswick County, founded in 1764 by the North Carolina General Assembly, is located in the southeastern corner of the State in the coastal plains region. As is typical of coastal plains, the topography is characterized by flatlands with soil composition of sand and sand loam. Forming a natural boundary on the southeast, the Atlantic Ocean gives the County approximately 47 miles of beachfront. It has a population of 83,787, which has grown 221% since 1970. It is the third largest county in the State, having a land area of 896 square miles.

Brunswick County is primarily rural in nature, with the exception of 19 small municipalities, two sanitary districts and two water and sewer authorities located throughout the County. The County seat is located near the Town of Bolivia, in the approximate geographic center of the County.

The County is governed by a Board of Commissioners (the "Board") consisting of five members elected on a partisan basis, with Commissioners running from and representing districts, but being elected at large for four-year staggered terms in November of even numbered years. The Board takes office on the first Monday in December following each election. The Board elects a chairman and vice-chairman from among its members.

The major duties of the Board include adoption of the annual budget, setting of the annual property tax rate, and appointment of various officials (County Manager, County Attorney, Clerk to the Board, and members of County boards and commissions). In addition, the Board can adopt policies concerning the operation of the County, plan for county needs and enact local ordinances. The Board also has authority to call bond referenda, enter into contracts and establish new programs and departments.

Brunswick County, like most counties in the State, has a Commissioner/Manager form of government. The manager is appointed by the Board, and serves at its pleasure.

Brunswick County provides a broad range of services that include public safety, environmental protection, health and social services, cultural and recreational programs, community and economic development, and education. This report encompasses the County's activities in maintaining these services and includes its financial support to certain separate agencies, boards, and commissions to assist their efforts in serving citizens. Among these are the Brunswick County Schools and Brunswick Community College.

The financial reporting entity includes all funds and account groups of the primary government (Brunswick County), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units, if applicable, are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations, and cash flows from those of the

primary government. The Brunswick County Leasing Corporation, a legally separate entity, is a component unit; however, it is blended into the County's financial statements since the Corporation exists to issue and service debts used to finance and acquire assets for the County. The Brunswick County Hospital Authority, the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority and the Brunswick County Airport Commission are reported as discretely presented component units in the financial statements. The Brunswick County Industrial Facility and Pollution Control Financing Authority is also a component unit of Brunswick County however, this Authority has no financial transactions or account balances and is therefore not reported in the financial statements.

The annual budget serves as the foundation for Brunswick County's financial planning and control. Each year all County departments are required to submit requests for appropriation to the County Manager, who then compiles a proposed budget and presents it to the Board of Commissioners for review. The board is required to hold public hearings on the proposed budget and to adopt a final budget by July 1 of the fiscal year, or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The annual ordinance includes appropriations for the General Fund and three annually budgeted special revenue funds. Note 1 provides additional information on budgetary data. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 29-30 as part of the basic financial statements for the governmental funds. For annually budgeted special revenue funds, this comparison is presented in the governmental fund subsection of this report, which starts on page 86. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e., capital project funds).

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Brunswick County operates.

Local economy. Brunswick County is one of the fastest growing counties in North Carolina. The permanent population continues to grow at a rate close to 5 percent annually as it has over the last ten (10) years. Tourism income remained steady, as did most of the County's manufacturing facilities. Since 1990, Brunswick County has had over ninety (90) plant announcements, creating 4,090 new jobs and over \$296 million in new capital investment. Brunswick County has five (5) improved industrial parks with great potential for future development.

The County's diversified economy is based primarily upon tourism, manufacturing and agriculture. Because the County does not rely heavily on textile jobs, as do most rural North Carolina counties, tourism has become the fastest growing economic base in the County. Tourism contributions include permanent, as well as secondary housing development, increased retail sales, increased employment opportunities and increased demand for potable water. Agriculture remains an important factor in the County's economy with the principal crops grown being tobacco, corn, soybeans, various grains, sweet potatoes, truck crops and blueberries. The raising of livestock and poultry also contributes significantly to the agricultural economy along with greenhouse and nursery operations. Tourism or service sector jobs account for 78%, with

manufacturing accounting for 20%, and finally agriculture/seafood accounting for the remaining 2% of employment in Brunswick County.

The county's unemployment rate remains near 6.0 percent, which compares favorably to the State of North Carolina's unemployment rate of 5.5 percent. The County's high growth rate is due to many young to middle age people moving to Brunswick County for its quality of life. This factor will keep the unemployment rate at a sustainable level. Also, due to the County's high growth rate, residential and commercial developments remain very strong.

Brunswick County is becoming the golf capital of the State of North Carolina. Thirty-eight (38) state of the art golf courses (with new courses under construction and in the planning stages) with most having residential/commercial development associated with them are located in the County.

Long-term financial planning. The County's Capital Improvement Plan through the year 2009 provides a plan, based on need, to fund and acquire various projects. The County issued \$7.8 million of certificates of participation to build a new County Detention Center and Law Enforcement Administration facility in FY 2003-2004 with completion to occur in 2005. The County also issued \$13.88 million of general obligation bonds in early 2004, which completed the issuance of the \$83.5 million school bond referendum passed in 1999. No other bond authorizations are outstanding.

Also included in the County Capital Improvement Plan are utility projects that equal approximately \$1.9 million. These projects consist of a 1 MG elevated water storage tank in the Southport area and two water interconnections in the southwestern area of the County. Also included in this same fiscal year period are three (3) water capital projects that will provide water to approximately 100 new customers.

The County sold, in calendar year 2004, \$31.875 million of revenue bonds that provided supplemental funding for the West Brunswick Regional Wastewater System. The total estimated cost for the region wastewater system is approximately \$62 million. Approximately \$30 million of this project will be funded by the State of North Carolina, Division of Water Quality by way of a low interest loan for a term not to exceed twenty-five (25) years. The West Brunswick Regional Wastewater System will provide for the effluent to be land-applied, either on tree farms or golf courses. There will not be any discharge of treated effluent to any surface water from the West Brunswick Regional Wastewater System. When completed, this project will be fully supported by user charges. Plans and specifications for the wastewater treatment facility, land application site(s), transmission mains (collectors) and pumping facilities for the West Brunswick Regional Wastewater System are completed. Along with this effort, the County has revised its sewer use ordinance and has adopted a county-side storm water management ordinance and program to enhance the effectiveness of the regional wastewater system concept. This project is anticipated to be complete by early 2006, and will serve the Town of Holden Beach, St. James as well as large residential and commercial developments within the service area.

The County has also completed the Northeast Brunswick Regional Wastewater Treatment System, which will be in full operation before the end of fiscal year 2003-2004. The Northeast Brunswick Regional Wastewater System will serve the Town of Leland, Navassa and the North Brunswick Sanitary District, and like the West Brunswick Regional Wastewater System, it will be fully supported by user charges.

Cash management policies and practices. Under the authority of North Carolina General Statute 159-30, the County invests in obligations of the United States Treasury and several of its

agencies and instrumentalities. The objectives of the County's investment program are safety, liquidity and yield in that order. Investment vehicles are chosen with the greatest emphasis placed on credit quality and maturity. The cash and investment portfolio balance for the fiscal year ended June 30, 2004 for all funds except bond proceeds in certain capital project funds is \$81.0 million. The average yield on investments was 0.91 percent. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the County intends to hold to maturity.

In addition to its investment portfolio, the County has invested bond and installment purchase proceeds at the North Carolina Capital Management Trust. These separate investment accounts are used as a means to maximize investment yield while segregating investment earnings on financing proceeds for federal arbitrage purposes. At June 30, 2004 the County had five (6) such accounts totaling \$23.6 million in unexpended financing proceeds and accumulated interest earnings.

Risk management. The County is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has secured insurance from various underwriters to cover property, general liability, and workmen's compensation issues. Employee health coverage is also provided through a self-insured program administered by Blue Cross and Blue Shield of North Carolina.

Pension and other post employment benefits. Brunswick County provides pension benefits through a statewide plan managed by the State Treasurer. Brunswick County has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to the retirement system.

Brunswick County administers a single-employer defined benefit pension plan for its qualified sworn law enforcement officers. The County has chosen to fund the pension plan on a pay as you go basis. Pension expenditures are made from the general fund annually, and benefits are recognized when due and payable in accordance with the terms of the plan.

Brunswick County also provides postretirement health and dental care benefits for qualified retirees and their dependents. As of June 30, 2004, there were 58 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. Additional information on Brunswick County's pension arrangements and post employment benefits can be found in Note 9 in the notes to the financial statements.

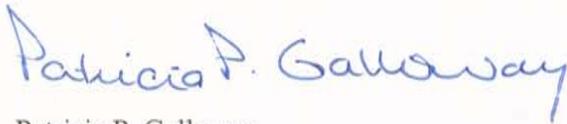
Awards and Acknowledgements

Awards. The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. This is the third year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. The report also must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements. The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. Furthermore, Patricia P. Galloway, Assistant Director of Fiscal Operations, effectively managed the year-end closing of the accounting system and report preparation. Also providing substantial support in report preparation and related accounting activities were Julie Miller, Fiscal & Customer Service Specialist and Pamela Barrett, Fiscal Specialist & Capital Assets Manager. We would like to also acknowledge Martin Starnes & Associates, CPAs, P.A., for its efforts in the preparation of this report.

Sincerely,



Patricia P. Galloway
Interim Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Brunswick,
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

County of Brunswick, North Carolina
List of Principal Officials
June 30, 2004

Board of County Commissioners

David R. Sandifer, Chairman
J. Phillip Norris, Vice-Chairman
William E. Sue
Mae Moore
Tom B. Rabon, Sr.

County Officials

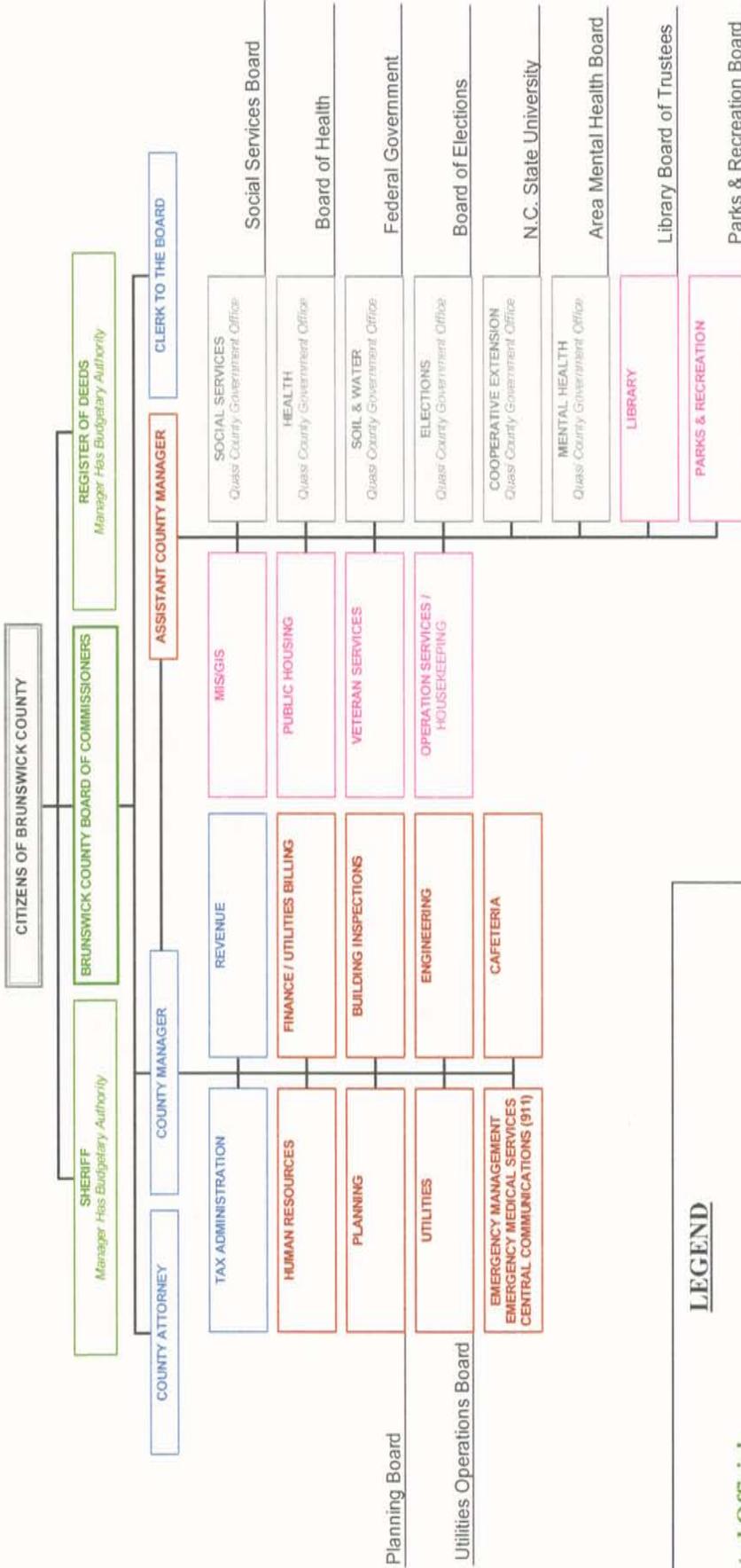
Marty Lawing
Ronald Hewett
Robert J. Robinson
Debby Gore
Huey Marshall
Lithia E. Brooks
Greg Bellamy
Martha Warner
Randal Thompson

Donald Yousey
Leslie Bell

Vonnie Fullwood
Boyd Williamson
Tom Bagby
Jamie Orrock
Lee Smith
Harry Yoder
Maurice Tate
George Page

County Manager
Sheriff
Register of Deeds
Clerk to the Board
County Attorney
Director of Fiscal Operations
Director of Elections
Cooperative Extension Director
Director of Emergency
Management & Services
Health Director
Director of Planning, Zoning
and Central Permitting
Public Housing Director
Tax Administrator
Revenue Collector
Director of Social Services
Public Utilities Director
Veteran Services Officer
Library Director
Parks & Recreation Director

Brunswick County Organizational Chart



LEGEND

- Elected Officials**
- Appointed by the Board of Commissioners**
- Directly supervised by the Manager**
- Directly supervised by the Assistant County Manager**
- Consultative supervision by the Assistant County Manager**

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Brunswick County
Bolivia, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the respective budgetary comparisons for the general fund and the county capital reserve fund of the County of Brunswick, North Carolina, as of and for the year then ended June 30, 2004, which collectively comprise the County's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority or the Brunswick County Airport Commission. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority and the Brunswick County Airport Commission is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The financial statements of the Brunswick County Hospital Authority and Brunswick County Board of Alcoholic Control were not audited in accordance with *Government Auditing Standards*. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Brunswick, North Carolina, as of June 30, 2004 and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund and the county capital reserve fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2004 on our consideration of the County of Brunswick's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the basic financial statements of the County of Brunswick, North Carolina, taken as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of Brunswick, North Carolina. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory section or the statistical sections of this report and, accordingly, express no opinion thereon.

Martin Stames + Associates CPA's, P.A.

September 24, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Brunswick County, we offer readers of Brunswick County's financial statements this narrative overview and analysis of the financial activities of Brunswick County for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

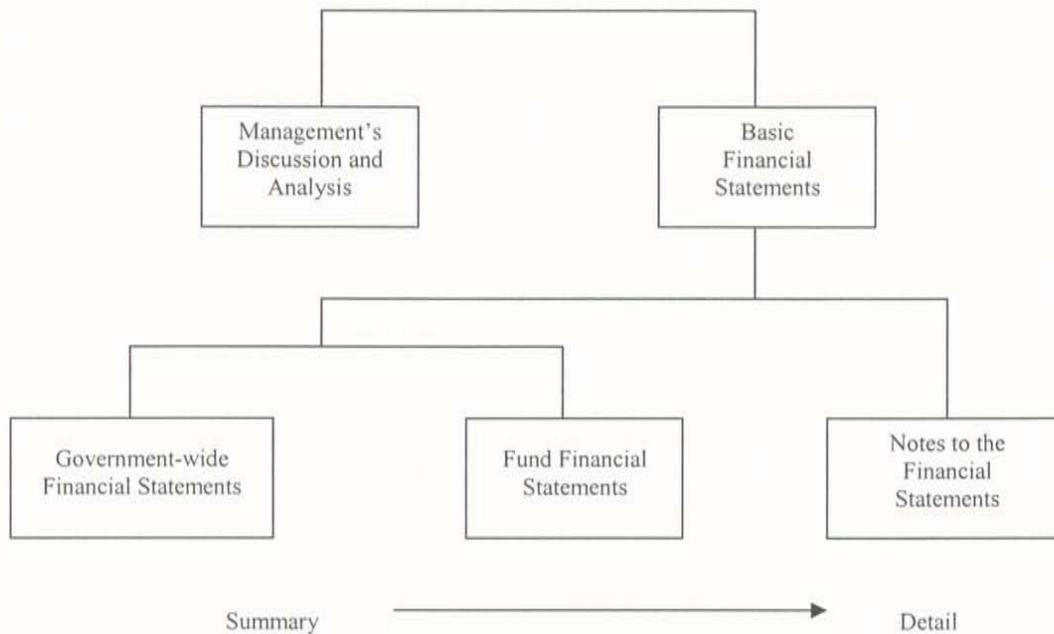
- The assets of County's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$59.8 million (*net assets*). The County's net assets is impacted considerably by the general obligation debt the County has issued on the behalf of the school system to fund school capital outlay. Under North Carolina law, the County is responsible for providing capital funding for the School System. The County has chosen to meet its legal obligation to provide school capital funding by using a mixture of sales taxes and general obligation debt. The assets funded by the County are owned, utilized, and maintained by the School System. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of the school general obligation debt is approximately \$79.4 million dollars. Furthermore, the entire amount of school general obligation debt is collateralized by the full faith, credit and taxing power of the County. The County is authorized and required by State law to levy ad Valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.
- The County's net assets of governmental activities increased by \$3.9 million.
- As of the close of the 2004 fiscal year, the County's general fund reported an unreserved fund balance of \$44.4 million, up from \$34.4 million in the prior fiscal year. Of this amount, approximately \$9.5 million has been designated for subsequent year expenditures resulting in approximately \$34.9 million being reported as available for spending at the government's discretion (*undesignated fund balance*).
- The County's general obligation debt increased by \$13.9 million during the current fiscal year. This increase was solely for the general obligation bonds issues for school capital needs.
- The County maintained its bond ratings of A+ with Fitch and A1 with Moody's Investor Services. However, the County received a rating increase from A+ to AA- from Standard & Poor's bond rating agency.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Components of Annual Financial Report

Figure 1



BASIC FINANCIAL STATEMENTS

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information concerning the County's financial status.

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

The final section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes, **supplemental information** provides details of the County's non-major governmental funds and internal service funds, which are combined in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of Brunswick County's finances, in a manner similar to a private-sector business.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gage the County's financial condition.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Brunswick County include general government, public safety, public education, economic development, and general administration. The business-type activities of Brunswick County are water and sewer services offered by the County.

The government-wide financial statements include not only Brunswick County itself (known as the primary government), but also the Brunswick County ABC Board, Economic Development Commission, Airport Commission, Tourism Development Authority, and Hospital Authority. Although legally separate from the County, these boards, commissions and authorities are important to the County because the County exercises control over their members by appointing them. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 23 and 24 of this report.

FUND FINANCIAL STATEMENTS

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

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

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide

and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - The County maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer activities. This fund is the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Agency Funds - Agency funds are used to account for assets the County holds on behalf of others. The County has seven agency funds.

Notes to the General Purpose Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-66 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its public safety employees. Required supplemental information can be found on page 67 of this report.

Brunswick County's Net Assets
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 109,749,362	\$ 94,759,800	\$ 38,267,986	\$ 15,436,852	\$ 148,017,348	\$ 110,196,652
Capital assets	75,111,423	69,330,845	94,092,286	83,870,315	169,203,709	153,201,160
Total assets	184,860,785	164,090,645	132,360,272	99,307,167	317,221,057	263,397,812
Long-term liabilities outstanding	113,773,962	97,954,135	35,768,704	3,509,527	149,542,666	101,463,662
Other liabilities	11,302,359	10,307,816	3,958,727	6,743,824	15,261,086	17,051,640
Total liabilities	125,076,321	108,261,951	39,727,431	10,253,351	164,803,752	118,515,302
Net assets:						
Invested in capital assets, net of related debt	48,903,970	52,864,945	80,543,952	76,595,678	129,447,922	129,460,623
Restricted	23,334,978	30,669,506	-	-	23,334,978	30,669,506
Unrestricted	(12,454,484)	(27,705,757)	12,088,889	12,458,138	(365,595)	(15,247,619)
Total net assets	\$ 59,784,464	\$ 55,828,694	\$ 92,632,841	\$ 89,053,816	\$ 152,417,305	\$ 144,882,510

The assets of Brunswick County governmental activities exceeded its liabilities by \$59.8 million as of June 30, 2004. Net assets is reported in three categories: invested in capital assets, net of related debt of \$48.9 million, restricted net assets of \$23.3 million, and unrestricted net assets of (\$12.4) million.

The invested in capital assets, net of related debt category is defined as the County's investments in County-owned capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets. Brunswick County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay these liabilities.

The second category of net assets is restricted net assets. This category represents resources that are subject to external restriction that limit Brunswick County's ability to access and use these funds beyond the purpose for which they were provided. Unexpended school bond proceeds of \$20.9 million and statutorily restricted revenues of \$2.4 million are typical of amounts usually included within this category.

The final category of net assets is unrestricted net assets. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2004, the unrestricted deficit of \$(12.4) million in governmental activities is attributable primarily to the general obligation bonds issued by Brunswick County for the school system. Even though the debt issued has been issued to finance capital outlay, construction and renovation for the school system, the Governmental Accounting Standards Board has determined that it is not capital debt for the County since it is not financing assets owned by the County. As a result the school debt is reportable within the unrestricted category of the net assets rather than as part of the category invested in capital asset net of related debt. The breakdown of the unrestricted portion of net equity is defined as follows:

School System Debt	\$(79.4) million
All Other	<u>67.0</u> million
Total unrestricted (deficit)	\$(12.4) million

The impact of the inclusion of the school system debt without the corresponding assets was offset by the following positive operational initiatives and results:

- Revaluation of property tax values every four years versus every eight years as statutorily required by the State of North Carolina.
- Continued low cost of debt due to Brunswick County's excellent bond ratings.

Brunswick County Changes in Net Assets
Figure 3

	Governmental Activities	Business-type Activities	Total
	2004	2004	2004
Revenues:			
Program revenues:			
Charges for services	8,987,744	14,988,429	23,976,173
Operating grants and contributions	15,584,865	-	15,584,865
Capital grants and contributions	2,807,060	4,240,336	7,047,396
General revenues:			
Ad valorem taxes	67,717,315	-	67,717,315
Local option taxes	16,636,215	-	16,636,215
Other taxes	5,303,623	-	5,303,623
Investment earnings	921,742	183,113	1,104,855
Total revenues	117,958,564	19,411,878	137,370,442
Expenses:			
General Government	9,126,904	-	9,126,904
Public Safety	14,901,214	-	14,901,214
Central Services	8,524,633	-	8,524,633
Human Services	19,498,577	-	19,498,577
Transportation	3,046,258	-	3,046,258
Environmental Protection	9,412,246	-	9,412,246
Cultural and Recreation	2,446,057	-	2,446,057
Economic and Physical Development	5,261,136	-	5,261,136
Education	41,780,114	-	41,780,114
Interest on Long Term Debt	4,297,354	-	4,297,354
Utilities	-	11,541,148	11,541,148
Total Expenses	118,294,493	11,541,148	129,835,641
Increase (Decrease) in net assets before transfers	(335,929)	7,870,730	7,534,801
Transfers	4,291,705	(4,291,705)	-
Increase (Decrease) in Net Assets	3,955,776	3,579,025	7,534,801
Net Assets (restated), July 1	55,828,688	89,053,816	144,882,504
Net Assets, June 30	59,784,464	92,632,841	152,417,305

Governmental activities. Governmental activities accounted for \$59.8 million, which is over 39 percent of the total net assets. Operating grants funded \$15.6 million of the County's governmental activities. Only property taxes provided a higher source of revenue.

Business-type activities. Business-type activities increased the County's net assets by \$3.6 million. This increase is due primarily to the construction in progress of two (2) regional wastewater treatment systems.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$102 million, which is an increase of \$15.8 million in comparison with the prior year. Approximately 88 percent of this total amount, \$89.9, constitutes unreserved fund balance available for spending at the County's discretion.

The General Fund is the principal operating fund of the County. At the end of the current fiscal year, unreserved fund balance in the general fund was \$44.4 million, while total fund balance for the general fund reached \$54.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 43 percent of total general fund expenditures, while total fund balance represents 53 percent of that same amount.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$5.1 million. The majority of this increase, \$2.9 million was attributable to restricted intergovernmental revenues.

Proprietary Funds. Brunswick County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of Water & Sewer Fund at the end of the year totaled \$12.1 million. The primary factor affecting this amount was an increase in the County's capital assets and the retirement of long-term debt.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Brunswick County's investment in capital assets for its governmental and business type activities as of June 30, 2004 amounts to \$169.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment.

Brunswick County has experienced significant development and population growth over the past ten (10) years. Growth is occurring due to tourism, and people relocating to this part of southeastern North Carolina. There are few centralized wastewater systems in the County, however most dwellings and businesses are served by on-site or package treatment systems. The first of the three (3) proposed regional wastewater treatment facilities was completed on February 12, 2003 and is located in the northeastern region of the County (referred to as Northeastern Brunswick Regional Wastewater Treatment Plant). For this regional wastewater system, the Board of County Commissioners has partnered with three (3) other jurisdictions including the Town of Leland, Town of Navassa, and the North Brunswick Sanitary District. The County will own and operate the wastewater treatment facility, while the partners will be responsible for their respective collection systems. This joint venture will allow existing, less effective package treatment plants to be taken off line, therefore reducing the number of wastewater discharges into the Cape Fear River. Partnerships with a local golf course development and industry, much of the treated wastewater will be land applied or reused for industrial purposes further reducing the discharge into the river. This wastewater project will be fully supported by user charges. The County's investment in this capital asset is approximately \$12.6 million as of June 30, 2004.

In addition to the Northeast Brunswick Regional Wastewater System, the County along with one (1) other municipal partner received approval from the State of North Carolina a 201 Facilities Plan that includes the southeastern and south central regions of the County. Unlike the Northeast Brunswick Regional Wastewater System, the treated effluent from the West Brunswick Regional Wastewater System will be land-applied, either on tree farms or golf courses. There will not be any discharge of treated effluent to any surface water from the West Brunswick Regional system. This project, like the northeast regional project, will be fully supported by user charges. The County has hired two (2) design-engineering firms that have complete plans and specifications for the wastewater treatment facility, land application site(s), transmission mains (collectors) and pumping facilities for the West Brunswick Regional Wastewater System. Along with this effort, the County has revised its sewer use ordinance and has adopted a countywide storm water management ordinance and program to enhance the effectiveness of these regional wastewater systems. The County's investment in this capital asset is approximately \$5.6 million as of June 30, 2004.

The County accepted the conveyance of two package treatment plants and wastewater collection systems. Under the terms of one agreement, the County operates an existing 0.5 million gallons per day ("MGD") plant. The County expects to operate the package treatment plant on an interim basis until such time as integration between the existing system and the County's planned regional wastewater system project is completed. The existing package treatment plant site will be leased to the County for 50 years or until the plant is dismantled and a pumping station constructed.

The County has agreed to install a sewer pumping station, sewer force main and a reuse water line from the package treatment plant to Highway 211 for the irrigation system of the development's golf course. The County estimates a total cost of \$2.0 million to construct the infrastructure and pumping station. In addition, the County has entered into agreements to install any needed infrastructure for transporting reuse water from the planned regional wastewater treatment facility to the existing reuse water line in order to continue transporting reuse water to the golf course once the existing treatment plant has been dismantled.

Under the terms of the agreement, the County may be required to construct the necessary capacity expansions to the package treatment plant required by future development of the tract and convey title of the wastewater collection and package treatment plant back to the residence of the development if the County's planned regional wastewater system is not completed by 2007.

Under a similar agreement, the County accepted title to a second existing wastewater collection and 0.1 MGD package treatment plant. The terms of the agreement require the County to construct a new pumping station and infrastructure required to integrate the existing system into the planned regional wastewater system. The County estimates a total cost of \$460,000 for the infrastructure and pumping station. The terms of the agreement may require the County to increase the capacity of the package treatment plant required by future expansion of or near the development tract if the County's planned regional wastewater system is not completed by 2006.

Other major capital asset transactions that occurred during the fiscal year were the groundbreaking for a new Law Enforcement Administration Building/Detention Center completion of a new County Courthouse and acquisition of a new phone system for the County government. The County's investment in these capital assets equals approximately \$24 million as of June 30, 2004.

Brunswick County's Capital Assets
Figure 4

	Governmental Activities	Business-type Activities	Total
Land	\$ 3,263,928	\$ 980,138	\$ 4,244,066
Buildings and improvements	48,552,918	14,615,239	63,168,157
Equipment and vehicles	7,893,446	861,378	8,754,824
Water Tanks	-	1,855,688	1,855,688
Water line, wells, taps pump stations, and distribution systems	-	53,742,234	53,742,234
Construction in progress	15,401,131	22,037,610	37,438,741
Total Capital Assets (net of accumulated depreciation)	<u>\$ 75,111,423</u>	<u>\$ 94,092,287</u>	<u>\$ 169,203,710</u>

Additional information on Brunswick County's capital assets can be found in Note 5 on pages 51 and 52 of this report.

Long-term Debt. At the end of the current fiscal year, Brunswick County had total bonded debt outstanding of \$116.8 million, which is backed by the full faith and credit of the County.

General Obligation, Capital Leases and Installment Notes Payable
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 80,818,576	\$ 69,922,714	\$36,016,424	\$ 6,620,024	\$ 116,835,000	\$ 76,542,738
Certificates of participation	25,075,000	14,600,000	-	-	25,075,000	14,600,000
Installment purchases	1,132,453	5,880,721	1,945,689	654,613	3,078,142	6,535,334
Other	13,182,731	12,964,925	-	153,625	13,182,731	13,118,550
Total long-term debt	\$ 120,208,760	\$ 103,368,360	\$37,962,113	\$ 7,428,262	\$ 158,170,873	\$ 110,796,622

This outstanding General Obligation indebtedness is out of a legal debt limit of \$926 million. This legal debt limit is determined by the Municipal Finance Law of North Carolina, which limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The ratio of debt service expenditures to total general governmental expenditures is 5.5%.

The County's general obligation debt per capita is \$965 as of June 30, 2004 while the County's gross debt per capita is \$1,273 due to \$965 in outstanding Certificates of Participation and \$300 in other long term financing for construction and renovation of various County and School Buildings along with some minor County equipment purchases.

The County's total debt had a net increase of \$47.3 million, 43 percent, during the current fiscal year. The key factors in this increase was a new school bond issuance for construction of a school and a revenue bond issuance.

Additional information on Brunswick County's long-term debt can be found in Note 7 on pages 53-56 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Brunswick County is currently 6 percent at June 30, 2004, compared to the state's seasonally adjusted unemployment rate of 5.5 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population of 83,787 has grown approximately 36 percent from 1994 to 2004.

All of these factors were considered in preparing Brunswick County's budget for fiscal year 2004-2005.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2004-2005

Governmental activities. A 3 percent growth in the tax base is anticipated over last year, to a total \$13.1 billion in property valuation. This equates to an additional \$1.7 million in Ad Valorem taxes. The last revaluation was for the 2003 levy. However, Brunswick County is very fortunate to have steady and continuous growth in its property value from year to year.

Budgeted expenditures in the General Fund are expected to rise 12.5 percent to \$119 million. The largest increases were in public safety, debt service requirements and employee benefits adjustments.

Budgeted expenditures for education are expected to increase 5.1 percent or approximately \$1.1 million. Educational funding includes a current expense appropriation to the Brunswick County School System that represents 36.5 percent of the Ad Valorem tax base excluding any amount needed for annual debt service payments for an approved general obligation debt of \$83.5 million. The School System funds the majority of its local capital outlay needs from sales tax allocations. The County also includes an appropriation to the Brunswick Community College in its educational funding for current expense and capital outlay needs.

Business-type activities. The water and sewer enterprise fund is anticipated to increase approximately 22 percent to cover increased cost in personnel, operation, capital outlay costs and due to normal growth, but primarily due to the acquisition of additional wastewater systems. The County anticipated a reduction in the water rate due to an increase in customers and consumption. The Northeast Regional Wastewater Treatment Plant was in full operation before the end of fiscal year 2003-2004. The plant serves the Town of Leland, Navassa and the North Brunswick Sanitary District.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Brunswick County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Fiscal Operations, Post Office Box 249, Bolivia, North Carolina 28422.

STATEMENT OF NET ASSETS
JUNE 30, 2004

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Total
Assets:				
Current assets:				
Cash and cash equivalents/investments	\$ 95,555,619	\$ 12,424,625	\$ 107,980,244	\$ 812,521
Restricted cash and investments	1,762,754	24,413,779	26,176,533	-
Taxes receivable, net	2,954,994	-	2,954,994	-
Receivables and special assessments, net	1,380,538	3,234,886	4,615,424	20,535
Other governmental agencies	5,625,822	299,534	5,925,356	1,899,328
Internal balances	2,462,239	(2,462,239)	-	-
Inventories	-	357,401	357,401	236,708
Prepaid items	7,396	-	7,396	19,782
Total current assets	<u>109,749,362</u>	<u>38,267,986</u>	<u>148,017,348</u>	<u>2,988,874</u>
Capital assets, net	<u>75,111,423</u>	<u>94,092,286</u>	<u>169,203,709</u>	<u>7,092,391</u>
Total assets	<u>\$ 184,860,785</u>	<u>\$ 132,360,272</u>	<u>\$ 317,221,057</u>	<u>\$ 10,081,265</u>
Liabilities and Net Assets:				
Liabilities:				
Current liabilities:				
Current maturities of long-term debt	\$ 6,434,798	\$ 2,376,969	\$ 8,811,767	\$ 14,877
Accounts payable	3,317,464	869,113	4,186,577	1,812,526
Accrued liabilities	788,998	-	788,998	-
Due other governmental agencies	44,542	-	44,542	165,147
Deposits	-	610,854	610,854	-
Interest payable	600,000	101,791	701,791	-
Deferred/unearned revenues	116,557	-	116,557	-
Total current liabilities	<u>11,302,359</u>	<u>3,958,727</u>	<u>15,261,086</u>	<u>1,992,550</u>
Noncurrent liabilities:				
Accrued compensated absences	2,142,131	183,560	2,325,691	-
Long-term debt	<u>111,631,831</u>	<u>35,585,144</u>	<u>147,216,975</u>	<u>153,250</u>
Total noncurrent liabilities	<u>113,773,962</u>	<u>35,768,704</u>	<u>149,542,666</u>	<u>153,250</u>
Total liabilities	<u>125,076,321</u>	<u>39,727,431</u>	<u>164,803,752</u>	<u>2,145,800</u>
Net assets:				
Invested in capital assets, net of related debt	48,903,970	80,543,952	129,447,922	6,935,352
Restricted:				
Public safety	2,364,356	-	2,364,356	-
Education	20,970,622	-	20,970,622	-
Other purposes	-	-	-	280,689
Unrestricted	<u>(12,454,484)</u>	<u>12,088,889</u>	<u>(365,595)</u>	<u>719,424</u>
Total net assets	<u>\$ 59,784,464</u>	<u>\$ 92,632,841</u>	<u>\$ 152,417,305</u>	<u>\$ 7,935,465</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Government activities:				
General government	\$ 9,126,904	\$ 2,486,888	\$ 510,279	\$ 421,823
Public safety	14,901,214	2,855,570	683,683	272,142
Central services	8,524,633	758,966	-	-
Human services	19,498,577	935,055	9,524,915	-
Transportation	3,046,258	-	1,985,015	-
Environmental protection	9,412,246	1,391,467	263,178	-
Cultural and recreation	2,446,057	-	131,359	-
Economic and physical development	5,261,136	105,907	2,486,436	1,781,872
Education	41,780,114	453,891	-	331,223
Interest on long-term debt	4,297,354	-	-	-
Total governmental activities	<u>118,294,493</u>	<u>8,987,744</u>	<u>15,584,865</u>	<u>2,807,060</u>
Business-type activities:				
Water	9,847,383	13,461,240	-	1,708,819
Sewer	1,693,765	1,527,189	-	2,531,517
Total business-type activities	<u>11,541,148</u>	<u>14,988,429</u>	<u>-</u>	<u>4,240,336</u>
Total primary government	<u>\$ 129,835,641</u>	<u>\$ 23,976,173</u>	<u>\$ 15,584,865</u>	<u>\$ 7,047,396</u>
Discretely presented component units	<u>\$ 2,991,358</u>	<u>\$ 1,876,833</u>	<u>\$ 300,388</u>	<u>\$ 2,189,566</u>
General revenues:				
Ad valorem taxes				
Local option taxes				
Other taxes				
Investment earnings				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	Total
\$ (5,707,914)	\$ -	\$ (5,707,914)	
(11,089,819)	-	(11,089,819)	
(7,765,667)	-	(7,765,667)	
(9,038,607)	-	(9,038,607)	
(1,061,243)	-	(1,061,243)	
(7,757,601)	-	(7,757,601)	
(2,314,698)	-	(2,314,698)	
(886,921)	-	(886,921)	
(40,995,000)	-	(40,995,000)	
(4,297,354)	-	(4,297,354)	
<u>(90,914,824)</u>	<u>-</u>	<u>(90,914,824)</u>	
	5,322,676	5,322,676	
	2,364,941	2,364,941	
	<u>7,687,617</u>	<u>7,687,617</u>	
<u>(90,914,824)</u>	<u>7,687,617</u>	<u>(83,227,207)</u>	
			\$ <u>1,375,429</u>
67,717,315	-	67,717,315	-
16,636,215	-	16,636,215	-
5,303,623	-	5,303,623	822,022
921,742	183,113	1,104,855	4,809
4,291,705	(4,291,705)	-	-
<u>94,870,600</u>	<u>(4,108,592)</u>	<u>90,762,008</u>	<u>826,831</u>
3,955,776	3,579,025	7,534,801	2,202,260
<u>55,828,688</u>	<u>89,053,816</u>	<u>144,882,504</u>	<u>5,733,205</u>
<u>\$ 59,784,464</u>	<u>\$ 92,632,841</u>	<u>\$ 152,417,305</u>	<u>\$ 7,935,465</u>

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

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2004

	Major Funds				Non Major Governmental Funds	Total Governmental Funds
	General	County Capital Reserve	Schools Capital Project	County Capital Project		
Assets:						
Cash, cash equivalents and investments	\$ 48,547,397	\$ 9,794,055	\$ 20,970,622	\$ 6,541,834	\$ 9,701,711	\$ 95,555,619
Taxes receivable - net	2,954,994	-	-	-	-	2,954,994
Receivables - net	532,783	-	-	243,423	200,769	976,975
Special assessment	-	-	-	-	403,565	403,565
Due from other funds	4,449,360	-	-	-	514,800	4,964,160
Due from other governmental agencies	4,361,482	-	-	1,264,340	-	5,625,822
Cash, cash equivalents and investments - restricted	-	-	-	1,752,125	10,629	1,762,754
Prepaid items	7,396	-	-	-	-	7,396
Total assets	\$ 60,853,412	\$ 9,794,055	\$ 20,970,622	\$ 9,801,722	\$ 10,831,474	\$ 112,251,285
Liabilities, Equity, and Other Credits:						
Liabilities:						
Accounts payable, accrued liabilities	\$ 1,874,200	\$ -	\$ -	\$ 1,077,587	\$ 365,675	\$ 3,317,462
Accrued liabilities	788,998	-	-	-	-	788,998
Due to other funds	514,800	-	-	1,374,384	612,739	2,501,923
Due to other governmental agencies	44,542	-	-	-	-	44,542
Deferred revenues	3,135,817	-	-	-	403,565	3,539,382
Total liabilities	6,358,357	-	-	2,451,971	1,381,979	10,192,307
Fund balances:						
Reserved for encumbrances	703,282	-	-	-	4,412	707,694
Reserved by State statute	9,343,625	-	-	1,507,763	582,550	11,433,938
Reserved for prepaids	7,396	-	-	-	-	7,396
Reserved for debt service	-	-	-	-	10,629	10,629
Unreserved:						
Unreserved portion subject to designations	9,508,984	-	-	-	3,124,714	12,633,698
General fund, undesignated	34,931,768	8,996,098	-	-	-	43,927,866
Special revenue funds	-	797,957	-	-	5,727,190	6,525,147
Capital project funds	-	-	20,970,622	5,841,988	-	26,812,610
Total equity and other credits	54,495,055	9,794,055	20,970,622	7,349,751	9,449,495	102,058,978
Total liabilities, equity and other credits	\$ 60,853,412	\$ 9,794,055	\$ 20,970,622	\$ 9,801,722	\$ 10,831,474	\$ 112,251,285

Reconciliation of fund balance as reported in the balance sheet - governmental funds with net assets - governmental activities:

Fund balance as reported in the balance sheet - governmental funds	\$ 102,058,978
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	75,111,423
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	3,422,823
Long-term liabilities, including interest and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds	(120,808,760)
Net assets reported as governmental activities	\$ 59,784,464

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Major Funds					Total Governmental Funds
	General	County Capital Reserve	Schools Capital Project	County Capital Project	Non Major Governmental Funds	
Revenues:						
Ad valorem taxes	\$ 68,478,690	\$ -	\$ -	\$ -	\$ -	\$ 68,478,690
Special assessments	-	-	-	-	81,718	81,718
Local option sales taxes	16,636,215	-	-	-	-	16,636,215
Other taxes and licenses	3,668,711	-	-	-	1,634,912	5,303,623
Unrestricted intergovernmental revenues	239,433	-	-	-	-	239,433
Restricted intergovernmental revenues	13,244,307	-	-	1,985,015	1,793,463	17,022,785
Permits and fees	5,654,018	-	-	-	-	5,654,018
Sales and services	3,367,844	-	-	-	-	3,367,844
Investment earnings	432,729	73,530	188,479	155,366	71,638	921,742
Other	510,279	-	331,223	260,551	27,654	1,129,707
Total revenues	<u>112,232,226</u>	<u>73,530</u>	<u>519,702</u>	<u>2,400,932</u>	<u>3,609,385</u>	<u>118,835,775</u>
Expenditures:						
Current:						
General government	8,558,760	-	-	193,813	27,475	8,780,048
Public safety	15,045,112	-	-	2,883,216	861,081	18,789,409
Central services	9,219,309	-	-	-	-	9,219,309
Human services	19,444,080	-	-	-	-	19,444,080
Transportation	85,000	-	-	2,961,258	-	3,046,258
Environmental protection	9,563,180	-	-	-	-	9,563,180
Culture and recreation	3,375,151	-	-	-	-	3,375,151
Economic and physical development	4,084,659	-	-	-	1,738,627	5,823,286
Education	23,088,975	-	18,549,581	-	-	41,638,556
Debt service:						
Principal retirement	5,451,171	-	-	-	-	5,451,171
Interest and fiscal charges	4,360,746	-	-	-	-	4,360,746
Total expenditures	<u>102,276,143</u>	<u>-</u>	<u>18,549,581</u>	<u>6,038,287</u>	<u>2,627,183</u>	<u>129,491,194</u>
Revenues over (under) expenditures	<u>9,956,083</u>	<u>73,530</u>	<u>(18,029,879)</u>	<u>(3,637,355)</u>	<u>982,202</u>	<u>(10,655,419)</u>
Other Financing Sources (Uses):						
Sale of capital assets	119,366	-	-	-	-	119,366
Advance repayment of debt	(3,275,000)	-	-	-	-	(3,275,000)
Transfers from other funds	7,422,668	4,227,179	2,706,376	836,228	4,970,268	20,162,719
Transfers to other funds	(8,647,818)	(4,495,823)	-	-	(2,727,375)	(15,871,016)
Debt financing issued	3,668,765	-	13,880,000	7,800,000	-	25,348,765
Total other financing sources (uses)	<u>(712,019)</u>	<u>(268,644)</u>	<u>16,586,376</u>	<u>8,636,228</u>	<u>2,242,893</u>	<u>26,484,834</u>
Revenues and other financing sources over (under) expenditures and other financing uses	9,244,064	(195,114)	(1,443,503)	4,998,873	3,225,095	15,829,415
Fund balance, beginning of year	<u>45,250,991</u>	<u>9,989,169</u>	<u>22,414,125</u>	<u>2,350,878</u>	<u>6,224,400</u>	<u>86,229,563</u>
Fund balance, end of year	<u>\$ 54,495,055</u>	<u>\$ 9,794,055</u>	<u>\$ 20,970,622</u>	<u>\$ 7,349,751</u>	<u>\$ 9,449,495</u>	<u>\$ 102,058,978</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

Net change in fund balances - total governmental funds (Exhibit D)	\$ 15,829,415
<p>Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected or is expected to be collected within 60 days of year end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:</p>	
Property taxes	(761,375)
Ambulance revenues	(115,834)
<p>Expenses related to compensated absences and law enforcement officers separation allowance that do not require current financial resources are not reported as expenditures in the governmental fund statement.</p>	
	(362,676)
<p>Capital outlays are reported as expenditures in the governmental fund statement. However, in the statement of activities, capital outlay is not an expense, rather it is an increase in capital assets.</p>	
	7,548,146
<p>The sale of capital assets is reported as a revenue in the governmental fund statements without subtracting the net book value of the capital assets sold.</p>	
	(7,460)
<p>Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements.</p>	
	(1,760,108)
<p>Principal repayments are reported as expenditures in the governmental fund statement. However, in the statement of activities, these transactions are not an expense, rather they are a decrease in liabilities.</p>	
	8,726,171
<p>Change in closure/post closure liability estimate. Expenses are reported as incurred in the funds.</p>	
	144,870
<p>Change in interest payable for governmental activity long-term debt. Interest expense is recorded as incurred in the fund statements.</p>	
	63,392
<p>Proceeds from issuance of debt are reported as revenues in the governmental fund statement. However, in the statement of activities, it is not a revenue, rather it is an increase in liabilities.</p>	
	<u>(25,348,765)</u>
Change in net assets of governmental activities per Exhibit B	<u>\$ 3,955,776</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL FUND AND THE COUNTY CAPITAL RESERVE FUND
 FOR THE YEAR ENDED JUNE 30, 2004

	General Fund			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 64,961,621	\$ 64,961,621	\$ 68,478,690	\$ 3,517,069
Local option sales taxes	15,365,000	15,365,000	16,636,215	1,271,215
Other taxes and licenses	1,892,690	2,601,682	3,668,711	1,067,029
Unrestricted intergovernmental revenues	22,000	22,000	239,433	217,433
Restricted intergovernmental revenues	11,172,542	14,125,011	13,244,307	(880,704)
Permits and fees	4,001,479	4,476,676	5,654,018	1,177,342
Sales and services	2,477,750	2,931,737	3,367,844	436,107
Investment earnings	804,000	891,740	432,729	(459,011)
Other	336,200	761,950	510,279	(251,671)
Total revenues	<u>101,033,282</u>	<u>106,137,417</u>	<u>112,232,226</u>	<u>6,094,809</u>
Expenditures:				
Current:				
General government	8,549,024	10,138,634	8,558,760	1,579,874
Public safety	15,185,774	17,923,140	15,045,112	2,878,028
Central services	10,104,389	11,918,284	9,219,309	2,698,975
Human services	20,602,084	22,691,373	19,444,080	3,247,293
Transportation	85,000	85,000	85,000	-
Environmental protection	9,497,885	9,886,496	9,563,180	323,316
Culture and recreation	3,084,901	4,089,950	3,375,151	714,799
Economic and physical development	3,923,497	4,549,818	4,084,659	465,159
Education	23,088,975	23,088,975	23,088,975	-
Debt service:				
Principal retirement	5,414,062	5,452,630	5,451,171	1,459
Interest and fiscal charges	4,370,823	4,464,029	4,360,746	103,283
Total expenditures	<u>103,906,414</u>	<u>114,288,329</u>	<u>102,276,143</u>	<u>12,012,186</u>
Revenues over (under) expenditures	<u>(2,873,132)</u>	<u>(8,150,912)</u>	<u>9,956,083</u>	<u>18,106,995</u>
Other Financing Sources (Uses):				
Long-term debt issued	-	3,668,765	3,668,765	-
Advance repayment of debt	-	(3,275,000)	(3,275,000)	-
Sale of capital assets	-	44,652	119,366	74,714
Transfers from other funds	1,872,067	19,931,469	7,422,668	(12,508,801)
Transfers to other funds	(3,303,069)	(18,280,912)	(8,647,818)	9,633,094
Contingency	(500,000)	(118,758)	-	118,758
Appropriated fund balance	4,804,134	6,180,696	-	(6,180,696)
Total other financing sources (uses)	<u>2,873,132</u>	<u>8,150,912</u>	<u>(712,019)</u>	<u>(8,862,931)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>9,244,064</u>	<u>\$ 9,244,064</u>
Fund balance, beginning of year			45,250,991	
Fund balance, end of year			<u>\$ 54,495,055</u>	

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

BALANCE SHEETS - PROPRIETARY FUNDS
JUNE 30, 2004

	Business-Type Activities - Enterprise		
	Major Funds		
	Water	Sewer	Total
Assets:			
Current assets:			
Cash and cash equivalents/investments	\$ 12,424,625	\$ -	\$ 12,424,625
Receivables, net	2,926,530	308,356	3,234,886
Due from other governmental agencies	209,769	89,765	299,534
Inventories	357,401	-	357,401
Cash and cash equivalents/investments - restricted	-	24,413,779	24,413,779
Due from other funds	1,423,092	-	1,423,092
Total current assets	<u>17,341,417</u>	<u>24,811,900</u>	<u>42,153,317</u>
Capital assets, net	<u>68,178,838</u>	<u>25,913,448</u>	<u>94,092,286</u>
Total assets	<u>\$ 85,520,255</u>	<u>\$ 50,725,348</u>	<u>\$ 136,245,603</u>
Liabilities and Net Assets:			
Liabilities:			
Current liabilities:			
Bonds and notes payable - current maturities	\$ 2,001,969	\$ 375,000	\$ 2,376,969
Accounts payable and accrued liabilities	666,745	202,368	869,113
Customer deposits	610,854	-	610,854
Due to other funds	-	3,885,331	3,885,331
Interest payable	101,791	-	101,791
Total current liabilities	<u>3,381,359</u>	<u>4,462,699</u>	<u>7,844,058</u>
Noncurrent liabilities:			
Accrued compensated absences	160,283	23,277	183,560
Bonds and notes payable - noncurrent maturities	2,474,455	33,110,689	35,585,144
Total noncurrent liabilities	<u>2,634,738</u>	<u>33,133,966</u>	<u>35,768,704</u>
Total liabilities	<u>6,016,097</u>	<u>37,596,665</u>	<u>43,612,762</u>
Net assets:			
Invested in capital assets, net of related debt	63,702,414	16,841,538	80,543,952
Unrestricted (deficit)	<u>15,801,744</u>	<u>(3,712,855)</u>	<u>12,088,889</u>
Total net assets	<u>79,504,158</u>	<u>13,128,683</u>	<u>92,632,841</u>
Total liabilities and net assets	<u>\$ 85,520,255</u>	<u>\$ 50,725,348</u>	<u>\$ 136,245,603</u>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004**

	Business-type Activities - Enterprise		
	Major Funds		
	Water	Sewer	Total
Operating Revenues:			
User charges	\$ 13,113,645	\$ 1,065,428	\$ 14,179,073
Other	347,595	461,761	809,356
Total operating revenues	<u>13,461,240</u>	<u>1,527,189</u>	<u>14,988,429</u>
Operating Expenses:			
Salaries and employee benefits	2,709,626	473,252	3,182,878
Other operating expenses	-	17,298	17,298
Cost of goods sold	4,806,884	873,039	5,679,923
Depreciation and amortization	<u>1,974,119</u>	<u>88,800</u>	<u>2,062,919</u>
Total operating expenses	<u>9,490,629</u>	<u>1,452,389</u>	<u>10,943,018</u>
Operating income (loss)	<u>3,970,611</u>	<u>74,800</u>	<u>4,045,411</u>
Nonoperating Revenues (Expenses):			
Grants and subsidies	9,300	180,217	189,517
Investment earnings	104,681	78,432	183,113
Interest expense	<u>(356,754)</u>	<u>(241,376)</u>	<u>(598,130)</u>
Total nonoperating revenues (expenses)	<u>(242,773)</u>	<u>17,273</u>	<u>(225,500)</u>
Income before transfers and capital contributions	3,727,838	92,073	3,819,911
Transfers in (out)	<u>(288,072)</u>	<u>(4,003,633)</u>	<u>(4,291,705)</u>
Income (loss) before capital contributions	3,439,766	(3,911,560)	(471,794)
Capital contributions	<u>1,699,519</u>	<u>2,351,300</u>	<u>4,050,819</u>
Increase (decrease) in net assets	5,139,285	(1,560,260)	3,579,025
Net Assets, Beginning of Year	<u>74,364,873</u>	<u>14,688,943</u>	<u>89,053,816</u>
Net Assets, End of Year	<u>\$ 79,504,158</u>	<u>\$ 13,128,683</u>	<u>\$ 92,632,841</u>

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Business-type Activities - Enterprise		
	Major Funds		Total
	Water	Sewer	
Cash Flows From Operating Activities:			
Receipts from customers	\$ 13,443,914	\$ 2,181,967	\$ 15,625,881
Payments to suppliers for goods and services	(4,093,767)	(2,408,264)	(6,502,031)
Payments to or on behalf of employees	(2,665,457)	(457,552)	(3,123,009)
Net cash provided by (used in) operating activities	<u>6,684,690</u>	<u>(683,849)</u>	<u>6,000,841</u>
Cash Flows From Noncapital Financing Activities:			
Transfers out	(288,072)	(4,003,633)	(4,291,705)
Change in interfund due to/from	(1,016,332)	1,903,745	887,413
Grants	9,300	180,217	189,517
Net cash provided (used) by noncapital financing activities	<u>(1,295,104)</u>	<u>(1,919,671)</u>	<u>(3,214,775)</u>
Net Cash From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(1,805,893)	(6,793,040)	(8,598,933)
Proceeds from issuance of long-term debt	-	33,485,689	33,485,689
Interest paid	(356,754)	(241,376)	(598,130)
Capital contributions	-	364,862	364,862
Principal payments on long-term debt	(2,980,164)	-	(2,980,164)
Net cash provided (used) in capital and related financing activities	<u>(5,142,811)</u>	<u>26,816,135</u>	<u>21,673,324</u>
Cash Flows From Investing Activities:			
Interest on investments	<u>104,681</u>	<u>78,432</u>	<u>183,113</u>
Net increase (decrease) in cash and cash equivalents	351,456	24,291,047	24,642,503
Cash and cash equivalents, beginning of year	<u>12,073,169</u>	<u>122,732</u>	<u>12,195,901</u>
Cash and cash equivalents, end of year	<u>\$ 12,424,625</u>	<u>\$ 24,413,779</u>	<u>\$ 36,838,404</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 3,970,611	\$ 74,800	\$ 4,045,411
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,974,119	88,800	2,062,919
Bad debt expense	700,000	-	700,000
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	34,517	(147,707)	(113,190)
(Increase) decrease in due from other governmental agencies	(123,369)	802,485	679,116
(Increase) decrease in inventories	(160,019)	-	(160,019)
Increase (decrease) in accounts payable and accrued expenses	217,305	(1,502,227)	(1,284,922)
Increase (decrease) in customer deposits	71,526	-	71,526
Net cash provided by (used in) operating activities	<u>\$ 6,684,690</u>	<u>\$ (683,849)</u>	<u>\$ 6,000,841</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

Exhibit J

STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS
JUNE 30, 2004

Assets:

Cash, cash equivalents and investments	\$ 4,520,912
Receivable - net	<u>51,699</u>
Total assets	<u>\$ 4,572,611</u>

Liabilities:

Due to other governmental agencies	\$ 4,503,428
Other	<u>69,183</u>
Total liabilities	<u>\$ 4,572,611</u>

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

COMBINING STATEMENT OF NET ASSETS - DISCRETELY PRESENTED COMPONENT UNITS
 JUNE 30, 2004

	Major Component Units			Non-Major Component Units		Totals Component Units
	Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Brunswick County Economic Development Commission	Brunswick County Hospital Authority	
Assets:						
Current assets:						
Cash, cash equivalents and investments	\$ 201,505	\$ 216,283	\$ 58,859	\$ 310,191	\$ 25,683	\$ 812,521
Receivables, net	-	7,153	13,382	-	-	20,535
Due from primary government	-	-	231,596	-	95,715	327,311
Due from other governments	-	1,572,017	-	-	-	1,572,017
Inventory	210,918	25,790	-	-	-	236,708
Other assets	10,152	-	9,630	-	-	19,782
Total current assets	<u>422,575</u>	<u>1,821,243</u>	<u>313,467</u>	<u>310,191</u>	<u>121,398</u>	<u>2,988,874</u>
Capital assets, net	370,533	6,719,948	-	1,910	-	7,092,391
Total assets	<u>\$ 793,108</u>	<u>\$ 8,541,191</u>	<u>\$ 313,467</u>	<u>\$ 312,101</u>	<u>\$ 121,398</u>	<u>\$ 10,081,265</u>
Liabilities and Net Assets:						
Liabilities:						
Current liabilities:						
Debt obligation - current portion	\$ 14,877	\$ -	\$ -	\$ -	\$ -	\$ 14,877
Accounts payable, accrued liabilities and deposits	186,719	1,611,263	12,017	2,527	-	1,812,526
Due to other governments	-	165,147	-	-	-	165,147
Total current liabilities	<u>201,596</u>	<u>1,776,410</u>	<u>12,017</u>	<u>2,527</u>	<u>-</u>	<u>1,992,550</u>
Noncurrent liabilities:						
Debt obligation - long-term portion	142,162	-	-	11,088	-	153,250
Total noncurrent liabilities	<u>142,162</u>	<u>-</u>	<u>-</u>	<u>11,088</u>	<u>-</u>	<u>153,250</u>
Total liabilities	<u>343,758</u>	<u>1,776,410</u>	<u>12,017</u>	<u>13,615</u>	<u>-</u>	<u>2,145,800</u>
Net assets:						
Invested in capital assets, net of related debt	213,494	6,719,948	-	1,910	-	6,935,352
Restricted:						
Economic development	-	-	-	232,504	-	232,504
Other purposes	235,856	44,833	-	-	-	280,689
Unrestricted	-	-	301,450	64,072	121,398	486,920
Total net assets	<u>449,350</u>	<u>6,764,781</u>	<u>301,450</u>	<u>298,486</u>	<u>121,398</u>	<u>7,935,465</u>
Total liabilities and net assets	<u>\$ 793,108</u>	<u>\$ 8,541,191</u>	<u>\$ 313,467</u>	<u>\$ 312,101</u>	<u>\$ 121,398</u>	<u>\$ 10,081,265</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2004

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Major:				
Brunswick County Board of Alcoholic Control	\$ 1,267,442	\$ 1,314,818	\$ -	\$ -
Brunswick County Airport Commission	578,427	475,985	-	2,189,566
Brunswick County Tourism Development Authority	832,482	36,000	-	-
Non major:				
Brunswick County Economic Development Commission	312,257	50,030	300,388	-
Brunswick County Hospital Authority	750	-	-	-
Total component units	<u>\$ 2,991,358</u>	<u>\$ 1,876,833</u>	<u>\$ 300,388</u>	<u>\$ 2,189,566</u>

General revenues:

Other taxes
Investment earnings
Miscellaneous
Total general revenues

Change in net assets

Net assets beginning of year

Net assets, end of year

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

Exhibit L

Net (Expense) Revenue and Changes in Net Assets					
Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Brunswick County Economic Development Commission	Brunswick County Hospital Authority	Total
\$ 47,376	\$ -	\$ -	\$ -	\$ -	\$ 47,376
-	2,087,124	-	-	-	2,087,124
-	-	(796,482)	-	-	(796,482)
-	-	-	38,161	-	38,161
-	-	-	-	(750)	(750)
<u>47,376</u>	<u>2,087,124</u>	<u>(796,482)</u>	<u>38,161</u>	<u>(750)</u>	<u>1,375,429</u>
456	-	821,566	-	-	822,022
-	1,613	868	567	1,761	4,809
-	-	-	-	-	-
<u>456</u>	<u>1,613</u>	<u>822,434</u>	<u>567</u>	<u>1,761</u>	<u>826,831</u>
47,832	2,088,737	25,952	38,728	1,011	2,202,260
<u>401,518</u>	<u>4,676,044</u>	<u>275,498</u>	<u>259,758</u>	<u>120,387</u>	<u>5,733,205</u>
<u>\$ 449,350</u>	<u>\$ 6,764,781</u>	<u>\$ 301,450</u>	<u>\$ 298,486</u>	<u>\$ 121,398</u>	<u>\$ 7,935,465</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

1. **Description of the Unit**

A. Reporting Entity

Brunswick County is one of 21 coastal counties in North Carolina. A political subdivision of the State, it is one of 100 counties established under General Statute 153A-10. The County, which has a population of approximately 81,000, operates under a Commissioner-Manager form of government.

The County is responsible for and maintains services inherent to the operation of a county government including general government, public safety, human services, education, environmental protection, cultural and recreational, economic and physical development and debt service. The County also operates a water and sewer utility system.

B. Component Units

As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Discretely presented component units are reported in a separate column in the County's government-wide financial statements in order to emphasize that they are legally separate from the County.

Blended Component Units

Brunswick County Leasing Corporation

The members of the Brunswick County Leasing Corporation's ("Corporation") governing board are appointed by the County and include the finance officer of the County. The Corporation exists to issue and service certificates of participation to finance the acquisition and construction of general government facilities and proprietary fund waterline construction. The certificates of participation are accounted for in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets in the County's financial statements. The activities of the Corporation are accounted for in the financial statements as a special revenue fund. The Corporation does not issue separate financial statements.

Discretely Presented Component Units

Brunswick County Hospital Authority

The Board of Commissioners organized the Brunswick County Hospital Authority and the County appoints and can remove all of the governing Board of the Authority. The County transferred title of its hospital facilities to the Authority. The Authority has leased the facilities to a for-profit corporation for a period of 40 years. The Authority, which has a June 30 year-end, is presented as if it were a governmental fund. The Brunswick County Hospital Authority does not issue separate financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

Brunswick County Board of Alcoholic Control

The County appoints all of the members of the governing board of the Brunswick County Board of Alcoholic Control ("ABC Board"). In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as a proprietary fund.

Complete financial statements for the Brunswick County ABC Board may be obtained at their administrative offices at 2567 Holden Beach Road, SW, Supply, North Carolina 28462.

Brunswick County Economic Development Commission

The Brunswick County Economic Development Commission ("EDC") operates within the County's geographical boundaries and exists for the benefit of its residents. All of the members of the EDC governing board are appointed by the County and can be removed without cause. The County funds the annual budget of the Commission. The EDC, which has a June 30 year-end, has two funds - a governmental fund type and a proprietary fund type.

The EDC's financial statements include its blended component unit, the Brunswick County Economic Development Corporation, which is a non-profit organization established to acquire, improve and convey property. Appropriations to the EDC totaled \$300,000 for the fiscal year ended June 30, 2004. Complete financial statements for the Brunswick County Economic Development Commission may be obtained at the Commission's administrative offices at P.O. Box 158, Government Complex, Bolivia, North Carolina 28422.

Brunswick County Tourism Development Authority

The County, in conjunction with the Southport-Oak Island Chamber of Commerce and the South Brunswick Islands Chamber of Commerce, established the Brunswick County Tourism Development Authority ("TDA"). The County appoints five members of the TDA's ten member governing board. The other five members are nominated jointly by the two chamber of commerce organizations and then appointed by the County. The TDA, which provides a financial benefit to the County, was established to receive the proceeds of the room occupancy tax levied pursuant to Session Law 1997-364. The TDA is authorized to spend these proceeds to promote travel, tourism and conventions within the County. The TDA, which has a June 30 year-end, is presented as a governmental type fund.

Complete financial statements for the Brunswick County Tourism Development Authority may be obtained at the Authority's administrative offices at South Brunswick Island Chamber of Commerce, Shallotte, North Carolina 28459.

Brunswick County Airport Commission

The County participates in the Brunswick County Airport Commission ("Airport") in conjunction with the municipalities adjoining the airport. The County appoints four members of the seven-member board.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

Appropriations to the Airport totaled \$60,000 for the fiscal year ended June 30, 2004. The Airport, which also has a June 30 year-end, is presented as a governmental type fund.

Complete financial statements for the Brunswick County Airport Commission may be obtained at their administrative offices at 380 Long Beach Road, Southport, North Carolina 28461.

Other Component Unit

Brunswick County Industrial Facility and Pollution Control Financing Authority

Brunswick County Industrial Facility and Pollution Control Financing Authority exist to issue revenue bond debt of private businesses for economic development purposes. A seven-member board, all of whom are appointed by the County, governs the Authority. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances and does not issue financial statements; therefore, it is not presented in the government-wide financial statements.

C. Summary of Significant Account Policies

1. Basis of Reporting

The accounting policies of Brunswick County and its component units, as reflected in the financial statements for the year ended June 30, 2004, conform to generally accepted accounting principles applicable to governments.

2. Basis of Presentation – Government-wide and Fund Financial Statements

Government-wide Statements - The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the County. The effect of interfund activity between the governmental and business-type activities has been removed. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program or (c) capital grants and contributions which are program specific. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues including multipurpose grants that do not provide for specific identification of a program.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

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

The County reports the following major governmental funds:

General Fund - This is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, and federal and state grants. The primary expenditures are for general government services, public safety, human services, central services, environmental protection and education.

County Capital Reserve Fund - This fund was established in accordance with North Carolina law to account for the accumulation of resources to be used for construction. When construction begins, the fund balance will be transferred to a Capital Projects Fund.

Schools Capital Project Fund - This fund is used to account for the additions and improvements to Brunswick County Public Schools and Brunswick Community College which are financed by transfers from the general fund and capital reserve funds, bond proceeds, and financing agreements.

County Capital Project Fund - This fund is used to account for the additions and improvements of major county facilities which are financed by transfers from the general fund and capital reserve funds, bond proceeds, and financing agreements.

The County reports the following major enterprise funds:

Water Fund - This fund is used to account for the County's water operations.

Sewer Fund - This fund is used to account for the County's sewer operations.

Additionally the County reports the following fund types:

Agency Funds - These funds are custodial in nature (assets equal liabilities) and do not involve measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

The County maintains six Agency Funds: the Social Services Fund which accounts for monies deposited with the Social Services Department for the benefit of certain individuals; the Smithville Township Fund which accounts for the Township hospital district ad valorem taxes collected and payment of bond debt service; the Intergovernmental Collections Fund which accounts for the proceeds of the motor vehicle and other ad valorem taxes that are collected by the County on behalf of the municipalities within the County and fines and forfeitures collected and remitted to Brunswick County Schools; the Sheriff Department Trust Fund which accounts for the proceeds of court ordered property sales necessary to satisfy a debt; the Brunswick County Hospital Authority which accounts for monies held by Brunswick County on behalf of the Brunswick County Hospital Authority; and the Family Self-Sufficiency Trust which accounts for credits earned by HUD-Public Housing participants.

3. **Measurement Focus and Basis of Accounting**

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

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

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are generally recorded when the related fund liability is incurred, except for principal and interest on general long-term debt; accrued compensated absences; pension

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

benefit obligations; and accrued landfill closures and post closure costs which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County recognizes assets of nonexchange transactions in the period when the underlying transactions occur, when enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized on the modified accrual basis of accounting when they are measurable and available. Nonexchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. State shared revenues, sales tax, property taxes, federal grants funding federal mandates, and most donations are examples of nonexchange transactions.

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Brunswick County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County. For motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered in Brunswick County from March 2003 through February 2004 apply to the fiscal year ended June 30, 2004. Uncollected taxes which were billed during this period are shown as receivables on these financial statements. For those motor vehicles which are renewed and billed under the annual system, taxes are due on May 1 of each year, and the uncollected taxes are reported as a receivable on the financial statements offset by deferred revenues because the due date and the date upon which the interest begins to accrue passed prior to June 30. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2004 because they are intended to finance the County's operations during the subsequent fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

4. Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General, the Special Revenue (excluding the grant projects, the SAD revolving and the Brunswick County leasing corporation funds) and the Enterprise operating funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Project and the Grant Project funds. All budgets are prepared using the modified accrual basis of accounting which is consistent

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

with the accounting system used to record transactions. The Special Revenue Funds – SAD revolving and Brunswick County leasing corporation funds do not adopt a budget.

Expenditures may not legally exceed appropriations at the functional level for the General Fund, at the departmental level for the Special Revenue and Enterprise Funds, and at the object level for the Capital Projects Funds. The balances in the Capital Reserve Funds will be appropriated when transferred to their respective Capital Project Funds in accordance with the project ordinance adopted for the reserve fund. The County budget officer is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary. As a result, appropriated fund balance increased in the General Fund by \$1,376,562.

A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- April 30 Each department head will transmit to the budget officer the budget requests and revenue estimates for their department for the budget year.
- June 1 The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.
- July 1 The budget ordinance shall be adopted by the governing board.

As required by State law [G.S. 159-26(d)], the County maintains encumbrance accounts, which are considered to be budgetary accounts. Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are reported as "designated for encumbrances" in the fund balance footnote.

5. Deposits and Investments

All deposits of the County, and each of its discretely presented component units, are made in board-designated official depositories and are secured as required by G.S. 159-31. Any bank or savings association whose principal office is located in North Carolina may be designated as an official depository. Also, the County and its discretely presented component units may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

State law [G.S. 159-30(c)] authorizes the County, and each of its discretely presented component units, to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT"), an SEC-registered (2a-7) money market mutual fund.

The investments of the County, and its discretely presented component units that have a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized costs.

6. Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Cash and investments are essentially demand deposits and are considered cash and cash equivalents by the County.

7. Restricted Assets

The unexpended proceeds of general obligation bonds and certificates of participation issued by the County are classified as restricted assets because their use is restricted to that purpose for which the bonds and certificates were originally issued.

8. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, penalties and interest do not accrue until the following January 6. The taxes are based on the assessed values as of January 1 (lien date).

9. Allowances for Doubtful Accounts

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

10. Due To/From Other Funds and Internal Balances

Amounts, reported at June 30, 2004 as due to/from other funds, generally represent short-term advances between funds. Such amounts reported at year-end are not available for appropriation and are not an expendable available financial resource.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

11. Inventory

The inventories of the County, the ABC Board and the Airport Commission are valued at cost (first-in, first-out), which approximates market. The inventory of the County's Enterprise Funds as well as those of the ABC Board and Airport Commission consists of materials and supplies held for consumption. The cost of the inventory carried in the County's Enterprise Funds and that of the ABC Board and the Airport Commission is recorded as an expense as it is consumed.

12. Capital Assets

Capital assets, which include land, buildings, land improvements, water tanks, water lines, wells, taps, pumping stations, equipment and vehicles, are reported in the County's government-wide and proprietary financial statements. The County's capitalization threshold for capital outlay items is \$5,000.

Capital assets of the County are recorded at original cost at the time of acquisition. Certain items acquired before July 1, 1970 are recorded at an estimated original cost. Donated assets are recorded at their estimated fair value at the date of donation.

The County has elected not to capitalize interest costs which are incurred during the construction period of capital assets used in governmental funds. Any interest incurred during the construction phase of business type assets is reflected in the capitalized value of the asset constructed.

Capital assets are depreciated using the straight-line method over the assets' estimated useful lives. These assets are reported in the County's basic financial statements net of accumulated depreciation.

The estimated useful lives for the County's capital assets are as follows:

Building and improvements	20-40 years
Water tanks	60 years
Water lines, wells, taps, and pump stations	40-50 years
Equipment and vehicles	5 years

13. Long-Term Debt

For governmental fund types, bond issuance costs, bond premiums and discounts, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Material bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable discounts.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

The County's long-term debt for water and sewer purposes is carried in the Water and Sewer Fund. The debt service requirements for the water and sewer debt are being met by water and sewer revenues, but the taxing power is pledged to make these payments if water and sewer revenues should ever be insufficient.

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

14. Fund Equity

Net assets in government-wide and proprietary fund financial statements are classified as (a) invested in capital assets, net of related debt; (b) restricted; and (c) unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

In the fund financial statements, the County's governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

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

The governmental fund types classify fund balances as follows:

Reserved:

Reserved for encumbrances is that portion of fund balance available to pay for any commitments related to purchase orders and contracts that remain unperformed at year-end.

Reserved by State statute is that portion of fund balance which is not available for appropriation under State law [G.S. 159-8 (a)]. This amount is usually comprised of accounts receivable and interfund receivables which are not offset by deferred revenues.

Reserved for prepaids is that portion of fund balance which is not available for appropriations because it represents payments made to vendors that reflect costs applicable to future accounting periods.

Reserved for debt service is that portion of fund balance available for appropriation which has been reserved to make debt service payments on general obligation bonds.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

Unreserved Fund Balance:

Designations of fund balance represent tentative management plans that are subject to change. The County's Unreserved Fund Balances was subject to the following designations at year end:

<u>Designations</u>	<u>General Fund</u>	<u>County Capital Reserve Fund</u>	<u>Non-Major Governmental Funds</u>
Designated for capital projects	\$ -	\$ 6,543,006	\$ -
Designated for landfill closure post closure costs	-	2,453,092	-
Designated for subsequent year's expenditures	9,508,984	-	3,124,714
	<u>\$ 9,508,984</u>	<u>\$ 8,996,098</u>	<u>\$ 3,124,714</u>

15. Interfund Transfers

The principal purpose for interfund transfers is to distribute local resources between funds. Typically, the General Fund provides the basis of local resources for other funds. These transactions are recorded as "Transfers - out" in the paying fund and "Transfers - in" in the receiving fund.

16. Other Resources

The County's General Fund also transfers funds to the Economic Development Commission and the Airport Commission to fund their annual budgets. In addition, when profits are available, the ABC Board will make quarterly transfers to the County's General Fund. These transfers represent the County's portion of the ABC Board's surpluses which the ABC Board is required by State statute to distribute to the County.

17. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The amount of accumulated vacation leave and the salary-related payments at year-end are not expected to be materially liquidated with expendable available financial resources and as such are reported as a noncurrent liability. The liability for accumulated vacation leave and the salary-related payments are reported in the government-wide and proprietary fund financial statements as an expense and liability of those activities as the benefits accrue to employees.

The sick leave policies of the County provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

18. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide enhanced understanding of the County's financial position and operations or would cause the statements to be unduly complex or difficult to understand.

Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

2. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments of the County as of June 30, 2004 include the following:

	<u>Reported value</u>	<u>Fair value</u>
Cash on hand	\$ 2,925	\$ 2,925
Deposits - NOW, SuperNOW, MMDA and certificates of deposit	88,010,424	88,010,424
Investments:		
North Carolina Capital Management Trust	<u>50,664,340</u>	<u>50,664,340</u>
Total	<u>\$ 138,677,689</u>	<u>\$ 138,677,689</u>

A. Deposits

All of the deposits of the County are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the depositor in the depositor's names. 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 depositor, these deposits are considered to be held by their agents in each of the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County and its component units or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County and its component units under the Pooling Method, the potential exists for undercollateralization 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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

At June 30, 2004, the deposits of the County had a reported value of \$88,013,349 and bank balances of \$88,671,804. Of the bank balance \$300,000 was covered by federal depository insurance and \$88,371,804 was covered by collateral held under the Pooling Method.

B. Investments

The County's investments are categorized to give an indication of the level of custodial risk assumed by the entity at year-end. In the following table, Column A includes investments that are insured or registered or for which the securities are held by the County or its agent in the entity's name. Column B includes uninsured and unregistered investments for which the securities are held by the counterpart's trust department or agent in the County's name. Column C includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name.

Investments in the North Carolina Capital Management Trust are exempt from risk categorization because the County does not own any identifiable securities in these mutual funds.

	<u>A</u>	<u>B</u>	<u>C</u>	<u>Reported value</u>	<u>Fair value</u>
North Carolina Capital Management Trust	\$ _____ -	\$ _____ -	\$ _____ -	\$ 50,664,340	\$ 50,664,340

The County allocates investment earnings to funds based on the balances outstanding at the end of each month.

3. Accounts Receivable

The County's accounts receivable as of June 30, 2004 are presented net of allowance for doubtful accounts as follows:

	<u>General Fund</u>	<u>Water Fund</u>
Taxes receivable	\$ 3,808,081	\$ -
EMS fees	769,869	-
User charges	-	300,000
Total	<u>\$ 4,577,950</u>	<u>\$ 300,000</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

4. Interfund Receivables, Payables and Loans

The composition of interfund balances as of June 30, 2004 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grant Project Special Revenue Fund	\$ 612,739
General Fund	County Capital Project Fund	1,374,383
General Fund	Sewer Fund Capital Project	<u>2,462,238</u>
		<u>\$ 4,449,360</u>
School Capital Reserve Fund	General Fund	<u>\$ 514,800</u>
Water Fund	Sewer Fund	<u>\$ 1,423,092</u>

5. Capital Assets

Governmental capital assets at June 30, 2004 are summarized as follows:

	<u>June 30, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2004</u>	<u>Accumulated Depreciation</u>
Non-depreciable Assets						
Land	\$ 3,205,984	\$ 57,944	\$ -	\$ -	\$ 3,263,928	\$ -
Construction in progress	27,020,283	4,775,538	-	(16,394,690)	15,401,131	-
Depreciable Assets						
Buildings and improvements	45,374,475	819,304	-	16,394,690	62,588,469	14,035,551
Equipment and vehicles	<u>15,085,687</u>	<u>1,895,360</u>	<u>(33,080)</u>	<u>-</u>	<u>16,947,967</u>	<u>9,054,521</u>
Subtotal	90,686,429	7,548,146	(33,080)	-	98,201,495	
Accumulated depreciation	<u>21,355,584</u>	<u>1,760,108</u>	<u>(25,620)</u>	<u>-</u>	<u>23,090,072</u>	<u>\$ 23,090,072</u>
Capital assets, net	<u>\$ 69,330,845</u>	<u>\$ 5,788,038</u>	<u>\$ (7,460)</u>	<u>\$ -</u>	<u>\$ 75,111,423</u>	

**Reconciliation of additions to
capital expenditures:**

Capital outlay, general fund, special revenue	\$ 2,944,865
Capitalized capital project expenditures	<u>4,603,281</u>
Total additions	<u>\$ 7,548,146</u>

Depreciation was charged to functional expenses on the Statement of Activities as follows:

<u>Function</u>	<u>Depreciation Expense</u>
General government	\$ 645,259
Public safety	533,548
Central services	161,345
Human services	109,083
Environmental protection	64,282
Economic and physical development	105,033
Education	<u>141,558</u>
Total	<u>\$ 1,760,108</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

Enterprise fund capital assets at June 30, 2004 are summarized as follows:

<u>Water Fund</u>	<u>June 30, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2004</u>	<u>Accumulated Depreciation</u>
Non-Depreciable Assets:						
Land	\$ 760,138	\$ -	\$ -	\$ -	\$ 760,138	\$ -
Construction in progress	1,399,786	1,552,380	-	(672,628)	2,279,538	-
Depreciable Assets:						
Buildings and improvements	19,724,552	-	-	-	19,724,552	8,229,343
Water tanks	2,500,943	-	-	-	2,500,943	645,255
Water lines, wells, taps, and pump stations	63,660,740	1,669,529	-	672,628	66,002,897	14,976,926
Equipment and vehicles	2,128,229	283,504	-	-	2,411,733	1,649,439
Subtotal	90,174,388	3,505,413	-	-	93,679,801	
Accumulated depreciation	23,526,844	1,974,119	-	-	25,500,963	\$ 25,500,963
Capital assets, net	<u>\$ 66,647,544</u>	<u>\$ 1,531,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,178,838</u>	
Sewer Fund						
Non-Depreciable Assets:						
Land	\$ -	\$ 220,000	\$ -	\$ -	\$ 220,000	\$ -
Construction in progress	16,955,443	2,802,629	-	-	19,758,072	-
Depreciable Assets:						
Buildings and improvements	225,347	2,988,375	-	-	3,213,722	93,692
Distribution system assets	34,018	2,710,368	-	-	2,744,386	28,123
Equipment and vehicles	106,662	58,106	-	-	164,768	65,684
Subtotal	17,321,470	8,779,478	-	-	26,100,948	
Accumulated depreciation	98,699	88,800	-	-	187,499	\$ 187,499
Capital assets, net	<u>\$ 17,222,771</u>	<u>\$ 8,690,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,913,449</u>	

6. Deferred/Unearned Revenues

The balance in deferred/unearned revenues at June 30, 2004 is composed of the following elements:

	<u>General Fund</u>		<u>Non-major Governmental</u>	
	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes, not yet earned	\$ 113,346	\$ 113,346	\$ -	\$ -
Taxes receivable	2,954,996	-	-	-
EMS receivable	64,264	-	-	-
Special assessment receivable	-	-	403,565	-
Other	3,211	3,211	-	-
	<u>\$ 3,135,817</u>	<u>\$ 116,557</u>	<u>\$ 403,565</u>	<u>\$ -</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

7. Long-Term Obligations

A. General Obligation Bonds

General obligation bonds issued to finance the construction of facilities utilized in the operations of the water system are reported as long-term debt in the Water Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Revenue bonds are collateralized by the rate setting authority of the Water Fund. Principal and interest requirements are appropriated when due.

The County's General Obligation Bonds consisted of the following at June 30, 2004:

	Serviced By	
	Governmental Activities	Business-Type Activities
School bonds; issued May, 2001; due in annual installments of \$800,000 to \$2,800,000; maturing in May 2021; interest at 4.25% to 5.00%	\$ 35,900,000	\$ -
School bonds; issued May, 2000; due in annual installments of \$200,000 to \$800,000; maturing in May 2020; interest at 5.25% to 5.75%	12,000,000	-
Water series; issued June 1994; due in annual installments of \$75,000 to \$300,000; maturing through 2009; interest at 5.3% to 5.6%	-	1,280,000
Refunding series; issued December 1993; due in annual installments of \$600,000 to \$3,560,000; maturing through March 2008; interest at 4.3% to 4.8%	1,468,576	3,196,424
School bonds, issued May 2003; due in annual installments of \$750,000 to \$1,820,000; maturing in May 2022; interest at 3.0% to 4.5%	17,570,000	-
School bonds, issued February 2004; due in annual installments of \$600,000 to \$2,080,000; maturing in February 2021; interest at 3.0% to 5.0%	13,880,000	-
Refunding series; issued December 1993; due in annual installments of \$600,000 to \$3,560,000; maturing through March 2008; interest at 4.3% to 4.8%		
Revenue Bonds		
Water Revenue Bond series 2004A; issued May 2004; due in annual installments of \$805,000 to \$2,235,000; maturing in April 2029; interest at 3.0% to 5.375%	-	31,540,000
Total general obligation bonds	\$ 80,818,576	\$ 36,016,424

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

B. Certificates of Participation

The County participates in various lease purchase agreements through the Brunswick County Leasing Corporation to finance certain public improvements. Certificates of Participation are issued in connection with these agreements. Since the corporation is considered a blended component unit of the County, the lease obligations are classified as certificates of participation in the County's long-term debt. The County's Certificates of Participation consisted of the following at June 30, 2004:

	<u>Serviced By</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Courthouse series; due in installments of \$25,300 to \$1,172,320 including interest at 5%; maturing 2020	\$ 14,000,000	\$ -
Dentention and Law Enforcement Center series; due in installments of \$390,000 to \$1,250,000 interest at 2% to 5%; maturing 2024	11,075,000	-
Total certificates of participation	<u>\$ 25,075,000</u>	<u>\$ -</u>

C. Installment Purchases

The County's Installment Purchase notes payable consisted of the following at June 30, 2004:

	<u>Serviced By</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Building; due in semiannual installments of \$571,249; maturing 2005; interest at 3.2% to 6.3%	\$ 571,408	\$ -
Building; due in semiannual installments of \$201,750; maturing 2005; interest at 4.5%	202,257	-
State Revolving Loan Fund; due in installments of \$375,000; interest at 2.55% maturing May 2003	-	1,945,689
Capital lease, County Complex telephone system; due in monthly installments of \$7,396 including interest at 4.81%; maturing May 2009	358,788	-
Total installment purchase notes payable	<u>\$ 1,132,453</u>	<u>\$ 1,945,689</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

D. Changes in Long-Term Debt

The following is a summary of changes in governmental long-term debt for the year ended June 30, 2004 for the County:

<u>Governmental Activities:</u>	<u>June 30, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2004</u>	<u>Current Maturities</u>
General obligation bonds	\$ 69,922,714	\$ 13,880,000	\$ (2,984,138)	\$ 80,818,576	\$ 3,633,031
Certificates of participation	14,600,000	11,075,000	(600,000)	25,075,000	1,955,000
Installment purchases	5,880,721	393,765	(5,142,033)	1,132,453	846,767
Accrued compensated absences	1,566,162	295,378	-	1,861,540	-
Pension benefit obligation	213,293	67,298	-	280,591	-
Accrued landfill closure and post-closure costs	11,185,470	-	(144,870)	11,040,600	-
	<u>\$ 103,368,360</u>	<u>\$ 25,711,441</u>	<u>\$ (8,871,041)</u>	<u>\$ 120,208,760</u>	<u>\$ 6,434,798</u>

The following is a summary of changes in business-type long-term debt for the year ended June 30, 2004 for the County:

<u>Business-Type Activities</u>	<u>June 30, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2004</u>	<u>Current Maturities</u>
Revenue bonds	\$ 6,802,286	\$ 31,540,000	\$ (2,325,862)	\$ 36,016,424	\$ 2,001,969
Installment purchases	654,613	1,945,689	(654,613)	1,945,689	375,000
Accrued compensated absences	153,625	29,935	-	183,560	-
Total	<u>\$ 7,610,524</u>	<u>\$ 33,515,624</u>	<u>\$ (2,980,475)</u>	<u>\$ 38,145,673</u>	<u>\$ 2,376,969</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

E. Maturities of Long-Term Debt

The annual requirements to retire all debt outstanding, other than compensated absences, pension benefit obligation, and accrued landfill closure costs, at June 30, 2004, including interest, are as follows:

	<u>General Obligation Bonds</u>		<u>Certificates of Participation</u>		<u>Installment Purchases</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Governmental								
Activities								
2005	\$ 3,633,031	\$ 3,603,874	\$ 1,955,000	\$ 1,172,632	\$ 846,767	\$ 50,155	\$ 6,434,798	\$ 4,826,6
2006	4,001,476	3,450,404	1,995,000	1,056,670	76,895	12,060	6,073,371	4,519,1
2007	3,995,180	3,268,235	2,035,000	956,920	80,465	11,291	6,110,645	4,236,4
2008	3,988,889	3,098,366	2,050,000	892,220	84,420	4,335	6,123,309	3,994,9
2009	4,800,000	2,919,300	1,190,000	827,220	43,906	629	6,033,906	3,747,1
Next five years	24,050,000	13,900,000	5,950,000	2,800,000	-	-	30,000,000	16,700,0
Next five years	30,000,000	3,500,000	5,950,000	1,750,000	-	-	35,950,000	5,250,0
Next five years	6,350,000	671,700	3,950,000	771,113	-	-	10,300,000	1,442,8
Total	<u>\$ 80,818,576</u>	<u>\$ 34,411,879</u>	<u>\$ 25,075,000</u>	<u>\$ 10,226,775</u>	<u>\$ 1,132,453</u>	<u>\$ 78,470</u>	<u>\$ 107,026,029</u>	<u>\$ 44,717,1</u>
Business-type								
Activities								
2005	\$ 2,001,969	\$ 1,352,480	\$ -	\$ -	\$ 375,000	\$ 52,534	\$ 2,376,969	\$ 1,405,0
2006	738,524	1,540,000	-	-	375,000	42,409	1,113,524	1,582,4
2007	1,529,820	1,540,800	-	-	375,000	32,284	1,904,820	1,573,0
2008	1,541,111	1,516,650	-	-	375,000	22,159	1,916,111	1,538,8
2009	1,160,000	1,489,675	-	-	375,000	12,034	1,535,000	1,501,7
Next five years	4,500,000	5,809,000	-	-	70,689	1,909	4,570,689	5,810,9
Next five years	5,500,000	4,909,000	-	-	-	-	5,500,000	4,909,0
Next five years	7,000,000	3,809,000	-	-	-	-	7,000,000	3,809,0
Next five years	12,045,000	2,409,000	-	-	-	-	12,045,000	2,409,0
Total	<u>\$ 36,016,424</u>	<u>\$ 24,375,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,945,689</u>	<u>\$ 163,329</u>	<u>\$ 37,962,113</u>	<u>\$ 24,538,9</u>

F. Other Debt Disclosures

At June 30, 2004, the County had a legal debt margin of \$925,566,771. At June 30, 2004, the County had \$8,125,000 in Revenue Bonds that were authorized and unissued for the purchase of a private utility and \$10,000,000 in Revenue Bonds that were authorized and unissued for the West Regional Sewer Project.

8. Conduit Debt Obligations

Brunswick County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the amount of industrial revenue bonds outstanding approximated \$6,600,000.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

9. Pension Plan Obligations

A. Local Governmental Employees' Retirement System

Plan Description

The County contributes to the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report for the State of North Carolina. The State's Comprehensive Annual Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute an actuarially determined rate. For the County the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.90% and 4.78%, respectively, of annual covered payroll. The County's contributions to LGERS for the years ended June 30, 2004, 2003 and 2002 were \$975,295, \$1,034,864, and \$963,633, respectively. The contributions made by the County equaled the required contributions for each year.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description

The County administers a public employee retirement system (the "Separation Allowance"), a single-employer, defined benefit pension plan that provides retirement benefits to the County's sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the covered employee for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The plan does not issue separate financial statements.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2003, the Separation Allowance's membership consisted of:

Retirees receiving benefits terminated plan members entitled to but not yet receiving benefits	3
Active plan members	<u>80</u>
Total	<u>83</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Summary of Significant Accounting Policies

Basis of Accounting

The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

No funds are set aside to pay future benefits and administration costs. These expenditures are paid as they come due.

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County'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.

The annual required contribution for the current year was determined as part of the December 31, 2003 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.9% to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2003 was 27 years.

Annual Pension Costs and Net Pension Obligation

The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 76,871
Interest on net pension obligation	15,464
Adjustment to annual required contribution	<u>(11,702)</u>
Annual pension cost	80,633
Contributions made	<u>13,335</u>
Increase in net pension obligation	67,298
Net pension obligation, beginning of year	<u>213,293</u>
Net pension obligation, end of year	<u>\$ 280,591</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2002	\$ 60,991	39.82%	\$ 167,927
June 30, 2003	68,444	33.72%	213,293
June 30, 2004	80,633	16.54%	280,591

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

The County contributes to the Supplemental Retirement Income Plan ("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 County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2004 were \$190,200, which consisted of \$157,787 from the County and \$32,413 from the law enforcement officers.

D. Deferred Compensation Plans

The County also offers, to employees not engaged in law enforcement, a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). Employee participation is discretionary and is limited to the amount allowable under the Internal Revenue Code. For each qualified employee, the County contributes 5% of the employee's pretax annual compensation to the plan. Contributions for the year ended June 30, 2004 were \$1,255,215 which consisted of \$902,417 from the County and \$352,798 from the employees.

E. Registers of Deeds' Supplemental Pension Fund

Plan Description

The County also contributes to the Registers of Deeds' Supplemental Pension Fund ("Fund"), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System ("LGERs") or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

Funding Policy

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2004, the County's required and actual contributions were \$62,975.

F. Postemployment Health Care Benefits

The County has elected to provide health care benefits to retirees of the County on a pay as you go basis. The County pays the full coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. Currently, 58 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2004, the County made payments for postretirement health benefit premiums of \$165,230. The County obtains health care coverage through private insurers.

G. Other Postemployment Death Benefits

The County 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 his/her death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants.

For the fiscal year ended June 30, 2004, the County's contributions to the State for death benefits was of \$22,260. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

10. Interfund Transfers

The interfund transfers for the year ended June 30, 2004 are as follows:

	<u>To</u>	<u>From</u>	<u>Purpose</u>
General		\$ 7,273,853	
Special Revenue Funds			
School Capital Reserve- Special Revaluation	\$ 955,962		Resources for schools
County Capital Reserve	202,553		Resources for revaluation
School Capital Reserve - Regular	125,000		Resources for design
Register of Deeds Technical Enhancement	2,863,260		Resources for schools
Capital Project Funds	131,882		Resources for Register of Deeds
County Capital Project	858,400		Resources for parks renovation projects
Enterprise Funds			
Water	25,470		Resources for salary study implementation
Water - Capital Project	2,111,326		Resources for County contribution to project
General Fund	7,422,668		
Special Revenue			
Occupancy Tax		20,322	Administrative fee earned on collections
Brunswick Co. Leasing		1,374,640	Resources for debt service
County Capital Reserve		2,570,877	Reimbursement of project costs
County Capital Project		167,125	Reimbursement of project costs
Enterprise			
Water Capital Project		2,200,052	Reimbursement of project costs
Water		478,695	Reimbursement of indirect costs
Sewer		610,957	Reimbursement of project costs
Enterprise - Water		5,043,790	
Special Revenue - Brunswick Co Leasing	816,611		Resources for debt service
Special Revenue - County Capital Reserve	4,227,179		Resources for Water contribution to project
Special Revenue - School Capital Reserve		856,591	
School Capital Project	856,591		Resources for schools
Special Revenue - County Capital Reserve		2,049,946	
Enterprise - Water Capital Project	1,378,368		Resources for County contribution to project
Enterprise - Water	526,625		Resources for water projects
County Capital Project	144,953		Resources for County contribution to project
Special Revenue - School Capital Reserve		1,849,786	
School Capital Project	1,849,786	-	Resources for schools
Total	<u>\$ 24,496,634</u>	<u>\$ 24,496,634</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

11. Landfill Closure and Postclosure Costs

Federal and State laws and regulations provide the closure and post closure care requirements of the County's landfills. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of the balance sheet date.

Solid Waste Landfill

The County operated a solid waste landfill until December 1997 when it stopped accepting waste at the site. As required by federal and State laws and regulations, the County placed a final cover on this landfill and is performing certain maintenance and monitoring functions at the site for thirty years after closure.

Construction and Demolition Debris Landfill

The County operates a multi-phase construction and demolition debris landfill. The North Carolina Department of Environment and Natural Resources ("NCDENR") has issued permits for 3 separate phases with a permitted operational life for all three phases to December 2003. The total permitted capacity of the 3 phases represent 277,000 cubic yards (cy). As of June 30, 2004, the estimated volume utilized exceeded the permitted capacity by more than 12,000 cy.

Additional airspace will be required to complete disposal in 2004. The disposal will be accomplished within the permitted footprint. Although the current permit expires December 2004, NCDENR will allow construction and demolition debris landfills currently in operation to extend their permits for one additional year. Subsequent to year-end, the County submitted the necessary permitting documentation to NCDENR for such a permit extension. Additionally, the County will be seeking to extend the permitted capacity of the demolition and debris landfill to accommodate an estimated additional one year of airspace.

The County does not anticipate any problems with obtaining NCDENR approval for the new permit. NCDENR is currently working on new construction and demolition debris landfill regulations, and it is unknown what these new regulations will entail.

Closure and Postclosure Care Cost

The closure and postclosure care liability is computed based on the cumulative, estimated capacity of the landfill utilized as of June 30, 2004 which is 100%. At June 30, 2004, the combined closure and postclosure care costs for both landfills are expected to total \$11,040,600 based on an escalation factor of 4%. Of that amount, \$11,040,600 has been accrued at June 30, 2004 and is included in the Long-Term Debt reported on the statement of net assets

Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

The County has elected to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs. A reserve for landfill closure and postclosure care costs is included in the County Capital Reserve Fund in the amount of \$2,453,092. The County expects to budget annual transfers from the General Fund to the County Capital Reserve Fund based on the projected cost of closure and postclosure care costs. Future inflation costs are expected to be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate, additional costs may be covered by future user charges or tax revenues. For the year ended June 30, 2004, the County budgeted no transfers from the General Fund to the County Capital Reserve Fund related to landfill costs. Additionally, the County incurred no costs related to its landfills during 2004.

12. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases insurance for property, general liability, automobile, and employee health. The County's property is insured based on actual value. General liability and automobile insurance coverage are each \$2,000,000 per occurrence. Insurance for workers compensation is carried up to the statutory limits.

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

13. Claims and Judgements

The County is a defendant in a lawsuit contending that the County overcharged a water customer (the "Plaintiff") for service between 1999 and 2002 by more than \$1,000,000. The Plaintiff also contends that it is entitled to reduced water rates and continues to underpay its water bills. The County has filed a counterclaim against the water customer contending that the customer is more than \$400,000 in arrears on water billings. Management believes that the County is charging the appropriate amount allowed under a contractual agreement between the parties, however, the County received an unfavorable decision at the Federal District Court level and has appealed the decision to the Federal Appeals Court. At June 30, 2004, the County had recognized the revenue received and receivable from the Plaintiff based on management's interpretation of the terms of the contract. The County has adequately recorded a reserve for the unpaid water billings. No liability has been recorded for any amounts that the County may ultimately incur related to the lawsuit.

Additionally, the County is a defendant in various other lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

14. **Joint Ventures**

Brunswick County Community College

The County in conjunction with the State of North Carolina and the Brunswick County Board of Education participates in a joint venture to operate the Brunswick County Community College ("Community College"). Each of the three participants appoints four members of the thirteen-member board of trustees of the Community College. The president of the Community College's student government serves as an ex officio nonvoting member of the Community College's board of trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. As of June 30, 2004, the amount of general obligation bonds issued for this purpose that was still outstanding was \$1,005,394. The County made total debt service payments related to the bonds of \$786,702 during the fiscal year. Of that total, \$707,938 was for principal and \$78,764 was for interest. In addition, the County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$1,957,035 to the Community College for operating purposes and \$128,500 for capital purposes during the fiscal year ended June 30, 2004.

The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2004. Complete financial statements for the Brunswick County Community College may be obtained from the Community College's administrative offices at U.S. Hwy. 17 N., Supply, North Carolina.

Southeastern Mental Health Center

The County participates with Pender County and New Hanover County in a joint venture to operate the Southeastern Mental Health Center ("Center"), which is located in New Hanover County. The Center's Board consists of fifteen (15) directors. Each participating county appoints one County Commissioner as a member of the Board. Acting in concert, the County Commissioners so appointed shall appoint, reappoint, and terminate the other members of the Board. Subsequently, the Board of Commissioners of the county of residence of the appointee must confirm those appointed. Brunswick County has 5 members on the Board of Directors. The Southeastern Mental Health, Mental Retardation, and Substance Abuse Board is a county political subdivision of the State of North Carolina. Brunswick County contributed \$534,740 for operating purposes during the year ended June 30, 2004. In addition, the County makes available to the Center operating facilities for which no rent is charged. The participating counties do not have any equity interest in the joint venture. Complete financial statements for Southeastern Mental Health Center may be obtained from the Center's administrative offices at Wilmington, North Carolina.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

15. **Jointly Governed Organizations**

Cape Fear Council of Governments

The County, in conjunction with three other counties and forty-one municipalities, established the Cape Fear Council of Governments ("Council"). The participating governments established the Council to coordinate certain funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$17,103 to the Council during the fiscal year ended June 30, 2004.

Lower Cape Fear Water and Sewer Authority

The County, in conjunction with four other counties and one municipality, established the Lower Cape Fear Water and Sewer Authority ("Authority"). The Authority operates a 45 mgd raw water system, consisting of a raw water intake located above Lock & Dam #1, Cape Fear River, a 45 mgd pump station and 13 miles of operating raw water main. The County appoints 4 members of the Authority's 13 member Board. The Authority supplies raw water under contracts at a rate that is periodically reset to reflect the Authority's cost of production. The Authority also receives an availability charge from a municipality until the municipality needs the raw water supply. The cost of the raw water acquired by Brunswick County from the Authority for the year ended June 30, 2004 was \$534,955.

In addition, the Authority made payments to the County during the fiscal year totaling \$276,344 pursuant to a maintenance contract.

South Brunswick Water and Sewer Authority

The County, in conjunction with the towns of Calabash and Sunset Beach, governs the South Brunswick Water and Sewer Authority ("Authority"). Each of the municipalities appoints 3 members of the Authority's 9 member governing board. The Authority was organized to manage storm water run off and to construct sewer facilities in the southwest region of Brunswick County. The County does not have a financial interest in nor an ongoing financial responsibility to the Authority.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

16. Benefit Payments issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients. Because they are not revenues and expenditures of the County, they do not appear in the County's financial statements.

	Federal	State
Temporary Assistance for Needy Families	\$ 1,089,609	\$ -
Medicaid	46,186,141	20,154,211
Housing Assistance Payment Program	6,438,557	-
Food Stamp Program	5,873,648	-
Special Supplemental Food Program for Women, Infants and Children	1,302,095	-
State/County Special Assistance for Adults	-	414,420
State Foster Care and Adoption Programs	-	199,886

17. Commitments and Contingencies

The County has elected to pay the direct cost of employment security benefits in lieu of employment security taxes on the payroll. A liability for benefit payments could accrue in the year following discharge of employees.

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. At June 30, 2004, the County believes that any required refunds would be immaterial and therefore no provision has been made in the accompanying financial statements for the refund of grant money received.

18. Stewardship, Compliance, and Accountability

The Occupancy Tax Special Revenue Fund had a deficit fund balance of \$2,885 at June 30, 2004. The deficit in the fund will be funded with tax revenues expected to be received in the subsequent year.

19. Subsequent Event

In March 2004 the Board of Commissioners approved the issuance of \$8,125,000 in revenue bonds to purchase sewer system capital assets. The purchase of the sewer system was completed on July 30, 2004.

COUNTY OF BRUNSWICK, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2004

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Liability (AAL) - Projected Unit Credit B	Unfunded AAL (UAAL) B - A	Funded Ratio A / B	Covered Payroll C	UAAL as a Percentage Covered Payroll (B - A) / C
12/31/2003	\$ -	\$ 611,561	\$ 611,561	0.00%	\$ 3,100,151	19.73%
12/31/2002	-	514,216	514,216	0.00%	2,970,724	17.31%
12/31/2001	-	445,483	445,483	0.00%	2,533,125	17.59%
12/31/2000	-	405,564	405,564	0.00%	2,283,364	17.76%
12/31/1999	-	229,060	229,060	0.00%	2,309,143	9.92%
12/31/1998	-	202,811	202,811	0.00%	2,058,411	9.85%
12/31/1997	-	183,790	183,790	0.00%	1,823,976	10.08%
12/31/1996	-	161,302	161,302	0.00%	1,735,697	9.29%
12/31/1995	-	138,326	138,326	0.00%	1,438,158	9.62%
12/31/1994	-	107,890	107,890	0.00%	1,270,908	8.49%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2004	\$ 86,221	\$ 13,335	15.47%
2003	65,290	23,080	35.35%
2002	58,387	23,968	41.05%
2001	41,638	29,184	70.09%
2000	36,279	16,587	45.72%
1999	31,961	11,301	35.36%
1998	30,097	19,804	65.80%
1997	*	-	*
1996	25,312	-	0.00%
1995	20,970	-	0.00%

* Information not available

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	12/31/2003
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	27 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	7.25% * Includes inflation at 3.75%
Projected salary increases *	5.9 - 9.8%
Cost of living adjustments	N/A

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues:				
Ad valorem taxes:				
Taxes	\$ 64,376,621	\$ 67,766,208	\$ 3,389,587	\$ 62,184,703
Penalties and interest	585,000	712,482	127,482	568,660
	<u>64,961,621</u>	<u>68,478,690</u>	<u>3,517,069</u>	<u>62,753,363</u>
Local option sales taxes:				
Article 39 (1%)	6,240,000	7,371,470	1,131,470	6,339,193
Article 40 (1/2%)	3,270,000	3,141,684	(128,316)	3,241,457
Article 42 (1/2%)	3,255,000	3,098,491	(156,509)	3,210,840
Article 44 (1/2%)	2,600,000	3,024,570	424,570	1,365,565
	<u>15,365,000</u>	<u>16,636,215</u>	<u>1,271,215</u>	<u>14,157,055</u>
Other taxes and licenses:				
Deed stamp excise tax	2,493,682	3,552,667	1,058,985	2,130,217
State drug tax	18,000	18,092	92	19,780
Scrap tire disposal fee	90,000	97,952	7,952	90,659
	<u>2,601,682</u>	<u>3,668,711</u>	<u>1,067,029</u>	<u>2,240,656</u>
Unrestricted intergovernmental:				
Beer and wine tax	-	209,433	209,433	203,180
County Board of Alcohol Control	22,000	30,000	8,000	18,000
	<u>22,000</u>	<u>239,433</u>	<u>217,433</u>	<u>221,180</u>
Restricted intergovernmental:				
State and federal grant	14,085,011	13,200,526	(884,485)	12,057,882
ABC bottles taxes	40,000	42,241	2,241	34,066
ABC education requirement	-	898	898	4,625
ABC law enforcement services	-	642	642	2,968
	<u>14,125,011</u>	<u>13,244,307</u>	<u>(880,704)</u>	<u>12,099,541</u>
Permits and fees:				
Solid waste fees	1,140,280	1,391,467	251,187	1,030,252
Building permits, inspection fees	1,151,640	1,687,634	535,994	849,037
Court facility fees	154,000	137,428	(16,572)	145,445
Register of Deeds	928,873	1,399,447	470,574	1,249,318
School Resource officer reimbursement	484,944	453,891	(31,053)	421,352
Other permit and fees	616,939	584,151	(32,788)	554,514
	<u>4,476,676</u>	<u>5,654,018</u>	<u>1,177,342</u>	<u>4,249,918</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Sales and services:				
Rents, concessions and fees	402,656	460,844	58,188	355,705
EMS Charges	620,000	882,717	262,717	921,365
Jail fees	278,050	263,627	(14,423)	175,446
Cafeteria sales	764,188	758,966	(5,222)	737,270
Public health user fees	807,493	878,890	71,397	684,594
Social services fees	25,850	56,165	30,315	56,817
Public housing fees	3,500	24,189	20,689	3,011
Tax collection fees	30,000	42,446	12,446	39,155
	<u>2,931,737</u>	<u>3,367,844</u>	<u>436,107</u>	<u>2,973,363</u>
Investment earnings	<u>891,740</u>	<u>432,729</u>	<u>(459,011)</u>	<u>453,712</u>
Other:				
Tax refunds - sales and gas tax	135,000	36,776	(98,224)	41,867
Contributions	361,200	358,991	(2,209)	26,971
Other revenues	265,750	114,512	(151,238)	260,662
	<u>761,950</u>	<u>510,279</u>	<u>(251,671)</u>	<u>329,500</u>
Total revenues	<u>106,137,417</u>	<u>112,232,226</u>	<u>6,094,809</u>	<u>99,478,288</u>
Expenditures:				
General government:				
Governing body:				
Salaries	96,688	100,606	(3,918)	94,595
Fringe benefits	49,810	34,536	15,274	35,670
Operating costs	131,274	101,187	30,087	102,843
	<u>277,772</u>	<u>236,329</u>	<u>41,443</u>	<u>233,108</u>
County Administration:				
Salaries	376,491	377,827	(1,336)	354,291
Fringe benefits	963,998	719,015	244,983	1,322,476
Operating costs	1,007,534	896,142	111,392	671,796
Capital outlay	30,509	30,509	-	-
	<u>2,378,532</u>	<u>2,023,493</u>	<u>355,039</u>	<u>2,348,563</u>
Finance:				
Salaries	448,408	448,640	(232)	419,380
Fringe benefits	140,060	140,464	(404)	130,082
Operating costs	74,400	63,673	10,727	132,665
Capital outlay	-	-	-	10,632
	<u>662,868</u>	<u>652,777</u>	<u>10,091</u>	<u>692,759</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	Budget	Actual	Variance Positive (Negative)	2003
Tax administration:				
Salaries	688,302	676,636	11,666	598,877
Fringe benefits	239,730	237,928	1,802	207,540
Operating costs	283,250	269,620	13,630	249,678
Capital outlay	400,000	-	400,000	-
	<u>1,611,282</u>	<u>1,184,184</u>	<u>427,098</u>	<u>1,056,095</u>
Revenue collector:				
Salaries	293,440	280,174	13,266	272,987
Fringe benefits	110,740	104,951	5,789	99,486
Operating costs	80,825	66,200	14,625	58,947
	<u>485,005</u>	<u>451,325</u>	<u>33,680</u>	<u>431,420</u>
Geographic information:				
Salaries	307,190	307,999	(809)	269,953
Fringe benefits	102,410	103,009	(599)	92,976
Operating costs	465,075	136,161	328,914	124,760
Capital outlay	9,710	9,700	10	8,450
	<u>884,385</u>	<u>556,869</u>	<u>327,516</u>	<u>496,139</u>
County attorney:				
Salaries	178,141	164,671	13,470	171,529
Fringe benefits	50,550	46,109	4,441	47,357
Operating costs	122,330	32,157	90,173	81,083
	<u>351,021</u>	<u>242,937</u>	<u>108,084</u>	<u>299,969</u>
Court facilities:				
Salaries	45,221	45,603	(382)	35,242
Fringe benefits	15,339	14,072	1,267	11,952
Operating costs	94,125	57,921	36,204	89,651
Capital outlay	-	-	-	2,171
	<u>154,685</u>	<u>117,596</u>	<u>37,089</u>	<u>139,016</u>
Board of Elections:				
Salaries	134,009	135,201	(1,192)	128,028
Fringe benefits	51,160	47,933	3,227	43,069
Operating costs	169,800	84,152	85,648	120,022
	<u>354,969</u>	<u>267,286</u>	<u>87,683</u>	<u>291,119</u>
Register of deeds:				
Salaries	558,788	543,827	14,961	463,952
Fringe benefits	279,600	265,303	14,297	219,001
Operating costs	2,139,727	2,016,834	122,893	1,328,629
	<u>2,978,115</u>	<u>2,825,964</u>	<u>152,151</u>	<u>2,011,582</u>
Total general government	<u>10,138,634</u>	<u>8,558,760</u>	<u>1,579,874</u>	<u>7,999,770</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Central services:				
Data processing:				
Salaries	257,915	261,334	(3,419)	146,002
Fringe benefits	89,610	86,381	3,229	49,568
Operating costs	817,987	631,840	186,147	772,042
Capital outlay	98,800	86,087	12,713	114,614
	<u>1,264,312</u>	<u>1,065,642</u>	<u>198,670</u>	<u>1,082,226</u>
Service Center:				
Salaries	362,381	364,414	(2,033)	324,993
Fringe benefits	133,080	131,910	1,170	116,204
Operating costs	1,491,117	1,307,043	184,074	1,154,468
Capital outlay	175,596	32,611	142,985	29,177
	<u>2,162,174</u>	<u>1,835,978</u>	<u>326,196</u>	<u>1,624,842</u>
Transportation:				
Operating costs	140,267	140,276	(9)	148,983
Housekeeping:				
Salaries	347,516	329,816	17,700	306,954
Fringe benefits	177,540	170,319	7,221	151,005
Operating costs	85,921	68,938	16,983	74,866
	<u>610,977</u>	<u>569,073</u>	<u>41,904</u>	<u>532,825</u>
Engineer:				
Salaries	148,367	148,555	(188)	157,773
Fringe benefits	49,024	48,775	249	51,793
Operating costs	136,284	69,312	66,972	84,092
Capital outlay	-	-	-	21,059
	<u>333,675</u>	<u>266,642</u>	<u>67,033</u>	<u>314,717</u>
Operation services:				
Salaries	1,110,824	1,134,313	(23,489)	996,069
Fringe benefits	403,380	393,701	9,679	354,344
Operating costs	1,418,599	1,264,219	154,380	1,209,894
Capital outlay	953,683	730,625	223,058	354,410
	<u>3,886,486</u>	<u>3,522,858</u>	<u>363,628</u>	<u>2,914,717</u>
Employee Adjustment and Fringe				
Salaries	1,361,005	39,435	1,321,570	-
Fringe benefits	1,038,261	885,660	152,601	-
Operating costs	196,837	150,936	45,901	-
Capital outlay	165,317	6,698	158,619	-
	<u>2,761,420</u>	<u>1,082,729</u>	<u>1,678,691</u>	<u>-</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Cafeteria:				
Salaries	162,862	165,912	(3,050)	155,477
Fringe benefits	73,825	58,978	14,847	55,547
Operating costs	522,286	511,221	11,065	453,071
	<u>758,973</u>	<u>736,111</u>	<u>22,862</u>	<u>664,095</u>
Total central services	<u>11,918,284</u>	<u>9,219,309</u>	<u>2,698,975</u>	<u>7,282,405</u>
Public safety:				
District attorney:				
Salaries	64,113	52,776	11,337	38,673
Fringe benefits	5,345	3,964	1,381	2,877
Operating costs	38,829	30,565	8,264	20,059
Capital outlay	746	-	746	-
	<u>109,033</u>	<u>87,305</u>	<u>21,728</u>	<u>61,609</u>
Sheriff:				
Salaries	3,325,717	3,282,426	43,291	3,100,457
Fringe benefits	1,110,107	1,058,554	51,553	984,465
Operating costs	807,970	503,220	304,750	543,703
Capital outlay	435,867	423,788	12,079	344,509
	<u>5,679,661</u>	<u>5,267,988</u>	<u>411,673</u>	<u>4,973,134</u>
Criminal Justice Partnership:				
Salaries	28,000	28,199	(199)	39,139
Fringe benefits	11,310	10,920	390	16,543
Operating costs	82,828	61,299	21,529	56,570
	<u>122,138</u>	<u>100,418</u>	<u>21,720</u>	<u>112,252</u>
Detention center:				
Salaries	964,196	956,749	7,447	945,387
Fringe benefits	345,520	341,782	3,738	332,595
Operating costs	939,905	867,694	72,211	746,502
	<u>2,249,621</u>	<u>2,166,225</u>	<u>83,396</u>	<u>2,024,484</u>
Emergency medical:				
Salaries	1,856,673	1,865,309	(8,636)	1,670,050
Fringe benefits	524,070	520,268	3,802	462,937
Operating costs	541,373	357,281	184,092	292,467
Capital outlay	221,351	220,032	1,319	169,042
	<u>3,143,467</u>	<u>2,962,890</u>	<u>180,577</u>	<u>2,594,496</u>
Emergency management:				
Salaries	149,552	146,696	2,856	156,276
Fringe benefits	87,588	86,506	1,082	57,179
Operating costs	346,408	203,994	142,414	128,189
Capital outlay	390,171	142,350	247,821	36,966
	<u>973,719</u>	<u>579,546</u>	<u>394,173</u>	<u>378,610</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	Budget	Actual	Variance Positive (Negative)	2003
Other public safety:				
FEMA buyout program	156,711	-	156,711	20,108
Capital outlay	360	-	360	-
	<u>157,071</u>	<u>-</u>	<u>157,071</u>	<u>20,108</u>
Other agencies:				
Fire districts	354,874	325,000	29,874	346,325
Rescue Squads	397,026	259,065	137,961	425,500
	<u>751,900</u>	<u>584,065</u>	<u>167,835</u>	<u>771,825</u>
Public inspections:				
Salaries	313,544	308,434	5,110	298,420
Fringe benefits	112,370	107,888	4,482	104,829
Operating costs	40,055	29,308	10,747	27,172
	<u>465,969</u>	<u>445,630</u>	<u>20,339</u>	<u>430,421</u>
Medical examiner:				
Operating costs	60,000	55,728	4,272	63,881
Central communications:				
Salaries	722,380	729,672	(7,292)	648,428
Fringe benefits	270,140	257,603	12,537	238,700
Operating costs	2,406,254	1,307,375	1,098,879	176,399
Capital outlay	263,327	43,703	219,624	184,239
	<u>3,662,101</u>	<u>2,338,353</u>	<u>1,323,748</u>	<u>1,247,766</u>
Animal control:				
Salaries	253,292	247,295	5,997	235,824
Fringe benefits	104,700	99,792	4,908	95,476
Operating costs	127,910	95,006	32,904	103,380
Capital outlay	62,558	14,871	47,687	11,226
	<u>548,460</u>	<u>456,964</u>	<u>91,496</u>	<u>445,906</u>
Total public safety	<u>17,923,140</u>	<u>15,045,112</u>	<u>2,878,028</u>	<u>13,124,492</u>
Transportation:				
Brunswick County Airport	60,000	60,000	-	60,000
Ocean Isle Airport	25,000	25,000	-	25,000
Total transportation	<u>85,000</u>	<u>85,000</u>	<u>-</u>	<u>85,000</u>
Environmental protection:				
Solid waste:				
Salaries	308,517	294,752	13,765	278,291
Fringe benefits	110,540	100,823	9,717	96,086
Operating costs	8,823,532	8,771,061	52,471	8,454,955
Capital outlay	157,150	70,346	86,804	62,451
	<u>9,399,739</u>	<u>9,236,982</u>	<u>162,757</u>	<u>8,891,783</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Mosquito control:				
Salaries	114,298	58,505	55,793	43,060
Fringe benefits	14,968	9,232	5,736	3,264
Operating costs	86,500	64,679	21,821	46,692
	<u>215,766</u>	<u>132,416</u>	<u>83,350</u>	<u>93,016</u>
Other:				
Forestry services	169,491	138,282	31,209	146,726
Cape Fear River Corridor	33,000	3,000	30,000	3,000
Artificial Reef Program	25,000	10,000	15,000	-
Brunswick County Beach Consortium	43,500	42,500	1,000	15,000
	<u>270,991</u>	<u>193,782</u>	<u>77,209</u>	<u>164,726</u>
Total environmental protection	<u>9,886,496</u>	<u>9,563,180</u>	<u>323,316</u>	<u>9,149,525</u>
Economic development:				
Planning:				
Salaries	403,112	399,922	3,190	354,197
Fringe benefits	138,720	133,998	4,722	122,289
Operating costs	151,193	98,528	52,665	112,776
Capital outlay	23,162	22,487	675	15,933
	<u>716,187</u>	<u>654,935</u>	<u>61,252</u>	<u>605,195</u>
Agricultural extension:				
Salaries	387,434	321,669	65,765	326,126
Fringe benefits	102,443	70,286	32,157	74,598
Operating costs	163,195	111,356	51,839	106,468
Capital outlay	9,877	7,000	2,877	18,563
Other	3,500	2,268	1,232	4,738
Bioterrorism	54,814	55,661	(847)	29,104
Other	-	-	-	35,000
	<u>721,263</u>	<u>568,240</u>	<u>153,023</u>	<u>594,597</u>
Soil and water conservation:				
Salaries	79,645	81,252	(1,607)	77,738
Fringe benefits	32,070	25,875	6,195	24,605
Operating costs	10,550	9,835	715	11,041
	<u>122,265</u>	<u>116,962</u>	<u>5,303</u>	<u>113,384</u>
Public housing authority:				
Salaries	207,189	207,913	(724)	161,226
Fringe benefits	76,788	75,609	1,179	61,579
Operating costs	2,406,126	2,161,000	245,126	2,077,200
Capital outlay	-	-	-	14,876
	<u>2,690,103</u>	<u>2,444,522</u>	<u>245,581</u>	<u>2,314,881</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Other economic development:				
Economic Development Commission	300,000	300,000	-	262,000
Total economic development	<u>4,549,818</u>	<u>4,084,659</u>	<u>465,159</u>	<u>3,890,057</u>
Human services:				
Health:				
Administration:				
Salaries	1,854,666	1,673,722	180,944	1,546,699
Fringe benefits	724,380	607,397	116,983	563,187
Operating costs	117,569	65,961	51,608	58,709
Capital outlay	104,452	73,911	30,541	74,447
	<u>2,801,067</u>	<u>2,420,991</u>	<u>380,076</u>	<u>2,243,042</u>
Communicable diseases:				
Operating costs	136,450	101,134	35,316	87,805
Adult health maintenance:				
Operating costs	84,194	69,224	14,970	48,877
	<u>84,194</u>	<u>69,224</u>	<u>14,970</u>	<u>48,877</u>
Maternal and child health:				
Salaries	374,679	273,247	101,432	294,436
Fringe benefits	126,278	90,530	35,748	100,418
Operating costs	610,148	498,074	112,074	451,829
Capital outlay	13,151	12,243	908	-
	<u>1,124,256</u>	<u>874,094</u>	<u>250,162</u>	<u>846,683</u>
Environmental health:				
Salaries	911,307	912,407	(1,100)	840,549
Fringe benefits	316,785	309,650	7,135	287,574
Operating costs	173,012	87,878	85,134	64,462
Capital outlay	52,758	52,255	503	16,694
	<u>1,453,862</u>	<u>1,362,190</u>	<u>91,672</u>	<u>1,209,279</u>
Total health	<u>5,599,829</u>	<u>4,827,633</u>	<u>772,196</u>	<u>4,435,686</u>
Veterans' services:				
Salaries	68,477	68,156	321	64,256
Fringe benefits	24,510	24,127	383	22,942
Operating costs	16,830	10,544	6,286	14,967
Total veterans' services	<u>109,817</u>	<u>102,827</u>	<u>6,990</u>	<u>102,165</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Social services:				
Administration:				
Salaries	3,017,452	2,777,157	240,295	2,653,846
Fringe benefits	1,203,790	1,035,198	168,592	1,008,420
Operating costs	576,275	512,002	64,273	529,104
Capital outlay	37,800	36,555	1,245	34,750
	<u>4,835,317</u>	<u>4,360,912</u>	<u>474,405</u>	<u>4,226,120</u>
Community alternative program:				
Salaries	724,681	327,948	396,733	399,616
Fringe benefits	393,420	207,849	185,571	228,738
Operating costs	49,350	49,613	(263)	40,286
	<u>1,167,451</u>	<u>585,410</u>	<u>582,041</u>	<u>668,640</u>
Family for Kids-Kellogg Foundation:				
Salaries	-	-	-	21,680
Fringe benefits	-	-	-	3,492
Operating costs	-	-	-	963
	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,135</u>
Title III-In Home Care:				
Salaries	248,833	56,901	191,932	-
Fringe benefits	19,469	8,369	11,100	-
Operating costs	10,620	4,780	5,840	-
	<u>278,922</u>	<u>70,050</u>	<u>208,872</u>	<u>-</u>
Other operating costs:				
TANF	15,000	5,377	9,623	258
State foster home	97,673	43,776	53,897	-
Foster care	385,265	265,071	120,194	295,066
Aid to the blind	8,000	2,769	5,231	2,532
Aid to aging - rest home	571,374	409,043	162,331	473,886
Day care	3,561,641	3,553,632	8,009	2,741,445
Medical assistance	4,092,584	3,415,764	676,820	3,679,949
Adoption assistance	340,380	221,860	118,520	190,425
	<u>9,071,917</u>	<u>7,917,292</u>	<u>1,154,625</u>	<u>7,383,561</u>
Total social services	<u>15,353,607</u>	<u>12,933,664</u>	<u>2,419,943</u>	<u>12,304,456</u>
Other human services:				
Southeastern Mental Health Center	538,000	534,740	3,260	534,309
Other	1,090,120	1,045,216	44,904	437,469
Total other human services	<u>1,628,120</u>	<u>1,579,956</u>	<u>48,164</u>	<u>971,778</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Older adults:				
Total older adults	-	-	-	853,601
Total human services	<u>22,691,373</u>	<u>19,444,080</u>	<u>3,247,293</u>	<u>18,667,686</u>
Education:				
Public schools - current	21,003,440	21,003,440	-	20,119,670
Community college - current	1,957,035	1,957,035	-	1,725,360
Community college - capital outlay	128,500	128,500	-	272,420
Total education	<u>23,088,975</u>	<u>23,088,975</u>	<u>-</u>	<u>22,117,450</u>
Culture and recreation:				
Parks and recreation:				
Salaries	737,192	743,460	(6,268)	658,877
Fringe benefits	260,080	259,181	899	227,884
Operating costs	577,808	512,843	64,965	494,016
Capital outlay	932,009	372,194	559,815	409,849
	<u>2,507,089</u>	<u>1,887,678</u>	<u>619,411</u>	<u>1,790,626</u>
Brunswick County Library:				
Salaries	483,074	486,792	(3,718)	446,323
Fringe benefits	187,200	187,549	(349)	171,322
Operating costs	219,509	172,582	46,927	183,902
Capital outlay	583,800	556,900	26,900	83,877
	<u>1,473,583</u>	<u>1,403,823</u>	<u>69,760</u>	<u>885,424</u>
Other culture and recreation:				
Contributions	109,278	83,650	25,628	128,550
Total culture and recreation	<u>4,089,950</u>	<u>3,375,151</u>	<u>714,799</u>	<u>2,804,600</u>
Debt service:				
Principal retirement	5,452,630	5,451,171	1,459	4,815,083
Interest and fees	4,464,029	4,360,746	103,283	3,785,686
Total debt service	<u>9,916,659</u>	<u>9,811,917</u>	<u>104,742</u>	<u>8,600,769</u>
Total expenditures	<u>114,288,329</u>	<u>102,276,143</u>	<u>12,012,186</u>	<u>93,721,754</u>
Revenues over (under) expenditures	<u>(8,150,912)</u>	<u>9,956,083</u>	<u>18,106,995</u>	<u>5,756,534</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Other Financing Sources (Uses):				
Issuance of long-term debt	3,668,765	3,668,765	-	-
Advance repayment of debt	(3,275,000)	(3,275,000)	-	-
Sale of capital assets	44,652	119,366	74,714	62,186
Other items	438,417	513,131	74,714	62,186
Transfers from other funds:				
Special Revenue Funds	5,338,889	3,965,839	(1,373,050)	4,769,152
Capital Projects Funds	7,800,000	167,125	(7,632,875)	-
Enterprise Funds	6,792,580	3,289,704	(3,502,876)	261,207
	<u>19,931,469</u>	<u>7,422,668</u>	<u>(12,508,801)</u>	<u>5,030,359</u>
Transfers to other funds:				
Special Revenue Funds	(5,784,816)	(5,652,622)	132,194	(6,567,087)
Capital Projects Funds	(8,180,900)	(858,400)	7,322,500	-
Enterprise Funds	(4,315,196)	(2,136,796)	2,178,400	(2,130,129)
	<u>(18,280,912)</u>	<u>(8,647,818)</u>	<u>9,633,094</u>	<u>(8,697,216)</u>
Budgetary financing sources (uses):				
Contingency	(118,758)	-	118,758	-
Appropriated fund balance	6,180,696	-	(6,180,696)	-
	<u>6,061,938</u>	<u>-</u>	<u>(6,061,938)</u>	<u>-</u>
Total other financing sources (uses)	<u>8,150,912</u>	<u>(712,019)</u>	<u>(8,862,931)</u>	<u>(3,604,671)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	9,244,064	<u>\$ 9,244,064</u>	2,151,863
Fund balance, beginning of year		<u>45,250,991</u>		<u>43,099,128</u>
Fund balance, end of year		<u>\$ 54,495,055</u>		<u>\$ 45,250,991</u>

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - COUNTY CAPITAL RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues:				
Investment earnings	\$ -	\$ 73,530	\$ 73,530	\$ 131,161
Other Financing Sources (Uses):				
Transfers in (out):				
General Fund	(2,972,502)	(2,972,502)	-	(874,405)
Capital Projects	(2,016,576)	(1,523,321)	493,255	(1,286,642)
Enterprise Funds	4,227,179	4,227,179	-	256,825
Appropriated fund balance	<u>761,899</u>	<u>-</u>	<u>(761,899)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(268,644)</u>	<u>(268,644)</u>	<u>(1,904,222)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (195,114)</u>	<u>\$ (195,114)</u>	<u>\$ (1,773,061)</u>
Fund balance, beginning of year		<u>9,989,169</u>		<u>11,762,230</u>
Fund balance, end of year		<u>\$ 9,794,055</u>		<u>\$ 9,989,169</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET TO ACTUAL - SCHOOLS CAPITAL PROJECTS FUND
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Budget</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental revenues	\$ 7,947,652	\$ 9,322,925	\$ -	\$ 9,322,925
Investment earnings	529,642	3,307,169	188,479	3,495,648
Other	917,781	878,050	331,223	1,209,273
Total revenues	<u>9,395,075</u>	<u>13,508,144</u>	<u>519,702</u>	<u>14,027,846</u>
Expenditures:				
Education	<u>96,485,075</u>	<u>86,158,204</u>	<u>18,549,581</u>	<u>104,707,785</u>
Revenues over (under) expenditures	<u>(87,090,000)</u>	<u>(72,650,060)</u>	<u>(18,029,879)</u>	<u>(90,679,939)</u>
Other Financing Sources (Uses):				
Transfers in (out)	90,000	14,429,422	2,706,376	17,135,798
Bond anticipation note payment	(500,000)	(517,739)		(517,739)
Debt financing issued	87,500,000	81,152,502	13,880,000	95,032,502
Total other financing sources (uses)	<u>87,090,000</u>	<u>95,064,185</u>	<u>16,586,376</u>	<u>111,650,561</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 22,414,125</u>	<u>(1,443,503)</u>	<u>\$ 20,970,622</u>
Fund balance, beginning of year			<u>22,414,125</u>	
Fund balance, end of year			<u>\$ 20,970,622</u>	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO
ACTUAL - COUNTY CAPITAL PROJECTS FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	Project Budget	Actual		Total to Date
		Prior Year	Current Year	
Revenues:				
Restricted intergovernmental	\$ 6,198,848	\$ 3,302,340	\$ 1,985,015	\$ 5,287,355
Investment earnings	125,811	1,076,229	155,366	1,231,595
Other	97,430	837,770	260,551	1,098,321
Total revenues	<u>6,422,089</u>	<u>5,216,339</u>	<u>2,400,932</u>	<u>7,617,271</u>
Expenditures:				
Capital Improvements:				
General government	19,886,491	17,676,287	193,813	17,870,100
Public Safety	15,725,811	231,741	2,883,216	3,114,957
Transportation	<u>6,714,270</u>	<u>2,776,684</u>	<u>2,961,258</u>	<u>5,737,942</u>
Total expenditures	<u>42,326,572</u>	<u>20,684,712</u>	<u>6,038,287</u>	<u>26,722,999</u>
Revenues over (under) expenditures	<u>(35,904,483)</u>	<u>(15,468,373)</u>	<u>(3,637,355)</u>	<u>(19,105,728)</u>
Other Financing Sources (Uses):				
Transfers in (out):				
General Fund	8,008,378	20,605	691,275	711,880
Special Revenue Funds	4,096,105	1,852,446	144,953	1,997,399
Enterprise Fund	-	(53,800)	-	(53,800)
Debt financing issued	<u>23,800,000</u>	<u>16,000,000</u>	<u>7,800,000</u>	<u>23,800,000</u>
Total other financing sources (uses)	<u>35,904,483</u>	<u>17,819,251</u>	<u>8,636,228</u>	<u>26,455,479</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,350,878</u>	<u>4,998,873</u>	<u>\$ 7,349,751</u>
Fund balance, beginning of year			<u>2,350,878</u>	
Fund balance, end of year			<u>\$ 7,349,751</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
 JUNE 30, 2004

	<u>Special Revenue Funds</u>			
	<u>Occupancy Tax Fund</u>	<u>Brunswick County Leasing Corporation Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Grant Project</u>
Assets:				
Cash, cash equivalents and investments	\$ 100,790	\$ -	\$ 902,691	\$ 1,455,045
Restricted cash	-	10,629	-	-
Special assessment	-	-	-	-
Other receivables	133,019	-	67,750	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 233,809</u>	<u>\$ 10,629</u>	<u>\$ 970,441</u>	<u>\$ 1,455,045</u>
Liabilities and Fund Balance:				
Liabilities				
Accounts payable and accrued liabilities	\$ 236,694	\$ -	\$ 70,598	\$ 40,742
Due to other funds	-	-	-	612,739
Deferred revenue	-	-	-	-
Total liabilities	<u>236,694</u>	<u>-</u>	<u>70,598</u>	<u>653,481</u>
Fund balance (deficit):				
Reserved for encumbrances	-	-	4,412	-
Reserved by State statute	-	-	67,750	-
Reserved for debt service	-	10,629	-	-
Unreserved	(2,885)	-	827,681	801,564
Total fund balance (deficit):	<u>(2,885)</u>	<u>10,629</u>	<u>899,843</u>	<u>801,564</u>
Total liabilities and fund balance (deficit)	<u>\$ 233,809</u>	<u>\$ 10,629</u>	<u>\$ 970,441</u>	<u>\$ 1,455,045</u>

Special Revenue Funds

<u>Revaluation Fund</u>	<u>SAD Revolving Fund</u>	<u>Special School Capital Reserve (Ad Valorem) Fund</u>	<u>School Capital Reserve (Sales Tax) Fund</u>	<u>ROD-Technology Enhancement Fund</u>	<u>Total</u>
\$ 497,121	\$ 231,351	\$ 2,069,219	\$ 4,181,521	\$ 263,973	\$ 9,701,711
-	-	-	-	-	10,629
-	403,565	-	-	-	403,565
-	-	-	-	-	200,769
-	-	-	514,800	-	514,800
<u>\$ 497,121</u>	<u>\$ 634,916</u>	<u>\$ 2,069,219</u>	<u>\$ 4,696,321</u>	<u>\$ 263,973</u>	<u>\$ 10,831,474</u>
\$ 10,314	\$ -	\$ -	\$ -	\$ 7,327	\$ 365,675
-	-	-	-	-	612,739
-	403,565	-	-	-	403,565
<u>10,314</u>	<u>403,565</u>	<u>-</u>	<u>-</u>	<u>7,327</u>	<u>1,381,979</u>
-	-	-	-	-	4,412
-	-	-	514,800	-	582,550
-	-	-	-	-	10,629
<u>486,807</u>	<u>231,351</u>	<u>2,069,219</u>	<u>4,181,521</u>	<u>256,646</u>	<u>8,851,904</u>
<u>486,807</u>	<u>231,351</u>	<u>2,069,219</u>	<u>4,696,321</u>	<u>256,646</u>	<u>9,449,495</u>
<u>\$ 497,121</u>	<u>\$ 634,916</u>	<u>\$ 2,069,219</u>	<u>\$ 4,696,321</u>	<u>\$ 263,973</u>	<u>\$ 10,831,474</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT)
NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Special Revenue Funds			
	Occupancy Tax Fund	Brunswick County Leasing Corporation Fund	Emergency Telephone System Fund	Grant Project
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	832,935	-	801,977	-
Restricted intergovernmental	-	-	272,142	1,521,321
Miscellaneous revenue	-	-	-	-
Investment earnings	930	10,838	5,889	221
Total revenues	<u>833,865</u>	<u>10,838</u>	<u>1,080,008</u>	<u>1,521,542</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	861,081	-
Economic and physical development	829,003	-	-	716,702
Total expenditures	<u>829,003</u>	<u>-</u>	<u>861,081</u>	<u>716,702</u>
Revenues over (under) expenditures	<u>4,862</u>	<u>10,838</u>	<u>218,927</u>	<u>804,840</u>
Other Financing Sources (Uses):				
Transfers in:				
General Fund	-	-	-	-
Enterprise Funds	-	816,611	-	-
Transfers out:				
General Fund	(20,322)	(676)	-	-
Capital Project Funds	-	-	-	-
Total other financing sources (uses)	<u>(20,322)</u>	<u>815,935</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(15,460)</u>	<u>826,773</u>	<u>218,927</u>	<u>804,840</u>
Fund balance, beginning of year	<u>12,575</u>	<u>(816,144)</u>	<u>680,916</u>	<u>(3,276)</u>
Fund balance, end of year	<u>\$ (2,885)</u>	<u>\$ 10,629</u>	<u>\$ 899,843</u>	<u>\$ 801,564</u>

Special Revenue Funds

Revaluation Fund	SAD Revolving Fund	Special School Capital Reserve (Ad Valorem) Fund	School Capital Reserve (Sales Tax) Fund	ROD-Technology Enhancement Fund	Total
\$ -	\$ 81,718	\$ -	\$ -	\$ -	\$ 81,718
-	-	-	-	-	1,634,912
-	-	-	-	-	1,793,463
-	-	-	27,654	-	27,654
<u>2,812</u>	<u>1,379</u>	<u>14,286</u>	<u>33,746</u>	<u>1,537</u>	<u>71,638</u>
<u>2,812</u>	<u>83,097</u>	<u>14,286</u>	<u>61,400</u>	<u>1,537</u>	<u>3,609,385</u>
-	-	-	-	27,475	27,475
-	-	-	-	-	861,081
<u>192,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,738,627</u>
<u>192,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,475</u>	<u>2,627,183</u>
<u>(190,110)</u>	<u>83,097</u>	<u>14,286</u>	<u>61,400</u>	<u>(25,938)</u>	<u>982,202</u>
202,553	-	955,962	2,863,260	131,882	4,153,657
-	-	-	-	-	816,611
-	-	-	-	-	(20,998)
-	-	(856,591)	(1,849,786)	-	(2,706,377)
<u>202,553</u>	<u>-</u>	<u>99,371</u>	<u>1,013,474</u>	<u>131,882</u>	<u>2,242,893</u>
12,443	83,097	113,657	1,074,874	105,944	3,225,095
<u>474,364</u>	<u>148,254</u>	<u>1,955,562</u>	<u>3,621,447</u>	<u>150,702</u>	<u>6,224,400</u>
<u>\$ 486,807</u>	<u>\$ 231,351</u>	<u>\$ 2,069,219</u>	<u>\$ 4,696,321</u>	<u>\$ 256,646</u>	<u>\$ 9,449,495</u>

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - OCCUPANCY TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues:				
Other taxes and licenses	\$ 857,000	\$ 832,935	\$ (24,065)	\$ 793,002
Investment earnings	-	930	930	911
Total revenues	<u>857,000</u>	<u>833,865</u>	<u>(23,135)</u>	<u>793,913</u>
Expenditures:				
Economic and physical development	<u>840,380</u>	<u>829,003</u>	<u>11,377</u>	<u>772,784</u>
Revenues over (under) expenditures	16,620	4,862	(11,758)	21,129
Other Financing Sources (Uses):				
Transfers in (out):				
General Fund	<u>(16,620)</u>	<u>(20,322)</u>	<u>(3,702)</u>	<u>(14,802)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(15,460)</u>	<u>\$ (15,460)</u>	<u>6,327</u>
Fund balance, beginning of year		<u>12,575</u>		<u>6,248</u>
Fund balance, end of year		<u>\$ (2,885)</u>		<u>\$ 12,575</u>

STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL AND CHANGES IN FUND BALANCE -
 BRUNSWICK COUNTY LEASING CORPORATION FUND
 FOR THE YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues:				
Investment earnings	\$ -	\$ 10,838	\$ 10,838	\$ 12,606
Other	-	-	-	-
Total revenues	<u>-</u>	<u>10,838</u>	<u>10,838</u>	<u>12,606</u>
Other Financing Sources (Uses):				
Transfers in (out):				
General Fund	-	(676)	(676)	(234,676)
Water Fund	-	816,611	816,611	(816,515)
Total other financing sources (uses)	<u>-</u>	<u>815,935</u>	<u>815,935</u>	<u>(1,051,191)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>826,773</u>	<u>\$ 826,773</u>	<u>(1,038,585)</u>
Fund balance, beginning of year		<u>(816,144)</u>		<u>222,441</u>
Fund balance, end of year		<u>\$ 10,629</u>		<u>\$ (816,144)</u>

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - EMERGENCY TELEPHONE SYSTEM FUND
 FOR THE YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues:				
Other taxes and licenses	\$ 601,867	\$ 801,977	\$ 200,110	\$ 602,091
Restricted intergovernmental	71,638	272,142	200,504	107,251
Investment earnings	-	5,889	5,889	6,653
Total revenues	<u>673,505</u>	<u>1,080,008</u>	<u>406,503</u>	<u>715,995</u>
Expenditures:				
Public safety	<u>1,056,954</u>	<u>861,081</u>	<u>195,873</u>	<u>570,065</u>
Revenues over (under) expenditures	(383,449)	218,927	602,376	145,930
Other Financing Sources (Uses):				
Appropriated fund balance	<u>383,449</u>	<u>-</u>	<u>(383,449)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	218,927	<u>\$ 218,927</u>	145,930
Fund balance, beginning of year		<u>680,916</u>		<u>534,986</u>
Fund balance, end of year		<u>\$ 899,843</u>		<u>\$ 680,916</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO
ACTUAL - GRANT PROJECT FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental	\$ 2,450,588	\$ 3,239,871	\$ 1,521,321	\$ 4,761,192
Loan repayments	-	31,068	-	31,068
Investment earnings	-	9,313	221	9,534
Total revenues	<u>2,450,588</u>	<u>3,280,252</u>	<u>1,521,542</u>	<u>4,801,794</u>
Expenditures:				
Economic and physical development	<u>2,450,588</u>	<u>3,293,976</u>	<u>716,702</u>	<u>4,010,678</u>
Revenues over (under) expenditures	<u>-</u>	<u>(13,724)</u>	<u>804,840</u>	<u>791,116</u>
Other Financing Sources (Uses):				
Transfers in (out):				
General Fund	-	13,974	-	13,974
Public housing grant fund	-	(3,526)	-	(3,526)
Total other financing sources (uses)	<u>-</u>	<u>10,448</u>	<u>-</u>	<u>10,448</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (3,276)</u>	<u>804,840</u>	<u>\$ 801,564</u>
Fund balance, beginning of year			<u>(3,276)</u>	
Fund balance, end of year			<u>\$ 801,564</u>	

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - REVALUATION FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues:				
Investment earnings	\$ -	\$ 2,812	\$ 2,812	\$ 3,826
Expenditures:				
Economic and physical development	260,443	192,922	67,521	221,065
Revenues over (under) expenditures	(260,443)	(190,110)	70,333	(217,239)
Other Financing Sources (Uses):				
Transfers in (out):				
General Fund	202,553	202,553	-	249,158
Appropriated fund balance	57,890	-	(57,890)	-
Total other financing sources (uses)	260,443	202,553	(57,890)	249,158
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	12,443	\$ 12,443	31,919
Fund balance, beginning of year		<u>474,364</u>		<u>442,445</u>
Fund balance, end of year		<u>\$ 486,807</u>		<u>\$ 474,364</u>

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - SAD REVOLVING FUND
 FOR THE YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues:				
Special assessments	\$ -	\$ 81,718	\$ 81,718	\$ 126,715
Investment earnings	-	<u>1,379</u>	<u>1,379</u>	<u>801</u>
Total revenues	-	<u>83,097</u>	<u>83,097</u>	<u>127,516</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	83,097	<u>\$ 83,097</u>	127,516
Fund balance, beginning of year		<u>148,254</u>		<u>20,738</u>
Fund balance, end of year		<u>\$ 231,351</u>		<u>\$ 148,254</u>

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - SPECIAL SCHOOL CAPITAL RESERVE
(AD VALOREM) FUND**

FOR THE YEAR ENDED JUNE 30, 2004

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues:				
Investment earnings	\$ -	\$ 14,286	\$ 14,286	\$ 25,982
Other Financing Sources (Uses):				
Transfers in (out):				
General Fund	955,962	955,962	-	1,246,211
Capital Project Funds	(2,708,432)	(856,591)	1,851,841	(1,646,631)
Appropriated fund balance	<u>1,752,470</u>	<u>-</u>	<u>(1,752,470)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>99,371</u>	<u>99,371</u>	<u>(400,420)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>113,657</u>	<u>\$ 113,657</u>	<u>(374,438)</u>
Fund balance, beginning of year		<u>1,955,562</u>		<u>2,330,000</u>
Fund balance, end of year		<u>\$ 2,069,219</u>		<u>\$ 1,955,562</u>

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - SCHOOL CAPITAL RESERVE
(SALES TAX) FUND
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues:				
Investment earnings	\$ -	\$ 33,746	\$ 33,746	\$ 48,402
Miscellaneous revenue	-	27,654	27,654	-
Total revenues	-	61,400	61,400	48,402
Other Financing Sources (Uses):				
Transfers in (out):				
General Fund	1,617,809	2,863,260	1,245,451	1,308,821
Capital Project Funds	(3,945,013)	(1,849,786)	2,095,227	(1,392,646)
Appropriated fund balance	2,327,204	-	(2,327,204)	-
Total other financing sources (uses)	-	1,013,474	1,013,474	(83,825)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	1,074,874	\$ 1,074,874	(35,423)
Fund balance, beginning of year		<u>3,621,447</u>		<u>3,656,870</u>
Fund balance, end of year		<u>\$ 4,696,321</u>		<u>\$ 3,621,447</u>

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE -
 REGISTER OF DEEDS TECHNOLOGY ENHANCEMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues:				
Investment earnings	\$ -	\$ 1,537	\$ 1,537	\$ 1,086
Expenditures:				
General government	<u>128,687</u>	<u>27,475</u>	<u>101,212</u>	<u>14,855</u>
Revenues over (under) expenditures	(128,687)	(25,938)	102,749	(13,769)
Other Financing Sources (Uses):				
Transfers in (out):				
General Fund	<u>128,687</u>	<u>131,882</u>	<u>3,195</u>	<u>117,628</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	105,944	<u>\$ 105,944</u>	103,859
Fund balance, beginning of year		<u>150,702</u>		<u>46,843</u>
Fund balance, end of year		<u>\$ 256,646</u>		<u>\$ 150,702</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - WATER SYSTEM
OPERATING FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues:				
User charges	\$ 11,676,693	\$ 13,113,645	\$ 1,436,952	\$ 13,510,009
Restricted intergovernmental revenue	9,300	9,300	-	62,500
Investment earnings	100,000	104,681	4,681	128,703
Other	349,820	347,595	(2,225)	490,832
Total revenues	<u>12,135,813</u>	<u>13,575,221</u>	<u>1,439,408</u>	<u>14,192,044</u>
Expenditures:				
Salaries	2,048,256	2,006,709	41,547	1,759,158
Fringe benefits	782,355	680,833	101,522	595,809
Operating expenditures	4,503,577	4,084,639	418,938	4,278,747
Capital outlay	1,018,226	363,410	654,816	350,814
Debt service:				
Principal	2,980,164	2,980,164	-	3,917,713
Interest	357,066	356,754	312	494,611
Total expenditures	<u>11,689,644</u>	<u>10,472,509</u>	<u>1,217,135</u>	<u>11,396,852</u>
Revenues over (under) expenditures	<u>446,169</u>	<u>3,102,712</u>	<u>2,656,543</u>	<u>2,795,192</u>
Other Financing Sources (Uses):				
Long-term debt issued	816,611	-	(816,611)	-
Transfers in (out):				
General Fund	(453,225)	(453,225)	-	(261,207)
Special Revenue Funds	(1,213,215)	(1,213,215)	-	554,658
Intrafund transfers	(121,199)	(68,199)	53,000	-
Contingency	(24,950)	-	24,950	-
Appropriated fund balance	549,809	-	(549,809)	-
Total other financing sources (uses)	<u>(446,169)</u>	<u>(1,734,639)</u>	<u>(1,288,470)</u>	<u>293,451</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,368,073</u>	<u>\$ 1,368,073</u>	<u>\$ 3,088,643</u>
Reconciliation from budgetary basis to full accrual basis:				
Revenues and transfers from Water Capital Projects				
2002 Waterline Capital Project		627,759		
2004 Waterline Capital Project		12,780		
Filter to Waste Project		806,028		
Other reconciling items:				
Capitalized capital outlay and CIP adjustment		363,410		
Change in payroll related accruals		(22,084)		
Change in inventory level		(22,245)		
Retirement of long-term debt		2,980,164		
Contributed capital assets		1,699,519		
Bad debt expense		(700,000)		
Depreciation and amortization		<u>(1,974,119)</u>		
Change in net assets - GAAP basis		<u>\$ 5,139,285</u>		

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL - WATER CAPITAL RESERVE (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues:				
Investment earnings	\$ -	\$ 1,067	\$ 1,067	\$ 2,928
 Change in Net Assets				
Beginning of year		<u>146,034</u>		
End of year		<u>\$ 147,101</u>		

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
 HALE SWAMP ROAD WATER CAPITAL PROJECT (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Expenditures:				
Capital outlay - construction	\$ 200,611	\$ -	\$ -	\$ -
Other Financing Sources (Uses):				
Transfers in - Special Revenue Funds	<u>200,611</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
 FILTER TO WASTE CAPITAL PROJECT (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Expenditures:				
Capital outlay - construction	\$ 839,710	\$ 29,991	\$ 767,268	\$ 797,259
Other Financing Sources (Uses):				
Intrafund transfer	68,199	-	68,199	68,199
Transfers in - Special Revenue Fund	790,328	29,991	737,829	767,820
Contingency	(18,817)	-	-	-
Total other financing sources (uses)	<u>839,710</u>	<u>29,991</u>	<u>806,028</u>	<u>836,019</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,760</u>	<u>\$ 38,760</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
2002 WATERLINE CAPITAL PROJECT FUND (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Expenditures:				
Capital outlay - construction	\$ 697,557	\$ 48,952	\$ 662,436	\$ 711,388
Other Financing Sources (Uses):				
Transfer from - Special Revenue Fund	732,435	44,869	627,759	672,628
Contingency	(34,878)	-	-	-
Total other financing sources (uses)	<u>697,557</u>	<u>44,869</u>	<u>627,759</u>	<u>672,628</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (4,083)	\$ (34,677)	\$ (38,760)

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
 2004 WATERLINE CAPITAL PROJECT FUND (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Budget</u>	<u>Actual</u>		
		<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>
Expenditures:				
Capital outlay - construction	\$ 27,195	\$ -	\$ 12,780	\$ 12,780
Other Financing Sources (Uses):				
Transfers in - Special Revenue Funds	<u>27,195</u>	<u>-</u>	<u>12,780</u>	<u>12,780</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - SEWER FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues:				
User charges	\$ 3,967,794	\$ 3,684,151	\$ (283,643)	\$ 697,098
Capital contributions	364,862	364,862	-	-
Investment earnings	4,000	78,197	74,197	1,858
Other	191,535	91,065	(100,470)	17,472
Total revenues	<u>4,528,191</u>	<u>4,218,275</u>	<u>(309,916)</u>	<u>716,428</u>
Expenditures:				
Salaries	375,686	345,900	29,786	247,193
Fringe benefits	138,131	119,502	18,629	87,064
Operating expenditures	1,099,569	873,039	226,530	378,091
Capital outlay	1,088,505	1,084,622	3,883	24,049
Debt service				
Principal	375,000	375,000	-	-
Interest	241,912	241,376	536	-
Total expenditures	<u>3,318,803</u>	<u>3,039,439</u>	<u>279,364</u>	<u>736,397</u>
Revenues over (under) expenditures	<u>1,209,388</u>	<u>1,178,836</u>	<u>(30,552)</u>	<u>(19,969)</u>
Other Financing Sources (Uses):				
Issuance of long-term debt	1,150,456	-	(1,150,456)	
Transfers in (out):				
General Fund	(610,957)	(610,957)	-	-
Contingency	(1,748,887)	-	1,748,887	-
Total other financing sources (uses)	<u>(1,209,388)</u>	<u>(610,957)</u>	<u>598,431</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>567,879</u>	<u>\$ 567,879</u>	<u>\$ (19,969)</u>
Reconciliation from budgetary basis to full accrual basis:				
Revenues and transfers - Sewer Capital Projects:				
Northeast Brunswick Waste Water Facility Capital Project		196,932		
West Regional Waste Water Facility Capital Project		(5,149,786)		
East Regional Waste Water Facility Capital Project		2,111,326		
Other reconciling items:				
Unearned NE Sanitary District availability fee		(2,618,723)		
Reconciling item:				
Change in payroll related accruals		(7,850)		
Capitalized capital outlay		1,084,622		
Donated capital assets		1,986,438		
Noncapital capital project expenditures		(17,298)		
Retirement of long-term debt		375,000		
Depreciation		(88,800)		
Change in net assets - GAAP basis		<u>\$ (1,560,260)</u>		

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
 NORTHEAST BRUNSWICK WASTEWATER FACILITY (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Revenues:				
Restricted intergovernmental revenue	\$ 8,617,911	\$ 9,102,925	\$ (2,725,572)	\$ 6,377,353
Other	18,886	187,690	16,715	204,405
Total revenues	<u>8,636,797</u>	<u>9,290,615</u>	<u>(2,708,857)</u>	<u>6,581,758</u>
Expenditures:				
Capital outlay - construction	<u>14,491,703</u>	<u>11,301,438</u>	<u>1,347,672</u>	<u>12,649,110</u>
Revenues over (under) expenditures	<u>(5,854,906)</u>	<u>(2,010,823)</u>	<u>(4,056,529)</u>	<u>(6,067,352)</u>
Other Financing Sources (Uses):				
Long-term debt issued	6,349,544	-	2,320,689	2,320,689
Transfer to Special Revenue Fund	(404,803)	-	-	-
Contingency	<u>(89,835)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>5,854,906</u>	<u>-</u>	<u>2,320,689</u>	<u>2,320,689</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (2,010,823)</u>	<u>\$ (1,735,840)</u>	<u>\$ (3,746,663)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
 LIMITED CAPITAL IMPROVEMENT SEWER CAPITAL PROJECT (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Expenditures:				
Capital outlay - construction	\$ 100,000	\$ -	\$ -	\$ -
Other Financing Sources (Uses):				
Transfers in - Special Revenue Funds	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
WEST REGIONAL WASTEWATER SEWER CAPITAL PROJECT (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Revenues:				
Restricted intergovernmental	\$ 40,000	\$ -	\$ -	\$ -
Other revenues	-	-	583	583
Investment earnings	-	-	235	235
Total revenues	<u>40,000</u>	<u>-</u>	<u>818</u>	<u>818</u>
Expenditures:				
Capital outlay - construction	<u>59,435,389</u>	<u>6,246,497</u>	<u>(639,071)</u>	<u>5,607,426</u>
Revenues over (under) expenditures	<u>(59,395,389)</u>	<u>(6,246,497)</u>	<u>639,889</u>	<u>(5,606,608)</u>
Other Financing Sources (Uses):				
Long-term debt issued	61,540,000	-	31,540,000	31,540,000
Bond premium	613,834	-	353,398	353,398
Revenue bond discount	(260,436)	-	-	-
Transfer in (out) -General Fund	-	2,200,052	(2,200,052)	-
Transfer in (out) -Special Revenue Fund	-	3,303,950	(3,303,950)	-
Contingency	<u>(2,498,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>59,395,389</u>	<u>5,504,002</u>	<u>26,389,396</u>	<u>31,893,398</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (742,495)</u>	<u>\$ 27,029,285</u>	<u>\$ 26,286,790</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
 NORTHEAST BRUNSWICK/LELAND INDUSTRIAL SEWER CAPITAL PROJECT (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Expenditures:				
Capital outlay - construction	\$ 199,500	\$ -	\$ -	\$ -
Other Financing Sources (Uses):				
Transfers in - Special Revenue Funds	<u>199,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
 SPECIAL ASSESSMENT DISTRICT SEWER CAPITAL PROJECT (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Expenditures:				
Capital outlay - construction	\$ 53,000	\$ -	\$ -	\$ -
Other Financing Sources (Uses):				
Transfers in - Special Revenue Funds	<u>53,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
 EAST REGIONAL WASTEWATER (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Project Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Expenditures;				
Capital outlay - construction	\$ 2,111,326	\$ -	\$ 2,111,326	\$ 2,111,326
Other Financing Sources (Uses):				
Transfers in - General Fund	<u>2,111,326</u>	<u>-</u>	<u>2,111,326</u>	<u>2,111,326</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004

	Balance 2003	Additions	Deductions	Balance 2004
SOCIAL SERVICES FUND				
Assets:				
Cash, cash equivalents and investments	\$ 31,853	\$ -	\$ (7,822)	\$ 24,031
Receivables - net	5,091	-	(2,390)	2,701
Total assets	<u>\$ 36,944</u>	<u>\$ -</u>	<u>\$ (10,212)</u>	<u>\$ 26,732</u>
Liabilities:				
Other	<u>\$ 36,944</u>	<u>\$ -</u>	<u>\$ (10,212)</u>	<u>\$ 26,732</u>
SMITHVILLE TOWNSHIP FUND				
Assets:				
Cash, cash equivalents and investments	\$ 11,367,531	\$ -	\$ (7,373,601)	\$ 3,993,930
Taxes receivable - net	11,537	-	(1,785)	9,752
Total assets	<u>\$ 11,379,068</u>	<u>\$ -</u>	<u>\$ (7,375,386)</u>	<u>\$ 4,003,682</u>
Liabilities:				
Other	\$ 11,537	\$ -	\$ (1,785)	\$ 9,752
Due to other governmental agencies	11,367,531	-	(7,373,601)	3,993,930
Total liabilities	<u>\$ 11,379,068</u>	<u>\$ -</u>	<u>\$ (7,375,386)</u>	<u>\$ 4,003,682</u>
INTERGOVERNMENTAL COLLECTIONS FUND				
Assets:				
Cash, cash equivalents and investments	401,413	\$ -	\$ (26,884)	\$ 374,529
Taxes receivable - net	63,201	-	(23,955)	39,246
Total assets	<u>\$ 464,614</u>	<u>\$ -</u>	<u>\$ (50,839)</u>	<u>\$ 413,775</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 464,614</u>	<u>\$ -</u>	<u>\$ (50,839)</u>	<u>\$ 413,775</u>
SHERIFF DEPARTMENT TRUST FUND				
Assets:				
Cash, cash equivalents and investments	\$ -	\$ 2,774	\$ -	\$ 2,774
Liabilities:				
Other	<u>\$ -</u>	<u>\$ 2,774</u>	<u>\$ -</u>	<u>\$ 2,774</u>
BRUNSWICK HOSPITAL AUTHORITY				
Assets:				
Cash, cash equivalents and investments	\$ 71,531	\$ 24,192	\$ -	\$ 95,723
Liabilities:				
Other	<u>\$ 71,531</u>	<u>\$ 24,192</u>	<u>\$ -</u>	<u>\$ 95,723</u>
FAMILY SELF-SUFFICIENCY TRUST				
Assets:				
Cash, cash equivalents and investments	\$ 28,822	\$ 1,103	\$ -	\$ 29,925
Liabilities:				
Other	<u>\$ 28,822</u>	<u>\$ 1,103</u>	<u>\$ -</u>	<u>\$ 29,925</u>
COMBINING TOTALS				
Assets:				
Cash, cash equivalents and investments	\$ 11,901,150	\$ 28,069	\$ (7,408,307)	\$ 4,520,912
Receivables, net	79,829	-	(28,130)	51,699
Total assets	<u>\$ 11,980,979</u>	<u>\$ 28,069</u>	<u>\$ (7,436,437)</u>	<u>\$ 4,572,611</u>
Liabilities:				
Due to other governmental agencies	\$ 11,903,676	\$ 24,192	\$ (7,424,440)	\$ 4,503,428
Other	77,303	3,877	(11,997)	69,183
Total liabilities	<u>\$ 11,980,979</u>	<u>\$ 28,069</u>	<u>\$ (7,436,437)</u>	<u>\$ 4,572,611</u>

COUNTY OF BRUNSWICK HOSPITAL AUTHORITY
(A Component Unit of County of Brunswick North Carolina)

Schedule F-1

COMPARATIVE BALANCE SHEET - GENERAL FUND
JUNE 30, 2004
AND JUNE 30, 2003

	<u>2004</u>	<u>2003</u>
Assets		
Current assets:		
Cash, cash equivalents and investments	\$ 25,683	\$ 48,864
Due from primary government	95,715	71,523
Total current assets	<u>\$ 121,398</u>	<u>\$ 120,387</u>
Net Assets		
Equity and Other Credits		
Unrestricted	\$ 121,398	\$ 120,387
Total net assets	<u>\$ 121,398</u>	<u>\$ 120,387</u>

COUNTY OF BRUNSWICK HOSPITAL AUTHORITY
 (A Component Unit of County of Brunswick North Carolina)

Schedule F-2

SUPPLEMENTAL STATEMENT OF REVENUES, EXPENDITURES -
 BUDGET AND ACTUAL
 AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2003</u>
Revenues				
Investment earnings	\$ 2,525	\$ 1,761	(764)	\$ 2,513
Expenditures				
General government	<u>2,525</u>	<u>750</u>	<u>1,775</u>	<u>1,567</u>
Revenues over (under) expenditures	<u>\$ -</u>	1,011	<u>\$ 1,011</u>	946
Fund balance, beginning of year		<u>120,387</u>		<u>119,441</u>
Fund balance, end of year		<u>\$ 121,398</u>		<u>\$ 120,387</u>

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2003</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2004</u>
2003-04		\$ 67,177,741	\$ 64,507,757	\$ 2,669,984
2002-03	\$ 3,539,795	-	2,214,756	1,325,039
2001-02	1,517,020	-	640,644	876,376
2000-01	739,986	-	202,264	537,722
1999-00	460,908	-	98,093	362,815
1998-99	337,013	-	48,641	288,372
1997-98	275,469	-	30,909	244,560
1996-97	221,966	-	23,375	198,591
1995-96	160,235	-	17,308	142,927
1994-95	127,628	-	10,939	116,689
1993-94	120,183	-	120,183	-
	<u>\$ 7,500,203</u>	<u>\$ 67,177,741</u>	<u>\$ 67,914,869</u>	6,763,075
Less allowance for uncollected taxes receivable General Fund				<u>3,808,081</u>
Ad valorem taxes receivable (net)				<u>\$ 2,954,994</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 68,478,690
Reconciling items:				
Interest collected and penalties				(712,481)
Releases on prior year tax				156,873
Collection of taxes previously written off				<u>(8,213)</u>
Total collections and credits				<u>\$ 67,914,869</u>

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2004

	County-wide			Property Excluding Registered Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
Original levy excluding motor vehicles	\$ 12,212,796,803	\$ 0.0052	\$ 63,506,547	\$ 63,506,547	\$ -
Registered motor vehicles	670,134,688		3,621,755	-	3,621,755
Penalties	-		17,416	17,416	-
Total	12,882,931,491		67,145,718	63,523,963	3,621,755
Discoveries	24,478,702		153,446	153,446	-
Abatements	(23,350,787)		(121,424)	(93,823)	(27,601)
Total valuation	<u>\$ 12,884,059,406</u>				
Net levy			67,177,740	63,583,586	3,594,154
Less uncollected taxes at June 30, 2004			<u>2,669,984</u>	<u>2,053,148</u>	<u>616,836</u>
Current year's taxes collected			<u>\$ 64,507,756</u>	<u>\$ 61,530,438</u>	<u>\$ 2,977,318</u>
Current levy collection percentage			<u>96.03%</u>	<u>96.77%</u>	<u>82.84%</u>

COUNTY OF BRUNSWICK , NORTH CAROLINA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) (UNAUDITED)
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>General Government</u>	<u>(2) Public Safety</u>	<u>Central Services</u>	<u>Environ- mental Protection</u>	<u>Economic and Physical Development</u>
1995	\$ 4,478,836	\$ 5,872,219	\$ 4,381,395	\$ 1,260,537	\$ 2,477,747
1996	4,492,611	7,061,328	4,365,402	3,119,015	3,076,593
1997	5,065,588	7,675,104	5,310,061	4,024,655	2,770,780
1998	4,986,932	8,889,465	4,710,342	4,377,978	2,849,152
1999	6,659,971	9,446,771	5,388,536	8,075,668	3,602,267
2000	5,923,844	11,594,574	5,772,999	7,894,033	4,257,642
2001	6,507,510	11,734,944	6,403,783	8,676,632	4,135,863
2002	7,040,042	12,347,137	6,580,556	8,814,119	5,918,830
2003	8,719,712	13,480,390	7,282,407	9,262,908	8,122,029
2004	8,780,048	18,789,409	8,825,544	9,563,180	8,869,544

Notes:

- (1) Includes General, Special Revenue, and Capital Projects Funds.
- (2) Material change in expenditures beginning in 1996 is due to implementation of countywide emergency medical services.
- (3) Beginning with 2002-03, the County allocated its capital project expenditures to other functional areas.

Table 1

<u>Human Services</u>	<u>Cultural and Recreational</u>	<u>Education</u>	<u>(3) Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
\$ 10,756,947	\$ 1,769,845	\$ 11,369,304	\$ 3,672,315	\$ 3,417,201	\$ 49,456,346
10,918,164	1,961,539	13,785,932	8,003,541	4,135,339	60,919,464
11,741,814	2,403,171	14,406,165	3,846,281	4,099,694	61,343,313
13,099,567	2,050,548	15,304,355	5,527,644	3,619,275	65,415,258
13,969,975	2,102,362	16,650,322	14,395,011	4,654,411	84,945,294
17,604,712	2,201,201	18,811,801	11,220,106	4,624,214	89,905,126
17,689,885	2,674,561	21,299,792	17,686,126	8,573,411	105,382,507
18,835,128	2,667,069	20,913,994	33,997,817	8,912,663	126,027,355
19,113,587	2,804,605	43,163,940	-	8,600,773	120,550,351
19,444,080	3,375,151	41,638,556	-	13,086,917	132,372,429

COUNTY OF BRUNSWICK , NORTH CAROLINA

GENERAL GOVERNMENTAL REVENUES BY FUNCTION (1) (UNAUDITED)
 LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Ad Valorem Taxes</u>	<u>Sales Tax</u>	<u>Other Taxes and Licenses</u>	<u>Intergovern- mental Revenues</u>	<u>Permits and Fees</u>
1995	\$ 34,573,600	\$ 7,962,981	\$ 929,756	\$ 10,339,185	\$ 545,783
1996	40,403,243	8,675,753	1,023,445	9,481,445	776,917
1997	42,384,960	9,306,734	1,216,327	10,559,344	943,805
1998	44,837,765	10,153,856	1,948,718	12,199,473	1,018,612
1999	45,270,251	10,897,732	2,537,619	18,218,757	2,128,904
2000	52,822,490	11,644,082	3,075,721	17,251,819	2,618,547
2001	55,689,742	12,233,671	2,599,983	13,675,409	2,566,947
2002	60,982,737	12,645,932	3,246,897	14,435,559	2,736,242
2003	62,753,365	14,157,057	3,762,464	17,474,484	3,622,045
2004	68,560,408	16,636,215	5,303,623	17,262,218	5,654,018

Notes:

(1) Includes General, Special Revenue, and Capital Projects Funds.

Table 2

<u>Sales and Service</u>	<u>Investment Earnings</u>	<u>Miscellan- eous</u>	<u>Total</u>
\$ 863,814	\$ 2,195,050	\$ 1,232,434	\$ 58,642,603
870,366	2,639,635	1,317,501	65,188,305
1,316,107	2,647,929	1,353,148	69,728,354
1,585,460	2,909,565	1,093,572	75,747,021
1,692,387	3,117,442	1,669,855	85,532,947
1,524,456	3,559,505	1,450,336	93,946,956
1,557,769	4,907,985	2,462,691	95,694,197
2,139,248	2,355,520	1,831,837	100,373,972
2,321,659	976,947	2,227,231	107,295,252
3,367,844	921,742	1,129,707	118,835,775

PROPERTY TAX LEVIES AND COLLECTIONS - GENERAL FUND
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Tax Levy</u>
1995	\$ 34,760,155	\$ 33,235,387	95.6%	\$ 1,136,185	\$ 34,371,572	98.9%	\$ 4,040,098	11.6%
1996	40,595,417	38,785,278	95.5%	1,355,516	40,140,794	98.9%	4,494,721	11.1%
1997	42,320,608	40,455,506	95.6%	1,617,574	42,073,080	99.4%	4,776,757	11.3%
1998	44,745,412	42,806,888	95.7%	1,666,850	44,473,738	99.4%	5,048,431	11.3%
1999	45,090,191	43,055,915	95.5%	1,934,182	44,990,097	99.8%	5,148,526	11.4%
2000	52,963,804	50,565,486	95.5%	1,930,915	52,496,401	99.1%	5,616,929	10.6%
2001	55,576,580	53,047,566	95.4%	2,185,221	55,232,787	99.2%	5,959,722	10.7%
2002	61,214,433	58,085,913	94.9%	2,654,094	60,740,007	99.2%	6,434,148	10.5%
2003	63,391,002	59,851,207	94.4%	2,473,772	62,324,979	98.3%	7,500,173	11.8%
2004	67,177,741	64,507,758	96.0%	3,412,376	67,920,134	101.1%	6,757,810	10.1%

Note: This schedule includes data from only the General Fund countywide property tax levy.

COUNTY OF BRUNSWICK , NORTH CAROLINA

Table 4

**ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(000 omitted)**

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Company Property	Total Assessed Value
1995	\$ 3,817,064	\$ 760,263	\$ 1,176,667	\$ 5,753,994
1996	3,946,148	846,899	1,161,703	5,954,750
1997	4,091,188	893,177	1,198,299	6,182,664
1998	4,293,042	1,048,972	1,189,303	6,531,317
1999	4,566,762	1,087,437	929,656	6,583,855
2000	7,292,078	1,157,556	1,113,998	9,563,632
2001	7,574,989	1,155,889	1,104,921	9,835,799
2002	8,037,945	1,170,467	1,128,002	10,336,414
2003	8,419,587	1,121,520	1,142,249	10,683,356
2004	10,554,288	1,167,882	1,185,240	12,907,410

Note: Assessed valuations as established by the Board of County Commissioners at 100 percent of estimated revenues market value. A revaluation of real property is required by the North Carolina General Statutes at least every eighth years. The last revaluation was completed in 2003.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**PROPERTY TAX RATES-DIRECTED AND ALL OVERLAPPING GOVERNMENTS
(PER \$100.00 OF ASSESS VALUE)
LAST TEN FISCAL YEARS**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
County:					
Brunswick	0.5400	0.5200	0.5925	0.5925	0.5650
Municipalities:					
Village of Bald Head Island	0.4650	0.4650	0.6350	0.6350	0.6350
Town of Belville	0.1500	0.1500	0.1500	0.1500	0.1500
Town of Boiling Springs Lakes	0.2500	0.2500	0.2500	0.2500	0.2500
Town of Bolivia	0.0600	0.0600	0.0600	0.0600	0.0600
Town of Calabash	0.1000	0.1000	0.0600	0.0600	0.0600
Town of Carolina Shores	0.0800	0.0800	0.0800	0.0600	0.0600
Town of Caswell Beach	0.2200	0.2100	0.2700	0.2400	0.2400
Town of Holden Beach	0.1800	0.1800	0.1900	0.1900	0.1900
Town of Leland	0.1800	0.1800	0.1800	0.1800	0.1800
Town of Long Beach	*	*	*	*	*
Town of Navassa	0.2700	0.2500	0.3000	0.3000	0.3000
Town of Northwest	0.2000	0.2000	0.2000	0.2000	0.1700
Town of Oak Island	0.3500	0.3650	0.3800	0.3800	0.3400
Town of Ocean Isle Beach	0.1500	0.1600	0.1600	0.1400	0.1400
Town of Sandy Creek	0.3500	0.3500	0.1000	0.3500	0.2500
Town of Shallotte	0.2900	0.2900	0.3100	0.3100	0.2700
Town of St. James Plantation	0.0500	0.0700	0.1000	0.1000	0.1000
Town of Southport	0.3000	0.3300	0.4000	0.4000	0.4300
Town of Sunset Beach	0.1300	0.1200	0.0900	0.0950	0.0950
Town of Varnamtown	0.0500	0.0500	0.0500	0.0500	0.0500
Town of Yaupon Beach	*	*	*	*	*
Other Districts: (3)					
North Brunswick Sanitary District	NA	NA	NA	NA	NA
Southeastern Sanitary District	0.0000	0.0000	0.0500	0.1500	0.2000
South Brunswick Water & Sewer Authority	NA	NA	NA	NA	NA
Smithville Township	0.0400	0.0400	0.0400	0.0400	0.0400

Notes:

- (1) Property was revalued in 2003.
- (2) The property tax rates for each of the governments listed above are based unit-wide tax rates. For each government, certain motor vehicles were taxed at the preceeding year's rate.
- (3) The North Brunswick Sanitary District and South Brunswick Water & Sewer Authority have not enacted property taxes as of June 30, 2003. The Smithville Township is a hospital district. The levy collected is specific for debt retirement.

*The Town of Long Beach and Yaupon Beach consolidated into the Town of Oak Island effective July 1, 1999.

Source : General Purpose Financial Statments and/or Brunswick County Tax Department.

Table 5

1999	1998	1997	1996	1995
0.5500	0.6850	0.6850	0.6850	0.5850
0.6350	0.8150	0.6750	0.5800	0.5800
0.1500	0.1500	0.1500	0.1500	0.1500
0.2500	0.3500	0.3500	0.3500	0.3000
0.0600	0.1500	0.2500	0.2500	0.2500
0.0600	0.0600	0.0700	0.0850	0.0850
0.0600	0.0600			
0.3800	0.2400	0.2100	0.1800	0.1850
0.1900	0.2000	0.2000	0.1100	0.1100
0.1800	0.1800	0.1500	0.1500	0.0500
*	0.4200	0.3900	0.3900	0.3600
0.3000	0.3000	0.3000	0.3000	0.2500
0.1700	0.2000	0.2000	0.2000	0.2000
0.3400				
0.1400	0.1700	0.1700	0.1700	0.1700
0.2000	0.3000	0.3000	0.3000	0.3000
0.2400	0.3450	0.3650	0.3650	0.3250
0.1000				
0.4900	0.5300	0.5300	0.5300	0.5300
0.0950	0.1350	0.1350	0.1350	0.1350
0.0500	0.0500	0.0500	0.0500	0.0500
*	0.3750	0.3750	0.3050	0.3050
NA	NA	NA	NA	NA
0.2250	0.3000	NA	NA	NA
NA	NA	NA	NA	NA
0.0400	0.0400	0.0400	0.0400	0.0400

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30</u>	<u>Assessed Value (000 omitted)</u>	<u>Gross General Obligation Bonded Debt</u>	<u>Less Debt Payable from Enterprise Fund</u>	<u>Net General Obligation Bonded Debt</u>	<u>Ratio Net General Obligation Bonded Debt to Assessed Value</u>	<u>(1) Population</u>	<u>Net General Obligation Bonded Debt per Capita</u>
1995	\$ 5,753,994	\$ 37,345,000	\$ 25,051,651	\$ 12,293,349	0.2%	61,667	199.35
1996	5,954,750	33,825,000	23,113,422	10,711,578	0.2%	63,803	167.89
1997	6,182,663	30,365,000	21,185,083	9,179,917	0.1%	65,938	139.22
1998	6,531,317	26,805,000	18,418,253	8,386,747	0.1%	68,074	123.20
1999	6,583,855	21,895,000	14,769,157	7,125,843	0.1%	71,437	99.75
2000	9,563,632	33,010,000	14,288,120	18,801,880	0.2%	73,692	255.14
2001	9,835,799	67,475,000	11,693,829	55,781,171	0.6%	75,563	738.21
2002	10,366,414	62,885,000	9,210,372	53,674,628	0.5%	78,822	680.96
2003	10,683,356	76,725,000	6,802,286	69,922,714	0.7%	80,751	865.91
2004	12,907,410	85,295,000	4,476,425	80,818,575	0.8%	83,787	964.57

Notes:

(1) Planning Department of this entity.

COUNTY OF BRUNSWICK , NORTH CAROLINA

Table 7

COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2004

Assess value of taxable property	\$ 12,907,410,000
	<u> x 0.08</u>
Debt limit- 8 percent of assessed value	<u>1,032,592,800</u>
Gross debt:	
Total bonded debt	123,960,000
Total certificates of participation	25,075,000
Total capital leases	358,788
Total installment purchases	<u>773,666</u>
Gross debt	<u>150,167,454</u>
Less: water and sewer bonds	<u>43,141,425</u>
Total amount of debt applicable to debt limit (net debt)	<u>107,026,029</u>
Legal debt margin	<u><u>\$ 925,566,771</u></u>

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest on Bonds</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to Total General Governmental Expenditures</u>
1995	\$ 1,598,180	\$ 670,785	\$ 2,268,965	\$ 49,656,346	4.6%
1996	1,581,770	585,635	2,167,405	60,919,464	3.6%
1997	1,531,665	460,450	1,992,115	61,343,313	3.2%
1998	793,170	424,060	1,217,230	65,177,404	1.9%
1999	1,260,904	381,471	1,642,375	84,945,294	1.9%
2000	1,323,963	996,996	2,320,959	89,905,126	2.6%
2001	1,320,709	996,996	2,317,705	103,362,507	2.2%
2002	2,106,543	2,742,306	4,848,849	126,036,355	3.8%
2003	2,071,914	2,650,224	4,722,138	120,550,351	3.9%
2004	3,633,031	3,603,874	7,236,905	132,372,429	5.5%

Note: Expenditures include all governmental type funds.

Source: Audited general purpose financial statements of this entity.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 9

COMPUTATION OF DIRECT AND UNDERLYING DEBT
 GENERAL OBLIGATION BONDS
 JUNE 30, 2004

	<u>Net General Obligation Bonded Debt (1)</u>	<u>Percent Applicable To County</u>	<u>Amount Applicable To County</u>
Direct:			
Brunswick County	\$ 80,818,575	100%	\$ 80,818,575
Underlying Debt:			
City of Navassa	<u>46,348</u>	100%	<u>46,348</u>
Totals	<u>\$ 80,864,923</u>		<u>\$ 80,864,923</u>

Note:

(1) Excluding general obligation bonds reported in the Enterprise Funds.

COUNTY OF BRUNSWICK , NORTH CAROLINA

Table 10

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>(1) Population</u>	<u>(1) Per Capita Income</u>	<u>(1) Median Age</u>	<u>(2) School Enrollment</u>	<u>(3) Unemployment Rate</u>
1995	61,667	\$ 16,628	39.7	8,885	8.7%
1996	63,803	17,305	40.2	9,056	7.2%
1997	65,938	17,978	40.7	9,460	5.2%
1998	68,074	19,731	41.2	9,745	5.1%
1999	71,437	20,178	41.8	9,694	4.1%
2000	73,692	20,507	42.3	10,256	4.6%
2001	75,563	21,707	42.5	10,510	5.4%
2002	78,822	23,046	42.8	10,318	6.1%
2003	80,751	23,714	43.2	10,614	6.4%
2004	83,787	24,568	43.6	10,672	6.0%

Notes:

- (1) State Data Center
- (2) Brunswick County School System
- (3) North Carolina Employment Security Commission

COUNTY OF BRUNSWICK , NORTH CAROLINA

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Commercial Construction (2)		Residential Construction (2)		Bank Deposits (3) (000 omitted)
	Number of Units	Value (000 omitted)	Number of Units	Value (000 omitted)	
1995	36	\$ 6,700	226	\$ 21,800	\$ 534,039
1996	50	9,300	316	27,800	572,990
1997	102	15,500	486	32,700	608,974
1998	110	16,300	524	40,000	658,182
1999	187	12,350	704	60,260	704,672
2000	227	26,970	788	122,830	752,000
2001	268	23,269	783	113,925	812,000
2002	292	22,965	848	115,376	887,000
2003	400	47,672	1155	137,653	994,000
2004	344	40,699	1561	184,687	NA

Notes:

- (1) Brunswick County Tax Department
- (2) Brunswick County Building Inspections Department
- (3) Source: N. C. State Banking Commission
- (4) Amounts expressed in thousands.

Table 11

		Property Value (1)	
Commerical (000 omitted)	Residential (000 omitted)	Total (000 omitted)	
\$ 3,484,045	\$ 2,269,949	\$ 5,753,994	
2,294,988	3,659,762	5,954,750	
2,351,795	3,830,859	6,182,654	
2,376,983	4,174,097	6,551,080	
2,205,548	4,378,307	6,583,855	
2,962,959	6,600,673	9,563,632	
3,047,130	6,788,669	9,835,799	
3,101,515	7,237,899	10,339,414	
3,095,687	7,587,669	10,683,356	
3,456,350	9,451,060	12,907,410	

COUNTY OF BRUNSWICK , NORTH CAROLINA

Table 12

TEN LARGEST TAXPAYERS
JUNE 30, 2004

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Carolina Power & Light Company	Utility	\$ 864,758,916	53.46%
N. C. Easter Municipal Power Agency	Utility	181,963,869	11.25%
DAK LLC	Chemicals	132,520,368	8.19%
Brunswick Electric Membership Corporation	Utility	103,480,622	6.40%
Bald Head Island Ltd	Developer	99,170,070	6.13%
Archer Daniels Midland Company	Chemicals	92,303,643	5.71%
Sea Trail Corporation	Developer	45,606,640	2.82%
Odell Williamson	Developer	42,308,290	2.62%
MAS Properties LLC	Developer	30,426,490	1.88%
Ocean Grand LLC	Developer	25,151,300	1.55%
Totals		<u>\$ 1,617,690,208</u>	

Source: Brunswick County Tax Department

COUNTY OF BRUNSWICK , NORTH CAROLINA

Table 13

TEN LARGEST EMPLOYERS (UNAUDITED)
 JUNE 30, 2004

Name of Employer	Type of Business	Number of Employees
Brunswick County Board of Education	Education	1,600
Progress Energy	Power Generation	1,050
Brunswick County	Local Government	900
DAK Americas	Dacron Polyester Fiber	750
Brunswick Community Hospital	Medical Care Facility	300
Rampage	Yacht Manufacture	275
Doshier Memorial Hospital	Medical Care Facility	260
Victaulic Company of America	Pipe Fittings, Seals & Sprinkler Heads	250
Sunny Point Military Terminal	Military	225
Archer Daniels Midland Company	Citric Acid	150

Source: Brunswick County Economic Development Commission

COUNTY OF BRUNSWICK , NORTH CAROLINA

Table 14

MISCELLANEOUS STATISTICS
JUNE 30, 2004

Date of establishment	1,764
Form of government	Commission--Manager
Employees:	
Full-time, permanent	739
Other	93
Area	896 square miles
Government facilities and services:	
Miles of streets (1)	814
Number of traffic lights (1)	39
Culture and recreational:	
Community Centers	7
Parks	10
Golf Courses	38
Museums	2
Libraries (branches)	4
Fire protection:	
Number of stations	24
Number of firemen and officers	720
Number of calls answered	6,103
Number of inspections conducted	1,173
Law enforcement protection:	
Number of stations	14
Number of policemen and officers	199
Water & Sewer Department:	
Number of customers	17,400
Water average daily consumption (in gallons)	9,808,352
Sewer average daily treatment (in gallons)	445,960
Miles of water mains	562.0
Miles of Sewer mains	88.0
Facilities and services not included in the reporting entity:	
Hospitals: (2)	
Number of hospitals	2
Number of patient beds	96
Education: (3)	
Number of schools	16
Number of teachers	870
Number of students	10,672

Sources:

- (1) North Carolina Department of Transportation
- (2) Doshier Hospital and Columbia/Brunswick Hospital
- (3) Brunswick County Board of Education