

COUNTY OF BRUNSWICK NORTH CAROLINA

*COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR END JUNE 30, 2006*

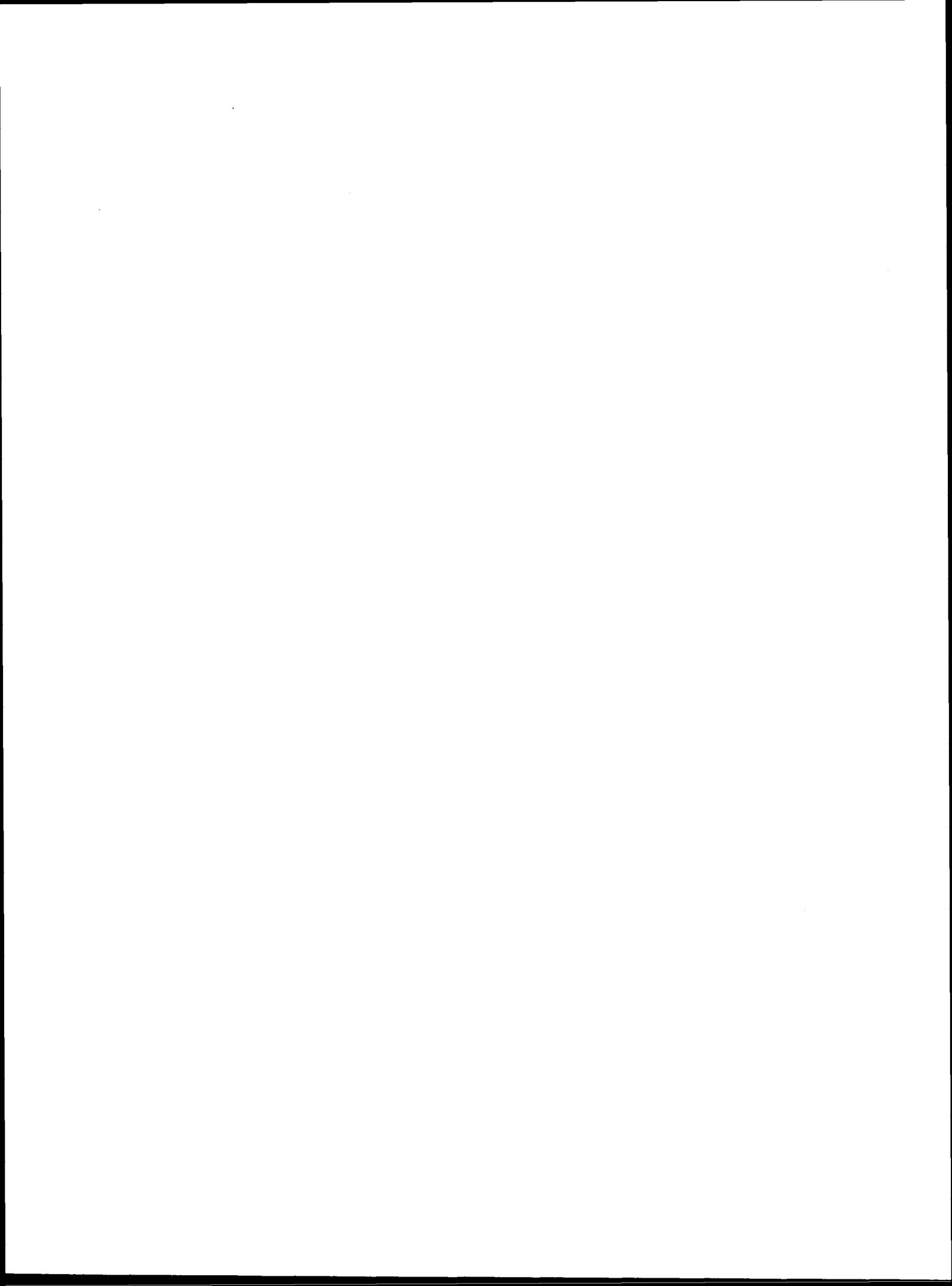


**COUNTY OF BRUNSWICK
NORTH CAROLINA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended
June 30, 2006**

**Prepared by the Brunswick County Finance Office
Ann B. Hardy, MPA, CPA Director of Fiscal Operations**



COUNTY OF BRUNSWICK, NORTH CAROLINA
Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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County of Brunswick Finance Department

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Bolivia, North Carolina 28422

Telephone (910) 253-2070
Telecopy (910) 253-2068

October 16, 2006

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, 2006.

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, CPA's, 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, 2006, 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, 2006, 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 an estimated population of 92,686, which has grown 244% 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 and two sanitary districts. 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 Beverage 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 page 20 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 74. 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 of approximately 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 one hundred twelve (112) plant announcements, creating 4,525 new jobs and over \$367.5 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 82%, with manufacturing accounting for 16%, and finally agriculture/seafood accounting for the remaining 2% of employment in Brunswick County.

The county's unemployment rate remains near 4.5 percent, which compares favorably to the State of North Carolina's unemployment rate of 4.8 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 development remains very strong.

Brunswick County is becoming the golf capital of the State of North Carolina. Thirty-five (35) 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 2011 provides a plan, based on need, to fund and acquire various projects.

The County issued \$3.5 million of general obligation bonds in 2005 for the design of capital improvements to Brunswick Community College and plans to issue an additional \$26.5 million of general obligation bonds in the spring of 2007 for construction of the Brunswick Community College capital projects.

Also included in the County Capital Improvement Plan are utility projects that equal approximately \$55.1 million for fiscal year 2007. Water system improvements total over \$6.3 million for fiscal year 2007 and include waterline extension projects totaling \$2 million, the Southport elevated water tank budgeted at \$2 million and the Waccamaw elevated water tank at \$1.1 million. Wastewater improvements for fiscal year 2007 total \$48.8 million and include a \$17 million expansion to the West Brunswick Regional Wastewater Treatment plant, \$7 million West Brunswick Regional Oak Island Force Main project, \$4 million West Brunswick Regional effluent reuse main project, \$4 million West Brunswick Regional effluent reuse sites, \$4 million Shallotte Interconnection and \$11.5 million for the Southwest Area Pump Station and Force Main Project. Other general government projects planned for fiscal year 2007 include a county administration building estimated at \$6.5 million and cultural and recreational projects totaling \$3.1 million. The county plans to assist the school system to acquire land and design a new K-8 school in the Holden Beach area. The sources of funding will be school reserve funds with plans to issue certificate of participation financing in early fiscal year 2008 for a total project budget of \$18 million.

The County sold, in calendar year 2004, \$31.875 million of revenue bonds that provided supplemental funding for the West Brunswick Regional Wastewater System Phase 1. The total estimated cost for the regional wastewater system first phase is approximately \$62 million. \$30 million of the project was funded by the State of North Carolina, Division of Water Quality by way of a low interest loan for a term of 25 years. The West Brunswick Regional Wastewater System Phase 1, completed in February of 2006, provides 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. The project will be fully supported by user charges. 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. The county is currently designing the West Brunswick Regional Wastewater System Phase 2 planned to expand the plant capacity from 3 mgd to 6 mgd and provide a transmission line to serve the Town of Oak Island. The County

entered into an agreement to acquire the Town of Shallotte Wastewater treatment plant as of July 1, 2006 incorporating that plant into the West Brunswick Regional Wastewater System. The West Brunswick Regional Wastewater Treatment System Phases 1 and 2 will serve the Town of Holden Beach, Town of Oak Island, Town of Shallotte and large residential and commercial developments within the county residential service area.

The County operates the Northeast Brunswick Regional Wastewater Treatment System which serves the Town of Leland, Navassa and the North Brunswick Sanitary District, and like the West Brunswick Regional Wastewater System, is 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. Investment vehicles are chosen with the greatest emphasis placed on credit quality, maturity and yield. The cash and investment portfolio balance for the fiscal year ended June 30, 2006 for all funds except bond proceeds in certain capital project funds is \$120.3 million. The average yield on investments was 4.92 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, 2006 the County had five (5) such accounts totaling \$7.9 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 fully 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, 2006, there were 81 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, 2005. This is the fifth year that the County has received the 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. We would like to also acknowledge Martin Starnes & Associates, CPAs, P.A., for its efforts in the preparation of this report.

Sincerely,

A handwritten signature in black ink that reads "Ann B. Hardy". The signature is written in a cursive, flowing style.

Ann B. Hardy, MPA, CPA
Director of Fiscal Operations

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, 2005

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.



Carla E. Perry

President

Jeffrey R. Enow

Executive Director

**County of Brunswick, North Carolina
List of Principal Officials
June 30, 2006**

Board of County Commissioners

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

County Officials

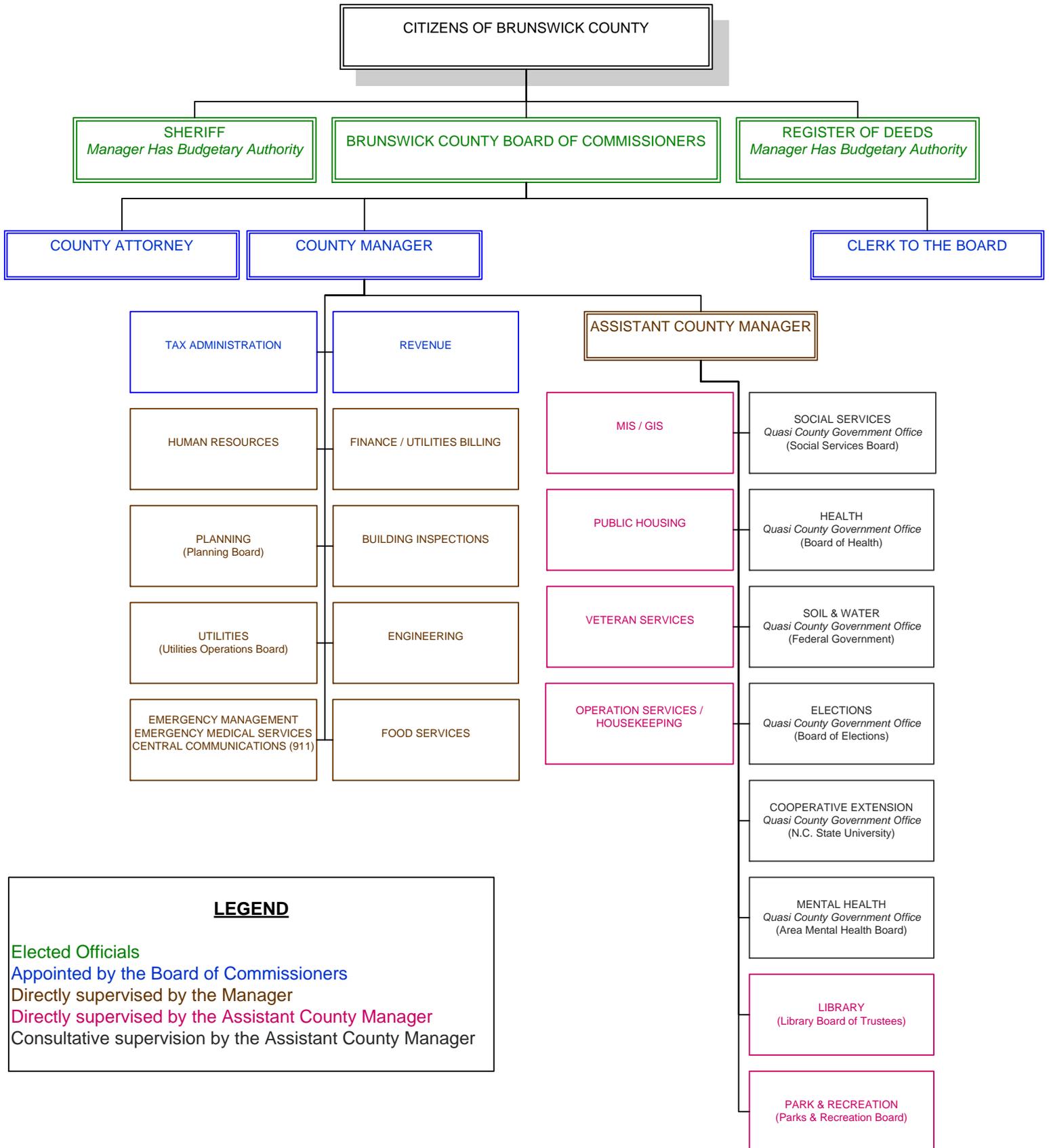
Marty K. Lawing
Steve Stone
Ronald Hewett
Robert J. Robinson
Debby Gore
Huey Marshall, Esq.
Jana Berg, Esq.
Ann B. Hardy, MPA, CPA
Julie A. Miller, CPA
Greg Bellamy
Al Hight
Randal Thompson

Donald Yousey
Leslie Bell

Vonnie Fulwood
Tom Bagby
Ken Perry
Jamie Orrock
Jerry Pierce, PE
Anita Hartsell
Maurice Tate
George Page

County Manager
Assistant County Manager
Sheriff
Register of Deeds
Clerk to the Board
County Attorney
Assistant County Attorney
Director of Fiscal Operations
Deputy Finance Officer
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

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Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

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, the aggregate remaining fund information, each major fund, and for the general fund and the aggregate remaining fund information of the County of Brunswick, North Carolina, as of and for the year then ended June 30, 2006, which collectively comprise the County's basic financial statements, as listed in the 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, the Brunswick County Hospital Authority or the Brunswick County Airport Commission which represents 100 percent, of the assets, net assets and revenues of the component unit columns. 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, the Brunswick County Hospital 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. The financial statements of the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority, Brunswick County Hospital Authority and the Brunswick County Airport Commission were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Brunswick, North Carolina, as of June 30, 2006 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2006 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 and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the 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 on it.

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 introductory information, combining and individual fund financial statements and schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, 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. The combining and individual fund financial statements and schedules and the accompanying schedule of expenditures of federal and State awards have 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. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
September 1, 2006

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, 2006. 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 \$67.4 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 and community college 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 and community college. 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 education general obligation debt is approximately \$77.3 million dollars. Furthermore, the entire amount of education 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 \$9.8 million.
- As of the close of the 2006 fiscal year, the County's general fund reported an unreserved fund balance of \$50.2 million, increased \$12.5 million from \$37.7 million in the prior fiscal year. Of the unreserved fund balance, approximately \$6.4 million was designated to balance the budget in fiscal year 2006-2007. The budgeted fund balance appropriation was for transfers to the County Capital Reserve designated for county capital projects. An additional \$3.2 million of fund balance has been appropriated for subsequent year expenditures resulting in approximately \$40.6 million as available for spending at the government's discretion (*undesignated fund balance*.)
- The County maintained its bond ratings with Fitch of AA- for general obligation issues and A+ for certificates of participation issues. Moody's Investor Services ratings for the County on general obligation bonds were Aa3 and certificates of participation A1. The County maintained its bond rating of AA- and A+ from Standard & Poor's bond rating agency.

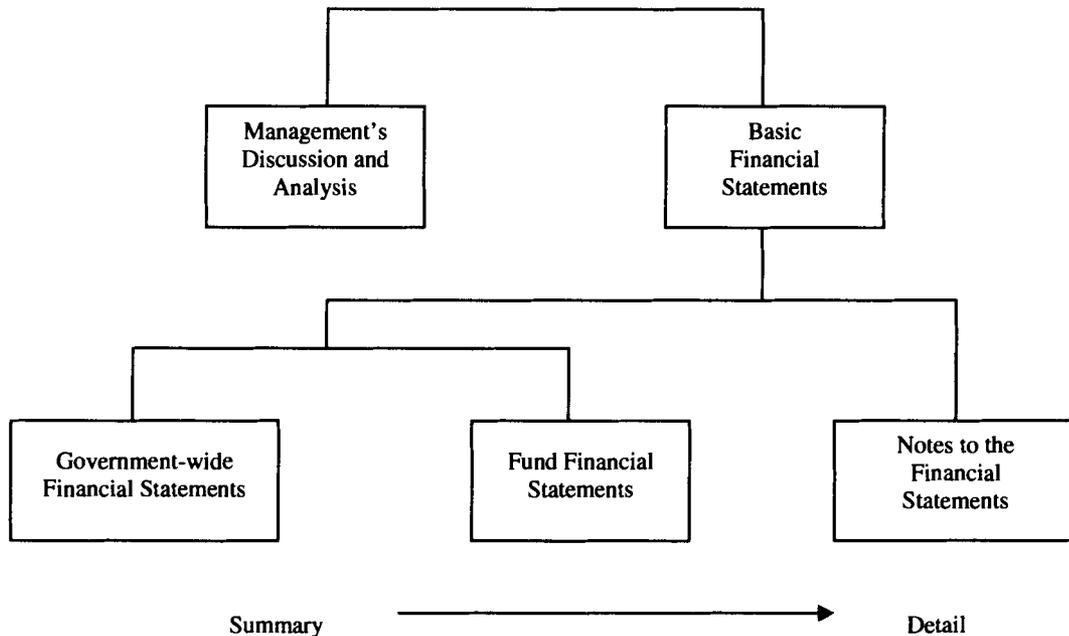
OVERVIEW OF THE FINANCIAL STATEMENTS

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 wastewater 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 14-16 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 wastewater activities. These funds are 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 eight 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 26-56 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 57 of this report.

Brunswick County's Net Assets
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 109,215,069	\$ 106,883,461	\$ 40,163,576	\$ 40,163,378	\$ 149,378,645	\$ 147,046,839
Capital assets	77,604,402	74,141,619	166,088,800	140,491,334	243,693,202	214,632,953
Total assets	<u>186,819,471</u>	<u>181,025,080</u>	<u>206,252,376</u>	<u>180,654,712</u>	<u>393,071,847</u>	<u>361,679,792</u>
Long-term liabilities outstanding	106,475,668	112,068,372	72,759,945	65,830,762	179,235,613	177,899,134
Other liabilities	12,961,903	11,328,363	11,611,664	13,260,513	24,573,567	24,588,876
Total liabilities	<u>119,437,571</u>	<u>123,396,735</u>	<u>84,371,609</u>	<u>79,091,275</u>	<u>203,809,180</u>	<u>202,488,010</u>
Net assets:						
Invested in capital assets, net of related debt	54,279,043	60,472,038	93,748,105	85,940,452	148,027,148	146,412,490
Unrestricted	13,102,857	(2,843,693)	28,132,662	15,622,985	41,235,519	12,779,292
Total net assets	<u>\$ 67,381,900</u>	<u>\$ 57,628,345</u>	<u>\$ 121,880,767</u>	<u>\$ 101,563,437</u>	<u>\$ 189,262,667</u>	<u>\$ 159,191,782</u>

The assets of Brunswick County governmental activities exceeded its liabilities by \$67.4 million as of June 30, 2006. Net assets are reported in two categories: invested in capital assets, net of related debt of \$54.3 million and unrestricted net assets of \$13.1 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 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, 2006, the unrestricted net assets were \$13.1 million. Even though the debt issued has been issued to finance capital outlay, construction and renovation for the school system and the community college, 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 education 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:

Education Debt	\$(77.3) million
All Other	<u>90.4</u> million
Total unrestricted	\$ 13.1 million

The impact of the inclusion of the education 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	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 13,672,830	\$13,720,956	\$ 24,391,056	\$16,926,159	\$ 38,063,886	\$30,647,115
Operating grants and contributions	15,222,947	13,423,805	-	-	15,222,947	13,423,805
Capital grants and contributions	2,174,960	3,556,280	8,414,039	2,524,677	10,588,999	6,080,957
General revenues:						
ad Valorem taxes	78,767,616	73,327,947	-	-	78,767,616	73,327,947
Local option taxes	21,061,222	18,867,402	-	-	21,061,222	18,867,402
Other taxes	8,761,948	7,061,892	-	-	8,761,948	7,061,892
Investment earnings	4,199,756	1,832,774	1,295,870	758,787	5,495,626	2,591,561
Total revenues	143,861,279	131,791,056	34,100,965	20,209,623	177,962,244	152,000,679
Expenses:						
General Government	11,650,297	12,265,609	-	-	11,650,297	12,265,609
Public Safety	21,488,245	16,613,151	-	-	21,488,245	16,613,151
Central Services	11,415,044	9,819,916	-	-	11,415,044	9,819,916
Human Services	24,449,640	21,705,607	-	-	24,449,640	21,705,607
Transportation	1,553,193	860,256	-	-	1,553,193	860,256
Environmental Protection	10,201,646	9,737,741	-	-	10,201,646	9,737,741
Cultural and Recreation	2,932,943	3,094,606	-	-	2,932,943	3,094,606
Economic and Physical Development	5,888,020	5,800,337	-	-	5,888,020	5,800,337
Education	40,347,613	35,261,269	-	-	40,347,613	35,261,269
Loss on disposal of capital assets	-	10,909,492	-	-	-	10,909,492
Interest on Long Term Debt	4,120,523	6,016,632	-	-	4,120,523	6,016,632
Utilities	-	-	13,843,805	13,141,611	13,843,805	13,141,611
Total Expenses	134,047,164	132,084,616	13,843,805	13,141,611	147,890,969	145,226,227
Increase (Decrease) in net assets before transfers	9,814,115	(335,929)	20,257,160	7,068,012	30,071,275	6,774,452
Transfers	(60,169)	(1,862,584)	60,168	1,862,584	(1)	-
Increase (Decrease) in Net Assets	9,753,946	(2,156,144)	20,317,328	8,930,596	30,071,274	6,774,452
Net Assets (restated), July 1	57,627,954	59,784,489	101,563,439	92,632,841	159,191,393	152,417,330
Net Assets, June 30	\$ 67,381,900	\$57,628,345	\$ 121,880,767	\$101,563,437	\$189,262,667	\$159,191,782

Governmental activities. Governmental activities accounted for \$67.4 million, which is over 36 percent of the total net assets. Operating grants funded \$15.2 million of the County's governmental activities.

Business-type activities. Business-type activities increased the County's net assets by \$20 million. This increase is due primarily to the construction in progress of the regional wastewater treatment system.

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 expendable 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 \$101.3 million, which is an increase of \$1 million in comparison with the prior year. Approximately 87 percent of this total amount, \$88.3, 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 \$50.2 million, while total fund balance for the general fund reached \$61.6 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 general fund expenditures and total governmental fund expenditures. Unreserved general fund balance represents 40.8 percent of total general fund expenditures, while total general fund balance represents 50 percent of that same amount. The unreserved general fund balance represents 34.8 percent of total governmental funds expenditures and the total general fund balance represents 50 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 \$14.4 million. The majority of this increase, \$5.2 million in increased ad Valorem taxes and \$3.6 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 & Wastewater Fund at the end of the year totaled \$28.1 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, 2006 amounts to \$244 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 two 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 owns and operates the wastewater treatment facility, while the partners are responsible for their respective collection systems. This joint venture allowed 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 is fully supported by user charges. The County's investment in this capital asset is approximately \$12 million as of June 30, 2006.

In addition to the Northeast Brunswick Regional Wastewater System, the County completed construction in February 2006 of the West Brunswick Regional Wastewater System. Partners in the system include Brunswick County, the Town of Holden Beach, Town of Oak Island and the Town of Shallotte. Plans are underway to expand the treatment plant from a 3 mgd to a 6 mgd plant and construct transmission lines to serve the Towns of Oak Island and Shallotte along with the southwest portions 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. The system is be fully supported by user charges. 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 \$59.5 million as of June 30, 2006.

Brunswick County's Capital Assets

Figure 4

	Activities	Activities	Total
Land	\$ 6,742,508	\$ 1,185,138	\$ 7,927,646
Buildings and improvements	57,169,923	36,426,512	93,596,435
Equipment and vehicles	9,129,485	1,404,993	10,534,478
Water Tanks	-	1,772,324	1,772,324
Water line, wells, taps pump stations, and distribution systems	-	62,312,902	62,312,902
Construction in progress	4,562,486	62,986,931	67,549,417
Total Capital Assets (net of accumulated depreciation)	\$ 77,604,402	\$ 166,088,800	\$ 243,693,202

Additional information on Brunswick County's capital assets can be found in Note 4 on pages 39 and 40 of this report.

Long-term Debt. At the end of the current fiscal year, Brunswick County had total general obligation bonded debt outstanding of \$79 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	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 77,290,352	\$ 81,484,694	\$ 1,754,649	\$ 2,525,306	\$ 79,045,001	\$ 84,010,000
Certificates of participation	21,865,000	23,935,000	-	-	21,865,000	23,935,000
Installment purchases	1,185,359	285,687	35,208,530	25,622,555	36,393,889	25,908,242
Revenue Bonds			39,174,319	39,447,389	39,174,319	39,447,389
Other	13,237,517	13,141,028	209,625	190,791	13,447,142	13,331,819
Total long-term debt	\$ 113,578,228	\$ 118,846,409	\$ 76,347,123	\$ 67,786,041	\$ 189,925,351	\$ 186,632,450

This outstanding indebtedness is out of a legal debt limit of \$1.159 billion. The legal debt margin on June 30, 2006 was \$1.06 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 7.6%.

The County's governmental general obligation debt per capita is \$834 as of June 30, 2006 while the County's governmental activities gross debt per capita (excluding landfill closure/post closure, accrued compensated absences and pension benefit obligations) is \$1,082 due to \$236 in outstanding Certificates of Participation for other long term financing for construction and renovation of various County and Education Buildings and \$12 for equipment installment purchases.

The County's total debt had a net increase of \$3.3 million, 1.8 percent, during the current fiscal year. The key factors in this increase were installment financing for equipment. Additional information on Brunswick County's long-term debt can be found in Note 7 on pages 42-45 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Brunswick County is currently 4.5 percent at June 30, 2006, compared to the state's seasonally adjusted unemployment rate of 4.8 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population estimation of 92,686 has grown approximately 45 percent from 1996 to 2006.

All of these factors were considered in preparing Brunswick County's budget for fiscal year 2006-2007.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2006-2007

Governmental activities. A 7.27 percent growth in the tax base is anticipated over last year, to a total \$14.75 billion in property valuation. This equates to an additional \$6 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 operating expenditures in the General Fund are expected to rise 10.1 percent to \$134.3 million. The largest increases were in public safety, debt service requirements and employee benefits adjustments.

Budgeted expenditures for education are expected to increase 9.3 percent or approximately \$2. million. Education 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 education debt service payments for an approved general obligation school debt of \$83.5 million and community college debt issued of \$3.5 million and \$26.5 million authorized but un-issued. 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 wastewater enterprise fund is anticipated to increase approximately 20.1 percent to cover increased cost in personnel, operation, capital outlay costs and due to normal growth, but primarily due to the first full year of operation of the West Brunswick Regional Wastewater Treatment Plant.

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.

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COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF NET ASSETS

June 30, 2006

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
Assets:				
Current Assets:				
Cash and cash equivalents/investments	\$ 85,110,132	\$ 33,172,677	\$ 118,282,809	\$ 931,749
Restricted cash and investments	10,796,243	3,451,405	14,247,648	-
Taxes receivable, net	1,393,251	-	1,393,251	-
Receivables and special assessments, net	2,032,315	2,321,253	4,353,568	16,462
Other governmental agencies	5,407,484	4,625,937	10,033,421	1,199,886
Internal balances	3,860,426	(3,860,427)	(1)	-
Inventories	-	452,731	452,731	229,960
Prepaid items	615,218	-	615,218	14,169
Total current assets	<u>109,215,069</u>	<u>40,163,576</u>	<u>149,378,645</u>	<u>2,392,226</u>
Capital Assets:				
Non-depreciable capital assets	11,304,994	64,172,069	75,477,063	-
Depreciable capital assets, net	66,299,408	101,916,731	168,216,139	10,260,094
Total capital assets	<u>77,604,402</u>	<u>166,088,800</u>	<u>243,693,202</u>	<u>10,260,094</u>
Total assets	<u>\$ 186,819,471</u>	<u>\$ 206,252,376</u>	<u>\$ 393,071,847</u>	<u>\$ 12,652,320</u>
Liabilities and Net Assets:				
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 5,562,979	\$ 4,766,879	\$ 10,329,858	\$ 432,492
Current maturities of long-term debt	7,102,560	3,587,178	10,689,738	-
Due other governmental agencies	44,541	-	44,541	778,249
Deposits	-	914,540	914,540	-
Interest payable	-	-	-	-
Deferred/unearned revenues	251,823	2,343,067	2,594,890	-
Total current liabilities	<u>12,961,903</u>	<u>11,611,664</u>	<u>24,573,567</u>	<u>1,210,741</u>
Noncurrent Liabilities:				
Accrued compensated absences	2,463,307	177,625	2,640,932	-
Long-term debt	104,012,361	72,582,320	176,594,681	786,031
Total noncurrent liabilities	<u>106,475,668</u>	<u>72,759,945</u>	<u>179,235,613</u>	<u>786,031</u>
Total liabilities	<u>119,437,571</u>	<u>84,371,609</u>	<u>203,809,180</u>	<u>1,996,772</u>
Net Assets:				
Invested in capital assets, net of related debt	54,279,043	93,748,105	148,027,148	9,492,113
Restricted For:				
Other purposes	-	-	-	416,904
Unrestricted	13,102,857	28,132,662	41,235,519	746,531
Total net assets	<u>\$ 67,381,900</u>	<u>\$ 121,880,767</u>	<u>\$ 189,262,667</u>	<u>\$ 10,655,548</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF ACTIVITIES
June 30, 2006

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Government Activities:				
General government	\$ 11,650,297	\$ 3,445,947	\$ -	\$ -
Public safety	21,488,245	4,610,690	-	-
Central services	11,415,044	1,133,005	-	-
Human services	24,449,640	1,450,075	15,222,947	-
Transportation	1,553,193	-	-	-
Environmental protection	10,201,646	2,315,762	-	-
Cultural and recreation	2,932,943	717,351	-	-
Economic and physical development	5,888,020	-	-	1,626,521
Education	40,347,613	-	-	548,439
Interest on long-term debt	4,120,523	-	-	-
Total governmental activities	<u>134,047,164</u>	<u>13,672,830</u>	<u>15,222,947</u>	<u>2,174,960</u>
Business-type Activities:				
Water	10,906,786	15,985,038	-	4,058,527
Wastewater	<u>2,937,019</u>	<u>8,406,018</u>	<u>-</u>	<u>4,355,512</u>
Total business-type activities	<u>13,843,805</u>	<u>24,391,056</u>	<u>-</u>	<u>8,414,039</u>
Total primary government	<u>\$ 147,890,969</u>	<u>\$ 38,063,886</u>	<u>\$ 15,222,947</u>	<u>\$ 10,588,999</u>
Discretely presented component units	<u>\$ 3,596,107</u>	<u>\$ 3,502,088</u>	<u>\$ 270,390</u>	<u>\$ 1,721,478</u>
General Revenues:				
Ad valorem taxes				
Local option taxes				
Other taxes				
Investment earnings				
Total general revenues				
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
\$ (8,204,350)	\$ -	\$ (8,204,350)	
(16,877,555)	-	(16,877,555)	
(10,282,039)	-	(10,282,039)	
(7,776,618)	-	(7,776,618)	
(1,553,193)	-	(1,553,193)	
(7,885,884)	-	(7,885,884)	
(2,215,592)	-	(2,215,592)	
(4,261,499)	-	(4,261,499)	
(39,799,174)	-	(39,799,174)	
(4,120,523)	-	(4,120,523)	
<u>(102,976,427)</u>	<u>-</u>	<u>(102,976,427)</u>	
-	9,136,779	9,136,779	
-	9,824,511	9,824,511	
-	<u>18,961,290</u>	<u>18,961,290</u>	
<u>(102,976,427)</u>	<u>18,961,290</u>	<u>(84,015,137)</u>	
			<u>\$ 1,897,849</u>
78,767,616	-	78,767,616	-
21,061,222	-	21,061,222	-
8,761,948	-	8,761,948	-
<u>4,199,756</u>	<u>1,295,870</u>	<u>5,495,626</u>	<u>31,815</u>
112,790,542	1,295,870	114,086,412	31,815
<u>(60,169)</u>	<u>60,168</u>	<u>(1)</u>	<u>-</u>
<u>112,730,373</u>	<u>1,356,038</u>	<u>114,086,411</u>	<u>31,815</u>
9,753,946	20,317,328	30,071,274	1,929,664
<u>57,627,954</u>	<u>101,563,439</u>	<u>159,191,393</u>	<u>8,725,884</u>
<u>\$ 67,381,900</u>	<u>\$ 121,880,767</u>	<u>\$ 189,262,667</u>	<u>\$ 10,655,548</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2006

	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	\$ 48,430,801	\$ 5,798,578	\$ 12,646,578	\$ 12,460,089	\$ 5,774,086	\$ 85,110,132
Taxes receivable - net	1,393,251	-	-	-	-	1,393,251
Receivables - net	1,354,409	-	-	237,253	220,910	1,812,572
Interest receivable	138,430	-	-	-	-	138,430
Special assessment	-	-	-	-	81,313	81,313
Due from other funds	4,654,746	-	-	-	612,877	5,267,623
Due from other governmental agencies	4,802,787	-	-	604,697	-	5,407,484
Cash, cash equivalents and investments - restricted	7,925,704	-	-	2,864,624	5,915	10,796,243
Prepaid items	615,218	-	-	-	-	615,218
Total assets	\$ 69,315,346	\$ 5,798,578	\$ 12,646,578	\$ 16,166,663	\$ 6,695,101	\$ 110,622,266
Liabilities, Equity, and Other Credits:						
Liabilities:						
Accounts payable, accrued liabilities	\$ 4,800,433	\$ -	\$ -	\$ 383,060	\$ 379,484	\$ 5,562,977
Due to other funds	612,878	-	-	794,133	186	1,407,197
Due to other governmental agencies	44,541	-	-	-	-	44,541
Deferred revenues	2,210,811	-	-	-	81,313	2,292,124
Total liabilities	7,668,663	-	-	1,177,193	460,983	9,306,839
Fund Balances:						
Reserved by State statute	10,811,942	-	-	841,950	703,481	12,357,373
Reserved for prepaids	615,218	-	-	-	-	615,218
Reserved for debt service	-	-	-	-	5,729	5,729
Unreserved:						
General fund	50,219,523	-	-	-	-	50,219,523
Special revenue funds	-	5,798,578	-	-	5,524,908	11,323,486
Capital project funds	-	-	12,646,578	14,147,520	-	26,794,098
Total equity and other credits	61,646,683	5,798,578	12,646,578	14,989,470	6,234,118	101,315,427
Total liabilities, equity and other credits	\$ 69,315,346	\$ 5,798,578	\$ 12,646,578	\$ 16,166,663	\$ 6,695,101	\$ 110,622,266

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	\$ 101,315,427
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	77,604,402
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	2,040,299
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	(113,578,228)
Net assets reported as governmental activities	\$ 67,381,900

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Major Funds				Non Major Governmental Funds	Total Governmental Funds
	General	County Capital Reserve	Schools Capital Project	County Capital Project		
Revenues:						
Ad valorem taxes	\$ 79,137,087	\$ -	\$ -	\$ -	\$ -	\$ 79,137,087
Special assessments	-	-	-	-	64,430	64,430
Local option sales taxes	21,061,222	-	-	-	-	21,061,222
Other taxes and licenses	7,151,457	-	-	-	1,738,495	8,889,952
Unrestricted intergovernmental revenues	251,627	-	-	-	-	251,627
Restricted intergovernmental revenues	15,281,034	-	548,439	1,475,749	350,222	17,655,444
Permits and fees	7,550,776	-	-	-	-	7,550,776
Sales and services	4,921,912	-	-	-	-	4,921,912
Investment earnings	2,925,644	435,481	547,230	109,050	182,351	4,199,756
Other	495,380	-	-	10,672	42,194	548,246
Total revenues	138,776,139	435,481	1,095,669	1,595,471	2,377,692	144,280,452
Expenditures:						
Current:						
General government	10,866,390	-	-	517,149	3,500	11,387,039
Public safety	19,952,326	-	-	942,093	1,024,018	21,918,437
Central services	12,348,752	-	-	-	-	12,348,752
Human services	24,451,543	-	-	-	-	24,451,543
Transportation	85,000	-	-	1,468,193	-	1,553,193
Environmental protection	10,163,812	-	-	-	-	10,163,812
Culture and recreation	4,339,985	-	-	1,668,188	-	6,008,173
Economic and physical development	3,985,417	-	-	-	1,780,021	5,765,438
Education	25,624,225	-	14,072,324	-	-	39,696,549
Debt Service:						
Principal retirement	6,372,162	-	-	-	-	6,372,162
Interest and fiscal charges	4,620,523	-	-	-	-	4,620,523
Total expenditures	122,810,135	-	14,072,324	4,595,623	2,807,539	144,285,621
Revenues over (under) expenditures	15,966,004	435,481	(12,976,655)	(3,000,152)	(429,847)	(5,169)
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Payment to escrow agent for refunded debt	-	-	-	-	-	-
Transfers from other funds	8,247,416	4,341,286	4,782,975	14,925,536	2,604,064	34,901,277
Transfers to other funds	(17,276,903)	(12,687,383)	-	-	(4,997,161)	(34,961,447)
Debt financing issued	1,007,492	-	-	-	-	1,007,492
Total other financing sources (uses)	(8,021,995)	(8,346,097)	4,782,975	14,925,536	(2,393,097)	947,322
Revenues and other financing sources over (under) expenditures and other financing uses	7,944,009	(7,910,616)	(8,193,680)	11,925,384	(2,822,944)	942,153
Fund balance, beginning of year	53,702,674	13,709,194	20,840,258	3,064,086	9,057,062	100,373,274
Fund balance, end of year	\$ 61,646,683	\$ 5,798,578	\$ 12,646,578	\$ 14,989,470	\$ 6,234,118	\$ 101,315,427

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

Net change in fund balances - total governmental funds (Exhibit D)	\$ 942,153
<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	(369,471)
Special assessment revenue	(192,434)
Emergency services revenues	63,325
Public Health revenues	79,409
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.	(350,946)
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.	7,764,205
Contribution of capital assets do not provide current financial resources and are not reported in the funds	-
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.	(163,473)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements.	(4,137,949)
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.	6,372,162
Change in closure/post closure liability estimate. Expenses are reported as incurred in the funds.	254,457
Change in interest payable for governmental activity long-term debt. Interest expense is recorded as incurred in the fund statements.	500,000
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.	<u>(1,007,492)</u>
Change in net assets of governmental activities per Exhibit B	<u>\$ 9,753,946</u>

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

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, 2006

	General Fund				County Capital Reserve Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Ad valorem taxes	\$73,293,275	\$78,566,275	\$79,137,087	\$ 570,812	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	20,040,810	20,040,810	21,061,222	1,020,412	-	-	-	-
Other taxes and licenses	4,203,000	7,123,674	7,151,457	27,783	-	-	-	-
Unrestricted intergovernmental revenues	24,000	251,626	251,627	1	-	-	-	-
Restricted intergovernmental revenues	11,811,152	15,383,705	15,281,034	(102,671)	-	-	-	-
Permits and fees	5,768,233	6,282,470	7,550,776	1,268,306	-	-	-	-
Sales and services	3,712,299	4,307,662	4,921,912	614,250	-	-	-	-
Investment earnings	1,305,731	2,464,502	2,925,644	461,142	-	265,548	435,481	169,933
Other	111,050	223,567	495,380	271,813	-	-	-	-
Total revenues	120,269,550	134,644,291	138,776,139	4,131,848	-	265,548	435,481	169,933
Expenditures:								
Current:								
General government	10,662,528	14,171,236	10,866,390	3,304,846	-	-	-	-
Public safety	18,071,744	21,455,232	19,952,326	1,502,906	-	-	-	-
Central services	12,586,933	13,451,631	12,348,752	1,102,879	-	-	-	-
Human services	24,394,388	27,246,594	24,451,543	2,795,051	-	-	-	-
Transportation	85,000	85,000	85,000	-	-	-	-	-
Environmental protection	10,151,246	10,702,469	10,163,812	538,657	-	-	-	-
Culture and recreation	4,373,726	5,744,304	4,339,985	1,404,319	-	-	-	-
Economic and physical development	4,329,065	4,732,566	3,985,417	747,149	-	-	-	-
Education	25,604,225	25,624,225	25,624,225	-	-	-	-	-
Debt Service:								
Principal retirement	6,585,362	6,487,723	6,372,162	115,561	-	-	-	-
Interest and fiscal charges	4,581,050	4,553,689	4,620,523	(66,834)	-	-	-	-
Total expenditures	121,425,267	134,254,669	122,810,135	11,444,534	-	-	-	-
Revenues over (under) expenditures	(1,155,717)	389,622	15,966,004	15,576,382	-	265,548	435,481	169,933
Other Financing Sources (Uses):								
Long-term debt issued	-	1,007,492	1,007,492	-	-	-	-	-
Advance repayment of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers from other funds	5,028,697	8,443,427	8,247,416	(196,011)	-	4,341,286	4,341,286	-
Transfers to other funds	(6,420,562)	(17,025,016)	(17,276,903)	(251,887)	-	(18,316,013)	(12,687,383)	5,628,630
Contingency	(500,000)	(276,431)	-	276,431	-	-	-	-
Appropriated fund balance	3,047,582	7,460,906	-	(7,460,906)	-	13,709,179	-	(13,709,179)
Total other financing sources (uses)	1,155,717	(389,622)	(8,021,995)	(7,632,373)	-	(265,548)	(8,346,097)	(8,080,549)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	7,944,009	\$ 7,944,009	\$ -	\$ -	(7,910,616)	\$ (7,910,616)
Fund balance, beginning of year			53,702,674				13,709,194	
Fund balance, end of year			<u>\$61,646,683</u>				<u>\$ 5,798,578</u>	

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF FUND NET ASSETS- PROPRIETARY FUNDS

June 30, 2006

	Business-type Activities - Enterprise			
	Major Funds		Nonmajor	Total
	Water	Wastewater	Funds	
Assets:				
Current Assets:				
Cash and cash equivalents/investments	\$ 21,972,883	\$ 10,289,438	\$ 910,356	\$ 33,172,677
Receivables, net	1,943,393	377,860	-	2,321,253
Due from other governmental agencies	337,758	4,288,179	-	4,625,937
Inventories	213,546	239,185	-	452,731
Cash and cash equivalents/investments - restricted		3,451,405	-	3,451,405
Due from other funds	-	-	-	-
Total current assets	<u>24,467,580</u>	<u>18,646,067</u>	<u>910,356</u>	<u>44,024,003</u>
Capital Assets:				
Non-depreciable capital assets	2,891,546	61,280,523	-	64,172,069
Depreciable capital assets, net	<u>73,247,549</u>	<u>28,669,182</u>	-	<u>101,916,731</u>
Total capital assets	<u>76,139,095</u>	<u>89,949,705</u>	-	<u>166,088,800</u>
Total assets	<u>\$ 100,606,675</u>	<u>\$ 108,595,772</u>	<u>\$ 910,356</u>	<u>\$ 210,112,803</u>
Liabilities and Net Assets:				
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 1,827,678	\$ 2,939,201	\$ -	\$ 4,766,879
Current portion of long-term debt	853,811	2,733,367	-	3,587,178
Customer deposits	914,540	-	-	914,540
Due to other funds	100,833	3,759,594	-	3,860,427
Total current liabilities	<u>3,696,862</u>	<u>9,432,162</u>	-	<u>13,129,024</u>
Noncurrent Liabilities:				
Accrued compensated absences	162,590	47,035	-	209,625
Deferred revenues	-	2,343,067	-	2,343,067
Noncurrent portion on long-term debt	<u>3,191,133</u>	<u>69,359,187</u>	-	<u>72,550,320</u>
Total noncurrent liabilities	<u>3,353,723</u>	<u>71,749,289</u>	-	<u>75,103,012</u>
Total liabilities	<u>7,050,585</u>	<u>81,181,451</u>	-	<u>88,232,036</u>
Net Assets:				
Invested in capital assets, net of related debt	73,110,552	20,637,553	-	93,748,105
Unrestricted	<u>20,445,538</u>	<u>6,776,768</u>	<u>910,356</u>	<u>28,132,662</u>
Total net assets	<u>\$ 93,556,090</u>	<u>\$ 27,414,321</u>	<u>\$ 910,356</u>	<u>\$ 121,880,767</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise			
	Major Funds		Nonmajor Funds	Total
	Water	Wastewater		
Operating Revenues:				
User charges	\$ 15,923,101	\$ 8,243,004	\$ -	\$ 24,166,105
Other	61,937	163,014	-	224,951
Total operating revenues	<u>15,985,038</u>	<u>8,406,018</u>	<u>-</u>	<u>24,391,056</u>
Operating Expenses:				
Salaries and employee benefits	3,585,319	1,069,118	-	4,654,437
Operating expenses	4,656,809	743,546	-	5,400,355
Depreciation and amortization	2,423,847	711,361	-	3,135,208
Total operating expenses	<u>10,665,975</u>	<u>2,524,025</u>	<u>-</u>	<u>13,190,000</u>
Operating income (loss)	<u>5,319,063</u>	<u>5,881,993</u>	<u>-</u>	<u>11,201,056</u>
Nonoperating Revenues (Expenses):				
Grants and subsidies	9,460	43,144	-	52,604
Investment earnings	613,753	556,629	125,488	1,295,870
Interest expense	(240,811)	(412,994)	-	(653,805)
Total nonoperating revenues (expenses)	<u>382,402</u>	<u>186,779</u>	<u>125,488</u>	<u>694,669</u>
Income before transfers and capital contributions	5,701,465	6,068,772	125,488	11,895,725
Transfers in (out)	<u>1,151,651</u>	<u>1,562,360</u>	<u>(2,653,843)</u>	<u>60,168</u>
Income (loss) before capital contributions	6,853,116	7,631,132	(2,528,355)	11,955,893
Capital contributions	<u>4,049,067</u>	<u>4,312,368</u>	<u>-</u>	<u>8,361,435</u>
Increase (decrease) in net assets	10,902,183	11,943,500	(2,528,355)	20,317,328
Net assets, beginning of year	<u>82,653,907</u>	<u>15,470,821</u>	<u>3,438,711</u>	<u>101,563,439</u>
Net assets, end of year	<u>\$ 93,556,090</u>	<u>\$ 27,414,321</u>	<u>\$ 910,356</u>	<u>\$ 121,880,767</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise			
	Major Funds		Nonmajor Funds	Total
	Water	Wastewater		
Cash Flows From Operating Activities:				
Receipts from customers	\$ 16,397,641	\$ 8,198,117	\$ -	\$ 24,595,758
Payments to suppliers for goods and services	(3,305,896)	(5,495,223)	-	(8,801,119)
Payments to or on behalf of employees	(3,572,179)	(1,056,854)	-	(4,629,033)
Net cash provided by (used in) operating activities	<u>9,519,566</u>	<u>1,646,040</u>	<u>-</u>	<u>11,165,606</u>
Cash Flows From Noncapital Financing Activities:				
Transfers in (out)	1,151,651	1,562,360	(2,653,843)	60,168
Advances (repayments) of interfund debt	1,423,092	(6,038,251)	-	(4,615,159)
Grants	<u>9,460</u>	<u>43,144</u>	<u>-</u>	<u>52,604</u>
Net cash provided (used) by noncapital financing activities	<u>2,584,203</u>	<u>(4,432,747)</u>	<u>(2,653,843)</u>	<u>(4,502,387)</u>
Net Cash From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(7,587,183)	(21,145,491)	-	(28,732,674)
Proceeds from issuance of long-term debt	-	-	-	-
Interest paid	(240,811)	(412,994)	-	(653,805)
Capital contributions	4,049,067	4,312,368	-	8,361,435
Change in due from other governments	12,374	488,678	-	501,052
Principal payments on long-term debt	<u>(852,579)</u>	<u>9,394,827</u>	<u>-</u>	<u>8,542,248</u>
Net cash provided (used) in capital and related financing activities	<u>(4,619,132)</u>	<u>(7,362,612)</u>	<u>-</u>	<u>(11,981,744)</u>
Cash Flows From Investing Activities:				
Interest on investments	<u>613,753</u>	<u>556,629</u>	<u>125,488</u>	<u>1,295,870</u>
Net increase (decrease) in cash and cash equivalents	8,098,390	(9,592,690)	(2,528,355)	(4,022,655)
Cash and cash equivalents, beginning of year	<u>13,874,493</u>	<u>23,333,533</u>	<u>3,438,711</u>	<u>40,646,737</u>
Cash and cash equivalents, end of year	<u>\$ 21,972,883</u>	<u>\$ 13,740,843</u>	<u>\$ 910,356</u>	<u>\$ 36,624,082</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise			
	Major Funds		Nonmajor Funds	Total
	Water	Wastewater		
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 5,319,063	\$ 5,881,993	\$ -	\$ 11,201,056
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	2,423,847	711,361	-	3,135,208
Loss on disposal of capital assets	-	-	-	-
Bad debt expense	-	-	-	-
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	241,896	(70,073)	-	171,823
(Increase) decrease in inventories	158,981	(239,185)	-	(80,204)
Increase (decrease) in accounts payable and accrued expenses	1,205,072	(4,500,228)	-	(3,295,156)
Increase (decrease) in deferred revenue	-	(137,828)	-	(137,828)
Increase (decrease) in customer deposits	170,707	-	-	170,707
Net cash provided by (used in) operating activities	<u>\$ 9,519,566</u>	<u>\$ 1,646,040</u>	<u>\$ -</u>	<u>\$ 11,165,606</u>
Supplemental Disclosures of Noncash Transactions				
Dedicated Waterlines	<u>\$ 4,049,067</u>	<u>\$ 4,312,368</u>	<u>\$ -</u>	<u>\$ 8,361,435</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS

June 30, 2006

Assets:

Cash, cash equivalents and investments	\$	2,024,014
Receivable - net		<u>42,595</u>
Total assets	\$	<u>2,066,609</u>

Liabilities:

Due to other governmental agencies	\$	1,646,682
Other		<u>419,927</u>
Total liabilities	\$	<u>2,066,609</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, 2006

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 93,000, 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 wastewater 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 not-for-profit corporation for a period of 30 years beginning March 1, 2006. 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, 2006

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 \$270,000 for the fiscal year ended June 30, 2006. 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, 2006

Appropriations to the Airport totaled \$60,000 for the fiscal year ended June 30, 2006. 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

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, 2006, conform to generally accepted accounting principles applicable to governments.

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, 2006

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. The Water Fund includes activity from the Water Capital Projects Fund. This fund is used to account for additions and improvements of major water enterprise facilities which are financed by transfers from the water capital reserve funds, bond proceeds, and financing agreements.

Wastewater Fund - This fund is used to account for the County's wastewater operations. The Wastewater Fund includes activity from the Wastewater Capital Projects Fund. This fund is used to account for additions and improvements of major wastewater facilities which are financed by transfers from the wastewater capital reserve fund, bond proceeds, and financing agreements.

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.

The County maintains eight 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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2006

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; the Family Self-Sufficiency Trust which accounts for credits earned by HUD-Public Housing participants; the Inmate Trust Fund which accounts for personal funds of the inmates in the detention center; and the 3% Interest Payable to the State Fund which accounts for motor vehicle tax interest fees collected by the County that are assessed by and remitted to the State.

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. As permitted by generally accepted accounting principles, the County has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations.

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 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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2006

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 2005 through February 2006 apply to the fiscal year ended June 30, 2006. 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, 2006 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.

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 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 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 \$4,413,324.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2006

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.

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, 2006

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.

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.

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.

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).

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.

Due To/From Other Funds and Internal Balances

Amounts, reported at June 30, 2006 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, 2006

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.

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

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.

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2006

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

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 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, 2006**

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	\$ 6,380,772	\$ 4,659,633	\$ -
Designated for subsequent year's expenditures	3,371,011	-	-
	<u>\$ 9,751,783</u>	<u>\$ 4,659,633</u>	<u>\$ -</u>

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.

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.

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.

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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

2. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments of the County as of June 30, 2006 include the following:

	<u>Reported value</u>	<u>Fair value</u>
Cash on hand	\$ 3,225	\$ 3,225
Deposits - NOW, SuperNOW, MMDA and certificates of deposit	92,636,934	92,636,934
Investments:		
North Carolina Capital Management Trust	28,649,257	28,649,257
First Citizens Bank (Custodial Account)	<u>13,265,055</u>	<u>13,265,055</u>
Total	<u>\$ 134,554,471</u>	<u>\$ 134,554,471</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.

At June 30, 2006, the deposits of the County had a reported value of \$92,636,934 and bank balances of \$94,498,676. Of the bank balance \$483,218 was covered by federal depository insurance and \$94,015,458 was covered by collateral held under the Pooling Method.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

B. Investments

As of June 30, 2006, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6 - 12 Months</u>	<u>1 - 3 Years</u>
Commercial Paper	\$ 6,661,905	\$ 6,661,905	\$ -	\$ -
US Government Agencies	6,603,150	4,300,868	2,302,282	-
NC Capital Management Trust - Cash Portfolio	28,649,257	N/A	N/A	N/A
Total	\$ 41,914,312	\$ 10,962,773	\$ 2,302,282	\$ -

The County's credit risk policy regarding cash and investments requires diversification by instrument and financial institution as well as restricts deposits to institutions included in the pooling method. Instrument diversification is limited to: U.S. Treasury Obligations, U.S. Government Agency Securities, Banker's Acceptances, Commercial Paper, CD's and NCCMT. Financial Institution diversification is unlimited except for : Banker's Acceptances (10% of portfolio with any one institution) and CD's (10% of portfolio with any one institution).

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

3. Accounts Receivable

Disaggregate Information

<u>Type of Receivable</u>	<u>Amount (Net of Allowance)</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	
Customer/Client Billings	\$ 855,330	\$ 2,321,253	\$ 3,176,583
Miscellaneous	1,176,985	-	1,176,985
	\$ 2,032,315	\$ 2,321,253	\$ 4,353,568

The County's accounts receivable as of June 30, 2006 are presented net of allowance for doubtful accounts as follows:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>
Taxes Receivable	\$ 3,823,239	\$ -	\$ -
EMS Fees	304,975	-	-
User Charges	-	429,965	32,312
	\$ 4,128,214	\$ 429,965	\$ 32,312

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

4. Capital Assets

Governmental capital assets at June 30, 2006 are summarized as follows:

	<u>June 30, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2006</u>	<u>Accumulated Depreciation</u>
Non-Depreciable Assets:						
Land	\$ 6,733,208	\$ 9,300	\$ -	\$ -	\$ 6,742,508	
Construction in Progress	4,063,898	3,148,537	-	(2,649,949)	4,562,486	
Total non-depreciable assets	<u>10,797,106</u>	<u>3,157,837</u>	<u>-</u>	<u>(2,649,949)</u>	<u>11,304,994</u>	
Depreciable Assets						
Buildings and improvements	70,918,218	1,482,174	-	2,649,949	75,050,341	\$ 17,880,418
Equipment and vehicles	18,523,057	3,124,195	(163,473)	-	21,483,779	12,354,294
Total depreciable assets	89,441,275	4,606,368	(163,473)	2,649,949	96,534,120	
Accumulated depreciation	26,096,762	4,137,949	-	-	30,234,712	\$ 30,234,712
Total depreciable assets, net	<u>63,344,513</u>	<u>468,419</u>	<u>(163,473)</u>	<u>2,649,949</u>	<u>66,299,408</u>	
Total capital assets	<u>\$ 74,141,619</u>	<u>\$ 3,626,256</u>	<u>\$ (163,473)</u>	<u>\$ -</u>	<u>\$ 77,604,402</u>	

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

<u>Function</u>	<u>Depreciation Expense</u>
General government	\$ 912,092
Public safety	1,837,830
Central services	518,108
Human services	250,264
Environmental protection	116,162
Economic and physical development	118,447
Cultural and recreation	385,047
Total	<u>\$ 4,137,950</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

Enterprise fund capital assets at June 30, 2006 are summarized as follows:

<u>Water Fund</u>	<u>June 30, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2006</u>	<u>Accumulated Depreciation</u>
Non-Depreciable Assets:						
Land	\$ 760,138	\$ -	\$ -	\$ -	\$ 760,138	
Construction in Progress	65,081	2,759,081	-	(692,754)	2,131,408	
Total non-depreciable assets	825,219	2,759,081	-	(692,754)	2,891,546	
Depreciable Assets						
Buildings and improvements	25,270,169	-	-	-	25,270,169	\$ 9,585,190
Water Tanks	2,500,945	-	-	-	2,500,945	728,621
Water Lines, wells, taps, & pump stations	67,297,961	4,534,772	-	677,254	72,509,987	17,720,125
Equipment and vehicles	2,618,664	308,825	-	-	2,927,489	1,927,110
Total depreciable assets	97,687,739	4,843,597	-	677,254	103,208,590	
Accumulated depreciation	27,537,199	2,423,847	-	-	29,961,046	\$ 29,961,046
Total depreciable assets, net	70,150,540	2,419,750	-	677,254	73,247,544	
Total capital assets, net	\$ 70,975,759	\$ 5,178,831	\$ -	\$ (15,500)	\$ 76,139,090	
Wastewater Fund						
<u>Wastewater Fund</u>	<u>June 30, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2006</u>	<u>Accumulated Depreciation</u>
Non-Depreciable Assets:						
Land	\$ 425,000	\$ -	\$ -	\$ -	\$ 425,000	
Construction in Progress	44,320,647	16,519,376	-	15,500	60,855,523	
Total non-depreciable assets	44,745,647	16,519,376	-	15,500	61,280,523	
Depreciable Assets						
Buildings and improvements	21,718,211	-	-	-	21,718,211	\$ 976,678.00
Distribution system assets	3,242,621	4,477,977	-	-	7,720,598	197,558
Equipment and vehicles	436,423	132,643	-	-	569,061	164,452
Total depreciable assets	25,397,255	4,610,620	-	-	30,007,875	
Accumulated depreciation	627,327	711,361	-	-	1,338,688	\$ 1,338,688
Total depreciable assets, net	24,769,928	3,899,259	-	-	28,669,187	
Total capital assets, net	\$ 69,515,575	\$ 20,418,635	\$ -	\$ 15,500	\$ 89,949,710	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

5. Accounts Payable and Interfund Balances

Accounts Payable Disaggregate Information

<u>Type of Payable</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Trade Payables	\$ 2,641,057	\$ 644,771	\$ 3,285,828
Construction Costs Payable	383,060	3,976,918	4,359,978
Accrued Salaries and Fringes	1,141,251	145,190	1,286,441
Other deposits held by County	1,397,611	-	1,397,611
Total	\$ 5,562,979	\$ 4,766,879	\$ 10,329,858

The composition of interfund balances as of June 30, 2006 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Capital Project Fund	\$ 100,833
General Fund	County Capital Project Fund	794,319
General Fund	Wastewater Fund Capital Projects	3,759,594
		<u>\$ 4,654,746</u>
School Capital Reserve Fund	General Fund	<u>\$ 612,878</u>

6. Deferred/Unearned Revenues

The balance in deferred/unearned revenues at June 30, 2006 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	\$ 167,300	\$ 167,300	\$ -	\$ -
Taxes Receivable	1,393,251	-	-	-
EMS Receivable	96,693	-	-	-
Health Department Receivable	550,355	-	-	-
Special Assessment Receivable	-	-	81,313	81,313
Other	3,211	3,211	-	-
	<u>\$ 2,210,811</u>	<u>\$ 170,511</u>	<u>\$ 81,313</u>	<u>\$ 81,313</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

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 Wastewater Fund. Principal and interest requirements are appropriated when due.

The County's General Obligation Bonds consisted of the following at June 30, 2006:

<u>Original Issue</u>		<u>Payment Information</u>		<u>Outstanding Balance</u>	
<u>Date</u>	<u>Rate</u>	<u>Period</u>	<u>Amount</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2000	5.25% - 5.75%	Annual	\$200,000 - \$800,000	\$ 3,200,000	\$ -
2001	4.25% - 5.00%	Annual	\$800,000 - \$2,800,000	33,500,000	-
(partially refunded in 2005)					
2003	2.50% - 4.50%	Annual	\$750,000 - \$1,000,000	15,820,000	-
2004	3.00% - 5.00%	Annual	\$600,000 - \$2,080,000	12,680,000	-
2005	3.00% - 4.00%	Annual	\$95,000 - \$1,040,000	8,715,352	1,754,649
2005	3.75% - 4.50%	Annual	\$125,000 - \$400,000	3,375,000	-
Total General Obligation Bonds				<u>\$ 77,290,352</u>	<u>\$ 1,754,649</u>
Revenue Bonds					
2004	3.00% - 5.375%	Annual	\$805,000 - \$2,235,000	-	31,540,000
2004	4.25%	Monthly	\$19,188 - \$50,143	-	7,634,319
Total Revenue Bonds				<u>-</u>	<u>39,174,319</u>
				<u>\$ 77,290,352</u>	<u>\$ 40,928,968</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

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, 2006:

<u>Issued</u>	<u>Payment Information</u>		<u>Rate</u>	<u>Balance</u>	<u>Purpose and Collateral</u>
	<u>Period</u>	<u>Amount</u>		<u>Governmental Activities</u>	
2000	Annual	\$400,000 - \$800,000	5.00% - 5.75%	\$ 3,200,000	County Courthouse
2004	Annual	\$390,000 - \$1,250,000	2.00% - 5.00%	8,725,000	Construct law enforcement center and schools
2005	Annual	\$75,000 - \$1,005,000	3.00% - 4.25%	9,940,000	Refund portion of 2000 COPS; County Courthouse
				<u>\$ 21,865,000</u>	

C. Installment Purchases

The County's Installment Purchase notes payable consisted of the following at June 30, 2006:

<u>Payment Information</u>			<u>Outstanding Balance</u>		<u>Collateral</u>
<u>Period</u>	<u>Amount</u>	<u>Rate</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Annual	\$46,451	4.45%	\$ -	\$ 127,809	Vacuum Truck
Annual	\$375,000	2.55%	-	5,080,721	Wastewater System
Annual	\$511,525 - \$790,275	2.21%	-	10,000,000	Wastewater System
Annual	\$806,645 - \$1,220,552	2.21%	-	20,000,000	Wastewater System
Monthly	\$11,883	4.66%	367,375	-	Compactor
Annual	\$138,093	4.00%	608,992	-	Park Field Lighting
Monthly	\$7,396	4.81%	208,992	-	Telephone System
			<u>\$ 1,185,359</u>	<u>\$ 35,208,530</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

D. Changes in Long-Term Debt

The following is a summary of changes in governmental long-term debt for the year ended June 30, 2006 for the County:

<u>Governmental Activities</u>	<u>June 30, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2006</u>	<u>Current Maturities</u>
General obligation bonds	\$ 81,484,694	\$ -	\$ 4,194,342	\$ 77,290,352	\$ 4,209,898
Certificates of participation	23,935,000	-	2,070,000	21,865,000	2,110,000
Installment purchases	285,687	1,007,492	107,820	1,185,359	336,175
Accrued compensated absences	2,028,924	273,871		2,302,795	328,970
Pension benefit obligation	358,437	77,075		435,512	14,517
Accrued landfill closure & post-closure	10,753,667		254,457	10,499,210	103,000
Total	<u>\$118,846,408</u>	<u>\$ 1,358,438</u>	<u>\$ 6,626,619</u>	<u>\$ 113,578,228</u>	<u>\$ 7,102,560</u>

Note: The general fund is typically used to liquidate the compensated absences and pension liabilities.

The following is a summary of changes in business-type long-term debt for the year ended June 30, 2006 for the County:

<u>Business-Type Activities</u>	<u>June 30, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2006</u>	<u>Current Maturities</u>
Revenue bonds	\$ 39,447,388	\$ -	\$ 273,069	\$ 39,174,319	\$ 1,089,903
General obligation bonds	2,525,306	-	770,658	1,754,648	745,102
Installment purchases	25,622,555	10,000,000	414,025	35,208,530	1,722,227
Accrued compensated absences	190,791	18,834		209,625	29,946
Total	<u>\$ 67,786,040</u>	<u>\$10,018,834</u>	<u>\$ 1,457,752</u>	<u>\$ 76,347,123</u>	<u>\$ 3,587,178</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

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, 2006, including interest, are as follows:

Governmental Activities	General Obligation Bonds		Certificates of Participation		Installment Purchases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$4,209,898	\$3,289,211	\$2,110,000	\$857,899	\$336,175	\$33,271	\$6,656,073	\$4,180,380
2008	4,205,454	3,114,539	2,130,000	790,949	329,209	40,236	6,664,663	3,945,723
2009	5,015,000	2,930,500	1,270,000	723,549	265,839	23,938	6,550,839	3,677,987
2010	5,220,000	2,726,175	1,275,000	666,174	123,528	14,565	6,618,528	3,406,914
2011	5,220,000	2,509,700	1,395,000	613,936	130,608	7,486	6,745,608	3,131,122
2012-2016	25,910,000	9,365,900	6,855,000	2,293,569	-	-	32,765,000	11,659,469
2017-2021	25,490,000	3,818,300	5,660,000	886,588	-	-	31,150,000	4,704,888
2022-2026	2,020,000	141,550	1,170,000	96,525	-	-	3,190,000	238,075
Total	\$77,290,352	\$27,895,874	\$21,865,000	\$6,929,188	\$1,185,359	\$119,495	\$100,340,711	\$34,944,557

Business-Type Activities	General Obligation Bonds		Revenue Bonds		Installment Purchases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$745,102	\$52,639	\$1,089,903	\$1,859,771	\$1,722,227	\$1,039,076	\$3,557,232	\$2,951,486
2008	714,546	30,286	1,126,684	1,823,841	1,741,824	789,668	3,583,054	2,643,795
2009	295,000	8,850	1,170,665	1,782,885	1,761,893	748,910	3,227,558	2,540,645
2010	-	-	1,218,571	1,735,578	1,735,998	707,768	2,954,569	2,443,346
2011	-	-	1,267,594	1,685,756	1,754,983	668,195	3,022,577	2,353,951
2012-2016	-	-	7,220,149	7,541,319	9,074,667	2,732,410	16,294,816	10,273,729
2017-2021	-	-	9,144,612	5,611,193	9,616,165	1,676,224	18,760,775	7,287,417
2022-2026	-	-	10,541,142	3,113,516	7,800,777	503,149	18,341,918	3,616,665
2027-2031	-	-	6,395,000	649,750	-	-	6,395,000	649,750
Total	\$1,754,648	\$91,776	\$39,174,319	\$25,803,608	\$35,208,532	\$8,865,400	\$76,137,499	\$34,760,784

F. Other Debt Disclosures

At June 30, 2006, the County had a legal debt margin of \$1,060,000,000. At June 30, 2006, the County had authorized and unissued debt as follows:

\$26,500,000 of general obligation bonds for Community College capital projects.

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, 2006, there are no industrial revenue bonds outstanding.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

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, 2006, 2005 and 2004 were \$1,448,853, \$1,317,122 and \$975,295 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, 2005, the Separation Allowance's membership consisted of:

Retirees receiving benefits terminated plan members entitled to but not yet receiving benefits	2
Active plan members	<u>95</u>
Total	<u>97</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

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, 2005 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 4.5% to 12.3% 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, 2005 was 25 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	\$ 101,041
Interest on net pension obligation	25,761
Adjustment to annual required contribution	<u>(20,408)</u>
Annual pension cost	\$ 106,394
Contributions made	<u>26,210</u>
Increase in net pension, obligation	\$ 80,184
Net pension obligation, beginning of year	<u>355,328</u>
Net pension obligation, end of year	<u>\$ 435,512</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

Three Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
June 30, 2004	\$ 80,633	16.54%	\$ 280,591
June 30, 2005	90,823	17.71%	355,328
June 30, 2006	106,394	24.63%	435,512

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, 2006 were \$267,964 which consisted of \$203,799 from the County and \$64,165 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, 2006 were \$2,189,786 which consisted of \$1,277,794 from the County and \$911,992 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, 2006

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, 2006, the County's required and actual contributions were \$77,792.

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, 81 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2006, the County made payments for postretirement health benefit premiums of \$433,585. 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 will be a minimum of \$25,000 and will not exceed \$50,000. 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, 2006, the County's contributions to the State for death benefits was \$31,468. 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, 2006**

10. Interfund Transfers

The interfund transfers for the year ended June 30, 2006 are as follows:

	To	From	Purpose
General	\$ -	\$ 17,681,706	
Brunswick County Leasing Corp.	3,025,772	-	Debt payment
Special School Reserve	2,834,978	-	Transfer per funding agreement
County Capital Reserve	5,321,701	-	Local contribution
School Capital Reserve	3,580,727	-	Local contribution
ROD Technology Enhancement	162,841	-	Local contribution
County Capital Projects	2,755,687	-	Local contribution
General	8,235,273	-	
Brunswick County Leasing Corp.	-	3,029,899	Debt payment
Tourism Development Authority	-	19,471	Occupancy tax collection fees
Revaluation	-	221,289	Resources for revaluation
County Capital Reserve	-	968,272	Local contribution for projects
School Capital Reserve	-	3,753,193	School capital projects
County Capital Projects	-	(167,125)	Establish new reserve
Water Fund	-	410,274	Indirect costs contribution
Special Revenue-Special School Reserve	-	2,153,097	School capital projects
School Capital Projects	2,153,097	-	School capital projects
Special Revenue-County Capital Reserve	-	12,294,723	Local contribution for projects
Food Services	12,143	-	Local contribution for capital items
Water Capital Projects	(379,451)	-	Establish new reserve
County Capital Projects	12,002,724	-	Local contribution for projects
Water Capital Reserve	659,307	-	Local contribution for projects
Special Revenue-School Capital Reserve	-	2,629,878	School capital projects
School Capital Projects	2,629,878	-	School capital projects
Special Revenue-Special Assessment	-	190,586	Special assessment district capital items
Water Capital Projects	(22,620)	-	Special assessment district capital items
Wastewater Capital Reserve	213,206	-	Special assessment district capital items
Water Capital Projects	-	(404,803)	Establish new reserve
Special Revenue-County Capital Reserve	(404,803)	-	Establish new reserve
Enterprise Fund - Water	-	5,319,128	Local contribution for projects
Water Capital Projects	480,923	-	Local contribution for projects
Wastewater Capital Projects	420,260	-	Local contribution for projects
Wastewater Fund	867,945	-	Local contribution for projects
Water Capital Reserve	3,550,000	-	Local contribution for projects
Enterprise Fund - Wastewater	-	2,624,236	Local contribution for projects
Water Capital Projects	767,620	-	Local contribution for projects
Wastewater Capital Projects	1,499,778	-	Local contribution for projects
Wastewater Capital Reserve	356,838	-	Local contribution for projects
Enterprise Fund - Water Capital Reserve	-	7,312,094	Local contribution for projects
Water Capital Projects	5,447,998	-	Local contribution for projects
Wastewater Capital Projects	1,278,100	-	Local contribution for projects
Water Fund	32,240	-	Local contribution for projects
Wastewater Capital Reserve	553,756	-	Local contribution for projects
Enterprise Fund - Wastewater Capital Reserve	-	674,856	Local contribution for projects
Wastewater Capital Projects	674,856	-	Local contribution for projects
	<u>\$ 58,710,774</u>	<u>\$ 58,710,774</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

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 6 separate phases with a permit that extends to July, 1 2008. The total permitted capacity of the 6 phases represent 1,146,000 cubic yards (cy). As of June 30, 2006, the volume utilized has not exceeded the permitted capacity.

Phase 5 was permitted for 147,000 cy in December 2004 and the permit was extended to January 1, 2006. Phases 6A, 6B, and 6C were permitted for 588,000 cy and the permit was extended to July 1, 2008. The County's engineering consultants estimated that approximately 100% of Phase 5 has been used and approximately 12% of Phase 6 has been used.

The County has distributed a request for proposals to engineering firms to provide comprehensive planning, management, and design services for its C&D debris services. The County is exploring the alternatives of developing a new landfill, alternative means of disposal, or means to extend the life of the landfill.

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, 2006 which is 50%. It is estimated that closure of the C&D debris landfill will not occur until sometime after 2008. The MSW landfill was closed in 1997. At June 30, 2006, the postclosure care cost for the MSW landfill is expected to be approximately \$103,000 annually. The postclosure care cost for the C&D debris landfill is expected to be approximately \$120,000 annually after closure. At June 30, 2006, the combined closure and postclosure care costs for both landfills are expected to total \$10,499,210 based on an escalation factor of 4%. Of that amount, \$10,499,210 has been accrued at June 30, 2006 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, 2006

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 \$2,957,671. 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, 2006, 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 2006.

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 various 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, 2006**

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, 2006, the amount of general obligation bonds issued for this purpose that was still outstanding was \$3,375,000. The County made total debt service payments related to the bonds of \$288,434 during the fiscal year. Of that total, \$125,000 was for principal and \$163,434 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 \$2,197,819 to the Community College for operating purposes and \$111,988 for capital purposes during the fiscal year ended June 30, 2006.

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, 2006. 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 \$546,982 for operating purposes during the year ended June 30, 2006. 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, 2006**

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 \$17,765 to the Council during the fiscal year ended June 30, 2006.

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, 2006 was \$722,625.

In addition, the Authority made payments to the County during the fiscal year totaling \$281,684 pursuant to a maintenance contract.

North East Brunswick Waste Water Treatment Facility

The Facility is owned, operated and maintained by the County. The Town of Leland, Town of Navassa, North Brunswick Sanitary District and the County have entered into a sewer service agreement for a portion of the treatment capacity in the plant. The sewer service agreement and policies and regulations provide for an oversight committee to make budget and operating recommendations to the County Commissioners.

West Brunswick Waste Water Treatment Facility

The Facility which began operations in March of 2006 is owned, operated and maintained by the County. The Town of Holden Beach, Town of Oak Island, Town of Shallotte and the County have entered into a sewer service agreement for a portion of the treatment capacity in the plant. The sewer service agreement and policies and regulations provide for an oversight committee to make budget and operating recommendations to the County Commissioners.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

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.

	<u>Federal</u>	<u>State</u>
Temporary Assistance for Needy Families	\$ 937,152	\$ (162)
Medicaid	48,207,150	23,881,968
Housing Assistance Payment Program	2,357,490	-
Food Stamp Program	7,032,291	-
Special Supplemental Food Program for Women, Infants and Children	1,340,096	-
State/County Special Assistance for Adults	-	403,694
State Foster Care and Adoption Programs	-	189,269

17. Commitments and Contingencies

Unemployment Benefits

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.

Construction Commitments

The County had commitments, as shown below, for construction contracts outstanding at June 30, 2006. The projects are accounted for in the Government Capital Projects fund and Enterprise Capital Project Funds and are mainly funded by debt proceeds.

<u>Project</u>	<u>Balance of Contracts</u>
Supply Water Main	\$ 1,499,917
Carolina Shores Interconnect	139,099
Southport Elevated Tank	1,893,033
Waccamaw Waterline	1,496,946
West Brunswick Waste Water Treatment Plant	668,257
BCC Pump Station	10,029
SAD 23 - Holden Beach Causeway	570,885
Phase 2 - Detention Center	9,372,290
	<u>\$ 15,650,457</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

Grants

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, 2006, 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.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by the Governmental Accounting Standards Board

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officer's Special Separation Allowance

COUNTY OF BRUNSWICK, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued 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
12/31/2005	\$ -	\$ 686,980	\$ 686,980	0.00%	\$ 4,201,836	16.35%
12/31/2004	-	700,612	700,612	0.00%	3,554,883	19.71%
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%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2006	\$ 101,041	\$ 26,210	25.94%
2005	86,211	12,977	15.05%
2004	76,871	13,335	17.35%
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	*	-	*

* Information not available

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND - This fund is the principal fund of the County and is used to account for the receipt and expenditure of resources that are traditionally associated with local government and that are not required to be accounted for in other funds.

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 PROJECTS 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 PROJECTS FUND - This fund is used to account for 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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 77,899,275	\$ 78,283,845	\$ 384,570	\$ 73,754,812
Penalties and interest	667,000	853,242	186,242	765,407
	<u>78,566,275</u>	<u>79,137,087</u>	<u>570,812</u>	<u>74,520,219</u>
Local Option Sales Taxes:				
Article 39 (1%)	9,113,966	9,166,780	52,814	8,621,637
Article 40 (1/2%)	3,648,863	4,007,633	358,770	3,403,090
Article 42 (1/2%)	3,618,276	3,964,063	345,787	3,364,930
Article 44 (1/2%)	3,659,705	3,922,746	263,041	3,477,745
	<u>20,040,810</u>	<u>21,061,222</u>	<u>1,020,412</u>	<u>18,867,402</u>
Other Taxes and Licenses:				
Deed stamp excise tax	7,020,674	7,020,674	-	5,482,870
State drug tax	18,000	40,012	22,012	29,375
Scrap tire disposal fee	85,000	90,771	5,771	91,861
	<u>7,123,674</u>	<u>7,151,457</u>	<u>27,783</u>	<u>5,604,106</u>
Unrestricted Intergovernmental:				
Beer and wine tax	227,626	227,627	1	220,257
County Board of Alcohol Control	24,000	24,000	-	24,000
	<u>251,626</u>	<u>251,627</u>	<u>1</u>	<u>244,257</u>
Restricted Intergovernmental:				
State and federal grant	15,327,705	15,222,947	(104,758)	14,362,307
ABC bottles taxes	48,000	46,722	(1,278)	44,755
ABC education requirement	8,000	6,629	(1,371)	-
ABC law enforcement services	-	4,736	4,736	3,405
	<u>15,383,705</u>	<u>15,281,034</u>	<u>(102,671)</u>	<u>14,410,467</u>
Permits and Fees:				
Solid waste fees	1,700,000	2,315,762	615,762	1,836,642
Building permits, inspection fees	1,615,005	1,853,025	238,020	1,446,696
Court facility fees	129,477	148,208	18,731	134,092
Register of Deeds	1,406,500	1,728,720	322,220	1,538,259
School resource officer reimbursement	571,473	485,647	(85,826)	490,377
Other permit and fees	860,015	1,019,414	159,399	693,990
	<u>6,282,470</u>	<u>7,550,776</u>	<u>1,268,306</u>	<u>6,140,056</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Sales and Services:				
Rents, concessions and fees	633,640	717,351	83,711	585,311
EMS Charges	966,000	1,301,172	335,172	946,628
Jail fees	239,424	250,150	10,726	18,074
Cafeteria sales	1,121,636	1,133,005	11,369	859,090
Public health user fees	1,178,625	1,311,959	133,334	1,309,820
Social services fees	34,900	58,707	23,807	59,748
Public housing fees	5,650	24,664	19,014	9,958
Tax collection fees	42,000	45,469	3,469	42,899
Other sales and services	85,787	79,435	(6,352)	-
	<u>4,307,662</u>	<u>4,921,912</u>	<u>614,250</u>	<u>3,831,528</u>
Investment earnings	<u>2,464,502</u>	<u>2,925,644</u>	<u>461,142</u>	<u>1,061,862</u>
Other:				
Tax refunds - sales and gas tax	-	495	495	750
Contributions	2,200	879	(1,321)	18,551
Other revenues	221,367	494,006	272,639	809,073
	<u>223,567</u>	<u>495,380</u>	<u>271,813</u>	<u>828,374</u>
Total revenues	<u>134,644,291</u>	<u>138,776,139</u>	<u>4,131,848</u>	<u>125,508,271</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries	141,367	140,920	447	143,559
Fringe benefits	60,430	51,681	8,749	49,397
Operating costs	185,435	148,837	36,598	120,095
Capital outlay	9,300	9,300	-	-
	<u>396,532</u>	<u>350,738</u>	<u>45,794</u>	<u>313,051</u>
County Administration:				
Salaries	495,481	487,513	7,968	418,389
Fringe benefits	145,439	137,258	8,181	115,890
Operating costs	182,600	121,244	61,356	79,150
Capital outlay	24,100	23,390	710	-
	<u>847,620</u>	<u>769,405</u>	<u>78,215</u>	<u>613,429</u>
Finance:				
Salaries	582,322	558,239	24,083	476,598
Fringe benefits	195,497	180,470	15,027	141,803
Operating costs	338,453	264,238	74,215	228,861
	<u>1,116,272</u>	<u>1,002,947</u>	<u>113,325</u>	<u>847,262</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Tax Administration:				
Salaries	1,127,948	1,002,366	125,582	730,058
Fringe benefits	375,213	311,907	63,306	250,185
Operating costs	592,325	400,504	191,821	208,758
Capital outlay	414,450	169,143	245,307	422,066
	<u>2,509,936</u>	<u>1,883,920</u>	<u>626,016</u>	<u>1,611,067</u>
Revenue Collector:				
Salaries	375,307	352,516	22,791	346,359
Fringe benefits	147,729	129,986	17,743	133,190
Operating costs	103,317	77,097	26,220	77,657
Capital outlay	15,258	15,258	-	5,900
	<u>641,611</u>	<u>574,857</u>	<u>66,754</u>	<u>563,106</u>
Geographic Information:				
Salaries	344,708	329,433	15,275	332,370
Fringe benefits	120,342	112,848	7,494	112,037
Operating costs	90,185	66,535	23,650	156,260
Capital outlay	-	-	-	-
	<u>555,235</u>	<u>508,816</u>	<u>46,419</u>	<u>600,667</u>
County Attorney:				
Salaries	208,323	208,274	49	178,977
Fringe benefits	58,896	58,493	403	47,999
Operating costs	92,322	90,836	1,486	36,551
	<u>359,541</u>	<u>357,603</u>	<u>1,938</u>	<u>263,527</u>
Court Facilities:				
Salaries	41,879	41,231	648	41,166
Fringe benefits	14,839	14,396	443	13,769
Operating costs	69,073	75,872	(6,799)	61,756
	<u>125,791</u>	<u>131,499</u>	<u>(5,708)</u>	<u>116,691</u>
Board of Elections:				
Salaries	159,397	155,320	4,077	142,653
Fringe benefits	57,753	54,907	2,846	51,321
Operating costs	1,247,109	185,658	1,061,451	177,506
	<u>1,464,259</u>	<u>395,885</u>	<u>1,068,374</u>	<u>371,480</u>
Register of Deeds:				
Salaries	715,163	691,957	23,206	610,958
Fringe benefits	360,067	334,478	25,589	295,039
Operating costs	5,050,209	3,864,285	1,185,924	3,183,348
Capital outlay	29,000	-	29,000	29,999
	<u>6,154,439</u>	<u>4,890,720</u>	<u>1,263,719</u>	<u>4,119,344</u>
Total general government	<u>14,171,236</u>	<u>10,866,390</u>	<u>3,304,846</u>	<u>9,419,624</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Central Services:				
Management Information Systems:				
Salaries	388,675	361,919	26,756	297,172
Fringe benefits	133,029	118,990	14,039	100,220
Operating costs	831,961	449,502	382,459	599,991
Capital outlay	27,232	11,901	15,331	-
	<u>1,380,897</u>	<u>942,312</u>	<u>438,585</u>	<u>997,383</u>
Service Center:				
Salaries	442,987	435,949	7,038	403,234
Fringe benefits	159,280	154,380	4,900	145,216
Operating costs	2,385,243	2,292,325	92,918	1,934,092
Capital outlay	12,311	6,500	5,811	116,559
	<u>2,999,821</u>	<u>2,889,154</u>	<u>110,667</u>	<u>2,599,101</u>
Transportation:				
Operating costs	148,802	148,802	-	129,790
Engineering:				
Salaries	145,646	145,297	349	133,445
Fringe benefits	48,606	46,564	2,042	42,801
Operating costs	151,178	57,633	93,545	55,433
Capital outlay	3,000	-	3,000	18,343
	<u>348,430</u>	<u>249,494</u>	<u>98,936</u>	<u>250,022</u>
Operation Services:				
Salaries	1,716,168	1,712,371	3,797	1,579,084
Fringe benefits	686,908	670,981	15,927	609,326
Operating costs	1,757,730	1,639,147	118,583	1,392,707
Capital outlay	1,240,685	966,397	274,288	324,724
	<u>5,401,491</u>	<u>4,988,896</u>	<u>412,595</u>	<u>3,905,841</u>
Non-departmental:				
Fringe benefits	1,254,979	1,279,564	(24,585)	1,941,679
Operating costs	783,023	765,546	17,477	1,087,690
Capital outlay	-	-	-	-
	<u>2,038,002</u>	<u>2,045,110</u>	<u>(7,108)</u>	<u>3,029,369</u>
Food Services:				
Salaries	229,106	222,537	6,569	182,736
Fringe benefits	96,500	94,095	2,405	71,744
Operating costs	808,582	768,352	40,230	580,733
	<u>1,134,188</u>	<u>1,084,984</u>	<u>49,204</u>	<u>835,213</u>
Total central services	<u>13,451,631</u>	<u>12,348,752</u>	<u>1,102,879</u>	<u>11,746,719</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	Budget	Actual	Variance Positive (Negative)	2005
Public Safety:				
District Attorney:				
Salaries	87,800	66,453	21,347	62,429
Fringe benefits	8,471	5,008	3,463	4,799
Operating costs	77,979	53,470	24,509	25,035
Capital outlay	1,492	-	1,492	-
	<u>175,742</u>	<u>124,931</u>	<u>50,811</u>	<u>92,263</u>
Sheriff:				
Salaries	4,006,371	3,844,688	161,683	3,735,746
Fringe benefits	1,372,759	1,281,402	91,357	1,183,955
Operating costs	630,798	580,779	50,019	610,562
Capital outlay	779,199	589,282	189,917	411,093
	<u>6,789,127</u>	<u>6,296,151</u>	<u>492,976</u>	<u>5,941,356</u>
Criminal Justice Partnership:				
Salaries	64,887	64,802	85	33,284
Fringe benefits	24,454	24,216	238	12,719
Operating costs	113,456	111,399	2,057	76,798
	<u>202,797</u>	<u>200,417</u>	<u>2,380</u>	<u>122,801</u>
Detention Center:				
Salaries	1,570,694	1,564,398	6,296	1,329,278
Fringe benefits	577,612	571,462	6,150	445,546
Operating costs	1,851,076	1,803,452	47,624	1,028,778
Capital outlay	24,000	18,696	5,304	5,750
	<u>4,023,382</u>	<u>3,958,008</u>	<u>65,374</u>	<u>2,809,352</u>
Emergency Medical:				
Salaries	3,031,396	2,949,621	81,775	2,730,949
Fringe benefits	928,479	888,322	40,157	781,200
Operating costs	520,895	516,669	4,226	386,243
Capital outlay	223,472	32,997	190,475	209,016
	<u>4,704,242</u>	<u>4,387,609</u>	<u>316,633</u>	<u>4,107,408</u>
Emergency Management:				
Salaries	217,928	211,674	6,254	164,042
Fringe benefits	56,336	55,521	815	46,925
Operating costs	420,920	312,542	108,378	256,596
Capital outlay	147,650	99,734	47,916	423,781
	<u>842,834</u>	<u>679,471</u>	<u>163,363</u>	<u>891,344</u>
Other Agencies:				
Fire districts	378,874	345,500	33,374	325,000
Rescue Squads	506,250	390,219	116,031	424,534
	<u>885,124</u>	<u>735,719</u>	<u>149,405</u>	<u>749,534</u>
Public Inspections:				
Salaries	435,379	422,545	12,834	370,570
Fringe benefits	158,513	145,059	13,454	124,230
Operating costs	53,200	36,944	16,256	38,781
Capital outlay	39,000	34,209	4,791	-
	<u>686,092</u>	<u>638,757</u>	<u>47,335</u>	<u>533,581</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Medical Examiner:				
Operating costs	76,000	76,669	(669)	63,551
Central Communications:				
Salaries	861,530	855,779	5,751	816,946
Fringe benefits	325,706	321,737	3,969	286,380
Operating costs	106,849	89,935	16,914	136,215
Capital outlay	1,111,889	1,009,041	102,848	1,009,625
	<u>2,405,974</u>	<u>2,276,492</u>	<u>129,482</u>	<u>2,249,166</u>
Animal Control:				
Salaries	302,692	302,691	1	272,291
Fringe benefits	124,968	124,968	-	112,879
Operating costs	179,258	150,443	28,815	209,472
Capital outlay	57,000	-	57,000	45,407
	<u>663,918</u>	<u>578,102</u>	<u>85,816</u>	<u>640,049</u>
Total public safety	<u>21,455,232</u>	<u>19,952,326</u>	<u>1,502,906</u>	<u>18,200,405</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	339,828	329,224	10,604	308,735
Fringe benefits	125,745	119,636	6,109	110,459
Operating costs	9,275,374	9,163,206	112,168	9,234,605
Capital outlay	142,070	132,153	9,917	23,974
	<u>9,883,017</u>	<u>9,744,219</u>	<u>138,798</u>	<u>9,677,773</u>
Mosquito Control:				
Salaries	65,733	35,786	29,947	34,043
Fringe benefits	14,952	6,090	8,862	2,660
Operating costs	156,569	33,618	122,951	-
	<u>237,254</u>	<u>75,494</u>	<u>161,760</u>	<u>36,703</u>
Stormwater Ordinance Enforcement:				
Salaries	43,419	41,889	1,530	41,292
Fringe benefits	14,962	14,859	103	14,176
Operating costs	-	-	-	-
	<u>58,381</u>	<u>56,748</u>	<u>1,633</u>	<u>55,468</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	Budget	Actual	Variance Positive (Negative)	2005
Other:				
Forestry services	166,298	166,298	-	163,686
Cape Fear River Corridor	5,000	5,000	-	5,000
Artificial Reef Program	10,000	10,000	-	10,000
Brunswick County Beach Consortium	30,000	30,000	-	42,500
Coastal Watershed Management	184,519	73,053	111,466	8,231
Shallow Inlet Dredging	125,000	-	125,000	-
Cape Fear RC&D	3,000	3,000	-	3,000
	<u>523,817</u>	<u>287,351</u>	<u>236,466</u>	<u>232,417</u>
Total environmental protection	<u>10,702,469</u>	<u>10,163,812</u>	<u>538,657</u>	<u>10,002,361</u>
Economic Development:				
Planning:				
Salaries	504,399	448,379	56,020	387,329
Fringe benefits	172,869	161,246	11,623	125,177
Operating costs	185,510	160,060	25,450	135,329
Capital outlay	-	-	-	-
	<u>862,778</u>	<u>769,685</u>	<u>93,093</u>	<u>647,835</u>
Cooperative Extension:				
Salaries	419,192	348,059	71,133	353,930
Fringe benefits	131,174	79,736	51,438	87,426
Operating costs	146,909	97,546	49,363	88,866
Capital outlay	-	-	-	-
Other	3,880	3,226	654	1,652
	<u>701,155</u>	<u>528,567</u>	<u>172,588</u>	<u>531,874</u>
Soil and Water Conservation:				
Salaries	94,336	94,190	146	86,788
Fringe benefits	36,528	35,556	972	27,922
Operating costs	24,420	17,533	6,887	10,427
Capital outlay	-	-	-	20,523
	<u>155,284</u>	<u>147,279</u>	<u>8,005</u>	<u>145,660</u>
Public Housing Authority:				
Salaries	254,764	251,557	3,207	230,905
Fringe benefits	89,172	87,252	1,920	79,480
Operating costs	2,199,413	1,931,077	268,336	2,231,965
	<u>2,543,349</u>	<u>2,269,886</u>	<u>273,463</u>	<u>2,542,350</u>
Other Economic Development:				
Economic Development Commission	270,000	270,000	-	250,000
DAK Americas	200,000	-	200,000	-
	<u>470,000</u>	<u>270,000</u>	<u>200,000</u>	<u>250,000</u>
Total economic development	<u>4,732,566</u>	<u>3,985,417</u>	<u>747,149</u>	<u>4,117,719</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	Budget	Actual	Variance Positive (Negative)	2005
Human Services:				
Health:				
Administration:				
Salaries	2,185,560	1,960,041	225,519	1,807,535
Fringe benefits	819,402	717,462	101,940	649,617
Operating costs	87,790	61,974	25,816	69,113
Capital outlay	169,126	169,126	-	24,738
	<u>3,261,878</u>	<u>2,908,603</u>	<u>353,275</u>	<u>2,551,003</u>
Communicable Diseases:				
Operating costs	116,769	112,397	4,372	133,288
Adult Health Maintenance:				
Operating costs	57,610	57,211	399	116,752
Kate B. Reynolds Grant:				
Salaries	177,626	155,013	22,613	120,656
Fringe Benefits	67,959	49,424	18,535	41,406
Operating costs	273,853	233,850	40,003	55,659
	<u>519,438</u>	<u>438,287</u>	<u>81,151</u>	<u>217,721</u>
Maternal and Child Health:				
Salaries	273,192	262,619	10,573	242,318
Fringe benefits	114,380	106,990	7,390	99,630
Operating costs	495,861	460,308	35,553	426,463
Capital outlay	11,000	-	11,000	12,076
	<u>894,433</u>	<u>829,917</u>	<u>64,516</u>	<u>780,487</u>
Environmental Health:				
Salaries	1,227,751	1,189,760	37,991	987,111
Fringe benefits	404,826	391,957	12,869	322,365
Operating costs	169,759	166,583	3,176	152,069
Capital outlay	129,316	110,572	18,744	-
	<u>1,931,652</u>	<u>1,858,872</u>	<u>72,780</u>	<u>1,461,545</u>
Total health	<u>6,781,780</u>	<u>6,205,287</u>	<u>576,493</u>	<u>5,260,796</u>
Veterans' Services:				
Salaries	81,389	79,808	1,581	72,998
Fringe benefits	28,603	27,018	1,585	25,979
Operating costs	15,699	12,677	3,022	13,578
Total veterans' services	<u>125,691</u>	<u>119,503</u>	<u>6,188</u>	<u>112,555</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Social Services:				
Administration:				
Salaries	3,951,630	3,530,499	421,131	3,267,530
Fringe benefits	1,452,281	1,299,597	152,684	1,154,840
Operating costs	691,845	564,507	127,338	456,958
Capital outlay	51,500	50,002	1,498	24,738
	<u>6,147,256</u>	<u>5,444,605</u>	<u>702,651</u>	<u>4,904,066</u>
Community Alternative Program:				
Salaries	774,981	275,959	499,022	229,112
Fringe benefits	372,528	193,027	179,501	175,210
Operating costs	59,612	57,312	2,300	41,878
	<u>1,207,121</u>	<u>526,298</u>	<u>680,823</u>	<u>446,200</u>
Title III-In Home Care:				
Salaries	211,103	186,143	24,960	181,052
Fringe benefits	34,450	32,668	1,782	31,774
Operating costs	10,620	7,238	3,382	9,929
	<u>256,173</u>	<u>226,049</u>	<u>30,124</u>	<u>222,755</u>
Other Operating Costs:				
TANF	10,000	-	10,000	-
State foster home	128,112	98,669	29,443	123,230
Foster care	357,690	254,860	102,830	220,015
Aid to the blind	9,043	4,423	4,620	3,777
Aid to aging - rest home	480,000	435,794	44,206	410,487
Day care	4,438,705	4,469,260	(30,555)	3,857,508
Medical assistance	4,440,000	4,204,376	235,624	4,035,000
Special assistance	6,500	2,674	3,826	-
Adoption assistance	235,476	243,007	(7,531)	247,863
Special Child Adoption Assistance	387,341	43,582	343,759	-
	<u>10,492,867</u>	<u>9,756,645</u>	<u>736,222</u>	<u>8,897,880</u>
Total social services	<u>18,103,417</u>	<u>15,953,597</u>	<u>2,149,820</u>	<u>14,470,901</u>
Other Human Services:				
Southeastern Mental Health Center	554,000	546,982	7,018	542,756
Other	1,681,706	1,626,174	55,532	1,093,299
	<u>2,235,706</u>	<u>2,173,156</u>	<u>62,550</u>	<u>1,636,055</u>
Total human services	<u>27,246,594</u>	<u>24,451,543</u>	<u>2,795,051</u>	<u>21,480,307</u>
Education:				
Public schools	23,314,408	23,314,408	-	22,076,810
Community college	2,309,817	2,309,817	-	2,463,606
Total education	<u>25,624,225</u>	<u>25,624,225</u>	<u>-</u>	<u>24,540,416</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Culture and Recreation:				
Parks and Recreation:				
Salaries	886,398	876,190	10,208	802,334
Fringe benefits	325,936	297,834	28,102	275,309
Operating costs	738,108	670,121	67,987	547,280
Capital outlay	2,403,266	1,198,907	1,204,359	226,032
	<u>4,353,708</u>	<u>3,043,052</u>	<u>1,310,656</u>	<u>1,850,955</u>
Brunswick County Library:				
Salaries	697,492	672,883	24,609	658,303
Fringe benefits	271,179	254,449	16,730	244,158
Operating costs	366,851	338,551	28,300	306,353
Capital outlay	-	-	-	136,029
	<u>1,335,522</u>	<u>1,265,883</u>	<u>69,639</u>	<u>1,344,843</u>
Other Culture and Recreation:				
Contributions	55,074	31,050	24,024	60,704
	<u>55,074</u>	<u>31,050</u>	<u>24,024</u>	<u>60,704</u>
Total culture and recreation	<u>5,744,304</u>	<u>4,339,985</u>	<u>1,404,319</u>	<u>3,256,502</u>
Debt Service:				
Principal retirement	6,487,723	6,372,162	115,561	6,609,797
Interest and fees	4,553,689	4,620,523	(66,834)	6,116,632
Total debt service	<u>11,041,412</u>	<u>10,992,685</u>	<u>48,727</u>	<u>12,726,429</u>
Total expenditures	<u>134,254,669</u>	<u>122,810,135</u>	<u>11,444,534</u>	<u>115,575,482</u>
Revenues over (under) expenditures	389,622	15,966,004	15,576,382	9,932,789
Other Financing Sources (Uses):				
Issuance of long-term debt	1,007,492	1,007,492	-	19,174,694
Payment to escrow agent for refunded debt	-	-	-	(17,385,545)
Sale of capital assets	-	-	-	28,570
	<u>1,007,492</u>	<u>1,007,492</u>	<u>-</u>	<u>1,817,719</u>
Transfers From Other Funds:				
Special Revenue Funds	8,033,153	8,004,267	(28,886)	4,006,027
Capital Projects Funds	-	(167,125)	(167,125)	-
Enterprise Funds	410,274	410,274	-	478,695
	<u>8,443,427</u>	<u>8,247,416</u>	<u>(196,011)</u>	<u>4,484,722</u>
Transfers To Other Funds:				
Special Revenue Funds	(14,674,132)	(14,926,019)	(251,887)	(16,789,397)
Capital Projects Funds	(2,755,687)	(2,755,687)	-	-
Enterprise Funds	404,803	404,803	-	(237,845)
	<u>(17,025,016)</u>	<u>(17,276,903)</u>	<u>(251,887)</u>	<u>(17,027,242)</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Budgetary Financing Sources (Uses):				
Contingency	(276,431)	-	276,431	-
Appropriated fund balance	7,460,906	-	(7,460,906)	-
	<u>7,184,475</u>	<u>-</u>	<u>(7,184,475)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(389,622)</u>	 <u>(8,021,995)</u>	 <u>(7,632,373)</u>	 <u>(10,724,801)</u>
 Revenues and other financing sources over expenditures and other financing uses	 <u>\$ -</u>	 7,944,009	 <u>\$ 7,944,009</u>	 (792,012)
 Fund balance, beginning of year		 <u>53,702,674</u>		 <u>54,494,686</u>
 Fund balance, end of year		 <u>\$ 61,646,683</u>		 <u>\$ 53,702,674</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - COUNTY CAPITAL RESERVE FUND
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Revenues:				
Investment earnings	\$ 265,548	\$ 435,481	\$ 169,933	\$ 178,916
Other Financing Sources (Uses):				
Transfers In (Out):				
Special Revenue	-	-	-	213,338
General Fund	4,341,286	4,341,286	-	5,975,911
Capital Projects	(17,251,903)	(11,623,273)	5,628,630	(1,665,288)
Enterprise Funds	(1,064,110)	(1,064,110)	-	(787,738)
Appropriated fund balance	13,709,179	-	(13,709,179)	-
Total other financing sources (uses)	<u>(265,548)</u>	<u>(8,346,097)</u>	<u>(8,080,549)</u>	<u>3,736,223</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (7,910,616)</u>	<u>\$ (7,910,616)</u>	<u>\$ 3,915,139</u>
Fund balance, beginning of year		<u>13,709,194</u>		<u>9,794,055</u>
Fund balance, end of year		<u>\$ 5,798,578</u>		<u>\$ 13,709,194</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET TO ACTUAL - SCHOOLS CAPITAL PROJECTS FUND
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	Project Budget	Prior Years	Actual	
			Current Year	Total to Date
Revenues:				
Restricted intergovernmental revenues	\$ 554,163	\$ -	\$ 548,439	\$ 548,439
Investment earnings	3,068,211	2,807,324	547,230	3,354,554
Other	1,093,072	1,093,070	-	1,093,070
Total revenues	<u>4,715,446</u>	<u>3,900,394</u>	<u>1,095,669</u>	<u>4,996,063</u>
Expenditures:				
Education	<u>104,163,590</u>	<u>77,725,304</u>	<u>14,072,324</u>	<u>91,797,628</u>
Revenues over (under) expenditures	(99,448,144)	(73,824,910)	(12,976,655)	(86,801,565)
Other Financing Sources (Uses):				
Transfers in (out)	12,448,144	7,665,168	4,782,975	12,448,143
Debt financing issued	87,000,000	87,000,000	-	87,000,000
Total other financing sources (uses)	<u>99,448,144</u>	<u>94,665,168</u>	<u>4,782,975</u>	<u>99,448,143</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 20,840,258</u>	(8,193,680)	<u>\$ 12,646,578</u>
Fund balance, beginning of year			<u>20,840,258</u>	
Fund balance, end of year			<u>\$ 12,646,578</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO
 ACTUAL - COUNTY CAPITAL PROJECTS FUND
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental	\$ 8,225,032	\$ 5,707,549	\$ 1,475,749	\$ 7,183,298
Investment earnings	216,671	201,862	109,050	310,912
Other	404,733	411,567	10,672	422,239
Total revenues	<u>8,846,436</u>	<u>6,320,978</u>	<u>1,595,471</u>	<u>7,916,449</u>
Expenditures:				
Capital Improvements:				
General government	5,330,321	3,640	517,149	520,789
Central services	308,284	91,462	-	91,462
Environmental protection	1,949,649	1,707,625	-	1,707,625
Public safety	17,910,254	7,656,720	942,093	8,598,813
Culture and recreation	2,288,683	577,399	1,668,188	2,245,587
Transportation	9,022,926	6,590,834	1,468,193	8,059,027
Total expenditures	<u>36,810,117</u>	<u>16,627,680</u>	<u>4,595,623</u>	<u>21,223,303</u>
Revenues over (under) expenditures	(27,963,681)	(10,306,702)	(3,000,152)	(13,306,854)
Other Financing Sources (Uses):				
Transfers in (out)	18,278,683	3,685,790	14,925,536	18,611,326
Debt financing issued	9,684,998	9,684,998	-	9,684,998
Total other financing sources (uses)	<u>27,963,681</u>	<u>13,370,788</u>	<u>14,925,536</u>	<u>28,296,324</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,064,086</u>	11,925,384	<u>\$ 14,989,470</u>
Fund balance, beginning of year			<u>3,064,086</u>	
Fund balance, end of year			<u>\$ 14,989,470</u>	

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NON MAJOR GOVERNMENTAL FUNDS

OCCUPANCY TAX FUND - This fund is used to account for the proceeds of the room occupancy tax levied pursuant to Session Law 1997-364. The proceeds are transferred to the Brunswick County Tourism Development Authority, which is a discretely presented component unit of the County.

BRUNSWICK COUNTY LEASING CORPORATION FUND - This fund is the general fund of the blended component unit of the County. This fund accounts for Trustee held funds under Certificate of Participation Agreements, which were used to finance general government facilities and proprietary fund water line construction.

EMERGENCY TELEPHONE SYSTEM FUND - This fund was established in accordance with North Carolina law to account for the accumulation of telephone surcharges to be used for emergency telephone systems.

GRANT PROJECT FUND - This fund accounts for Grant funds received for certain economic development projects.

REVALUATION FUND - This fund accounts for the accumulation of resources to be used for the revaluation of real property every eight years.

SAD REVOLVING FUND - This fund accounts for collections of assessments from Special Assessment Districts for water line construction. Collections are designated for future capital outlays in Special Assessment Districts.

SPECIAL SCHOOL CAPITAL RESERVE (AD VALOREM) FUND - This fund was established in accordance with North Carolina law to account for the accumulation of ad Valorem tax revenues for the construction of school facilities. When construction begins, the fund balance will be transferred to a Capital Projects Fund.

SCHOOL CAPITAL RESERVE (SALES TAX) FUND - This fund was established in accordance with North Carolina law to account for the accumulation of supplemental and additional supplemental sales taxes for public school capital outlays or retirement of public school indebtedness.

REGISTER OF DEEDS TECHNOLOGY ENHANCEMENT FUND - This fund accounts for the fees collected by the Register of Deeds that North Carolina law requires be set aside and placed in a non-reverting automation enhancement and preservation fund.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COMBINING BALANCE SHEET - NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
June 30, 2006**

	<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 Fund</u>
Assets:				
Cash, cash equivalents and investments	\$ 65,509	\$ -	\$ 722,278	\$ 172,438
Restricted cash	-	5,915	-	-
Special assessment	-	-	-	-
Other receivables	130,306	-	90,604	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 195,815</u>	<u>\$ 5,915</u>	<u>\$ 812,882</u>	<u>\$ 172,438</u>
Liabilities and Fund Balance:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 195,815	\$ -	\$ 53,409	\$ 130,260
Due to other funds	-	186	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>195,815</u>	<u>186</u>	<u>53,409</u>	<u>130,260</u>
Fund Balance:				
Reserved by State statute	-	-	90,604	-
Reserved for debt service	-	5,729	-	-
Unreserved	-	-	668,869	42,178
Total fund balance	<u>-</u>	<u>5,729</u>	<u>759,473</u>	<u>42,178</u>
Total liabilities and fund balance	<u>\$ 195,815</u>	<u>\$ 5,915</u>	<u>\$ 812,882</u>	<u>\$ 172,438</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>
\$ -	\$ 25,772	\$ 3,252,293	\$ 946,665	\$ 589,131	\$ 5,774,086
-	-	-	-	-	5,915
-	81,313	-	-	-	81,313
-	-	-	-	-	220,910
-	-	-	612,877	-	612,877
<u>\$ -</u>	<u>\$ 107,085</u>	<u>\$ 3,252,293</u>	<u>\$ 1,559,542</u>	<u>\$ 589,131</u>	<u>\$ 6,695,101</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379,484
-	-	-	-	-	186
-	81,313	-	-	-	81,313
<u>-</u>	<u>81,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>460,983</u>
-	-	-	612,877	-	703,481
-	-	-	-	-	5,729
-	25,772	3,252,293	946,665	589,131	5,524,908
<u>-</u>	<u>25,772</u>	<u>3,252,293</u>	<u>1,559,542</u>	<u>589,131</u>	<u>6,234,118</u>
<u>\$ -</u>	<u>\$ 107,085</u>	<u>\$ 3,252,293</u>	<u>\$ 1,559,542</u>	<u>\$ 589,131</u>	<u>\$ 6,695,101</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	<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 Fund</u>
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	1,026,875	-	711,620	-
Restricted intergovernmental	-	-	199,449	150,773
Miscellaneous revenue	-	-	-	-
Investment earnings	-	6,862	32,408	-
Total revenues	<u>1,026,875</u>	<u>6,862</u>	<u>943,477</u>	<u>150,773</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	1,024,018	-
Economic and physical development	1,007,404	-	-	772,617
Total expenditures	<u>1,007,404</u>	<u>-</u>	<u>1,024,018</u>	<u>772,617</u>
Revenues over (under) expenditures	19,471	6,862	(80,541)	(621,844)
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	(19,471)	(4,127)	-	-
Capital Project Funds	-	-	-	-
Total other financing sources (uses)	<u>(19,471)</u>	<u>(4,127)</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	-	2,735	(80,541)	(621,844)
Fund balance, beginning of year	<u>-</u>	<u>2,994</u>	<u>840,014</u>	<u>664,022</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 5,729</u>	<u>\$ 759,473</u>	<u>\$ 42,178</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
\$ -	\$ 64,430	\$ -	\$ -	\$ -	\$ 64,430
-	-	-	-	-	1,738,495
-	-	-	-	-	350,222
-	-	-	42,194	-	42,194
<u>6,723</u>	<u>5,672</u>	<u>62,233</u>	<u>46,272</u>	<u>22,181</u>	<u>182,351</u>
<u>6,723</u>	<u>70,102</u>	<u>62,233</u>	<u>88,466</u>	<u>22,181</u>	<u>2,377,692</u>
-	-	-	-	3,500	3,500
-	-	-	-	-	1,024,018
-	-	-	-	-	1,780,021
-	-	-	-	3,500	2,807,539
6,723	70,102	62,233	88,466	18,681	(429,847)
(221,289)	-	2,834,978	(172,466)	162,841	2,580,466
-	(190,588)	(2,153,097)	(2,629,878)	-	(4,973,563)
<u>(221,289)</u>	<u>(190,588)</u>	<u>681,881</u>	<u>(2,802,344)</u>	<u>162,841</u>	<u>(2,393,097)</u>
(214,566)	(120,486)	744,114	(2,713,878)	181,522	(2,822,944)
<u>214,566</u>	<u>146,258</u>	<u>2,508,179</u>	<u>4,273,420</u>	<u>407,609</u>	<u>9,057,062</u>
\$ -	\$ 25,772	\$ 3,252,293	\$ 1,559,542	\$ 589,131	\$ 6,234,118

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE (DEFICIT) - OCCUPANCY TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Revenues:				
Other taxes and licenses	\$ 1,044,798	\$ 1,026,875	\$ (17,923)	\$ 832,136
Investment earnings	-	-	-	-
Total revenues	<u>1,044,798</u>	<u>1,026,875</u>	<u>(17,923)</u>	<u>832,136</u>
Expenditures:				
Economic and physical development	<u>1,025,180</u>	<u>1,007,404</u>	<u>17,776</u>	<u>806,908</u>
Revenues over (under) expenditures	19,618	19,471	(147)	25,228
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	<u>(19,618)</u>	<u>(19,471)</u>	<u>147</u>	<u>(22,343)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>2,885</u>
Fund balance (deficit), beginning of year		<u>-</u>		<u>(2,885)</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL AND CHANGES IN FUND BALANCE -

BRUNSWICK COUNTY LEASING CORPORATION FUND

FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Revenues:				
Investment earnings	\$ -	\$ 6,862	\$ 6,862	\$ 3,288
Total revenues	<u>-</u>	<u>6,862</u>	<u>6,862</u>	<u>3,288</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	-	(4,127)	(4,127)	(10,923)
Water Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(4,127)</u>	<u>(4,127)</u>	<u>(10,923)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>2,735</u>	<u>\$ 2,735</u>	<u>(7,635)</u>
Fund balance, beginning of year		<u>2,994</u>		<u>10,629</u>
Fund balance, end of year		<u>\$ 5,729</u>		<u>\$ 2,994</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - EMERGENCY TELEPHONE SYSTEM FUND
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Revenues:				
Other taxes and licenses	\$ 640,000	\$ 711,620	\$ 71,620	\$ 713,042
Restricted intergovernmental	113,113	199,449	86,336	81,937
Investment earnings	-	32,408	32,408	13,277
Total revenues	<u>753,113</u>	<u>943,477</u>	<u>190,364</u>	<u>808,256</u>
Expenditures:				
Public safety	<u>1,187,599</u>	<u>1,024,018</u>	<u>163,581</u>	<u>868,084</u>
Revenues over (under) expenditures	(434,486)	(80,541)	353,945	(59,828)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Appropriated fund balance	<u>434,486</u>	<u>-</u>	<u>(434,486)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(80,541)</u>	<u>\$ (80,541)</u>	<u>(59,828)</u>
Fund balance, beginning of year		<u>840,014</u>		<u>899,842</u>
Fund balance, end of year		<u>\$ 759,473</u>		<u>\$ 840,014</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO
 ACTUAL - GRANT PROJECT FUND
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental-CDBG-2003	\$ 543,690	\$ 382,847	\$ 142,859	\$ 525,706
Restricted intergovernmental-CHAF	4,390,602	-	7,914	7,914
Restricted intergovernmental-EPA Hardship	1,424,440	1,424,440	-	1,424,440
Investment earnings	-	-	-	-
Total revenues	<u>6,358,732</u>	<u>1,807,287</u>	<u>150,773</u>	<u>1,958,060</u>
Expenditures:				
CDBG-2003 Scattered Site Grant	543,690	456,001	69,705	525,706
CHAF Grant	4,390,602	-	616,709	616,709
EPA Hardship Grant-NE Brunswick Wastewater	1,424,440	708,756	86,203	794,959
Total expenditures	<u>6,358,732</u>	<u>1,164,757</u>	<u>772,617</u>	<u>1,937,374</u>
Revenues over (under) expenditures	-	642,530	(621,844)	20,686
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	-	-	-	-
Public housing grant fund	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 642,530</u>	<u>(621,844)</u>	<u>\$ 20,686</u>
Fund balance, beginning of year			<u>664,022</u>	
Fund balance, end of year			<u>\$ 42,178</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - REVALUATION FUND
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Revenues:				
Investment earnings	\$ -	\$ 6,723	\$ 6,723	\$ 6,465
Expenditures:				
Economic and physical development	-	-	-	278,704
Revenues over (under) expenditures	-	6,723	6,723	(272,239)
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	(250,028)	(221,289)	28,739	-
Appropriated fund balance	250,028	-	(250,028)	-
Total other financing sources (uses)	-	(221,289)	(221,289)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(214,566)	\$ (214,566)	(272,239)
Fund balance, beginning of year		<u>214,566</u>		<u>486,805</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ 214,566</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - SAD REVOLVING FUND
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Revenues:				
Special assessments	\$ 61,456	\$ 64,430	\$ 2,974	\$ 123,739
Investment earnings	5,494	5,672	178	4,505
Total revenues	<u>66,950</u>	<u>70,102</u>	<u>3,152</u>	<u>128,244</u>
Expenditures				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	66,950	70,102	3,152	128,244
Other Financing Sources (Uses):				
Transfers in (out)	(213,206)	(190,588)	22,618	(213,338)
Appropriated fund balance	<u>146,256</u>	<u>-</u>	<u>(146,256)</u>	<u>-</u>
Total other financing sources (uses)	<u>(66,950)</u>	<u>(190,588)</u>	<u>(123,638)</u>	<u>(213,338)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(120,486)</u>	<u>\$ (120,486)</u>	<u>(85,094)</u>
Fund balance, beginning of year		<u>146,258</u>		<u>231,352</u>
Fund balance, end of year		<u>\$ 25,772</u>		<u>\$ 146,258</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE 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, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Revenues:				
Investment earnings	\$ 18,631	\$ 62,233	\$ 43,602	\$ 40,137
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	2,893,869	2,834,978	(58,891)	3,414,681
Capital Project Funds	(5,420,679)	(2,153,097)	3,267,582	(3,015,859)
Appropriated fund balance	2,508,179	-	(2,508,179)	-
Total other financing sources (uses)	<u>(18,631)</u>	<u>681,881</u>	<u>700,512</u>	<u>398,822</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	744,114	\$ 744,114	438,959
Fund balance, beginning of year		<u>2,508,179</u>		<u>2,069,220</u>
Fund balance, end of year		<u>\$ 3,252,293</u>		<u>\$ 2,508,179</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - SCHOOL CAPITAL RESERVE

(SALES TAX) FUND

FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Revenues:				
Investment earnings	\$ 31,741	\$ 46,272	\$ 14,531	\$ 105,332
Miscellaneous revenue	-	42,194	42,194	917
Total revenues	<u>31,741</u>	<u>88,466</u>	<u>56,725</u>	<u>106,249</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	(487,568)	(172,466)	315,102	3,039,885
Capital Project Funds	(3,817,593)	(2,629,878)	1,187,715	(3,569,035)
Appropriated fund balance	4,273,420	-	(4,273,420)	-
Total other financing sources (uses)	<u>(31,741)</u>	<u>(2,802,344)</u>	<u>(2,770,603)</u>	<u>(529,150)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(2,713,878)</u>	<u>\$ (2,713,878)</u>	<u>(422,901)</u>
Fund balance, beginning of year		<u>4,273,420</u>		<u>4,696,321</u>
Fund balance, end of year		<u>\$ 1,559,542</u>		<u>\$ 4,273,420</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE -
 REGISTER OF DEEDS TECHNOLOGY ENHANCEMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Revenues:				
Investment earnings	\$ -	\$ 22,181	\$ 22,181	\$ 5,938
Expenditures:				
General government	163,038	3,500	159,538	-
Revenues over (under) expenditures	(163,038)	18,681	181,719	5,938
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	163,038	162,841	(197)	145,024
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	181,522	\$ 181,522	150,962
Fund balance, beginning of year		407,609		256,647
Fund balance, end of year		\$ 589,131		\$ 407,609

MAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

WATER FUND - This fund is used to account for the County's water operations.

WATER CAPITAL PROJECTS FUND - This fund is used to account for additions and improvements of major water enterprise facilities which are financed by transfers from the water capital reserve funds, bond proceeds, and financing agreements.

WATER CAPITAL RESERVE FUND - This fund was established in accordance with North Carolina law to account for the accumulation of resources to be used for water enterprise capital projects. When construction begins, the fund balance will be transferred to a Water Capital Project.

WASTEWATER FUND - This fund is used to account for the County's wastewater operations.

WASTEWATER CAPITAL PROJECTS FUND - This fund is used to account for additions and improvements of major wastewater enterprise facilities which are financed by transfers from the wastewater capital reserve funds, bond proceeds, and financing agreements.

WASTEWATER CAPITAL RESERVE FUND - This fund was established in accordance with North Carolina law to account for the accumulation of resources to be used for wastewater enterprise capital projects. When construction begins, the fund balance will be transferred to a Wastewater Capital Project.

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - WATER FUND (NON-GAAP)
 June 30, 2006

	Water	Miscellaneous Capital Improvement	Cedar Hill Road	Filter To Waste	Waterline	Supply Water and Sewer Extension
Current Assets:						
Cash and cash equivalents/investments	\$ 15,448,243	\$ 95,686	\$ -	\$ 1,003	\$ 32,416	\$ 1,230,567
Receivables, net	1,943,394					
Due from other governmental agencies	159,940		135,000		-	2,375
Inventories	213,546	-	-	-	-	-
Total current assets	<u>17,765,123</u>	<u>95,686</u>	<u>135,000</u>	<u>1,003</u>	<u>32,416</u>	<u>1,232,942</u>
Current Liabilities:						
Accounts payable and accrued liabilities	548,284	-	-	-	-	103,873
Customer deposits	914,540	-	-	-	-	-
Due to other funds	-	-	100,833	-	-	-
Total liabilities	<u>1,462,824</u>	<u>-</u>	<u>100,833</u>	<u>-</u>	<u>-</u>	<u>103,873</u>
Expendable net assets	16,302,299	95,686	34,167	1,003	32,416	1,129,069
Noncurrent Items:						
Capital assets	76,139,095	-	-	-	-	-
Accrued compensated absences	(162,590)	-	-	-	-	-
Long-term debt	(4,044,944)	-	-	-	-	-
Total net assets	<u>\$ 88,233,860</u>	<u>\$ 95,686</u>	<u>\$ 34,167</u>	<u>\$ 1,003</u>	<u>\$ 32,416</u>	<u>\$ 1,129,069</u>

Schedule C-1

<u>CBU Interconnect</u>	<u>Water Complex Pump Station</u>	<u>Southport Elevated Tank</u>	<u>Brunswick Community College Pump Station</u>	<u>Wacammaw Waterline</u>	<u>Subdivision 2005 Water Project</u>	<u>Special Assessment District 21</u>	<u>Cedar Grove Water Line 2006</u>	<u>Total</u>
\$ 291,516	\$ -	\$ 1,194,984	\$ -	\$ 2,571,154	\$ 614,600	\$ -	\$ 492,713	\$ 21,972,882
22,511	-	-	-	-	-	17,933	-	1,943,394
-	-	-	-	-	-	-	-	337,759
<u>314,027</u>	<u>-</u>	<u>1,194,984</u>	<u>-</u>	<u>2,571,154</u>	<u>614,600</u>	<u>17,933</u>	<u>492,713</u>	<u>213,546</u>
								<u>24,467,581</u>
138,704	-	4,002	-	1,027,118	-	-	5,698	1,827,679
-	-	-	-	-	-	-	-	914,540
<u>138,704</u>	<u>-</u>	<u>4,002</u>	<u>-</u>	<u>1,027,118</u>	<u>-</u>	<u>-</u>	<u>5,698</u>	<u>100,833</u>
								<u>2,843,052</u>
175,323	-	1,190,982	-	1,544,036	614,600	17,933	487,015	21,624,529
-	-	-	-	-	-	-	-	76,139,095
-	-	-	-	-	-	-	-	(162,590)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,044,944)</u>
<u>\$ 175,323</u>	<u>\$ -</u>	<u>\$ 1,190,982</u>	<u>\$ -</u>	<u>\$ 1,544,036</u>	<u>\$ 614,600</u>	<u>\$ 17,933</u>	<u>\$ 487,015</u>	<u>\$ 93,556,090</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - WATER SYSTEM
 OPERATING FUND (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Revenues:				
User charges	\$ 14,195,181	\$ 15,923,101	\$ 1,727,920	\$ 12,337,393
Restricted intergovernmental revenue	9,460	9,460	-	-
Investment earnings	480,000	613,753	133,753	248,124
Other	67,470	77,437	9,967	550,073
Total revenues	<u>14,752,111</u>	<u>16,623,751</u>	<u>1,871,640</u>	<u>13,135,590</u>
Expenditures:				
Salaries	2,706,998	2,567,990	139,008	2,250,308
Fringe benefits	1,085,528	1,010,759	74,769	767,903
Operating expenditures	5,091,751	4,505,544	586,207	4,026,644
Capital outlay	1,267,356	974,616	292,740	3,582,136
Debt Service:				
Principal	907,579	852,579	55,000	2,619,738
Interest	185,997	240,811	(54,814)	512,750
Total expenditures	<u>11,245,209</u>	<u>10,152,299</u>	<u>1,092,910</u>	<u>13,759,479</u>
Revenues over (under) expenditures	3,506,902	6,471,452	2,964,550	(623,889)
Other Financing Sources (Uses):				
Long-term debt issued	-	-	-	4,962,806
Advance repayment of long-term debt	-	-	-	(1,921,969)
Transfers in (out)	(5,216,239)	(4,661,896)	554,343	(2,260,715)
Intrafund transfers	(480,923)	(480,923)	-	(400,000)
Contingency	-	-	-	-
Appropriated fund balance	2,190,260	-	(2,190,260)	-
Total other financing sources (uses)	<u>(3,506,902)</u>	<u>(5,142,819)</u>	<u>(1,635,917)</u>	<u>380,122</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,328,633</u>	<u>\$ 1,328,633</u>	<u>\$ (243,767)</u>
Reconciliation From Budgetary Basis				
To Full Accrual Basis:				
Capital Project Related Items:				
Revenues from water capital projects		-		
Intrafund transfers		480,923		
Other transfers		5,813,547		
Capital project expenditures		(2,810,113)		
CIP additions from capital projects		2,759,081		
Other Reconciling Items:				
Capitalized capital outlay and CIP adjustment		1,033,364		
Transfer of capital assets		(15,500)		
Change in vacation accrual		(6,570)		
Change in inventory		(158,981)		
Retirement of long-term debt		852,579		
Contributed capital assets		4,049,067		
Depreciation and amortization		(2,423,847)		
Change in net assets - GAAP basis		<u>\$ 10,902,183</u>		

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
 WATER CAPITAL PROJECT FUNDS (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006**

	Project Budget	Actual		Total to Date
		Prior Year	Current Year	
Revenues:				
Restricted intergovernmental revenue	\$ 855,000	\$ 55,000	\$ -	\$ 55,000
Other	598,889	20,336	-	20,336
Total revenues	<u>1,453,889</u>	<u>75,336</u>	<u>-</u>	<u>75,336</u>
Expenditures:				
Special Assessment District 21	695,188	43,968	633,287	677,255
Hale Swamp Road	-	-	-	-
Limited Capital Improvement Fund-UOB	100,000	-	4,314	4,314
Varnamtown water line	816,889	678,750	-	678,750
Filter to waste project	858,527	836,238	21,286	857,524
2002 Water line project	672,628	672,628	-	672,628
2004 Water line project	413,089	362,208	25,431	387,639
Supply water main and sewer collection project	1,677,620	615	147,937	148,552
Carolina Shores interconnections project	965,923	5,000	785,601	790,601
Cedar Grove waterlines	500,000	-	12,985	12,985
Southport elevated tank project	2,000,000	-	34,018	34,018
Waterline subdivisions	656,600	-	42,000	42,000
Waccamaw water line project	2,647,290	-	1,103,254	1,103,254
Total expenditures	<u>12,003,754</u>	<u>2,599,407</u>	<u>2,810,113</u>	<u>5,409,520</u>
Revenues over (under) expenditures	(10,549,865)	(2,524,071)	(2,810,113)	(5,334,184)
Other Financing Sources (Uses):				
Transfers in	10,549,865	4,255,395	5,813,547	10,068,942
Intrafund transfers from water fund	-	-	480,923	480,923
Contingency	-	-	-	-
Total other financing sources (uses)	<u>10,549,865</u>	<u>4,255,395</u>	<u>6,294,470</u>	<u>10,549,865</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,731,324</u>	<u>\$ 3,484,357</u>	<u>\$ 5,215,682</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - WASTEWATER FUND (NON-GAAP)

June 30, 2006

	Wastewater	NE Brunswick Wastewater Plant	West Regional Wastewater Plant	Carolina Shore & Sea Trail Wastewater Project
Current Assets:				
Cash and cash equivalents/investments	\$ 4,347,963	\$ -	\$ 6,180,006	\$ 514,866
Receivables, net	377,861	-	-	-
Due from other governmental agencies	223,210	3,885,025	162,080	-
Inventories	239,185	-	-	-
Total current assets	5,188,219	3,885,025	6,342,086	514,866
Current Liabilities:				
Accounts payable and accrued liabilities	241,674	-	2,112,301	-
Due to other funds	-	3,759,594	-	-
Total liabilities	241,674	3,759,594	2,112,301	-
Expendable net assets	4,946,545	125,431	4,229,785	514,866
Noncurrent Items:				
Capital assets	89,949,705	-	-	-
Accrued compensated absences	(47,035)	-	-	-
Deferred revenues	(2,343,067)	-	-	-
Long-term debt	(72,092,554)	-	-	-
Total net assets	\$ 20,413,594	\$ 125,431	\$ 4,229,785	\$ 514,866

Schedule D-1

Holden Beach Special Assesment District	Brunswick Comm College Complex Pump Station	West Regional Phase 2	Phase 1 SW FM PS Shallotte	Phase 2 SW FM PS Sea Trail	Total
\$ 700,280	\$ 223,005	\$ 950,724	\$ 322,265	\$ 501,735	\$ 13,740,844
-	-	-	-	-	377,861
1,921	15,938	-	-	-	4,288,174
-	-	-	-	-	239,185
<u>702,201</u>	<u>238,943</u>	<u>950,724</u>	<u>322,265</u>	<u>501,735</u>	<u>18,646,064</u>
103,971	198,328	178,855	60,909	43,160	2,939,198
-	-	-	-	-	3,759,594
<u>103,971</u>	<u>198,328</u>	<u>178,855</u>	<u>60,909</u>	<u>43,160</u>	<u>6,698,792</u>
598,230	40,615	771,869	261,356	458,575	11,947,272
-	-	-	-	-	89,949,705
-	-	-	-	-	(47,035)
-	-	-	-	-	(2,343,067)
-	-	-	-	-	(72,092,554)
<u>\$ 598,230</u>	<u>\$ 40,615</u>	<u>\$ 771,869</u>	<u>\$ 261,356</u>	<u>\$ 458,575</u>	<u>\$ 27,414,321</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - WASTEWATER FUND (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	Budget	Actual	Variance Positive (Negative)	2005
Revenues:				
User charges	\$ 6,561,875	\$ 8,243,004	\$ 1,681,129	\$ 2,828,727
Capital contributions	467,570	467,570	-	334,844
Investment earnings	160,720	204,481	43,761	54,339
Restricted Intergovernmental revenues	3,146	3,144	(2)	\$ -
Other	154,486	163,014	8,528	1,368,264
Total revenues	<u>7,347,797</u>	<u>9,081,213</u>	<u>1,733,416</u>	<u>4,586,174</u>
Expenditures:				
Salaries	777,016	764,038	12,978	600,323
Fringe benefits	312,521	292,816	19,705	211,013
Operating expenditures	1,713,793	1,813,463	(99,670)	866,021
Capital outlay	792,816	774,691	18,125	5,467,948
Debt Service:				
Principal	605,174	605,173	1	572,234
Interest	412,996	412,994	2	383,493
Total expenditures	<u>4,614,316</u>	<u>4,663,175</u>	<u>(48,859)</u>	<u>8,101,032</u>
Revenues over (under) expenditures	2,733,481	4,418,038	1,684,557	(3,514,858)
Other Financing Sources (Uses):				
Issuance of long-term debt	-	-	-	5,899,240
Transfers in (out)	(256,513)	(810,856)	(554,343)	(1,128,544)
Intrafund transfers	(1,576,943)	(1,499,778)	77,165	(77,167)
Contingency	(900,025)	-	900,025	-
Total other financing sources (uses)	<u>(2,733,481)</u>	<u>(2,310,634)</u>	<u>422,847</u>	<u>4,693,529</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>2,107,404</u>	<u>\$ 2,107,404</u>	<u>\$ 1,178,671</u>

Reconciliation From Budgetary Basis**To Full Accrual Basis:****Revenues and Transfers - Sewer Capital Projects:**

Revenues from wastewater capital projects	40,000
Investment earnings	352,148
Capital project expenditures	(15,695,270)
CIP additions from capital projects	16,519,376
Transfers in (out)	2,373,216
Intrafund transfers	1,499,778
Other Reconciling Items:	
Change in vacation accrual	(12,264)
Capitalized expenditures	781,317
Contributed assets	3,844,798
Change in inventory	239,185
Retirement of long-term debt	605,173
Depreciation	(711,361)
Change in net assets - GAAP basis	<u>\$ 11,943,500</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
WASTEWATER CAPITAL PROJECT FUNDS (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Project Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Revenues:				
Restricted intergovernmental revenue	\$ 1,397,000	\$ 945,332	\$ 40,000	\$ 985,332
Other	385,677	409,728	-	409,728
Capital Contributions	-	-	-	-
Investment earnings	153,000	443,940	352,148	796,089
Total revenues	<u>1,935,677</u>	<u>1,799,000</u>	<u>392,148</u>	<u>2,191,148</u>
Expenditures:				
Northeast Brunswick Wastewater facility	12,340,982	12,655,413	6,627	12,662,040
West Regional Wastewater project	63,443,398	45,160,848	14,221,992	59,382,840
BCC / Complex Pump Station	730,000	15,500	673,885	689,385
Carolina Shores / Sea Trail WWTP	764,600	-	249,734	249,734
SAD-23 Holden Beach Causeway WW	743,116	-	144,887	144,887
West Regional Phase 2	1,022,000	-	250,131	250,131
Phase 1 - SW FM & P.S. - Shallotte	328,445	-	67,089	67,089
Phase 2 - SW FM & P.S. - Sea Trail	539,500	-	80,925	80,925
Total expenditures	<u>79,912,041</u>	<u>57,831,761</u>	<u>15,695,270</u>	<u>73,527,032</u>
Revenues over (under) expenditures	(77,976,364)	(56,032,761)	(15,303,122)	(71,335,884)
Other Financing Sources (Uses):				
Long term debt issued	67,889,544	57,745,721	10,000,000	67,745,721
Bond premium (discount)	353,398	353,398	-	353,398
Grant subsidy	4,143,094	4,143,094	-	4,143,094
Transfers in	4,090,550	2,122,138	2,373,216	4,495,354
Intrafund transfer from wastewater fund	1,499,778	-	1,499,778	1,499,778
Total other financing sources (uses)	<u>77,976,364</u>	<u>64,364,350</u>	<u>13,872,994</u>	<u>78,237,345</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 8,331,587</u>	<u>\$ (1,430,128)</u>	<u>\$ 6,901,458</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL - WATER CAPITAL RESERVE (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Revenues:				
Investment earnings	\$ 115,000	\$ 118,250	\$ 3,250	\$ 12,618
Other Financing Sources (Uses):				
Transfers in	4,209,307	4,209,307	-	4,270,944
Water Capital Project Funds	(7,750,401)	(7,312,094)	438,307	(991,952)
Appropriated fund balance	3,426,094	-	(3,426,094)	-
Total other financing sources (uses)	<u>(115,000)</u>	<u>(3,102,787)</u>	<u>(2,987,787)</u>	<u>3,278,992</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(2,984,537)	\$ (2,984,537)	\$ 3,291,610
Net Assets:				
Beginning of year, July 1		<u>3,438,711</u>		
End of year, June 30		<u>\$ 454,174</u>		

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL - WASTEWATER CAPITAL RESERVE (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2005</u>
Revenues:				
Investment earnings	\$ -	\$ 7,238	\$ 7,238	\$ -
Other Financing Sources (Uses):				
Transfers in	1,123,800	1,123,800	-	-
Wastewater Capital Project Funds	<u>(1,123,800)</u>	<u>(674,856)</u>	448,944	-
Total other financing sources (uses)	<u>-</u>	<u>448,944</u>	<u>448,944</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses				
	<u>\$ -</u>	456,182	<u>\$ 456,182</u>	<u>\$ -</u>
Net Assets:				
Beginning of year, July 1		<u>-</u>		
End of year, June 30		<u>\$ 456,182</u>		

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF FUND NET ASSETS- NONMAJOR ENTERPRISE FUNDS
June 30, 2006

	<u>Water Capital Reserve</u>	<u>Wastewater Capital Reserve</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash and cash equivalents/investments	\$ 454,174	\$ 456,182	\$ 910,356
Net Assets:			
Unrestricted (deficit)	454,174	456,182	910,356
Total net assets	<u>\$ 454,174</u>	<u>\$ 456,182</u>	<u>\$ 910,356</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Water Capital Reserve</u>	<u>Wastewater Capital Reserve</u>	<u>Total</u>
Nonoperating Revenues (Expenses):			
Investment earnings	\$ 118,250	\$ 7,238	\$ 125,488
Transfers in	4,209,307	1,123,800	5,333,107
Transfers out	<u>(7,312,094)</u>	<u>(674,856)</u>	<u>(7,986,950)</u>
Increase (decrease) in net assets	(2,984,537)	456,182	(2,528,355)
Net assets, beginning of year	3,438,711	-	3,438,711
Net assets, end of year	<u>\$ 454,174</u>	<u>\$ 456,182</u>	<u>\$ 910,356</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Water Capital Reserve</u>	<u>Wastewater Capital Reserve</u>	<u>Total</u>
Cash Flows From Noncapital Financing Activities:			
Transfers in (out)	\$ (3,102,787)	\$ 448,944	\$ (2,653,843)
Cash Flows From Investing Activities:			
Interest on investments	<u>118,250</u>	<u>7,238</u>	<u>125,488</u>
Net increase (decrease) in cash and cash equivalents	(2,984,537)	456,182	(2,528,355)
Cash and cash equivalents, beginning of year	<u>3,438,712</u>	<u>-</u>	<u>3,438,712</u>
Cash and cash equivalents, end of year	<u>\$ 454,175</u>	<u>\$ 456,182</u>	<u>\$ 910,357</u>

AGENCY FUNDS

Social Services Fund - This fund accounts for monies held by the Social Services Department for the benefit of certain individuals in the County.

Smithville Township Fund - This fund accounts for the proceeds of the special hospital tax collected by the County on behalf of the citizens of Smithville Township.

Intergovernmental Collections Fund - This fund accounts for the proceeds of the motor vehicle taxes and other ad Valorem taxes that are collected by the County on behalf of the municipalities within the County and for fines and forfeitures collected by the Clerk of Court which are remitted to the Brunswick County Schools.

Sheriff Department Trust Fund - This fund accounts for the proceeds of court ordered property sales necessary to satisfy a debt.

Brunswick County Hospital Authority - This fund accounts for monies held by Brunswick County for the Brunswick County Hospital Authority.

Family Self-Sufficiency Trust - This fund accounts for credits earned by HUD-Public Housing participants.

Inmate Trust Fund - This fund accounts for monies held by Brunswick County on the behalf of inmates in the Brunswick County Detention Center.

3% Interest Payable to State Fund - This fund accounts for monies due to the State of North Carolina collected as a late payment penalty on delinquent motor vehicle taxes.

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Balance 2005	Additions	Deductions	Balance 2006
SOCIAL SERVICES FUND				
Assets:				
Cash, cash equivalents and investments	\$ 35,700	\$ 21,558	\$ -	\$ 57,258
Receivables - net	-	6,631	-	6,631
Total assets	<u>\$ 35,700</u>	<u>\$ 28,189</u>	<u>\$ -</u>	<u>\$ 63,889</u>
Liabilities:				
Other	<u>\$ 35,700</u>	<u>\$ 28,189</u>	<u>\$ -</u>	<u>\$ 63,889</u>
SMITHVILLE TOWNSHIP FUND				
Assets:				
Cash, cash equivalents and investments	\$ 2,034,492	\$ -	\$ (1,014,730)	\$ 1,019,762
Taxes receivable - net	6,005	-	(993)	5,012
Total assets	<u>\$ 2,040,497</u>	<u>\$ -</u>	<u>\$ (1,015,723)</u>	<u>\$ 1,024,774</u>
Liabilities:				
Other	\$ 6,005	\$ -	\$ (993)	\$ 5,012
Due to other governmental agencies	2,034,492	-	(1,014,730)	1,019,762
Total liabilities	<u>\$ 2,040,497</u>	<u>\$ -</u>	<u>\$ (1,015,723)</u>	<u>\$ 1,024,774</u>
INTERGOVERNMENTAL COLLECTIONS FUND				
Assets:				
Cash, cash equivalents and investments	\$ 250,284	\$ 345,684	\$ -	\$ 595,968
Taxes receivable - net	29,118	1,834	-	30,952
Total assets	<u>\$ 279,402</u>	<u>\$ 347,518</u>	<u>\$ -</u>	<u>\$ 626,920</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 279,402</u>	<u>\$ 347,518</u>	<u>\$ -</u>	<u>\$ 626,920</u>
SHERIFF DEPARTMENT TRUST FUND				
Assets:				
Cash, cash equivalents and investments	\$ 9,397	\$ 3,571	\$ -	\$ 12,968
Liabilities:				
Other	<u>\$ 9,397</u>	<u>\$ 3,571</u>	<u>\$ -</u>	<u>\$ 12,968</u>
BRUNSWICK HOSPITAL AUTHORITY				
Assets:				
Cash, cash equivalents and investments	\$ 123,715	\$ 134,194	\$ -	\$ 257,909
Liabilities:				
Other	<u>\$ 123,715</u>	<u>\$ 134,194</u>	<u>\$ -</u>	<u>\$ 257,909</u>
FAMILY SELF-SUFFICIENCY TRUST				
Assets:				
Cash, cash equivalents and investments	\$ 45,107	\$ 25,353	\$ -	\$ 70,460
Liabilities:				
Other	<u>\$ 45,107</u>	<u>\$ 25,353</u>	<u>\$ -</u>	<u>\$ 70,460</u>
INMATE TRUST FUND				
Assets:				
Cash, cash equivalents and investments	\$ 11,021	\$ -	\$ (4,085)	\$ 6,936
Liabilities:				
Other	<u>\$ 11,021</u>	<u>\$ -</u>	<u>\$ (4,085)</u>	<u>\$ 6,936</u>
3% INTEREST PAYABLE TO STATE FUND				
Assets:				
Cash, cash equivalents and investments	\$ -	\$ 10,670	\$ (7,917)	\$ 2,753
Liabilities:				
Other	<u>\$ -</u>	<u>\$ 10,670</u>	<u>\$ (7,917)</u>	<u>\$ 2,753</u>
COMBINING TOTALS				
Assets:				
Cash, cash equivalents and investments	\$ 2,509,716	\$ 541,030	\$ (1,026,732)	\$ 2,024,014
Receivables, net	35,123	8,465	(993)	42,595
Total assets	<u>\$ 2,544,839</u>	<u>\$ 549,495</u>	<u>\$ (1,027,725)</u>	<u>\$ 2,066,609</u>
Liabilities:				
Due to other governmental agencies	\$ 2,313,894	\$ 347,518	\$ (1,014,730)	\$ 1,646,682
Other	230,945	201,977	(12,995)	419,927
Total liabilities	<u>\$ 2,544,839</u>	<u>\$ 549,495</u>	<u>\$ (1,027,725)</u>	<u>\$ 2,066,609</u>

SUPPLEMENTAL FINANCIAL DATA

This section includes additional information on property taxes.

Schedule of Ad Valorem Taxes Receivable - General Fund

Analysis of Current Tax Levy - County-Wide Levy

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2005</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2006</u>
2005-06	\$ -	\$ 77,993,000	\$ 75,874,328	\$ 2,118,672
2004-05	2,170,537	-	1,384,335	786,202
2003-04	930,771	-	439,238	491,533
2002-03	699,271	-	262,335	436,936
2001-02	547,261	-	175,313	371,948
2000-01	398,573	-	125,776	272,797
1999-00	283,351	-	65,253	218,098
1998-99	238,892	-	45,184	193,708
1997-98	207,899	-	31,702	176,197
1996-97	172,557	-	22,157	150,400
1995-96	122,457	-	122,457	-
	<u>\$ 5,771,569</u>	<u>\$ 77,993,000</u>	<u>\$ 78,548,078</u>	5,216,491
Less: Allowance for uncollected taxes receivable General Fund				<u>3,823,239</u>
Ad valorem taxes receivable (net)				<u>\$ 1,393,252</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 79,137,088
Reconciling Items:				
Interest collected and penalties				(853,242)
Releases on prior year tax				252,440
MVT Less Thans				25,214
Collection of taxes previously written off				<u>(13,421)</u>
Total collections and credits				<u>\$ 78,548,078</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2006

	County-Wide			Property Excluding Registered Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
Original levy excluding motor vehicles	\$ 13,661,604,763	\$ 0.0054	\$ 73,781,275	\$ 73,781,275	\$ -
Registered motor vehicles	828,606,592		4,453,440	-	4,453,440
Penalties	-		56,979	56,979	-
Total	<u>14,490,211,355</u>		<u>78,291,694</u>	<u>73,838,254</u>	<u>4,453,440</u>
Abatements	<u>(55,313,739)</u>		<u>(298,694)</u>	<u>(259,842)</u>	<u>(38,852)</u>
Total valuation	<u>\$ 14,434,897,616</u>				
Net levy			77,993,000	73,578,412	4,414,588
Less uncollected taxes at June 30,			<u>2,118,672</u>	<u>1,517,461</u>	<u>601,211</u>
Current year's taxes collected			<u>\$ 75,874,328</u>	<u>\$ 72,060,951</u>	<u>\$ 3,813,377</u>
Current levy collection percentage			<u>97.28%</u>	<u>97.94%</u>	<u>86.38%</u>

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NON-MAJOR COMPONENT UNIT FINANCIAL DATA

Brunswick County Board of Alcoholic Control, a component unit of Brunswick County, is a legally separate entity for which the County is financially accountable. The Board issues separate financial statements.

Brunswick County Airport Commission, a component unit of Brunswick County, is a legally separate entity for which the County is financially accountable. The Board issues separate financial statements.

Brunswick County Tourism Development Authority, a component unit of Brunswick County, is a legally separate entity for which the County is financially accountable. The Board issues separate financial statements.

Brunswick County Economic Development Commission, a component unit of Brunswick County, is a legally separate entity for which the County is financially accountable. The Board issues separate financial statements.

Brunswick County Hospital Authority (the "Authority"), a component unit of Brunswick County, is a legally separate entity for which the County is financially accountable. The Authority does not issue separate financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - NON-MAJOR COMPONENT UNITS

June 30, 2006

	Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Brunswick County Economic Development Commission	Brunswick County Hospital Authority	Totals
Assets:						
Current Assets:						
Cash, cash equivalents and investments	\$ 214,199	\$ 232,628	\$ 284,819	\$ 200,103	\$ -	\$ 931,749
Receivables, net	241	16,221	-	-	-	16,462
Due from primary government	-	-	-	-	257,909	257,909
Due from other governments	-	750,811	191,166	-	-	941,977
Inventory	196,374	33,586	-	-	-	229,960
Other assets	8,750	-	3,400	2,019	-	14,169
Total current assets	419,564	1,033,246	479,385	202,122	257,909	2,392,226
Capital assets, net	1,182,788	9,077,306	-	-	-	10,260,094
Total assets	\$ 1,602,352	\$ 10,110,552	\$ 479,385	\$ 202,122	\$ 257,909	\$ 12,652,320
Liabilities and Net Assets:						
Liabilities:						
Current Liabilities:						
Debt obligation - current portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	190,159	187,515	53,068	1,750	-	432,492
Due to other governments	2,545	775,704	-	-	-	778,249
Total current liabilities	192,704	963,219	53,068	1,750	-	1,210,741
Noncurrent Liabilities:						
Debt obligation - long-term portion	770,000	-	-	16,031	-	786,031
Total noncurrent liabilities	770,000	-	-	16,031	-	786,031
Total liabilities	962,704	963,219	53,068	17,781	-	1,996,772
Net Assets:						
Invested in capital assets, net of related debt	412,788	9,077,306	-	2,019	-	9,492,113
Restricted:						
Economic development	-	-	-	162,787	-	162,787
Other purposes	58,488	-	195,629	-	-	254,117
Unrestricted	168,372	70,027	230,688	19,535	257,909	746,531
Total net assets	639,648	9,147,333	426,317	184,341	257,909	10,655,548
Total liabilities and net assets	\$ 1,602,352	\$ 10,110,552	\$ 479,385	\$ 202,122	\$ 257,909	\$ 12,652,320

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
 NON-MAJOR COMPONENT UNITS
 FOR THE YEAR ENDED JUNE 30, 2006

	Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Brunswick County Economic Development Commission	Brunswick County Hospital Authority	Totals
Revenues						
Sales and services	\$ 1,514,550	\$ 704,359	\$ 982,654	\$ 525	\$ 300,000	\$ 3,502,088
Operating grants	-	-	-	270,390	-	270,390
Capital grants	-	1,721,478	-	-	-	1,721,478
Investment earnings	-	9,002	13,336	2,779	6,698	31,815
Total revenues	<u>1,514,550</u>	<u>2,434,839</u>	<u>995,990</u>	<u>273,694</u>	<u>306,698</u>	<u>5,525,771</u>
Expenditures						
Operating expenses	<u>1,409,436</u>	<u>777,511</u>	<u>946,826</u>	<u>289,830</u>	<u>172,504</u>	<u>3,596,107</u>
Revenues over (under) expenditures	105,114	1,657,328	49,164	(16,136)	134,194	1,929,664
Fund balance, beginning of year	<u>534,534</u>	<u>7,490,005</u>	<u>377,153</u>	<u>200,477</u>	<u>123,715</u>	<u>8,725,884</u>
Fund balance, end of year	<u>\$ 639,648</u>	<u>\$ 9,147,333</u>	<u>\$ 426,317</u>	<u>\$ 184,341</u>	<u>\$ 257,909</u>	<u>\$ 10,655,548</u>

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STATISTICAL SECTION

This section includes trend data and nonfinancial information useful in assessing the County's financial condition.

Net Assets by Components (unaudited)

Changes in Net Assets (unaudited)

Governmental Activities Tax Revenues by Source (unaudited)

Fund Balance, Governmental Funds (unaudited)

Changes in Fund Balance, Governmental Funds (unaudited)

Assessed Value and Estimated Actual Value of Taxable Property (unaudited)

Property Tax Rates-Direct and All Overlapping Governments (unaudited)

Principal Property Taxpayers (unaudited)

Property Tax Levies and Collections – General Fund (unaudited)

Ratio of Outstanding Debt by Type (unaudited)

Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita (unaudited)

Direct and Underlying Governmental Activities Debt (unaudited)

Legal Debt Margin Information (unaudited)

Pledged-Revenue Coverage (unaudited)

Demographic Statistics (unaudited)

Principal Employers (unaudited)

Full-time Equivalent County Government Employees by Function (unaudited)

Operating Indicators by Function/Program (unaudited)

Capital Asset Statistics by Function/Program (unaudited)

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 1

**Net Assets by Component
(accrual basis of accounting)
Last Four Fiscal Years**

	Fiscal Year (1)			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 53,185,729	\$ 48,903,970	\$ 37,137,060	\$ 54,279,043
Restricted	28,600,076	23,334,978	23,334,978	-
Unrestricted	(25,957,111)	(12,454,484)	(2,843,693)	13,102,857
Total governmental activities net assets	<u>\$ 55,828,694</u>	<u>\$ 59,784,464</u>	<u>\$ 57,628,345</u>	<u>\$ 67,381,900</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 76,595,678	\$ 80,543,952	\$ 39,904,058	\$ 93,748,105
Unrestricted	12,458,138	12,088,889	61,659,379	28,132,662
Total business-type activities net assets	<u>\$ 89,053,816</u>	<u>\$ 92,632,841</u>	<u>\$ 101,563,437</u>	<u>\$ 121,880,767</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 129,781,407	\$ 129,447,922	\$ 77,041,118	\$ 148,027,148
Restricted	28,600,076	23,334,978	23,334,978	-
Unrestricted	(13,498,973)	(365,595)	58,815,686	41,235,519
Total primary government net assets	<u>\$ 144,882,510</u>	<u>\$ 152,417,305</u>	<u>\$ 159,191,782</u>	<u>\$ 189,262,667</u>

Notes:

(1) Four years presented due to implementation of GASB Statement 34 in Fiscal Year 2003.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 2

Changes in Net Assets
(accrual basis of accounting)
Last Four Fiscal Years

	Fiscal Year (1)			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 8,763,176	\$ 9,126,904	\$ 12,265,609	\$ 11,650,297
Public safety	13,325,392	14,901,214	16,613,151	21,488,245
Central services	7,089,722	8,524,633	9,819,916	11,415,044
Human services	19,321,396	19,498,577	21,705,607	24,449,640
Transportation	2,443,617	3,046,258	860,256	1,553,193
Environmental protection	11,386,071	9,412,246	9,737,741	10,201,646
Cultural and recreation	2,663,326	2,446,057	3,094,606	2,932,943
Economic and physical development	5,541,528	5,261,136	5,800,337	5,888,020
Education	42,890,086	41,780,114	35,261,269	40,347,613
Revaluation Services	221,065	-	-	-
Interest on long-term debt	3,785,689	4,297,354	6,016,632	4,120,523
Total governmental activities	117,431,068	118,294,493	121,175,124	134,047,164
Business-type activities:				
Water	9,095,020	9,847,383	9,599,753	10,906,786
Wastewater	708,840	1,693,765	3,541,858	2,937,019
Total business-type activities	9,803,860	11,541,148	13,141,611	13,843,805
Total primary government expenses	\$ 127,234,928	\$ 129,835,641	\$ 134,316,735	\$ 147,890,969
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 3,563,811	\$ 2,486,888	\$ 2,344,425	\$ 3,445,947
Public safety	1,448,782	2,855,570	4,496,621	4,610,690
Central services	788,960	758,966	1,304,404	1,133,005
Human services	551,612	935,055	2,199,295	1,450,075
Environmental protection	1,029,562	1,391,467	2,092,870	2,315,762
Cultural and recreation	138,818	-	285,906	717,351
Economic and physical development	94,929	105,907	997,435	-
Education	-	453,891	-	-
Operating grants and contributions:				
General government	58,747	510,279	84,566	-
Public safety	370,893	683,683	932,645	-
Central services	60,115	-	128,721	-
Human services	8,917,650	9,524,915	9,333,298	15,222,947
Transportation	2,960,927	1,985,015	-	-
Environmental protection	208,703	263,178	221,070	-
Cultural and recreation	158,421	131,359	138,984	-
Economic and physical development	2,430,821	2,486,436	2,584,521	-

Continued on next page

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 2 (Continued)

Changes in Net Assets
(accrual basis of accounting)
Last Four Fiscal Years

	Fiscal Year (1)			
	2003	2004	2005	2006
Capital grants and contributions:				
General government	-	421,823	-	-
Public safety	-	272,142	-	-
Transportation	4,035	-	-	-
Cultural and recreation	-	-	3,556,280	-
Economic and physical development	-	1,781,872	-	1,626,521
Education	-	331,223	-	548,439
Total governmental activities program revenues	<u>22,788,789</u>	<u>27,381,673</u>	<u>30,703,046</u>	<u>31,072,743</u>
Business-type activities:				
Charges for services:				
Water	14,000,842	13,461,240	12,729,168	15,985,038
Wastewater	714,571	1,527,189	4,196,991	8,406,018
Operating grants and contributions:				
Water	62,500	-	-	-
Wastewater	5,455,145	-	-	-
Capital grants and contributions:				
Water	1,522,630	1,708,819	1,206,673	4,058,527
Wastewater		2,531,517	1,318,004	4,355,512
Total business-type activities program revenues	<u>21,755,688</u>	<u>19,228,765</u>	<u>19,450,836</u>	<u>32,805,095</u>
Total primary government program revenues	<u>\$ 44,544,477</u>	<u>\$ 46,610,438</u>	<u>\$ 50,153,882</u>	<u>\$ 63,877,838</u>
Net (expense)/revenue				
Governmental activities	\$ (94,642,279)	\$ (90,912,820)	\$ (90,472,078)	\$ (102,974,421)
Business-type activities	<u>11,951,828</u>	<u>7,687,617</u>	<u>6,309,225</u>	<u>18,961,290</u>
Total primary government net (expense)/revenue	<u>\$ (82,690,451)</u>	<u>\$ (83,225,203)</u>	<u>\$ (84,162,853)</u>	<u>\$ (84,013,131)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Ad valorem taxes	\$ 63,283,441	\$ 67,717,315	\$ 73,327,947	\$ 78,767,616
Local option taxes	14,157,057	16,636,215	18,867,402	21,061,222
Other taxes	1,505,532	5,303,623	7,061,892	8,761,948
Unrestricted Grants and contributions	2,316,096	-	-	-
Investment earnings	976,947	921,742	1,832,774	4,199,756
Loss on disposal of capital assets	2,419,628	-	(10,909,492)	-
Transfers	(3,540,536)	4,291,705	(1,862,584)	(60,159)
Total governmental activities	<u>81,118,165</u>	<u>94,870,600</u>	<u>88,317,939</u>	<u>112,730,383</u>
Business-type activities:				
Investment earnings	128,951	183,113	758,787	1,295,870
Transfers	<u>3,540,536</u>	<u>(4,291,705)</u>	<u>1,862,584</u>	<u>60,168</u>
Total business-type activities	<u>3,669,487</u>	<u>(4,108,592)</u>	<u>2,621,371</u>	<u>1,356,038</u>
Total primary government	<u>\$ 84,787,652</u>	<u>\$ 90,762,008</u>	<u>\$ 90,939,310</u>	<u>\$ 114,086,421</u>

Continued on next page

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 2 (Continued)

Changes in Net Assets
(accrual basis of accounting)
 Last Four Fiscal Years

	Fiscal Year (1)			
	2003	2004	2005	2006
Change in Net Assets				
Governmental activities	\$ (13,524,114)	\$ 3,957,780	\$ (2,154,139)	\$ 9,755,962
Business-type activities	15,621,315	3,579,025	8,930,596	20,317,328
Total primary government	\$ 2,097,201	\$ 7,536,805	\$ 6,776,457	\$ 30,073,290

Notes:

(1) Four years presented due to implementation of GASB Statement 34 in Fiscal Year 2003.

COUNTY OF BRUNSWICK, NORTH CAROLINA**Table 3****Governmental Activities Tax Revenues By Source**
Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
1997	\$ 42,384,960	\$ 9,306,734	\$ 105,890	\$ 169,440	\$ 51,967,024
1998	44,837,765	10,153,856	119,538	171,285	55,282,444
1999	45,270,251	10,897,732	20,843	178,751	56,367,577
2000	52,822,490	11,664,082	138,503	186,928	64,812,003
2001	55,689,742	12,233,671	147,751	192,083	68,263,247
2002	60,982,737	12,645,932	42,579	-	73,671,248
2003	62,753,363	14,157,055	288,250	203,180	77,401,848
2004	68,478,690	16,636,215	194,982	209,433	85,519,320
2005	74,520,219	18,867,402	218,647	220,257	93,826,525
2006	79,137,087	21,061,222	331,736	227,627	100,757,672

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COUNTY OF BRUNSWICK, NORTH CAROLINA

**Fund Balance, Governmental Funds
(modified accrual basis of accounting)
Last Ten Fiscal Years**

	Fiscal Year			
	1997	1998	1999	2000
General Fund				
Reserved for:				
Reserved by State statute	\$ 3,686,498	\$ 3,596,708	\$ 3,945,197	\$ 5,425,472
Reserved for prepaids	-	-	-	-
Total Reserved	<u>3,686,498</u>	<u>3,596,708</u>	<u>3,945,197</u>	<u>5,425,472</u>
Unreserved	<u>27,627,322</u>	<u>34,316,892</u>	<u>31,630,025</u>	<u>35,757,868</u>
Total General fund	<u><u>\$ 31,313,820</u></u>	<u><u>\$ 37,913,600</u></u>	<u><u>\$ 35,575,222</u></u>	<u><u>\$ 41,183,340</u></u>
All Other Governmental Funds				
Reserved for:				
Reserved by State statute	\$ 803,943	\$ 167,877	\$ 955,026	\$ 1,395,790
Reserved for debt service	236,091	292,665	238,367	273,580
Total Reserved	<u>1,040,034</u>	<u>460,542</u>	<u>1,193,393</u>	<u>1,669,370</u>
Unreserved:				
Special revenue funds	17,686,331	17,200,672	18,228,820	15,170,934
Capital project funds	1,974,549	1,072,612	4,754,849	13,069,032
Total all other governmental funds	<u><u>\$ 20,700,914</u></u>	<u><u>\$ 18,733,826</u></u>	<u><u>\$ 24,177,062</u></u>	<u><u>\$ 29,909,336</u></u>

Table 4

Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 4,502,400	\$ 8,180,594	\$ 10,046,645	\$ 9,343,625	\$ 15,952,860	\$ 10,811,942
-	-	456,935	7,396	7,396	615,218
4,502,400	8,180,594	10,503,580	9,351,021	15,960,256	11,427,160
37,092,989	35,369,270	34,747,411	45,144,034	37,742,809	50,219,523
\$ 41,595,389	\$ 43,549,864	\$ 45,250,991	\$ 54,495,055	\$ 53,703,065	\$ 61,646,683
\$ 982,852	\$ 1,055,610	\$ 2,099,862	\$ 2,090,313	\$ 1,087,511	\$ 1,545,431
243,571	222,438	466	10,629	2,994	5,729
1,226,423	1,278,048	2,100,328	2,100,942	1,090,505	1,551,160
17,704,176	16,655,673	15,291,063	18,650,371	22,173,785	11,323,486
54,060,090	23,675,138	23,587,187	26,812,610	23,406,310	26,794,098
\$ 72,990,689	\$ 41,608,859	\$ 40,978,578	\$ 47,563,923	\$ 46,670,600	\$ 39,668,744

COUNTY OF BRUNSWICK, NORTH CAROLINA

Changes in Fund Balance, Governmental Funds (modified accrual basis of accounting)

Last Ten Fiscal Years

	Fiscal Year			
	1997	1998	1999	2000
Revenues				
Ad valorem taxes	\$ 42,384,960	\$ 44,837,765	\$ 45,270,251	\$ 52,822,490
Special assessments	-	149,830	98,550	613,622
Local option sales taxes	9,306,734	10,153,856	10,897,732	11,664,082
Other taxes and licenses	1,216,327	1,798,888	2,439,069	2,462,099
Unrestricted intergovernmental	1,454,882	1,473,246	1,467,873	1,453,454
Restricted intergovernmental	9,104,462	10,726,227	16,750,884	15,804,365
Permits and fees	943,805	1,018,612	2,128,904	2,618,547
Sales and services	1,316,107	1,585,460	1,692,387	1,524,456
Investment earnings	2,647,929	2,909,565	3,117,442	3,559,505
Other revenue	1,353,148	1,093,572	1,669,855	1,450,336
Total revenues	69,728,354	75,747,021	85,532,947	93,972,956
Expenditures				
General government	5,065,588	4,986,932	6,659,971	6,122,335
Public safety	7,675,104	8,889,465	9,446,771	11,594,574
Central services	5,285,061	4,710,342	5,388,536	5,772,999
Human services	11,741,814	13,099,567	13,969,975	17,604,712
Transportation	25,000	25,000	25,000	25,000
Environmental protection	4,024,655	4,377,978	8,075,668	7,894,033
Culture and recreation	2,403,171	2,050,548	2,102,362	2,201,201
Economic and physical development	2,770,780	2,824,152	3,577,267	4,034,151
Education	14,406,165	15,304,355	16,650,322	18,811,801
Capital Outlay	3,846,281	5,527,644	14,395,011	11,220,106
Debt Service:				
Principal retirement	3,072,024	2,736,626	3,725,837	3,598,194
Interest and fiscal charges	1,027,670	882,649	928,574	1,026,020
Total expenditures	61,343,313	65,415,258	84,945,294	89,905,126
Revenues over (under) expenditures	8,385,041	10,331,763	587,653	4,067,830
Other Financing Sources (Uses)				
Issuance of long-term debt	2,868,472	1,249,500	-	13,000,000
Payment to escrow agent-refunded debt	-	-	-	-
Proceeds from capital lease	-	-	8,200,000	-
Sale of capital assets	-	-	-	-
Transfer from other funds	14,804,662	8,340,165	11,849,428	12,337,147
Transfer to other funds	(21,866,773)	(15,288,736)	(17,532,223)	(18,064,585)
Total other financing sources (uses)	(4,193,639)	(5,699,071)	2,517,205	7,272,562
Net change in fund balances	\$ 4,191,402	\$ 4,632,692	\$ 3,104,858	\$ 11,340,392
Debt service as a percentage of noncapital expenditures	7.1%	6.0%	6.6%	5.9%

Table 5

		Fiscal Year				
2001	2002	#	2003	2004	2005	2006
\$ 55,689,742	\$ 60,982,737		\$ 62,753,365	\$ 68,478,690	\$ 74,520,219	\$ 79,137,087
195,141	133,020		126,715	81,718	123,739	64,430
12,233,671	12,645,932		14,157,057	16,636,215	18,867,402	21,061,222
2,404,842	3,113,877		3,635,749	5,303,623	7,149,284	8,889,952
1,443,569	858,933		203,180	239,433	244,257	251,627
12,231,840	13,576,626		17,271,304	17,022,785	15,562,908	17,655,444
2,566,947	2,736,242		3,622,045	5,654,018	6,279,187	7,550,776
1,557,769	2,139,248		2,321,659	3,367,844	4,045,435	4,921,912
4,907,985	2,355,520		976,947	921,742	1,832,774	4,199,756
2,462,691	1,831,837		2,227,232	1,129,707	572,923	548,246
<u>95,694,197</u>	<u>100,373,972</u>		<u>107,295,253</u>	<u>118,835,775</u>	<u>129,198,128</u>	<u>144,280,452</u>
6,642,733	7,255,635		8,235,688	8,586,235	11,199,360	10,869,890
11,734,944	12,347,137		13,248,649	15,906,193	19,068,489	20,976,344
6,403,783	6,580,556		7,282,407	9,219,309	10,022,451	12,348,752
17,689,885	18,835,128		19,113,587	19,444,080	21,478,307	24,451,543
25,000	25,000		85,000	85,000	85,000	85,000
8,676,632	8,814,119		9,262,908	9,563,180	9,932,288	10,163,812
2,674,561	2,667,069		2,804,605	3,375,151	3,256,502	4,339,985
3,975,640	5,687,237		5,457,347	5,823,286	5,678,048	5,765,438
21,299,792	20,913,994		22,117,450	23,088,975	24,540,416	25,624,225
17,666,126	33,997,817		24,341,937	24,587,868	16,552,848	18,667,947
4,101,264	4,851,485		4,815,084	5,451,171	6,609,797	6,372,162
2,472,147	4,061,178		3,785,689	4,360,746	6,116,632	4,620,523
<u>103,362,507</u>	<u>126,036,355</u>		<u>120,550,351</u>	<u>129,491,194</u>	<u>134,540,138</u>	<u>144,285,621</u>
<u>(7,668,310)</u>	<u>(25,662,383)</u>		<u>(13,255,098)</u>	<u>(10,655,419)</u>	<u>(5,342,010)</u>	<u>(5,169)</u>
54,300,000	-		18,320,000	25,348,765	22,674,694	1,007,492
-	-		-	(3,275,000)	(17,385,545)	
-	-		-	-	-	
-	-		-	119,366	230,106	
11,769,864	11,581,677		15,197,821	20,162,719	24,449,183	34,901,277
<u>(14,908,152)</u>	<u>(15,346,649)</u>		<u>(19,191,877)</u>	<u>(15,871,016)</u>	<u>(26,311,766)</u>	<u>(34,961,447)</u>
<u>51,161,712</u>	<u>(3,764,972)</u>		<u>14,325,944</u>	<u>26,484,834</u>	<u>3,656,672</u>	<u>947,322</u>
<u>\$ 43,493,402</u>	<u>\$ (29,427,355)</u>		<u>\$ 1,070,846</u>	<u>\$ 15,829,415</u>	<u>\$ (1,685,338)</u>	<u>\$ 942,153</u>
7.7%	9.7%		8.9%	9.4%	10.8%	8.8%

COUNTY OF BRUNSWICK, NORTH CAROLINA

Assessed Value and Estimated Actual Value of Taxable Property (amounts expressed in thousands)

Last Ten Fiscal Years

Fiscal Year Ended December 31	Real Property		Personal Property	
	Residential Property	Commercial Property	Motor Vehicles	Other
1997	\$ 3,499,713	\$ 683,116	\$ 321,731	\$ 1,769,745
1998	3,683,933	703,295	483,299	1,754,976
1999	3,907,836	753,632	481,572	1,535,521
2000	6,189,908	1,271,311	523,451	1,748,103
2001	6,400,833	1,354,135	574,585	1,686,225
2002	6,750,348	1,471,673	606,949	1,691,520
2003	7,081,979	1,530,909	634,170	1,629,599
2004	8,917,420	1,872,343	670,135	1,682,987
2005	9,425,726	1,954,738	737,823	1,690,560
2006	10,131,558	2,063,869	828,607	1,706,215

Source: Annual County Report of Valuation and Property Tax Levies

Note:

A revaluation of real property is required by the North Carolina General Statutes at least every eight years. Real property in Brunswick County is reassessed once every four years. The last revaluation was completed in 2003. The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.

Table 6

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 91,641	\$ 6,182,664	0.00685	6,924,251	89.29%
94,186	6,531,317	0.00685	7,837,894	83.33%
94,706	6,583,855	0.00550	8,897,101	74.00%
169,141	9,563,632	0.00565	9,563,632	100.00%
179,979	9,835,799	0.00593	10,552,300	93.21%
184,076	10,336,414	0.00593	12,051,316	85.77%
193,301	10,683,356	0.00520	13,153,603	81.22%
235,475	12,907,410	0.00540	12,907,410	100.00%
241,148	13,567,699	0.00540	15,527,236	87.38%
240,038	14,490,211	0.00540	18,112,764	80.00%

COUNTY OF BRUNSWICK, NORTH CAROLINA

Property Tax Rates-Direct and All Overlapping Governments (Per \$100.00 of Assessed Value)

Last Ten Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
County:					
Brunswick	0.5400	0.5400	0.5400	0.5200	0.5925
Municipalities:					
Village of Bald Head Island	0.4650	0.4650	0.4650	0.4650	0.6350
Town of Belville	0.1500	0.1500	0.1500	0.1500	0.1500
Town of Boiling Spring 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	0.1000	0.1000	0.0600
Town of Carolina Shores	0.0800	0.0800	0.0800	0.0800	0.0800
Town of Caswell Beach	0.2200	0.2100	0.2200	0.2100	0.2700
Town of Holden Beach	0.1800	0.1800	0.1800	0.1800	0.1900
Town of Leland	0.1800	0.1800	0.1800	0.1800	0.1800
Town of Long Beach	*	*	*	*	*
Town of Navassa	0.2700	0.2700	0.2700	0.2500	0.3000
Town of Northwest	0.2000	0.2000	0.2000	0.2000	0.2000
Town of Oak Island	0.3300	0.3300	0.3500	0.3650	0.3800
Town of Ocean Isle Beach	0.1400	0.1400	0.1500	0.1600	0.1600
Town of Sandy Creek	0.3500	0.3500	0.3500	0.3500	0.1000
Town of Shallotte	0.3200	0.3200	0.2900	0.2900	0.3100
Town of St. James Plantation	0.0500	0.0500	0.0500	0.0700	0.1000
Town of Southport	0.2700	0.2700	0.3000	0.3300	0.4000
Town of Sunset Beach	0.1450	0.1300	0.1300	0.1200	0.0900
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	0.0000	0.0000	0.0500
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 on unit-wide tax rates. For each government, certain motor vehicles were taxed at the preceding year's rate.
 - (3) The North Brunswick Sanitary District has not enacted property taxes as of June 30, 2006.
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: Brunswick County Tax Department.

Table 7

2001	2000	1999	1998	1997
0.5925	0.5650	0.5500	0.6850	0.6850
0.6350	0.6350	0.6350	0.8150	0.6750
0.1500	0.1500	0.1500	0.1500	0.1500
0.2500	0.2500	0.2500	0.3500	0.3500
0.0600	0.0600	0.0600	0.1500	0.2500
0.0600	0.0600	0.0600	0.0600	0.0700
0.0600	0.0600	0.0600	0.0600	
0.2400	0.2400	0.3800	0.2400	0.2100
0.1900	0.1900	0.1900	0.2000	0.2000
0.1800	0.1800	0.1800	0.1800	0.1500
*	*	*	0.4200	0.3900
0.3000	0.3000	0.3000	0.3000	0.3000
0.2000	0.1700	0.1700	0.2000	0.2000
0.3800	0.3400	0.3400		
0.1400	0.1400	0.1400	0.1700	0.1700
0.3500	0.2500	0.2000	0.3000	0.3000
0.3100	0.2700	0.2400	0.3450	0.3650
0.1000	0.1000	0.1000		
0.4000	0.4300	0.4900	0.5300	0.5300
0.0950	0.0950	0.0950	0.1350	0.1350
0.0500	0.0500	0.0500	0.0500	0.0500
*	*	*	0.3750	0.3750
NA	NA	NA	NA	NA
0.1500	0.2000	0.2250	0.3000	NA
0.0400	0.0400	0.0400	0.0400	0.0400

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 8

Principal Property Taxpayers
Current Year and Eight Years Ago

Taxpayer	Type of Business	Fiscal Year 2006			Fiscal Year 1998*		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Progress Energy Carolinas, Inc.	Utility	\$ 863,080,400	1	5.96%	\$ 872,730,899	1	13.32%
N. C. Easter Municipal Power Agency	Utility	179,391,657	2	1.24%	231,087,829	3	3.53%
DAK LLC	Chemicals	120,791,871	3	0.83%	271,832,837	2	4.15%
Brunswick Electric Membership Corp.	Utility	111,467,532	4	0.77%	48,776,646	6	74.00%
Bald Head Island Ltd	Developer	98,144,323	5	0.68%	35,648,977	7	54.00%
Archer Daniels Midland Company	Chemicals	91,833,560	6	0.63%	139,390,901	4	2.13%
Odell Williamson	Developer	48,252,180	7	0.33%	49,485,453	5	76.00%
Sea Trail Corporation	Developer	34,298,940	8	0.24%	32,845,596	8	50.00%
MAS Properties LLC	Developer	32,704,720	9	0.23%			
Ocean Grand LLC	Developer	25,751,300	10	0.18%			
Primary Energy of NC, LLC	Utility				24,879,637	9	38.00%
Federal Paper Board	Timber				25,751,300	10	38.00%
Totals		\$ 1,605,716,483		11.08%	\$ 1,732,430,075		26.43%

* Fiscal Year 1998 is the first year's preparation of a Comprehensive Annual Financial Report

Source: Brunswick County Tax Department

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 9

Property Tax Levies and Collections - General Fund
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
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%
2005	72,980,743	70,810,206	97.0%	3,162,044	73,972,250	101.4%	5,771,568	7.9%
2006	77,993,000	75,849,114	97.3%	2,673,750	78,522,864	100.7%	5,241,705	6.7%

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			
	General Obligation Bonded	Certificates of Participation	Installment Loans	Capital Leases
1997	\$ 9,179,909	\$ 2,060,000	\$ 7,884,170	\$ 27,432
1998	8,386,747	1,735,000	7,548,400	9,549
1999	7,125,842	1,390,000	13,633,615	-
2000	18,801,880	1,025,000	11,724,386	-
2001	53,674,628	15,420,000	7,803,890	-
2002	55,781,171	16,235,000	9,733,831	-
2003	69,922,714	14,600,000	5,880,721	-
2004	80,818,576	25,075,000	1,132,453	-
2005	81,484,694	23,935,000	285,687	-
2006	77,290,352	21,865,000	1,185,359	-

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

- (1) State Data Center; estimate as of June 30, 2006
- (2) Bureau of Economic Analysis; amounts are for prior calendar year

Table 10

General Obligation Bonded	Business-Type Activities			Total Primary Government	(2) Ratio Debt to Personal Income	(1) Per Capita
	Certificates of Participation	Revenue Bonds	Installment Loans			
\$ 21,185,091	\$ 4,620,000	\$ -	\$ -	\$ 44,956,602	3.9%	\$ 681.80
18,418,253	3,955,000	-	3,483,561	43,536,510	3.4%	639.55
16,269,158	3,255,000	-	2,968,403	44,642,018	3.2%	624.91
14,208,120	2,510,000	-	2,430,755	50,700,141	3.4%	688.00
9,210,372	1,725,000	-	1,865,876	89,699,766	5.4%	1,187.09
11,693,829	890,000	-	1,274,240	95,608,071	5.3%	1,212.96
6,802,286	-	-	654,613	97,860,334	5.3%	1,211.88
36,016,424	-	-	1,945,689	144,988,142	7.5%	1,730.44
2,525,306	-	39,447,389	25,622,555	173,300,631	8.3%	1,975.72
1,754,648	-	32,779,319	36,502,809	171,377,487	n/a	1,849.01

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 11

Ratio of Net General Obligation Bonded Debt to Assessed Value and
 Net General Obligation Bonded Debt per Capita
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Assessed Value (000 omitted)	Gross General Obligation Bonded Debt	Less Debt Payable from Enterprise Fund	Net General Obligation Bonded Debt	Ratio Net General Obligation Bonded Debt to Assessed Value	(1) Population	Net General Obligation Bonded Debt per Capita
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	0.6%	83,787	964.57
2005	13,567,699	84,010,000	2,525,306	81,484,694	0.6%	87,715	928.97
2006	14,490,211	79,045,000	1,754,648	77,290,352	0.5%	92,686	833.89

Notes:

(1) State Data Center; estimate as of June 30, 2006

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 12

Direct and Underlying Governmental Activities Debt
General Obligation Bonds
 June 30, 2006

	General Obligation Bonded Debt	Percent Applicable To County	Amount Applicable To County
Direct:			
Brunswick County	\$ 79,045,000	100%	\$ 79,045,000
Underlying Debt:			
City of Navassa	24,436	100%	24,436
City of Northwest	675,000	100%	675,000
Ocean Isle Beach	110,000	100%	110,000
City of Southport	252,000	100%	252,000
Southeast Brunswick Sanitary District	1,108,500	100%	1,108,500
North Brunswick Sanitary District	<u>213,500</u>	100%	<u>213,500</u>
Totals	<u>\$ 81,428,436</u>		<u>\$ 81,428,436</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Name of Government. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year			
	1997	1998	1999	2000
Debt limit	\$ 493,905,682	\$ 522,505,344	\$ 526,708,371	\$ 765,090,521
Total net debt applicable to limit	18,723,855	17,671,147	22,149,459	31,551,266
Legal margin	<u>\$ 475,181,827</u>	<u>\$ 504,834,197</u>	<u>\$ 504,558,912</u>	<u>\$ 733,539,255</u>
Total net debt applicable to the limit as a percentage of debt limit	3.9%	3.5%	4.4%	4.3%

Table 13

Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 786,863,862	\$ 826,913,125	\$ 854,668,411	\$ 1,032,592,800	\$ 1,085,415,887	\$ 1,159,216,908
81,750,002	76,898,517	90,403,435	107,026,029	105,705,381	99,155,352
<u>\$ 705,113,860</u>	<u>\$ 750,014,608</u>	<u>\$ 764,264,976</u>	<u>\$ 925,566,771</u>	<u>\$ 979,710,506</u>	<u>\$ 1,060,061,556</u>
11.6%	10.3%	11.8%	11.6%	10.8%	9.4%

Calculation of Legal Debt Margin for Fiscal Year 2006:

Assessed value of taxable property	\$ 14,490,211,355
	x 0.08
Debt limit- 8 percent of assessed value	<u>\$ 1,159,216,908</u>
Gross debt:	
Total bonded debt	\$ 118,219,319
Total certificates of participation	21,865,000
Total installment purchases	<u>36,375,000</u>
Gross debt	176,459,319
Less: water and wastewater revenue bonds & installment purchases	<u>77,303,967</u>
Total amount of debt applicable to debt limit (net debt)	<u>\$ 99,155,352</u>
Legal debt margin	<u><u>\$ 1,060,061,556</u></u>

Note: Under State finance law, Brunswick County's outstanding general obligation debt should not exceed 8 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 14

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water and Wastewater Revenue Bonds							
	Water and Sewer Charges	Other Non- Operating Revenues	Total Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest		
1997	\$ 7,668,971	\$ 321,004	\$ 7,989,975	\$ 6,022,282	\$ 1,967,693	\$ -	\$ -	n/a
1998	7,121,452	152,631	7,274,083	6,144,320	1,129,763	-	-	n/a
1999	8,830,456	83,787	8,914,243	6,255,233	2,659,010	-	-	n/a
2000	12,159,764	273,448	12,433,212	6,146,842	6,286,370	-	-	n/a
2001	11,874,156	402,938	12,277,094	6,859,360	5,417,734	-	-	n/a
2002	12,202,186	180,454	12,382,640	6,214,512	6,168,128	-	-	n/a
2003	14,715,413	5,646,596	20,362,009	7,398,018	12,963,991	-	-	n/a
2004	14,988,429	372,630	15,361,059	8,880,099	6,480,960	-	-	n/a
2005	16,926,159	1,783,310	18,709,469	9,656,725	9,052,744	217,611	285,617	17.99
2006	24,391,056	1,348,474	25,739,530	10,054,792	15,684,738	273,069	330,806	25.97

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest or depreciation.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 15

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30	(1) Population	(2) Personal Income (in thousands)	(2) Per Capita Income	(1) Median Age	(3) School Enrollment	(4) Unemployment Rate
1997	65,938	1,159,670	18,356	40.7	9,327	7.2%
1998	68,074	1,281,426	19,409	41.2	9,568	5.2%
1999	71,437	1,408,747	20,530	41.8	9,737	5.1%
2000	73,692	1,500,718	21,028	42.3	9,980	4.1%
2001	75,563	1,653,216	22,412	42.5	10,085	4.6%
2002	78,822	1,819,075	23,819	42.8	10,318	5.4%
2003	80,751	1,829,637	23,193	43.2	10,426	6.1%
2004	83,787	1,921,173	23,539	43.6	10,528	6.4%
2005	87,715	2,098,289	24,805	43.9	10,789	5.0%
2006	92,686	not available	not available	44.1	11,723	4.1%

Notes:

- (1) State Data Center; estimate as of June 30, 2006
- (2) Bureau of Economic Analysis; figures are for prior calendar year
- (3) Brunswick County School System (20th day ADM)
- (4) North Carolina Employment Security Commission

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 16

Principal Employers
Current Year and Eight Years ago

Name of Employer	Type of Business	Fiscal Year 2006			Fiscal Year 1998*		
		Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Brunswick County Board of Education	Education	1,650	1	3.91%	1,300	1	4.07%
Progress Energy Carolinas, Inc.	Utility	1,000	2	2.37%	1,000	3	3.13%
Brunswick County	Local Government	853	3	2.02%	600	4	1.88%
DAK Americas	Dacron Polyester Fiber	721	4	1.71%	1,200	2	3.76%
Brunswick Community Hospital	Medical Care Facility	428	5	1.02%	300	5	0.94%
Rampage	Yacht Manufacture	357	6	0.85%			
Victaulic Company of America	Pipe Fittings & Seals	343	7	0.81%	200	8	0.63%
Dosher Memorial Hospital	Medical Care Facility	315	8	0.75%	185	9	0.58%
Sunny Point Military Terminal	Military	228	9	0.54%	300	6	0.94%
Archer Daniels Midland Company	Chemicals	142	10	0.34%			
Exide Electronics	Power Supplies				285	7	0.89%
Armada, Inc.	Automobile Parts			0.00%	175	10	0.55%
Totals		6,037		14.32%	5,545		17.36%

* Fiscal Year 1998 is the first year's preparation of a Comprehensive Annual Financial Report
Source: NC Employment Security Commission; total county employment

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 17

Full-time Equivalent County Government Employees by Function
 Last Nine Fiscal Years

	Fiscal Year								
	1998	1999	2000	2001	2002	2003	2004	2005	2006
Function:									
General government	64	65	75	75	77	78	84	87	98
Public safety	162	164	175	175	196	193	201	221	224
Central services	71	79	68	68	70	75	80	79	83
Human services	195	198	210	210	198	246	253	234	264
Transportation	11	11	15	15	17	13	0	0	0
Environmental protection	11	10	9	9	9	9	9	10	12
Cultural and recreation	44	44	52	52	37	37	39	44	45
Economic and physical development	29	30	27	27	29	33	42	33	30
Utilities	61	61	55	55	59	61	66	78	86
Total	648	662	686	686	692	745	774	786	842

Source: County Finance Department; Fiscal Year 1998 is the first year data is available.

Note: This schedule represents the number of approved permanent FTE's as of June 30, 2006.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 18

Operating Indicators by Function/Program

Current and Prior Year

	Fiscal Year	
	2005	2006
Law enforcement:		
Civil papers issued	9,278	9,025
Criminal papers issued	12,058	11,346
Uniform mileage	1,501,832	1,801,864
Emergency Services:		
Fire Protection:		
Number of calls answered	7,018	7,893
Number of inspections conducted	1,224	1,272
Emergency Medical Services:		
Number of calls answered	10,049	13,492
Number of transports	4,389	7,667
Code enforcement/building permits:		
Number of code violations	760	873
Number of building permits	1,679	2,217
Parks and Recreation:		
Number of athletic fields rented	60	75
Youth recreation:		
Certified coaches	665	695
Sports teams	46	49
Participants	675	735
Adult recreation:		
Sports teams	41	45
Participants	640	700
Fitness program participants	1,195	1,250
Solid waste:		
Waste received (tons per 1,000 population)	1,995	2,078
Ratio of recyclable to total waste received	5.4%	6.2%
Public Utilities:		
Water customers	19,949	22,358
Water average daily treatment (in gallons)	12,350,000	12,910,000
Sewer customers	5,017	6,159
Sewer average daily treatment (in gallons)	1,210,000	1,322,000

Sources: Various government departments.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 19

Capital Asset Statistics by Function/Program

Current and Prior Year

	Fiscal Year	
	2005	2006
Law enforcement:		
Police stations	13	13
Police patrol units	30	33
Detention center capacity	196	196
Emergency services:		
Fire stations	22	22
Fire trucks	97	97
Rescue stations	14	15
EMS vehicles	27	28
Culture and recreational:		
Community centers	7	7
Parks	10	11
Golf courses	38	35
Museums	2	2
Libraries (branches)	5	5
Public Utilities:		
Miles of water mains	570.00	642.37
Maximum daily water capacity (in gallons)	30,000,000	30,000,000
Miles of Sewer mains	90.3	238.2
Maximum daily wastewater capacity (in gallons)	3,050,000	4,650,000
Miles of streets (1)	815.46	818.35
Number of traffic lights (1)	43	50
Hospitals: (2)		
Number of hospitals	2	2
Number of patient beds	96	96
Education: (3)		
Number of schools	16	16
Number of teachers	748	752
Number of students	10,789	11,723

Sources: Various government departments.

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Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

**Report On Internal Control Over Financial Reporting And On Compliance and Other
Matters Based On An Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards***

Board of Commissioners
County of Brunswick
Bolivia, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of the County of Brunswick, North Carolina, as of and for the year ended June 30, 2006, which collectively comprises the County of Brunswick's basic financial statements, and have issued our report thereon dated September 1, 2006. 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, the Brunswick County Hospital 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, the Brunswick County Hospital 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. The financial statements of the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority, Brunswick County Hospital Authority and the Brunswick County Airport Commission were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Brunswick's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

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

This report is intended solely for the information of the audit committee, management, and others within the organization, members of the County Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
September 1, 2006



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

Board of Commissioners
County of Brunswick
Bolivia, North Carolina

Compliance

We have audited the compliance of the County of Brunswick, North Carolina with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that are applicable to each of its major federal programs for the year ended June 30, 2006. The County of Brunswick's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the County of Brunswick's management. Our responsibility is to express an opinion on the County of Brunswick's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Brunswick's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Brunswick's compliance with those requirements.

In our opinion, the County of Brunswick complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the County of Brunswick is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal program. In planning and performing our audit, we considered the County of Brunswick's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable material requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the audit committee, management, and others within the organization, members of the County Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used any anyone other than these specified parties.

Martin Starnes & Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
September 1, 2006



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

Board of Commissioners
County of Brunswick
Bolivia, North Carolina

Compliance

We have audited the compliance of the County of Brunswick, North Carolina with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that are applicable to each of its major State programs for the year ended June 30, 2006. Brunswick County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Brunswick County's management. Our responsibility is to express an opinion on Brunswick County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Brunswick County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Brunswick County's compliance with those requirements.

In our opinion, the County of Brunswick complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the County of Brunswick is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to its major State programs. In planning and performing our audit, we considered the County of Brunswick's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the audit committee, management, and others within the organization, members of the County Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

September 1, 2006

COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified	No
• Reportable condition(s) identified that are not considered to be material weaknesses	No
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified	No
• Reportable condition(s) identified that are not considered to be material weaknesses	No
Noncompliance material to federal awards	No
Type of auditors' report issued on compliance for major federal programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133	No

Identification of major federal programs:

CFDA Number	Federal Program/Cluster Name
14.871	Housing Choice Voucher Program
93.575, 93.596, 93.667, 93.558	Subsidized Child Care Program (cluster)
93.778	Medicaid
10.551, 10.561	Food Stamp Cluster

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$2,063,502</u>
Auditee qualified as low-risk auditee?	No

COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

Section I - Summary of Auditors' Results (Continued)

State Awards

Internal control over major State programs:

- Material weakness(es) identified No
- Reportable condition(s) identified that are not considered to be material weaknesses No

Noncompliance material to State awards No

Type of auditors' report issued on compliance for major State programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act No

Identification of major State programs:

- Program Name
- Special Assistance for Adults/ Special Assistance to the Disabled
- State Airport Aid - Runway Rehabilitation and Extension
- State Airport Aid – Runway 5-23 and Land Acquisition

Section II - Financial Statements Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV State Award Findings and Questioned Costs

None reported

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006**

Finding: 2005-1

Status: Appears to have been corrected.

Finding: 2005-2

Status: Appears to have been corrected

Finding 2005-3

Status: Appears to have been corrected.

Finding 2005-4

Status: Appears to have been corrected.

Finding 2005-5

Status: Appears to have been corrected.

COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS:					
U.S. Department of Health & Human Services					
Administration on Aging					
Passed-through Cape Fear Council of Governments:					
Passed-through Brunswick Senior Resources:					
Home and Community Care Block Grant	93.044		\$ 639,609	\$ -	\$ 73,986
Passed-through the N.C. Department of Health and Human Resources:					
Division of Social Services:					
Administration:					
Temporary Assistance for Needy Families	93.558		662,996	-	724,171
Low-Income Home Energy Assistance Block Grant	93.568		34,983	4,537	-
Child Support Enforcement	93.563		590,068	-	303,691
Permanency Planning: Child Welfare Services	93.645		25,290	6,412	2,018
Child Care Development fund	93.596		133,188	-	-
State Children's Insurance Program - NC Health Choice	93.767		54,843	4,561	14,240
Independent Living Initiative	93.674		9,876	2,469	-
Title IV-E Assistance Program:			-	-	-
Foster Care	93.658		272,921	132,346	104,581
Adoption Assistance	93.659		32,275	-	32,275
Social Services Block Grant	93.667		195,440	20,582	70,452
Direct Benefit Payments:					
Temporary Assistance for Needy Families	93.558		937,152	(162)	45
Temporary Assistance for Needy Families	93.560		(1,968)	(539)	(539)
Low-Income Home Energy Assistance Block Grant	93.568		91,672	-	-
Title IV-E Assistance Programs:					
Foster Care	93.658		213,950	58,565	64,258
Adoption Assistance	93.659		433,778	127,218	130,260
Division of Medical Assistance:					
Administration:					
Title XIX – Medicaid	93.778		848,901	38,298	804,429
Direct Benefit Payments					
Title XIX – Medicaid	93.778		48,207,150	23,881,968	4,204,376
Division of Child Development:					
Subsidized Day Care Cluster:(Note 4)					
Child Care Development Fund-Discretionary	93.575		1,440,948	-	-
Child Care Development Fund-Mandatory	93.596		656,750	-	-
Child Care Development Fund-Match	93.596		523,593	300,544	-
Social Services Block Grant	93.667		23,471	-	-
Temporary Assistance for Needy Families	93.558		444,422	-	-
Smart Start			-	35,750	-
State Appropriations			-	210,644	-
More at Four State Funding			-	-	-
TANF-MOE			-	827,456	-
Total Subsidized Daycare			<u>3,089,184</u>	<u>1,374,394</u>	<u>-</u>
Division of Public Health:					
CDC – Immunization Grants	93.268		18,899	-	24,396
Comp. Breast & Cervical Cancer	93.283		41,500	-	6,886
Statewide Health Promotion Program	93.991		30,356	-	2,667
Cardiovascular Health Program	93.945		500	-	-
MCH Block Grant	93.994		205,835	-	148,967
Temporary Assistance for Needy Families	93.558		8,021	-	-
Family Planning Outreach	93.217		31,515	-	-
CDC-Tuberculosis Project	93.116		1,160	-	4,321
Bioterrorism Grant	93.283		59,739	-	(8,236)
Division of Facility Services					
HRSA Grant	93.004	BT-05-298	26,930	-	-
Total U.S. Department of Health and Human Services			<u>56,895,763</u>	<u>25,650,649</u>	<u>6,707,244</u>
U.S. Department of Housing and Urban Development:					
Direct Benefits:					
Housing Choice Voucher Program	14.871		2,331,221	-	-
HUD Public Assistance	14.871		26,269	-	-
Passed-through N.C. Department of Commerce					
CDBG-2003 Scattered Site	14.219	03-C-1127	69,703	-	-
Total U.S. Department of Housing and Urban Development			<u>2,427,193</u>	<u>-</u>	<u>-</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
U.S. Department of Agriculture					
Passed-through N.C. Department of Social Services:					
Division of Social Services:					
Food Stamp Cluster:					
Administration:					
State Admin. Matching Grants for the Food Stamp Program	10.561		460,051	-	460,051
Direct Benefit Payments:					
Food Stamp Program	10.551		7,032,291	-	-
Passed-through N.C. Department of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplement Food Program for Women, Infants and Children	10.557		287,957	-	105,191
Direct Benefit Payments:					
Special Supplemental Food Program for Women, Infants and Children	10.557		<u>1,340,096</u>	-	-
Total U.S. Department of Agriculture			<u>9,120,395</u>	-	<u>565,242</u>
U.S. Department of Justice					
Mobile Data Terminal Expansion Project	16.738	2005-DJ-BX-1478	14,289	-	-
Passed-through N.C. Department of Crime Control And Public Safety:					
Crisis Housing Assistance Fund					
Communities in Schools-Adventures in Learning	16.579	010-0-04 010-1-04-009-AJ-886	<u>52,423</u>	7,914 -	-
Total U.S. Department of Justice			<u>66,712</u>	<u>7,914</u>	-
U.S. Department of Homeland Security					
Passed-through N.C. Department of Crime Control And Public Safety:					
Emergency Management Performance Grant	97.042	EMPG-2005-37019		31,843	-
Total U.S. Department of Homeland Security			-	<u>31,843</u>	-
Federal Emergency Management Agency					
Disaster Assistance			191,858		
Department of Transportation					
Pipeline & Hazardous Materials Safety Administration					
Passed-through N.C. Department of Crime Control And Public Safety:					
Hazardous Material Planning Grant	20.703	HMEP-2005-0010	5,000		
U.S. Department of Defense-Army Corps of Engineers:					
Mosquito Control Project (AIWW Contract)	12.107	W912PM-04-P-3046	37,318	-	-
Mosquito Control Project (AIWW Contract)	12.107	W912PM-04-P-3050	<u>39,160</u>	-	-
Total Federal Assistance			<u>\$ 68,783,399</u>	<u>\$ 25,690,406</u>	<u>\$ 7,272,486</u>
STATE GRANTS:					
N.C. Department of Administration:					
Veterans Service					
State Board of Elections-2005 Public Workstations Grant		110904-0207	\$ -	\$ 2,000	\$ -
				1,474	
N.C. Department of Human Resources					
Division of Social Services:					
Administration:					
Progress Energy Program				16,315	
State Aid to Counties				36,369	
AFDC Incent/Prog Integrity				263	
TANF Incent/Prog Integrity				5,009	
Direct Benefit Payments:					
SC/SA Domiciliary Care				403,694	403,694
CWS Adopt Subsidy & Vendor				182,034	39,524
State Foster Home				3,115	3,115
FC At Risk Maximization				4,120	2,363
Office of Juvenile Justice					
Juvenile Crime Prevention Council Programs		610000,18,19,20,21,32,36	179,429		
N.C. Department of Insurance					
SHIP Grant				1,000	

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
N.C. Department of Environment and Natural Resources:					
Soil and Water Technical Assistance			-	20,595	32,740
Soil and Water - State Aid			-	4,000	-
Scrap Tire Site Clean-Up			-	26,190	-
White Goods Disposal			-	54,185	-
Environmental Health - Environmental Health Service			-	6,000	782,627
Environmental Health - Food & Lodging			-	14,397	1,933
Environmental Health - Lead Prevention			-	700	-
Mosquito Control - Operational Services		T06071	-	11,585	16,415
CAMA Core Land Plan		S06050	-	24,400	2,990
CAMA Permits		S05002	-	3,160	-
N.C. Department of Health and Human Services					
Division of Public Health:					
General			-	27,230	10,316
Communicable Disease			-	13,292	6,821
Tuberculosis			-	3,066	-
TB Medical Services			-	1,529	-
Child Safety Seat Program			-	2,000	548
Smart Start Grant			-	43,594	603
Aids			-	500	-
Women's Preventative Health			-	7,000	-
N.C. Department of Correction:					
Criminal Justice Partnership Program		10-0706-I-A	-	84,647	107,705
N.C. Department of Transportation:					
Rural Operating Assistance Program (Formerly EDTAP)			-	128,612	-
Work First Program - 2001			-	10,954	-
State Airport Aid			-	-	-
Runway Rehabilitation and Extension		36237.45.6.1	-	385,954	42,884
Runway 5-23 PAPI and Approach Clearing		36237.45.6.2	-	106,652	11,850
Runway 5-23 and Land Acquisition		36237.45.6.4	-	879,691	97,744
NC Department of Cultural Resources:					
Division of State Library					
Aid to Public Libraries			-	145,285	-
Bill & Melinda Gates Foundation Grant			-	17,058	-
Administrative Office of the Courts					
Cape Fear Sentencing Services			-	48,017	12,842
The Rural Center					
Leg-UP Grant		13-11-08	-	7,285	-
Phase I Regional Wastewater Facilities		02-51-22	-	40,000	-
Total State Assistance			<u>179,429</u>	<u>2,772,971</u>	<u>1,576,714</u>
Total Assistance			<u>\$ 68,962,828</u>	<u>\$ 28,455,463</u>	<u>\$ 8,849,200</u>
Notes to the Preceding Schedule:					
Note 1 - Federal and State Awards Which Have Passed Through to Sub recipients:					
Sub recipient/Program Title					
Brunswick Interagency Transportation					
ROAP (Formerly EDTAP)			-	128,612	-
City of Boiling Spring Lakes					
H.A.L.T.		610036	-	12,872	-
Intensive Family Preservation					
Changing Youth		610032	-	84,701	-
Family Emergency Teen Shelter					
JJDP, Providence Home		610018	-	30,000	-
Teen Court 13th District					
Teen Court		610021	-	39,914	-
Dept Crime Control and Public Safety-Communities in Schools					
Adventures in Learning	16.579	010-1-04-009-AJ-886	52,423	-	-
Brunswick County Airport					
Runway Rehabilitation and Extension		36237.45.6.1	-	385,954	42,884
Runway 5-23 PAPI and Approach Clearing		36237.45.6.2	-	106,652	11,850
Runway 5-23 and Land Acquisition		36237.45.6.4	-	879,691	97,744
Total Passed Through to Sub recipients			<u>\$ 52,423</u>	<u>\$ 1,668,396</u>	<u>\$ 152,478</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2006**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
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Note 2 - Major Programs

Cluster programs are considered as one program for determining major programs in accordance with OMB Circular A-133. Also, the federal portion of cluster programs is included when identifying major programs for calculating the percentage of coverage of federal awards expended.

Note 3 - Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Brunswick County and is presented, as much as practicable, on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note 4 - Subsidized Child Care Cluster

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption, Mental Health Services, Developmental Disability Waiting List Services, Substance Abuse Services, and Infants and Toddlers with Disabilities.

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