

COUNTY OF BRUNSWICK NORTH CAROLINA

***COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013***



**COUNTY OF BRUNSWICK
NORTH CAROLINA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended
June 30, 2013**

Prepared by the Brunswick County Finance Office

COUNTY OF BRUNSWICK, NORTH CAROLINA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

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County of Brunswick Finance Department

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October 22, 2013

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, 2013.

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, 2013, 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 unmodified opinion that Brunswick County's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the 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 and state 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 and state awards. These reports are available in the County's separately issued Compliance Letters.

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 114,882, which is an increase of approximately 56% since 2000. It is the third largest county in the State, having a land area of 896 square miles.

Though historically rural in nature, the County has become increasingly more developed in recent years, largely as a tourism and retirement destination. There are 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. The County also operates a water and wastewater utility system. 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 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 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, the Special Revenue (excluding the grant projects) and the Enterprise 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 21 as part of the basic financial statements for the governmental funds. For annually budgeted special revenue funds, this comparison is presented in the non-major governmental fund subsection of this report, which starts on page 78. 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 in recent years has been one of the fastest growing counties in North Carolina and in the United States. The permanent population grew at an average rate of approximately 4 percent annually over the last ten years. In the past year Brunswick County has experienced an increase in retail sales and tourism dollars as the economy improved. Since 2004, Brunswick County has had forty-five plant announcements, creating 1,545 new jobs and over \$271 million in new capital investment. Brunswick County has four improved industrial parks and three planned industrial parks with great potential for future development.

Brunswick County is currently marketing two large industrial parks. The International Logistics Park of North Carolina and the Mid Atlantic Industrial Rail Park are both located adjacent to US Highway 74/76 at the Brunswick/Columbus County line and have over 1,000 acres of land each. The ILPNC, a State Tier 1 identified site, provides services for water, wastewater and fiber optics. In December of 2012, it was recognized as a North Carolina Certified Industrial Park. The Mid Atlantic site also has sewer and water service and can provide natural gas. CSXT can serve the park with rail and CSXT has recognized the Mid Atlantic Industrial Park as one of the few Certified Industrial Parks in their service area.

The County's diversified economy is based primarily upon tourism, manufacturing, retail, and construction. Our existing industries continue to expand as they have added 123 new jobs in the last nine months. Three new industrial announcements will be made in September adding 87 new jobs for the county. Tourism contributions include permanent, as well as secondary housing development, increased retail sales, increased employment opportunities and increased demand for potable water and wastewater collection and treatment services. Retail development has picked up again with new shopping centers planned near St. James, Supply, and Leland and the infill of stores within centers in the southern part of the county. In the past year, residential construction has matched what was being experienced prior to the recession with hundreds of new homes now under construction.

Retail trade is the largest employment sector in Brunswick County, accounting for 16% of employment, while accommodation and food services represent 14%, government 8%, health care and social assistance 12%, public administration 8%, arts, entertainment, and recreation 6%,

administrative and waste services 5%, construction 6%, real estate 3%, utilities 4%, wholesale trade 4% and manufacturing 5%. Various other employment sectors make up the remaining 9%.

There are two hospitals located in the County. Brunswick Community Hospital, a 62-bed acute-care facility, is owned by Novant, a non-profit corporation. The hospital opened in November, 1977. In March 2006, the Authority leased the Brunswick Community Hospital to Novant Health. On April 29, 2007, Brunswick Community Hospital, affiliated with Novant Health received conditional State approval to build a 74 bed replacement hospital with all private rooms and construction began in 2008. The cost of the replacement hospital is more than \$100 million with 200,000 square feet. The new hospital facility opened in July 2011 and is located approximately 3 miles from the prior facility on Hwy. 17 near Brunswick Community College. The replacement hospital contains 74 private rooms, 5 operating rooms, 1 GI endoscopy room, pharmacy, lab and emergency room.

The County and State's unemployment rates at June 2013 were 9.8 and 9.3 percent, respectively. The State's seasonally adjusted unemployment rate at June 2013 is 8.8. The County's high growth rate in prior recent years was due to many people moving to Brunswick County for its quality of life. As with the nation, the County's high growth rate, in residential and commercial development has recently subsided.

Brunswick County is becoming the golf capital of the State of North Carolina. Thirty-nine state of the art golf courses with most having residential/commercial development associated with them are located in the County.

Brunswick County's economic future looks bright as the new industrial parks expand, new retail shopping centers develop, new tourist attractions are completed and new residential growth continues.

Long-term financial planning. The County's Capital Improvement Plan through the year 2018 provides a plan, based on need, to fund and acquire various projects.

The Capital Improvement Plan for general government in FY 2014 totals \$12.3 million. General government projects include \$0.4 million for renovations to government complex facilities, \$0.6 million for design fees associated with the construction of a new cell at the county construction/demolition landfill and transfer station floor replacement, \$5.3 million in park improvements, \$2.2 million for sheriff's firing range and 911 Center expansion, and which are funded from county general revenues, \$2.0 million grant for the 911 Center expansion and a \$.5 million for park improvements. The general government plan includes \$3.8 million from performance bonds for developer infrastructure projects at various subdivisions within the county. Also included in the County Capital Improvement Plan are additional utility projects that total approximately \$15.2 million for fiscal year 2014. Water system improvements total over \$10.1 million and include waterline extensions, transmission improvements, 2nd feeds to the City of Northwest and Sunset Beach, 211 plant improvements and the design fees associated with the Northwest Water Plant expansion. Wastewater improvements for fiscal year 2014 total \$5.1 million and include construction of the Ocean Ridge and Ocean Isle Beach pump stations. The enterprise projects are anticipated to be funded with debt proceeds of approximately \$4.0 million with the remaining provided from enterprise system generated reserve funds.

The West Brunswick Regional Water Reclamation Facility Phase 1, completed in February of 2006 at a cost of \$60.5 million, 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 Facility. The project is fully supported by user charges. Along with this effort, the County revised its sewer use ordinance to enhance the effectiveness of the regional wastewater system concept. The county completed the expansion of the West Brunswick Regional Water Reclamation Facility Phase 2 from 3 mgd to 6 mgd in 2009 and provided a transmission line to serve

the Town of Oak Island at a cost of \$54.0 million. The County acquired the Town of Shallotte Wastewater treatment plant July 1, 2007 incorporating that plant into the West Brunswick Regional Facility. The County issued revenue bonds in January of 2008 for \$52.8 million to fund the expansion of the West Brunswick Regional Water Reclamation Facility and the Southwest Area Pump Station and Force Main project. The West Brunswick Regional Water Reclamation Facility Phases 1 and 2 serves the Town of Holden Beach, Town of Oak Island, Town of Shallotte, City of Southport, large residential and commercial developments, and retail customers within the county residential service area.

The County operates the Northeast Brunswick Regional Water Reclamation Facility which serves the Town of Leland, Navassa, City of Northwest and the H2GO (formerly North Brunswick Sanitary District) and is fully supported by user charges. The county has recently completed an expansion of the plant of .825 mgd to bring capacity to 2.475 mgd due to increased needs of the participants for a cost of \$10.8 million with the debt to be serviced by the regional participant contributions and County retail water fees.

The County plans to make water transmission improvements over the next few years and expand the Northwest Water Treatment Plant in 2016 to provide potable water to meet the county's growing demands for an estimated total cost of \$38.9 million.

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, 2012. This is the eleventh consecutive 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 this comprehensive annual report continues to meet the Certificate of Achievement Program's requirements, and 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,



Julie A. Miller, CPA
Director of Fiscal Operations



Government Finance Officers Association

**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, 2012

Executive Director/CEO

County of Brunswick, North Carolina
List of Principal Officials
June 30, 2013

Board of County Commissioners

J. Phillip Norris, Chairman
J. Martin Cooke, Vice-Chairman
Pat Sykes
Scott Phillips
Frank Williams

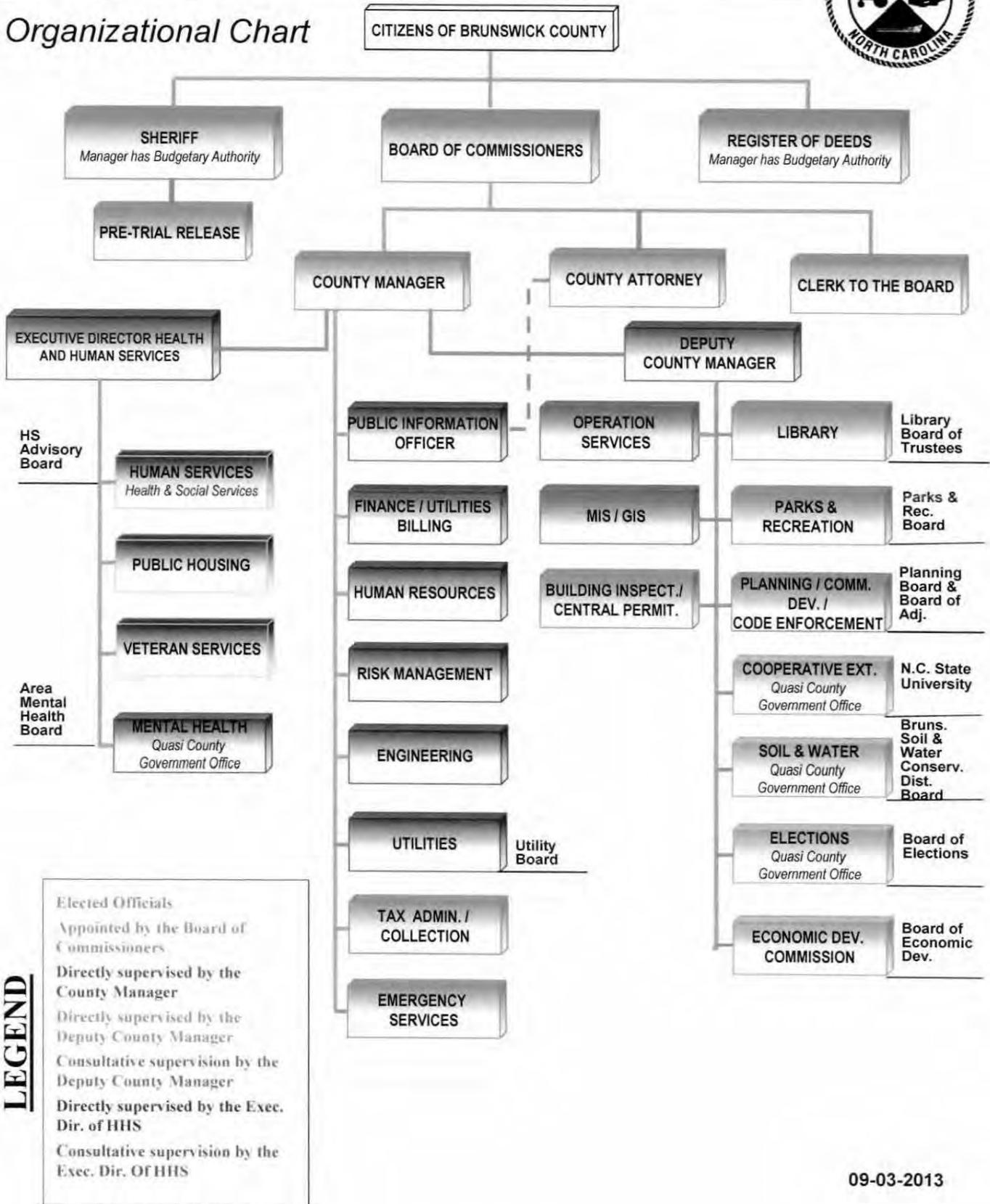
County Officials

Ann B. Hardy, MPA, CPA	County Manager
Steve Stone, MPA	Deputy County Manager
John W. Ingram, V	Sheriff
Charlie Miller	Sheriff's Chief Deputy
Brenda M. Clemmons	Register of Deeds
Debby Gore	Clerk to the Board
Huey Marshall, Esq.	County Attorney
Bryan W. Batton, Esq.	Assistant County Attorney
Julie A. Miller, CPA	Director of Fiscal Operations
Vacant	Deputy Director of Fiscal Operations
Debbie Barnes	Director of Human Resources
Greg Bellamy	Director of Elections
Mark Blevins	Director of Cooperative Extension
Anthony Marzano	Director of Emergency Management & Services
David M. Stanley, III	Director of Health and Human Services
Leslie Bell, AICP, HDFP	Director Planning, Zoning, & Central Permitting
Pamela Cheers	Public Housing-Section 8 Manager
Kenneth Perry	Tax Administrator and Revenue Collector
Catherine Lytch	Director of Social Services
Jerry Pierce, PE	Director of Public Utilities
John Nichols, PE	Assistant Director of Public Utilities
Anita Hartsell	Director of Veteran Services
Maurice Tate	Director of Libraries
T. James Pryor	Director of Parks & Recreation
Stephanie Lewis	Director of Operation Services
Mamie Caison	Director of Soil & Water
Steve Randone	Director of MIS/GIS Division
William L. Pinnix, PE	Director of Engineering Services

Brunswick County



Organizational Chart



LEGEND

- Elected Officials
- Appointed by the Board of Commissioners
- Directly supervised by the County Manager
- Directly supervised by the Deputy County Manager
- Consultative supervision by the Deputy County Manager
- Directly supervised by the Exec. Dir. of HHS
- Consultative supervision by the Exec. Dir. of HHS

09-03-2013

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

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Brunswick County
Bolvia, North Carolina

Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County, North Carolina, as of and for the year ended June 30, 2013, and the related Notes to the Financial Statements, which collectively comprise Brunswick County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 Economic Development Commission and the Brunswick County Board of Alcoholic Control were not audited in accordance with *Government Auditing Standards*.

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

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

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13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County, North Carolina, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Brunswick County, North Carolina. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, statistical section, 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.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2013 on our consideration of Brunswick County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brunswick County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 22, 2013

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, 2013. 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

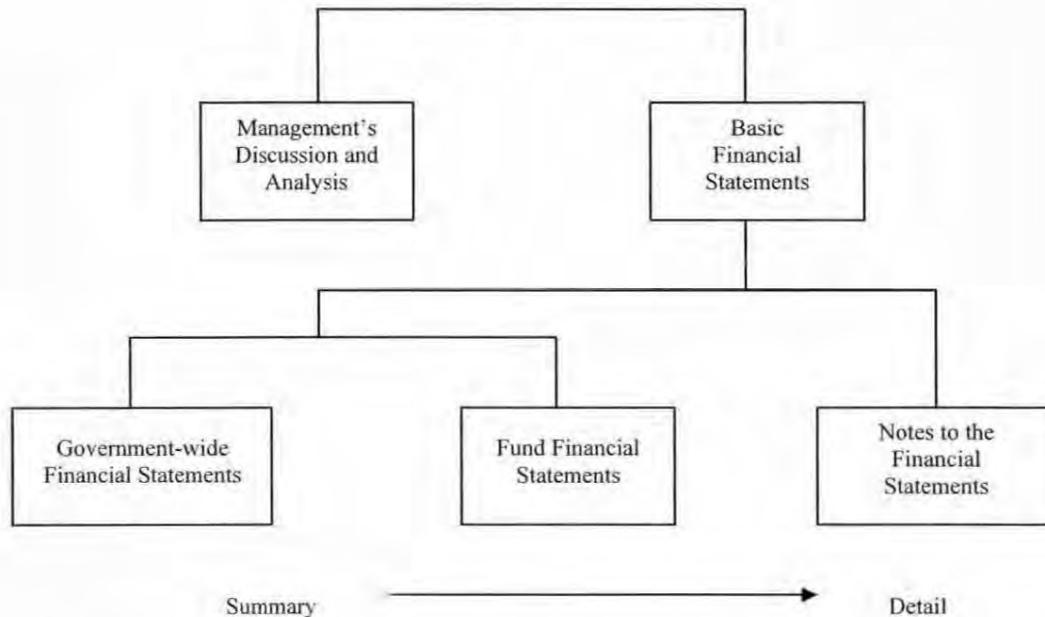
- The assets and deferred outflows of resources of Brunswick County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$88.4 million (*net position*). The County's net position is impacted considerably by the general obligation debt the County has issued on the behalf of the school system and community college to fund capital outlay. Under North Carolina law, the County is responsible for providing capital funding for the school system and college. The County has chosen to meet its legal obligation to provide education capital funding by using a mixture of sales taxes, general obligation debt, and installment debt. A portion of 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 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 \$61.5 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. Note 7F on page 51 further explains the effect of education debt on net assets.
- The County's net position of governmental activities increased by \$8.4 million mainly due to increased net position in the General Fund.
- As of the close of the 2013 fiscal year, the County's general fund reported amounts restricted for Stabilization by State statute of \$6.5 million and restrictions for public housing section 8 beneficiaries of \$0.1 million, and \$4.1 restricted for health and wellness programs totaling \$4.2 million. The unrestricted fund balance totals \$56.0 million of which \$0.2 million is committed for revaluation purposes, \$0.6 million is assigned to balance the FY 2014 annual budget leaving \$55.1 million available for spending.
- The County bond rating with Fitch is AA for general obligation bonds, AA- for limited obligation bonds and revenue bonds which were adjusted upward due to recalibration from the agency. Moody's Investor Services ratings were also recalibrated and improved to Aa2 for general obligation bonds, Aa3 for limited obligation and revenue bonds. The County maintained its general obligation bond rating of AA from Standard & Poor's bond rating agency, with limited obligation and revenue bonds both rated AA-.

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 position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gage the County's financial condition.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position 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 along with internal services funds for the County's self-insured workers' compensation program and the employee health fund.

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, and Tourism Development 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 15-17 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 Position 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 two types 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 Position and the Statement of Activities. The *Internal Service Funds* are used to report the activities for the financing of workers' compensation self-insurance cost incurred and the employee health insurance fund.

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 Basic 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 26-64 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 and other post-employment health benefits to employees. Required supplemental information can be found on pages 65-66 of this report.

Brunswick County's Net Position

Figure 2

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 107,522,927	\$ 100,261,605	\$ 74,383,331	\$ 65,354,185	\$ 181,906,258	\$ 165,615,790
Capital asset (net)	121,382,046	124,761,554	361,301,252	343,810,786	482,683,298	468,572,340
Total assets	<u>228,904,973</u>	<u>225,023,159</u>	<u>435,684,583</u>	<u>409,164,971</u>	<u>664,589,556</u>	<u>634,188,130</u>
Deferred Outflows of Resources:	<u>742,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>742,770</u>	<u>-</u>
Noncurrent liabilities	126,604,439	130,757,441	149,169,584	156,211,779	275,774,023	286,969,220
Other liabilities	14,538,843	14,236,086	15,664,407	13,342,753	30,203,250	27,578,839
Total Liabilities	<u>141,143,282</u>	<u>144,993,527</u>	<u>164,833,991</u>	<u>169,554,532</u>	<u>305,977,273</u>	<u>314,548,059</u>
Deferred Inflows of Resources:	<u>92,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,077</u>	<u>-</u>
Net position:						
Net investment in capital assets	82,982,620	83,875,530	215,460,422	207,222,012	298,443,042	291,097,542
Restricted	12,788,396	14,349,327	-	-	12,788,396	14,349,327
Unrestricted	<u>(7,358,632)</u>	<u>(18,195,225)</u>	<u>55,390,170</u>	<u>32,388,427</u>	<u>48,031,538</u>	<u>14,193,202</u>
Total net position	<u>\$ 88,412,384</u>	<u>\$ 80,029,632</u>	<u>\$ 270,850,592</u>	<u>\$ 239,610,439</u>	<u>\$ 359,262,976</u>	<u>\$ 319,640,071</u>

The assets and deferred outflows of resources of Brunswick County governmental activities exceeded its liabilities and deferred outflows of resources by \$88.4 million as of June 30, 2013. Net position is reported as follows: net investment in capital assets of \$83.0 million, restricted for stabilization by State statute \$7.0 million, restricted for other purposes \$5.8 million and unrestricted net assets of (\$7.4) million.

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

	Amount (in millions)
Total capital assets	\$ 121.4
Less long-term debt	(97.5)
Capital related deferred outflows of resources	0.7
Less current maturities of long-term debt	(9.7)
Landfill closure included in long-term debt	6.3
Current portion of compensated absences	0.3
Education general obligation debt payable	<u>61.5</u>
Total invested in capital assets, net of related debt	<u>\$ 83.0</u>

The final category of net position is unrestricted resources. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2013, the unrestricted resources were (\$7.4) 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 position rather than as part of the category invested in capital asset net of related debt.

The impact of the inclusion of the education debt without the corresponding assets was offset by the continued low cost of debt due to Brunswick County's excellent bond ratings.

Brunswick County Changes in Net Position
Figure 3

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012	Total 2013	Total 2012
Revenues:						
Program revenues:						
Changes for services	\$ 16,142,527	\$ 14,677,145	\$ 62,287,665	\$ 38,217,799	\$ 78,430,192	\$ 52,894,944
Operating grants and contributions	19,487,824	20,269,505	-	-	19,487,824	20,269,505
Capital grants and contributions	3,413,712	3,855,384	2,521,233	4,202,387	5,934,945	8,057,771
General revenues:						
Ad valorem taxes	109,152,892	106,878,322	-	-	109,152,892	106,878,322
Local option sales taxes	16,941,795	15,996,708	-	-	16,941,795	15,996,708
Other taxes	3,484,388	3,163,720	-	-	3,484,388	3,163,720
Sale of real property	-	-	751,218	-	751,218	-
Investment earnings	168,330	305,536	83,874	127,494	252,204	433,030
Total revenues	168,791,468	165,146,320	65,643,990	42,547,680	234,435,458	207,694,000
Expenses:						
General government	10,934,466	10,998,376	-	-	10,934,466	10,998,376
Public safety	35,303,805	34,715,586	-	-	35,303,805	34,715,586
Central services	12,644,064	13,455,405	-	-	12,644,064	13,455,405
Human services	26,348,700	26,325,541	-	-	26,348,700	26,325,541
Transportation	2,616,195	3,736,588	-	-	2,616,195	3,736,588
Environmental protection	13,394,236	13,876,612	-	-	13,394,236	13,876,612
Cultural and recreation	3,951,742	4,169,218	-	-	3,951,742	4,169,218
Economic and physical development	7,616,623	7,653,903	-	-	7,616,623	7,653,903
Education	42,982,116	39,852,618	-	-	42,982,116	39,852,618
Interest on long-term debt	4,616,769	1,894,630	-	-	4,616,769	1,894,630
Water and wastewater	-	-	34,403,837	30,737,286	34,403,837	30,737,286
Total expenses	160,408,716	156,678,477	34,403,837	30,737,286	194,812,553	187,415,763
Increase (decrease) in net position before transfers	8,382,752	8,467,843	31,240,153	11,810,394	39,622,905	20,278,237
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	-	-	-	-	-	-
Net position, July 1	80,029,632	71,561,789	239,610,439	227,800,045	319,640,071	299,361,834
Net position, June 30	\$ 88,412,384	\$ 80,029,632	\$ 270,850,592	\$ 239,610,439	\$ 359,262,976	\$ 319,640,071

Governmental activities. Governmental activities accounted for \$88.4 million, which is 24.6 percent of the total net position. Governmental revenues increased mainly due to increases in ad valorem tax collections, local option sales taxes and service fees. Operating grants funded \$19.5 million of the county's governmental activities. Governmental expenses increased due to education operations and projects which are not recorded as assets on the county's records. Governmental net position increased \$8.4 million mainly due to principal debt retirements associated with education facilities for which the county does not own the underlying assets.

Business-type activities. Business-type activities increased the County's net position by \$31.2 million. Business-type revenues increased mainly due to an increase in wastewater user charges and assessment revenues. Business-type expenses increased slightly mainly due to increased expenditures associated with the new meter reading system. Business-type net position increased by \$31.2 million due to the completion of capital projects and the principal retirement of the associated debt on the assets.

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, fund balance available for appropriation 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 \$90.2 million, which is an increase of \$5.1 million over the prior year. Approximately \$12.8 million of the total fund balance is restricted by state stabilization or other restrictions and approximately \$77.4 million is unrestricted. Of the unrestricted fund balance of \$77.4 million at June 30, 2013, \$21.8 million or approximately 28.1 percent was committed for education and county capital projects and \$0.6 million was assigned for subsequent year expenditures leaving \$54.8 million of unassigned fund balance. The unassigned fund balance of \$54.8 million, which is approximately 60.7 percent of the total fund balance, is 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, unassigned fund balance in the general fund was \$55.1 million, while total fund balance for the general fund increased from \$59.7 million to \$66.7 million mainly due to in ad valorem tax collections, local option sales taxes and service fees. Amounts in the General Fund balance assigned for subsequent year's expenditures totaled \$0.6 million. The amount of restricted general fund balance was \$6.5 million for stabilization by state statute and \$4.2 million for other restriction related to health and wellness and public housing section 8 programs. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned general fund balance represents 35.8% of total general fund expenditures, while total general fund balance represents 43.3% of that same amount. The County Capital Project fund balance decreased \$0.9 million due to planned capital project expenditures. The Education Capital Project Fund balance decreased \$1.3 million due to planned capital project expenditures. The Non-Major Governmental Funds balance increased \$0.3 million due to a reduction in expenditures.

Enterprise Funds. The Water Fund's net position increased \$4.4 million to \$145.7 million. The Wastewater Fund's net position increased \$26.8 million to \$125.2 million. The increases in the net position of the enterprise funds are from the completion of capital projects and the associated wastewater assessments charges and capital contributions.

Internal service fund. The Health Insurance Internal service fund increased net position from \$1.0 million to \$1.7 million due to user charges in excess of claims. The Workers' Compensation Internal service fund net position increased from \$1.7 million to \$2.2 million due to users charges in excess of claims.

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 estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$5.1 million. The majority of the increase was comprised of \$1.6 million increase in ad valorem taxes and \$1.7 million increase in restricted intergovernmental revenues. Total actual revenues exceeded amended budgeted amounts by \$6.2 million. Total actual expenditures were \$4.8 million less than amended budgeted amounts, with the majority of that amount relating to expenditures lower than budgeted in central services, public safety and human services.

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 position of Water/Wastewater Funds at the end of the year totaled \$55.4 million. The primary factor affecting this amount was a net increase of \$17.5 million in the County's capital assets.

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, 2013 amounts to \$482.7 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 years. Growth occurred due to tourism and people relocating to the County. The County completed the first of two regional water reclamation facilities on February 12, 2003, located in the northeastern region of the County (referred to as Northeastern Brunswick Regional Water Reclamation Facility). For this regional water reclamation facility, the Board of County Commissioners entered into service agreements with four other jurisdictions including the Town of Leland, Town of Navassa, H2GO (formerly North Brunswick Sanitary District) and the City of Northwest. The County owns and operates the reclamation facility, while the participants are responsible for their respective collection systems. Near completion is the expansion of the treatment plant from a 1.65 to a 2.475 mgd plant to serve the growing population in the northern region of the county. 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. Through an agreement with a local golf course development and industry, much of the treated wastewater may be land applied or reused for industrial purposes further reducing the

discharge into the river. The reclamation facility is fully supported by user charges. The County's investment in the capital asset is approximately \$10.5 million as of June 30, 2013.

In addition to the Northeast Brunswick Regional Water Reclamation Facility, the County completed construction in February 2006 of the West Brunswick Regional Water Reclamation Facility. Participants in the system include Brunswick County, the Town of Holden Beach, Town of Oak Island and the Town of Shallotte. The treatment plant was expanded in 2011 from a 3 to 6 mgd plant. Construction of transmission lines to serve the Towns of Oak Island and Shallotte along with the southwest portions of the county was also completed in 2011. The treated effluent from the West Brunswick Regional Water Reclamation Facility 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 facility. The facility is fully supported by user charges. Along with this effort, the County revised its sewer use ordinance and adopted a countywide storm water management ordinance and program to enhance the effectiveness of regional facilities. The County's investment in the capital asset, including construction-in-progress, is approximately \$114.4 million as of June 30, 2013.

Brunswick County's Capital Assets

Figure 4

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012	Total 2013	Total 2012
Land	\$ 11,009,242	\$ 11,007,892	\$ 2,830,609	\$ 2,830,609	\$ 13,839,851	\$ 13,838,501
Operating plants, buildings & improvements	101,140,281	105,091,975	137,200,047	140,820,310	238,340,328	245,912,285
Equipment and vehicles	6,409,779	6,074,553	8,314,041	6,158,992	14,723,820	12,233,545
Distribution and collection systems	-	-	181,391,103	158,213,385	181,391,103	158,213,385
Construction in progress	2,822,744	2,587,134	31,565,452	35,787,490	34,388,196	38,374,624
Total capital assets, net	\$ 121,382,046	\$ 124,761,554	\$ 361,301,252	\$ 343,810,786	\$ 482,683,298	\$ 468,572,340

Additional information on Brunswick County's capital assets can be found in Note 4 on pages 42 and 43 of this report.

Long-term Debt. At the end of the current fiscal year, Brunswick County had total general obligation bonded debt outstanding of \$67.7 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 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012	Total 2013	Total 2012
General obligation bonds	\$ 63,915,000	\$ 70,240,000	\$ 3,760,000	\$ 3,790,000	\$ 67,675,000	\$ 74,030,000
Limited obligation bonds	36,240,000	39,405,000	-	-	36,240,000	39,405,000
Installment purchases & revolving loans	500,000	575,000	52,895,869	50,565,728	53,395,869	51,140,728
Revenue bonds	-	-	97,936,222	102,529,141	97,936,222	102,529,141
Other	35,655,001	30,676,767	3,887,494	3,150,774	39,542,495	33,827,541
Total long-term debt	\$ 136,310,001	\$ 140,896,767	\$ 158,479,585	\$ 160,035,643	\$ 294,789,586	\$ 300,932,410

The legal debt limit is \$1.97 billion. The legal debt margin on June 30, 2013 was \$1.86 billion. 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 10.0% and to total general fund expenditures is 10.7%. The County's governmental general obligation debt per capita is \$556 as of June 30, 2013. The County's governmental activities gross debt per capita (excluding landfill closure/post closure, accrued compensated absences and pension benefit obligations) is \$876 made up of \$556 of general obligation debt per capita, \$316 in outstanding limited obligation bonds for construction and renovation of various county and education buildings and \$4 for county building installment purchases.

The County's debt had a net decrease of \$4.6 million in governmental and \$1.6 in enterprise funds, for a total 2.0 percent decrease during the current fiscal year. The key factor in this decrease was the retirement of debt through principal payments. Additional information on Brunswick County's long-term debt can be found in Note 7 on pages 46-51 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Brunswick County is currently 8.7 percent and was 9.8 percent at June 30, 2013, compared to the state's seasonally adjusted unemployment rate of 8.8 percent currently and 8.7 percent at June 30, 2013.
- Inflationary trends in the region are similar to national indices.
- Population estimation of 114,882 has grown nearly 56 percent since 2000.

All of these factors were considered in preparing Brunswick County's budget for fiscal year 2013-2014.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2013-2014

Governmental activities. The county maintained the tax rate of \$0.4425 cents. The last revaluation was for the 2011 levy. The next revaluation is scheduled for the 2015 levy. Budgeted operating expenditures in the General Fund are expected to increase 5.3 percent to \$159 million. The largest increase was \$3.0 million or 10.0% in public safety.

Budgeted expenditures for education are expected to increase 0.1 percent or approximately \$34 thousand. 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 general government debt service. The School System funds the majority of its local capital outlay needs from sales tax allocations, bond proceeds, lottery funds and ad valorem taxes. 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 3 percent due to normal growth and to cover increased costs associated with personnel, operation, and capital outlay.

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. You can also visit our website:

<http://www.brunswickcountync.gov/Departments/GeneralGovernment/Finance.aspx>

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2013

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
Assets:				
Current Assets:				
Cash and cash equivalents/investments	\$ 90,543,434	\$ 46,461,852	\$ 137,005,286	\$ 1,076,461
Restricted cash and investments	1,189,530	10,236,619	11,426,149	4,550
Interest receivable	129,336	49,533	178,869	-
Taxes receivable, net	8,257,984	-	8,257,984	-
Receivables and special assessments, net	1,912,119	14,638,459	16,550,578	18,695
Other governmental agencies	5,490,524	1,072,565	6,563,089	326,057
Inventories	-	1,924,303	1,924,303	204,852
Prepaid items	-	-	-	20,816
Total current assets	<u>107,522,927</u>	<u>74,383,331</u>	<u>181,906,258</u>	<u>1,651,431</u>
Capital Assets:				
Non-depreciable capital assets	13,831,986	34,396,061	48,228,047	-
Depreciable capital assets, net	<u>107,550,060</u>	<u>326,905,191</u>	<u>434,455,251</u>	<u>24,226,860</u>
Total capital assets	<u>121,382,046</u>	<u>361,301,252</u>	<u>482,683,298</u>	<u>24,226,860</u>
Total assets	<u>228,904,973</u>	<u>435,684,583</u>	<u>664,589,556</u>	<u>25,878,291</u>
Deferred Outflows of Resources:	<u>742,770</u>	\$ -	\$ 742,770	\$ -
Liabilities:				
Current Liabilities:				
Accounts payable and other liabilities	4,756,542	\$ 3,004,508	\$ 7,761,050	\$ 172,808
Advances from grantors	76,739	-	76,739	-
Prepaid fees	-	1,864,540	1,864,540	-
Current maturities of long-term debt	9,705,562	9,310,001	19,015,563	62,800
Due other governmental agencies	-	-	-	134,317
Payable From Restricted Assets:				
Customer Deposits	-	1,485,358	1,485,358	-
Total current liabilities	<u>14,538,843</u>	<u>15,664,407</u>	<u>30,203,250</u>	<u>369,925</u>
Noncurrent Liabilities:				
Compensated absences	2,874,683	410,670	3,285,353	-
Law enforcement pension obligation	1,298,804	-	1,298,804	-
Other post employment benefits	24,923,255	3,444,824	28,368,079	-
Long-term debt	<u>97,507,697</u>	<u>145,314,090</u>	<u>242,821,787</u>	<u>341,479</u>
Total noncurrent liabilities	<u>126,604,439</u>	<u>149,169,584</u>	<u>275,774,023</u>	<u>341,479</u>
Total liabilities	<u>141,143,282</u>	<u>164,833,991</u>	<u>305,977,273</u>	<u>711,404</u>
Deferred Inflows of Resources:	<u>92,077</u>	-	<u>92,077</u>	-
Net Position:				
Net investment in capital assets	82,982,620	215,460,422	298,443,042	23,828,460
Restricted for Stabilization by State Statute	7,003,931	-	7,003,931	393,407
Restricted-other purposes	5,784,465	-	5,784,465	561,638
Unrestricted	<u>(7,358,632)</u>	<u>55,390,170</u>	<u>48,031,538</u>	<u>383,382</u>
Total net position	<u>\$ 88,412,384</u>	<u>\$ 270,850,592</u>	<u>\$ 359,262,976</u>	<u>\$ 25,166,887</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Government Activities:				
General government	\$ 10,934,466	\$ 1,771,496	\$ 713,544	\$ -
Public safety	35,303,805	8,077,465	1,579,854	28,309
Central services	12,644,064	-	189,776	-
Human services	26,348,700	2,351,986	14,187,069	-
Transportation	2,616,195	-	235,060	1,998,505
Environmental protection	13,394,236	2,682,035	6,961	-
Cultural and recreation	3,951,742	200,813	147,278	-
Economic and physical development	7,616,623	1,058,732	2,428,282	-
Education	42,982,116	-	-	1,386,898
Interest on long-term debt	4,616,769	-	-	-
Total governmental activities	<u>160,408,716</u>	<u>16,142,527</u>	<u>19,487,824</u>	<u>3,413,712</u>
Business-type Activities:				
Water	17,581,607	20,622,239	-	1,339,740
Wastewater	16,822,230	41,665,426	-	1,181,493
Total business-type activities	<u>34,403,837</u>	<u>62,287,665</u>	<u>-</u>	<u>2,521,233</u>
Total primary government	<u>\$ 194,812,553</u>	<u>\$ 78,430,192</u>	<u>\$ 19,487,824</u>	<u>\$ 5,934,945</u>
Discretely presented component units	<u>\$ 4,156,450</u>	<u>\$ 2,833,978</u>	<u>\$ 2,755</u>	<u>\$ 3,239,307</u>
General Revenues:				
Ad valorem taxes				
Local option sales taxes				
Deed stamp excise taxes and other taxes				
Sale of real property				
Investment earnings				
Total general revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Exhibit B

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	Total
\$ (8,449,426)	\$ -	\$ (8,449,426)	
(25,618,177)	-	(25,618,177)	
(12,454,288)	-	(12,454,288)	
(9,809,645)	-	(9,809,645)	
(382,630)	-	(382,630)	
(10,705,240)	-	(10,705,240)	
(3,603,651)	-	(3,603,651)	
(4,129,609)	-	(4,129,609)	
(41,595,218)	-	(41,595,218)	
(4,616,769)	-	(4,616,769)	
<u>(121,364,653)</u>	<u>-</u>	<u>(121,364,653)</u>	
-	4,380,372	4,380,372	
-	26,024,689	26,024,689	
-	30,405,061	30,405,061	
<u>(121,364,653)</u>	<u>30,405,061</u>	<u>(90,959,592)</u>	
			\$ <u>1,919,590</u>
109,152,892	-	109,152,892	-
16,941,795	-	16,941,795	-
3,484,388	-	3,484,388	1,184,989
-	751,218	751,218	
168,330	83,874	252,204	1,211
<u>129,747,405</u>	<u>835,092</u>	<u>130,582,497</u>	<u>1,186,200</u>
8,382,752	31,240,153	39,622,905	3,105,790
<u>80,029,632</u>	<u>239,610,439</u>	<u>319,640,071</u>	<u>22,061,097</u>
<u>\$ 88,412,384</u>	<u>\$ 270,850,592</u>	<u>\$ 359,262,976</u>	<u>\$ 25,166,887</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	Major Funds				Total Governmental Funds
	General	County Capital Project	Education Capital Project	Non Major Governmental Funds	
Assets:					
Cash and cash equivalents/investments	\$ 63,285,847	\$ 11,864,460	\$ 9,424,452	\$ 1,335,733	85,910,492
Restricted cash and investments	812,039	-	377,491	-	1,189,530
Interest receivable	94,915	15,940	11,812	1,578	124,245
Taxes receivable - net	8,257,984	-	-	-	8,257,984
Receivables - net	1,449,416	-	-	260,999	1,710,415
Other governmental agencies	5,164,366	70,603	-	255,555	5,490,524
Due from other funds	-	-	687,820	-	687,820
Total assets	<u>\$ 79,064,567</u>	<u>\$ 11,951,003</u>	<u>\$ 10,501,575</u>	<u>\$ 1,853,865</u>	<u>103,371,010</u>
Liabilities:					
Accounts payable and other liabilities	\$ 3,125,331	\$ 324,413	\$ -	\$ 395,972	\$ 3,845,716
Due to other funds	687,820	-	-	-	687,820
Advances from grantors	-	-	-	76,739	76,739
Total liabilities	<u>3,813,151</u>	<u>324,413</u>	<u>-</u>	<u>472,711</u>	<u>4,610,275</u>
Deferred Inflows of Resources:	<u>8,572,959</u>	<u>-</u>	<u>-</u>	<u>28,309</u>	<u>8,601,268</u>
Fund Balances:					
Restricted:					
Stabilization by State Statute	6,485,799	-	-	518,132	7,003,931
Restricted - other	4,221,591	-	377,491	1,185,383	5,784,465
Committed	214,566	11,626,590	10,124,084	-	21,965,240
Assigned	649,053	-	-	-	649,053
Unassigned	<u>55,107,448</u>	<u>-</u>	<u>-</u>	<u>(350,670)</u>	<u>54,756,778</u>
Total fund balances	<u>66,678,457</u>	<u>11,626,590</u>	<u>10,501,575</u>	<u>1,352,845</u>	<u>90,159,467</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 79,064,567</u>	<u>\$ 11,951,003</u>	<u>\$ 10,501,575</u>	<u>\$ 1,853,865</u>	<u>\$ 103,371,010</u>

**Reconciliation of Fund Balance as Reported in the Balance Sheet -
Governmental Funds with Net Position - Governmental Activities:**

Fund balance as reported in the balance sheet - governmental funds	90,159,467
Amounts reported for governmental activities in the statement of net position are different because:	
Change in internal service net position, attributed to governmental activities	1,147,430
Consolidation of internal service fund	2,781,481
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	121,382,046
Other assets are not available to pay for current period expenditures and, therefore, are deferred inflows in the funds	8,509,191
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	(135,567,231)
Net position reported as governmental activities	<u>88,412,384</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Major Funds				Total Governmental Funds
	General	County Capital Project	Education Capital Project	Non Major Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 108,945,817	\$ -	\$ -	\$ -	\$ 108,945,817
Local option sales taxes	16,941,795	-	-	-	16,941,795
Other taxes and licenses	2,262,741	-	-	1,221,647	3,484,388
Unrestricted intergovernmental revenues	1,133,188	-	-	-	1,133,188
Restricted intergovernmental revenues	17,592,379	1,998,505	1,386,898	1,186,831	22,164,613
Permits and fees	3,162,231	-	-	154,324	3,316,555
Sales and services	9,275,461	-	-	-	9,275,461
Investment earnings	113,344	23,127	20,749	1,951	159,171
Other	1,627,789	-	-	-	1,627,789
Total revenues	<u>161,054,745</u>	<u>2,021,632</u>	<u>1,407,647</u>	<u>2,564,753</u>	<u>167,048,777</u>
Expenditures:					
Current:					
General government	10,107,141	-	-	108,599	10,215,740
Public safety	31,793,924	1,789	-	657,715	32,453,428
Central services	11,664,103	-	-	-	11,664,103
Human services	25,051,483	-	-	-	25,051,483
Transportation	373,450	2,242,745	-	-	2,616,195
Environmental protection	13,420,533	6,345	-	-	13,426,878
Culture and recreation	3,621,142	199,165	-	33,665	3,853,972
Economic and physical development	4,850,697	13,217	-	1,569,073	6,432,987
Education	36,675,154	-	5,422,064	-	42,097,218
Debt Service:					
Principal retirement	9,910,000	-	-	-	9,910,000
Interest and fiscal charges	6,492,027	-	-	-	6,492,027
Total expenditures	<u>153,959,654</u>	<u>2,463,261</u>	<u>5,422,064</u>	<u>2,369,052</u>	<u>164,214,031</u>
Revenues over (under) expenditures	<u>7,095,091</u>	<u>(441,629)</u>	<u>(4,014,417)</u>	<u>195,701</u>	<u>2,834,746</u>
Other Financing Sources (Uses):					
Payment to escrow agent for refunded debt	(16,275,000)	-	-	-	(16,275,000)
Transfers from other funds	827,313	100,000	2,985,039	91,493	4,003,845
Transfers to other funds	(3,176,532)	(513,300)	(314,013)	-	(4,003,845)
Premiums on bonds issued	1,875,258	-	-	-	1,875,258
Refunding bonds issued	16,620,000	-	-	-	16,620,000
Total other financing sources (uses)	<u>(128,961)</u>	<u>(413,300)</u>	<u>2,671,026</u>	<u>91,493</u>	<u>2,220,258</u>
Net change in fund balance	6,966,130	(854,929)	(1,343,391)	287,194	5,055,004
Fund balance, beginning of year	<u>59,712,327</u>	<u>12,481,519</u>	<u>11,844,966</u>	<u>1,065,651</u>	<u>85,104,463</u>
Fund balance, end of year	<u>\$ 66,678,457</u>	<u>\$ 11,626,590</u>	<u>\$ 10,501,575</u>	<u>\$ 1,352,845</u>	<u>\$ 90,159,467</u>

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, 2013**

Net change in fund balances - total governmental funds (Exhibit D)	\$ 5,055,004
<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	207,075
Emergency services revenues	77,634
Grant receivable	28,309
Public Health revenues	(82,728)
Expenses related to other post-employment benefits, 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.	(5,009,903)
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.	2,886,725
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.	(48,323)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements.	(6,217,910)
Unamortized outflow of resources related to refunding of debt.	742,770
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.	26,185,000
Change in closure/post closure liability estimate. Expenses are reported as incurred in the funds.	31,669
Change in internal service net position, attributed to governmental activities	1,147,430
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>(16,620,000)</u>
Change in net position of governmental activities per Exhibit B	<u>\$ 8,382,752</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
 FOR THE YEAR ENDED JUNE 30, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 105,111,312	\$ 106,757,682	\$ 108,945,817	\$ 2,188,135
Local option sales taxes	15,661,801	15,697,347	16,941,795	1,244,448
Other taxes and licenses	2,004,000	2,139,000	2,262,741	123,741
Unrestricted intergovernmental revenues	1,298,489	1,293,880	1,133,188	(160,692)
Restricted intergovernmental revenues	14,762,317	16,464,845	17,592,379	1,127,534
Permits and fees	2,494,214	2,724,504	3,162,231	437,727
Sales and services	7,293,504	8,479,216	9,275,461	796,245
Investment earnings	56,100	56,100	113,344	57,244
Other	1,094,771	1,262,595	1,627,789	365,194
Total revenues	<u>149,776,508</u>	<u>154,875,169</u>	<u>161,054,745</u>	<u>6,179,576</u>
Expenditures:				
Current:				
General government	9,626,100	10,693,189	10,107,141	586,048
Central services	12,520,684	13,035,299	11,664,103	1,371,196
Public safety	29,456,958	32,972,023	31,793,924	1,178,099
Transportation	138,390	373,450	373,450	-
Environmental protection	13,521,914	13,527,395	13,420,533	106,862
Economic and physical development	4,859,835	5,090,681	4,850,697	239,984
Human services	24,419,341	26,209,291	25,051,483	1,157,808
Education	36,675,154	36,675,154	36,675,154	-
Culture and recreation	3,735,204	3,777,237	3,621,142	156,095
Debt Service:				
Principal retirement	9,910,000	9,910,000	9,910,000	-
Interest and fiscal charges	4,265,190	6,500,448	6,492,027	8,421
Total expenditures	<u>149,128,770</u>	<u>158,764,167</u>	<u>153,959,654</u>	<u>4,804,513</u>
Revenues over (under) expenditures	<u>647,738</u>	<u>(3,888,998)</u>	<u>7,095,091</u>	<u>10,984,089</u>
Other Financing Sources (Uses):				
Refunding bonds issued	-	16,620,000	16,620,000	-
Refunded bond escrow agent	-	(16,275,000)	(16,275,000)	-
Premiums on bonds	-	1,875,258	1,875,258	-
Transfers from other funds	513,300	827,313	827,313	-
Transfers to other funds	(2,009,158)	(3,176,533)	(3,176,532)	1
Contingency	(400,000)	(18,899)	-	18,899
Appropriated fund balance	1,248,120	4,036,859	-	(4,036,859)
Total other financing sources (uses)	<u>(647,738)</u>	<u>3,888,998</u>	<u>(128,961)</u>	<u>(4,017,959)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>6,966,130</u>	<u>\$ 6,966,130</u>
Fund balance, beginning of year			<u>59,712,327</u>	
Fund balance, end of year			<u>\$ 66,678,457</u>	

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF FUND NET POSITION- PROPRIETARY FUNDS
JUNE 30, 2013

	Business-type Activities			
	Enterprise Funds			Internal Services
	Water	Wastewater	Total	
Assets:				
Current Assets:				
Cash and cash equivalents/investments	\$ 28,346,609	\$ 18,115,243	\$ 46,461,852	\$ 4,632,942
Restricted cash and investments	3,244,268	6,992,351	10,236,619	-
Interest receivable	39,221	10,312	49,533	5,091
Receivables and special assessments, net	2,533,883	12,104,576	14,638,459	201,704
Other governmental agencies	395,755	676,810	1,072,565	-
Inventories	1,636,030	288,273	1,924,303	-
Total current assets	<u>36,195,766</u>	<u>38,187,565</u>	<u>74,383,331</u>	<u>4,839,737</u>
Capital Assets:				
Non-depreciable capital assets	13,890,474	20,505,587	34,396,061	-
Depreciable capital assets, net	<u>119,176,863</u>	<u>207,728,328</u>	<u>326,905,191</u>	<u>-</u>
Total capital assets	<u>133,067,337</u>	<u>228,233,915</u>	<u>361,301,252</u>	<u>-</u>
Total assets	<u>169,263,103</u>	<u>266,421,480</u>	<u>435,684,583</u>	<u>4,839,737</u>
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	1,121,292	1,883,216	3,004,508	910,826
Prepaid fees		1,864,540	1,864,540	-
Current portion of debt	919,756	8,390,245	9,310,001	-
Payable From Restricted Assets:				
Customer Deposits	<u>1,485,358</u>	<u>-</u>	<u>1,485,358</u>	<u>-</u>
Total current liabilities	<u>3,526,406</u>	<u>12,138,001</u>	<u>15,664,407</u>	<u>910,826</u>
Noncurrent Liabilities:				
Compensated absences	293,016	117,654	410,670	-
Other post employment benefits	2,402,897	1,041,927	3,444,824	-
Long-term debt	<u>17,353,342</u>	<u>127,960,748</u>	<u>145,314,090</u>	<u>-</u>
Total noncurrent liabilities	<u>20,049,255</u>	<u>129,120,329</u>	<u>149,169,584</u>	<u>-</u>
Total liabilities	<u>23,575,661</u>	<u>141,258,330</u>	<u>164,833,991</u>	<u>910,826</u>
Net Position:				
Net investment in capital assets	116,577,881	98,882,541	215,460,422	-
Unrestricted	<u>29,109,561</u>	<u>26,280,609</u>	<u>55,390,170</u>	<u>3,928,911</u>
Total net position	<u>\$ 145,687,442</u>	<u>\$ 125,163,150</u>	<u>\$ 270,850,592</u>	<u>\$ 3,928,911</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 POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities			Internal Services
	Enterprise Funds			
	Water	Wastewater	Total	
Operating Revenues:				
User charges	\$ 19,910,194	\$ 18,036,477	\$ 37,946,671	\$ 11,100,282
Assessments	13,452	22,984,913	22,998,365	-
Intergovernmental revenue	298,109	560,744	858,853	-
Other	400,484	83,292	483,776	-
Total operating revenues	<u>20,622,239</u>	<u>41,665,426</u>	<u>62,287,665</u>	<u>11,100,282</u>
Operating Expenses:				
Salaries and employee benefits	5,700,648	2,775,059	8,475,707	-
Operating expenses	6,235,979	2,635,411	8,871,390	9,962,011
Repairs and maintenance	749,383	821,499	1,570,882	-
Depreciation and amortization	4,032,425	5,305,082	9,337,507	-
Total operating expenses	<u>16,718,435</u>	<u>11,537,051</u>	<u>28,255,486</u>	<u>9,962,011</u>
Operating income (loss)	<u>3,903,804</u>	<u>30,128,375</u>	<u>34,032,179</u>	<u>1,138,271</u>
Non-operating Revenues (Expenses):				
Investment earnings	61,841	22,033	83,874	9,159
Gain on sale of real property	-	751,218	751,218	-
Interest expense	(863,172)	(5,285,179)	(6,148,351)	-
Total nonoperating revenues (expenses)	<u>(801,331)</u>	<u>(4,511,928)</u>	<u>(5,313,259)</u>	<u>9,159</u>
Income before transfers and capital contributions	3,102,473	25,616,447	28,718,920	1,147,430
Dedicated service lines	1,339,740	1,181,493	2,521,233	-
Total transfers and capital contributions	<u>1,339,740</u>	<u>1,181,493</u>	<u>2,521,233</u>	<u>-</u>
Increase (decrease) in net position	4,442,213	26,797,940	31,240,153	1,147,430
Net position, beginning of year	<u>141,245,229</u>	<u>98,365,210</u>	<u>239,610,439</u>	<u>2,781,481</u>
Net position, end of year	<u>\$ 145,687,442</u>	<u>\$ 125,163,150</u>	<u>\$ 270,850,592</u>	<u>\$ 3,928,911</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, 2013

	Business-type Activities			
	Enterprise Funds			Internal Services
	Water	Wastewater	Total	
Cash Flows From Operating Activities:				
Receipts from customers	\$20,544,715	30,558,916	\$ 51,103,631	\$ 11,100,282
Payments to suppliers for goods and services	(6,677,156)	(3,518,373)	(10,195,529)	(10,052,929)
Payments to or on behalf of employees	(5,208,332)	(2,530,655)	(7,738,987)	-
Net cash provided by (used in) operating activities	<u>8,659,227</u>	<u>24,509,888</u>	<u>33,169,115</u>	<u>1,047,353</u>
Net Cash From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(5,292,380)	(19,101,690)	(24,394,070)	-
Interest paid	(1,174,484)	(5,285,178)	(6,459,662)	-
Proceeds from issuance of long-term debt	-	6,327,750	6,327,750	-
Principal payments on long-term debt	(755,376)	(7,865,152)	(8,620,528)	-
Sale of real property	-	751,218	751,218	-
Net cash provided (used) in capital and related financing activities	<u>(7,222,240)</u>	<u>(25,173,052)</u>	<u>(32,395,292)</u>	<u>-</u>
Cash Flows From Investing Activities:				
Interest on investments	59,879	21,757	81,636	7,662
Net increase (decrease) in cash and cash equivalents	1,496,866	(641,407)	855,459	1,055,015
Cash and cash equivalents, beginning of year	30,094,011	25,749,001	55,843,012	3,577,927
Cash and cash equivalents, end of year	<u>\$31,590,877</u>	<u>25,107,594</u>	<u>\$ 56,698,471</u>	<u>\$ 4,632,942</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 3,903,804	30,128,375	\$ 34,032,179	\$ 1,138,271
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	4,032,425	5,305,082	9,337,507	-
Loss on disposal of capital assets	34,395	52,935	87,330	-
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	(120,809)	(8,453,697)	(8,574,506)	-
(Increase) decrease in sales tax refund receivable	165,501	557,780	723,281	-
(Increase) decrease in inventories	(295,865)	(24,360)	(320,225)	-
Increase (decrease) in accounts payable/accrued expenses	896,491	(403,414)	493,077	(90,918)
Increase (decrease) in deferred revenue	-	(2,652,813)	(2,652,813)	-
Increase (decrease) in customer deposits	43,285	-	43,285	-
Net cash provided by (used in) operating activities	<u>\$ 8,659,227</u>	<u>\$ 24,509,888</u>	<u>\$ 33,169,115</u>	<u>\$ 1,047,353</u>
Supplemental Disclosures of Noncash Transactions				
Dedicated service lines	<u>\$ 1,339,740</u>	<u>\$ 1,181,493</u>	<u>\$ 2,521,233</u>	<u>\$ -</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS
JUNE 30, 2013**Assets:**

Cash and cash equivalents/investments	\$ 1,653,052
Interest receivable	2,503
Taxes receivable	<u>28,280</u>
Total assets	<u>\$ 1,683,835</u>

Liabilities:

Due to other governmental agencies	\$ 1,602,884
Other	<u>80,951</u>
Total liabilities	<u>\$ 1,683,835</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, 2013

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 114,882, 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.

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. As of June 30, 2013, the Board of commissioners voted to dissolve the Brunswick County Hospital Authority and the associated agency fund. The fund balance of \$455,870 was transferred to the General Fund to establish a restricted fund balance to be used for health and wellness.

Complete financial statements for the Brunswick County Hospital Authority may be obtained by contacting the authority's treasurer at P.O. Box 249, Bolivia, North Carolina 28422.

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 and employs the staff. The EDC, which has a June 30 year-end, has two funds - a governmental fund type and a proprietary fund type.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 for the EDC totaled \$392,177 for the fiscal year ended June 30, 2013.

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 by contacting the Authority's Executive Director at P.O. Box 1186, 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.

Appropriations to the Airport totaled \$97,000 for the fiscal year ended June 30, 2013. 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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013, 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 position and the statement of activities display information about the primary government (the County) and its component units. These statements include all of the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities except for interfund services provided and used which are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities 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.

Fund Financial Statements - The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component unit. 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 non-major funds.

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

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 OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Education 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, 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, 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 Project Fund. The Water Capital Project Fund is used to account for additions and improvements of major water enterprise facilities which are financed by transfers from the water fund, 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 Project Fund. The Wastewater Capital Project fund is used to account for additions and improvements of major wastewater facilities which are financed by transfers from the wastewater fund, bond proceeds, and financing agreements.

The County reports the following internal service funds:

Workers' Compensation Internal service fund – This fund is used to account for risk management operations of the County for the financing of workers' compensation self-insurance costs incurred.

Health Insurance Internal service fund – This fund is used to account for health operations of the County for the financing of employees' medical and dental costs incurred.

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, payment of bond debt service and payments to Doshier Hospital; the Intergovernmental Collections Fund which accounts for the proceeds of the motor vehicle and other ad Valorem taxes that are collected by the County on behalf of the municipalities within the County and fines and forfeitures collected and remitted to Brunswick County Schools; the Sheriff Department Trust Fund which accounts for the proceeds of court ordered property sales necessary to satisfy a debt; the Brunswick County Hospital Authority which accounts for monies held by Brunswick County on behalf of the Brunswick County Hospital Authority; the Inlet Committee: Save Our Sands, an inter-local government lobbying entity for beach sediment management for which the County acts as fiscal agent; 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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. 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, special assessments or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered vehicles in North Carolina. Effective with this change, 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 registered motor vehicles, 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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes which were billed during this period are shown as receivables on these financial statements and are offset by deferred inflows of resources.

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 if cash is received within 60 days of year-end.

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

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) and the Enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all capital 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 budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Expenditures may not legally exceed appropriations at the departmental level for the General Fund, Special Revenue, Enterprise Funds, and Capital Projects Funds. The County budget officer is authorized by the budget ordinance to transfer appropriations between departmental areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change departmental 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 \$2,788,739 which was largely the result of an employee merit increase and prior year commitments to the current fiscal year.

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, 2013

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, revenue 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. The amount restricted for the use in providing health and wellness grants set up from dissolving the Brunswick County Hospital Authority. The amount budgeted by the Board of Commissioners for revaluation included in the General Fund Balance-Committed is restricted assets per North Carolina General Statute 153A-150.

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, 2013 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, 2013**

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, operating plants, land improvements, water tanks, water and wastewater 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, Operating Plants and improvements	20-40 years
Enterprise Distribution and Collection Systems	40-60 years
Equipment and vehicles	5-15 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The county has deferred costs from the advanced refunding of debt. In addition to liabilities the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The county has prepaid taxes and receivables in the governmental funds and prepaid wastewater capacity in the wastewater fund.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Long-Term Debt

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 are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bond issuance cost, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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. However, the taxing power was pledged to make general obligation payments in the water fund if water revenues were not sufficient. At the end of the fiscal year, there was \$ 3,760,000 water general obligation debt outstanding.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Restricted Fund Balance-This classification includes amounts from sources that are restricted to specific purposes externally imposed by creditors or imposed by law. Restricted fund balance is summarized as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Restricted for Stabilization of State Statute-portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].	<u>\$ 6,485,799</u>	<u>\$ -</u>	<u>\$ 518,132</u>	<u>\$ 7,003,931</u>
Restricted for Public Housing-portion of fund balance that is restricted by revenue source for section 8 expenditures.	\$ 141,566	\$ -	\$ -	\$ 141,566
Restricted for Human Services Health Program-portion of fund balance that is restricted by revenue source for health expenditures.	3,624,155	-	-	3,624,155
Restricted for General Government-portion of fund balance that is restricted for health and wellness grants set up from dissolving the Brunswick County Hospital Authority.	455,870	-	-	455,870
Restricted for Public Safety-portion of fund balance that is restricted by revenue source for E911 expenditures.	-	-	452,597	452,597
Restricted for Register of Deeds-portion of fund balance that is restricted by revenue source for technology for the Register of Deeds office.	-	-	732,786	732,786
Restricted for Education-portion of fund balance that is restricted by revenue source or unspent debt proceeds for Public School and Community College Capital needs.	-	377,491	-	377,491
Total restricted fund balance (Exhibit C)	<u>\$ 4,221,591</u>	<u>\$ 377,491</u>	<u>\$ 1,185,383</u>	<u>\$ 5,784,465</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Committed Fund Balance-portion of fund balance that can only be used for specific purpose determined by a formal action of the governments highest level of decision making authority. The Brunswick County governing body is the highest level of decision making authority for the government that can by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation. Committed fund balance is summarized as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Committed for General Government-portion of fund balance that can only be used for general government	\$ -	\$ 235,710	\$ -	\$ 235,710
Committed for General Government-portion of fund balance that is restricted for a legally budgeted Tax Revaluation	214,566	-	-	214,566
Committed for Public Safety-portion of fund balance that can only be used for environmental protection	-	478,211	-	478,211
Committed for Environmental Protection-portion of fund balance that can only be used for environmental protection	-	3,817,092	-	3,817,092
Committed for Economic Development-portion of fund balance that can only be used for economic development	-	3,898,060	-	3,898,060
Committed for Culture & Recreation-portion of fund balance that can only be used for culture and recreation	-	3,184,295	-	3,184,295
Committed for Transportation-portion of fund balance that can only be used for transportation	-	13,222	-	13,222
Committed for Education-portion of fund balance that can only be used for education	-	10,124,084	-	10,124,084
Total committed fund balance	<u>\$ 214,566</u>	<u>\$ 21,750,674</u>	<u>\$ -</u>	<u>\$ 21,965,240</u>

Assigned Fund Balance is the portion of fund balance that the Brunswick County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The Manager and Director of Fiscal Operations, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance. Assigned Fund Balance-portion of fund balance that the Brunswick County management has budgeted or earmarked is summarized as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Subsequent year's expenditures-portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.	<u>\$ 649,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 649,053</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Unassigned Fund Balance-portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

	<u>General</u>	<u>Capital</u>	<u>Special</u>	
	<u>Fund</u>	<u>Projects</u>	<u>Revenue</u>	<u>Total</u>
Unassigned portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds	\$55,107,448	\$ -	\$ (350,670)	\$ 54,756,778

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

Total fund balance-General Fund	\$66,678,457
Less:	
Stabilization by State Statute	(6,485,799)
Restricted	(4,221,591)
Committed	(214,566)
Assigned	<u>(649,053)</u>
Fund balance remaining	<u>\$55,107,448</u>

Brunswick County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-County funds and County funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County. The County has not adopted a formal fund balance policy.

Inter-fund Transfers

The principal purpose for inter-fund 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 provides 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 payments to the County's General Fund. These payments 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 days earned vacation leave with such leave being fully vested when earned. In the event of termination, an employee is reimbursed for accumulated vacation days up to a maximum of thirty days. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. Compensated absences are reported in governmental funds only if matured.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
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The sick leave policy 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are: allowance for doubtful accounts and depreciation lives.

2. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments of the County as of June 30, 2013 include the following:

	Reported at Fair Value
Cash on Hand	\$ 4,366
Deposits - NOW, SuperNOW, MMDA and Certificates of Deposit	138,337,749
Investments: North Carolina Capital Management Trust	<u>11,742,372</u>
Total	<u>\$ 150,084,487</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 under collateralization and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2013, the deposits of the County had a reported value of \$138,337,749 and bank balances of \$138,583,104. Of the bank balances, \$6,449,445 was covered by federal depository insurance and \$132,133,659 was covered by collateral held under the Pooling Method. Cash on hand at June 30, 2013 was \$4,366.

B. Investments

As of June 30, 2013, the County had the following investments and maturities:

Investment Type	Fair Value	Less Than		
		6 Months	6 - 12 Months	1 - 3 Years
North Carolina Capital Management Trust:				
Cash Portfolio	\$ 8,370,772	n/a	n/a	n/a
Term Portfolio*	3,371,600	3,371,600	n/a	n/a
Total	<u>\$ 11,742,372</u>	<u>\$ 3,371,600</u>	<u>\$ -</u>	<u>\$ -</u>

*Because the NC Capital Management Trust Term Portfolio had a duration of 0.3 years, it was presented as an investment with a maturity of less than 6 months.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least 75% of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County's investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2013, the County had no investments in commercial paper. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2013. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County had no other separate investments in US Government Agencies at June 30, 2013.

Custodial Credit Risk. The County's formal policy indicates that the County shall utilize a third party custodial agent for book entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the Director of Finance.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Concentration of Credit Risk. The County places a limit of \$5 million on the amount that the County may invest in any one issue of commercial paper with a maximum of 25% of the portfolio allowable to be invested in commercial paper. County policy limits the initial investment in the NCCMT Term Portfolio to \$3 million.

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

3. Accounts Receivable

Disaggregate Information

Type of Receivable	Amount (Net of Allowance)		
	Governmental Activities	Business-Type Activities	Total
Customer Billings	\$ 971,919	\$ 3,902,502	\$ 4,874,421
Assessments	-	10,735,957	10,735,957
Deposits receivable	200,300	-	200,300
Miscellaneous	739,900	-	739,900
	<u>\$ 1,912,119</u>	<u>\$ 14,638,459</u>	<u>\$ 16,550,578</u>

The County's accounts receivable as of June 30, 2013 are presented net of allowance for doubtful accounts as follows:

	Allowance for Doubtful Accounts		
	General Fund	Water Fund	Wastewater Fund
Taxes Receivable	\$ 5,553,485	\$ -	\$ -
EMS Fees	936,278	-	-
Health Fees	404,209	-	-
User Charges	-	120,000	110,000
	<u>\$ 6,893,972</u>	<u>\$ 120,000</u>	<u>\$ 110,000</u>

Due from other governments owed to the County consists of the following:

	Governmental	Business-Type	Total
	Activities	Activities	
Local option sales tax	\$ 2,775,932	\$ -	\$ 2,775,932
Sales tax refunds	495,905	970,383	1,466,288
Due from federal government for grant assistance	153,848	-	153,848
Due from State of North Carolina for grant assistance	1,928,914	-	1,928,914
Emergency telephone system	135,925	-	135,925
Lower Cape Fear Water & Sewer Authority reimbursement	-	46,020	46,020
Town of Navassa reimbursement	-	56,162	56,162
Total	<u>\$ 5,490,524</u>	<u>\$ 1,072,565</u>	<u>\$ 6,563,089</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Property Tax – Use Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 2,926,063	\$ 958,286	\$ 3,884,349
2010	3,019,109	707,038	3,726,147
2011	3,470,324	511,873	3,982,197
2012	3,488,500	200,589	3,689,089
Total	<u>\$ 12,903,996</u>	<u>\$ 2,377,786</u>	<u>\$ 15,281,782</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

4. Capital Assets

Governmental capital assets at June 30, 2013 are summarized as follows:

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

	<u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
Non-Depreciable Assets:				
Land	\$ 11,007,892	\$ 1,350	\$ -	\$ 11,009,242
Construction in Progress	<u>2,587,134</u>	<u>235,610</u>	<u>-</u>	<u>2,822,744</u>
Total non-depreciable assets	<u>13,595,026</u>	<u>236,960</u>	<u>-</u>	<u>13,831,986</u>
Depreciable Assets				
Buildings and improvements	135,918,632	97,886	-	136,016,518
Equipment and vehicles	<u>29,082,348</u>	<u>2,551,879</u>	<u>975,520</u>	<u>30,658,707</u>
Total depreciable assets	<u>165,000,980</u>	<u>2,649,765</u>	<u>975,520</u>	<u>166,675,225</u>
Less accumulated depreciation				
Buildings and improvements	30,826,657	4,049,580	-	34,876,237
Equipment and vehicles	<u>23,007,795</u>	<u>2,168,330</u>	<u>927,197</u>	<u>24,248,928</u>
Total accumulated depreciation	<u>53,834,452</u>	<u>6,217,910</u>	<u>927,197</u>	<u>59,125,165</u>
 Total depreciable assets, net	 <u>111,166,528</u>	 <u>(3,568,145)</u>	 <u>48,323</u>	 <u>107,550,060</u>
 Total Capital Assets	 <u>\$ 124,761,554</u>	 <u>\$ (3,331,185)</u>	 <u>\$ 48,323</u>	 <u>\$ 121,382,046</u>

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

Function	Depreciation Expense
General government	\$ 738,779
Public safety	2,786,158
Central services	337,917
Human services	159,596
Environmental protection	217,211
Economic and physical development	102,339
Cultural and recreation	991,012
Education	884,898
Total	<u>\$ 6,217,910</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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Enterprise fund capital assets at June 30, 2013 are summarized as follows:

Water Fund	June 30, 2012	Increases	Decreases	June 30, 2013
Non-Depreciable Assets:				
Land	\$ 760,138	\$ -	\$ -	\$ 760,138
Construction in Progress	11,375,609	2,189,645	434,918	13,130,336
Total non-depreciable assets	<u>12,135,747</u>	<u>2,189,645</u>	<u>434,918</u>	<u>13,890,474</u>
Depreciable Assets				
Operating Plants, buildings and improvements	34,690,724	-	37,140	34,653,584
Distribution system	122,771,848	2,217,523	-	124,989,371
Equipment and vehicles	9,946,056	2,659,870	27,786	12,578,140
Total depreciable assets	<u>167,408,628</u>	<u>4,877,393</u>	<u>64,926</u>	<u>172,221,095</u>
Less accumulated depreciation				
Operating Plants, buildings and improvements	15,998,319	856,112	2,745	16,851,686
Distribution system	28,661,834	2,442,433	-	31,104,267
Equipment and vehicles	4,382,185	733,880	27,786	5,088,279
Total accumulated depreciation	<u>49,042,338</u>	<u>4,032,425</u>	<u>30,531</u>	<u>53,044,232</u>
Total depreciable assets, net	<u>118,366,290</u>	<u>844,968</u>	<u>34,395</u>	<u>119,176,863</u>
Total capital Assets	<u>\$ 130,502,037</u>	<u>\$ 3,034,613</u>	<u>\$ 469,313</u>	<u>\$ 133,067,337</u>
Wastewater Fund	June 30, 2012	Increases	Decreases	June 30, 2013
Non-Depreciable Assets:				
Land	\$ 2,070,471	\$ -	\$ -	\$ 2,070,471
Construction in Progress	24,411,881	17,346,529	23,323,294	18,435,116
Total non-depreciable assets	<u>26,482,352</u>	<u>17,346,529</u>	<u>23,323,294</u>	<u>20,505,587</u>
Depreciable Assets				
Operating Plants, buildings and improvements	136,944,664	739,574	-	137,684,238
Collection system	69,415,988	25,046,556	-	94,462,544
Equipment and vehicles	1,811,714	473,818	211,740	2,073,792
Total depreciable assets	<u>208,172,366</u>	<u>26,259,948</u>	<u>211,740</u>	<u>234,220,574</u>
Less accumulated depreciation				
Operating Plants, buildings and improvements	14,816,759	3,469,330	-	18,286,089
Collection system	5,312,617	1,643,928	-	6,956,545
Equipment and vehicles	1,216,593	191,824	158,805	1,249,612
Total accumulated depreciation	<u>21,345,969</u>	<u>5,305,082</u>	<u>158,805</u>	<u>26,492,246</u>
Total depreciable assets, net	<u>186,826,397</u>	<u>20,954,866</u>	<u>52,935</u>	<u>207,728,328</u>
Total capital Assets	<u>\$ 213,308,749</u>	<u>\$38,301,395</u>	<u>\$23,376,229</u>	<u>\$ 228,233,915</u>
Total Enterprise Fund Assets, Net	<u>\$ 343,810,786</u>			<u>\$ 361,301,252</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

5. Accounts Payable and Inter-fund Balances

Accounts Payable Disaggregate Information

<u>Type of Payable</u>	<u>Governmental Business-Type</u>		<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Trade Payables	\$ 3,068,151	\$ 1,109,974	\$ 4,178,125
Construction Costs Payable	324,413	1,833,170	2,157,583
Accrued Fringe Benefits	386,663	61,364	448,027
Future claims for workers' compensation and employee health benefits	910,826	-	910,826
Other deposits held by County	66,489	-	66,489
Total	\$ 4,756,542	\$ 3,004,508	\$ 7,761,050

Inter-fund Receivables / Payables

Inter-fund Balances as of June 30, 2013 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>		
	<u>General</u>	<u>Non-Major Governmental</u>	<u>Total</u>
Education capital projects	687,820	-	687,820
Total	\$ 687,820	\$ -	\$ 687,820

\$687,820 represents amounts due to the Education Capital Project Fund from the General Fund for local option sales tax receivable at fiscal year-end.

Inter-fund Transfers

The County's General Fund transferred funds during fiscal year 2013 to fund County and education capital improvements.

	<u>County</u>				
	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Capital Project Fund</u>	<u>Non Major Governmenta l Fund</u>	<u>Total Government al Funds</u>
From:					
General	\$ -	\$ 100,000	\$2,985,039	\$ 91,493	\$ 3,176,532
Education Capital Projects	314,013	-	-	-	314,013
County Capital Projects	513,300	-	-	-	513,300
Totals	\$ 827,313	\$ 100,000	\$2,985,039	\$ 91,493	\$ 4,003,845

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

6. **Deferred Outflows and Inflows of Resources**

The amount of deferred outflows of resources is a change on refunding of debt of \$742,770 for governmental activities.

The balance in deferred inflows of resources at June 30, 2013 is composed of the following elements:

	Governmental Funds		
	Unavailable	Unearned	
	Revenue	Revenue	Total
Prepaid Taxes, not yet earned	\$ -	\$ 92,077	\$ 92,077
Taxes Receivable	8,257,984	-	8,257,984
EMS Receivable	187,258	-	187,258
Grant Receivable	28,309	-	28,309
Health Department Receivable	35,640	-	35,640
Total	<u>\$ 8,509,191</u>	<u>\$ 92,077</u>	<u>\$ 8,601,268</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013:

Original Issue		Payment Information		Outstanding Balance	
Date	Rate	Period	Amount	Governmental Activities	Business-Type Activities
2003	3.50%	Annual	\$1,000,000	\$ -	\$ -
2004	3.25%	Annual	\$800,000	800,000	-
2005	3.00% - 4.00%	Annual	\$845,000 - \$870,000	1,705,000	-
2005	3.75% - 4.50%	Annual	\$125,000	250,000	-
2007	4.00% - 5.00%	Annual	\$160,000 - \$280,000	1,010,000	-
2007	4.00% - 5.00%	Annual	\$1,270,000 - \$2,260,000	10,020,000	-
2009	3.00% - 5.00%	Annual	\$60,000 - \$2,465,000	18,725,000	-
2012	3.00%	Annual	\$1,660,000 - \$2,750,000	14,785,000	-
2012	2.00% - 4.00%	Annual	\$30,000 - \$285,000	-	3,760,000
2013	0.33% - 4.00%	Annual	\$80,000 - \$3,475,000	16,620,000	-
Total General Obligation Bonds				63,915,000	3,760,000
Revenue Bonds					
2004	3.00% - 5.375%	Annual	\$1,010,000 - \$1,055,000	-	1,055,000
2004	4.25%	Monthly	\$19,188 - \$50,143	-	5,361,222
2008	3.50% - 5.00%	Monthly	\$1,395,000 - \$3,630,000	-	45,280,000
2010	1.60% - 6.10%	Annual	\$465,000 - \$1,930,000	-	23,095,000
2012	2.00% - 5.00%	Annual	\$80,000 - \$2,050,000	-	23,145,000
Total Revenue Bonds				-	97,936,222
				<u>\$ 63,915,000</u>	<u>\$ 101,696,222</u>

The County issued General Obligation Bonds for which the County does not hold title to the capital assets. The bonds were issued for public school and community college construction and renovation projects. The amount of outstanding debt at June 30, 2013 for which the County held no collateral totaled \$61,512,804 and was comprised of the following issues: series 2004 \$800,000, series 2005B refunding \$1,705,000, Series 2009 (2001) school refunding \$18,725,000, community college series 2005 \$250,000, series

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
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2007 \$10,020,000, series 2012 school refunding of 2003 and 2004 \$14,785,000, and series 2013A school and community college refunding \$15,227,804.

The County has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay \$39.7 million in water and wastewater system revenue bonds issued in 2004, \$52.8 million in wastewater system revenue bonds issued in 2008, \$14.75 million in wastewater Build America revenue bonds issued in 2009, \$25.81 million in water and wastewater system revenue bond issued in 2010, \$23.15 million in wastewater 2004A refunding revenue bonds in 2012 and \$9.68 million series 2012B wastewater revenue bonds in 2012, and \$6.33 million in 2012C revenue bonds in 2012. Proceeds from the bonds provided financing for the West Brunswick Regional Water Reclamation Plant Phases 1 and 2 and associated transmission lines, the Sea Trail Wastewater Treatment Plant, Northwest Water Plant expansion, Sunset Beach Wastewater Collection System and utility service lines. Annual principal and interest payments on the bonds are expected to require less than 10 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$174,656,091. Principal and interest paid for the current year and total operating revenues were \$14,768,879 and \$62,287,665, respectively.

The County issued combined system enterprise revenue bonds for water and wastewater system improvements pursuant to a General Trust Indenture dated as of May 1, 2004 and a series indenture, Number 3, dated as of January 1, 2008 between the County and First-Citizens Bank & Trust Company, as trustee. The indentures authorize and secure all outstanding revenue bonds of the County's water and wastewater system and contain several financial and operating covenants governing such matters as rates, additional bonds, reserve funds, annual budgets, maintenance of the system and insurance. The County was in compliance with all such covenants during the fiscal year ended June 30, 2013.

The County has covenanted that it will maintain various debt service coverage ratios. The calculation for the various debt service coverage ratios for the year ended June 30, 2013 is as follows:

Operating revenues and investment earnings	\$ 62,371,539
Operating expense excluding OPEB (net of depreciation)	<u>18,210,821</u>
Net revenue available for debt service	44,160,718
Add: 20% surplus account (expendable net position)	<u>10,767,443</u>
Adjusted net revenues	<u>\$ 54,928,161</u>
Senior debt service	\$ 12,127,116
Subordinate debt service	<u>2,641,763</u>
Total debt service	14,768,879
Add: 20% senior debt service	<u>2,425,423</u>
Adjusted debt service	<u>\$ 17,194,302</u>
Coverage Test 1	
Adjusted net revenues/adjusted debt service	<u>3.19</u>
Coverage Test 2	
Net revenues/total debt service	<u>2.99</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

B. Limited Obligation Bonds

The County participates in various lease purchase agreements through the Brunswick County Leasing Corporation to finance certain public improvements. Limited Obligation Bonds 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 Limited Obligation Bonds consisted of the following at June 30, 2013:

Issued	Payment Information			Balance		Purpose and Collateral
	Period	Amount	Rate	Governmental Activities		
2004	Annual	\$390,000	3.125% - 3.25%	\$ 390,000		Construct law enforcement center
2006	Annual	\$75,000 - \$1,005,000	3.00% - 4.25%	6,625,000		Refund portion of 2000 LOBS; County Courthouse
2012	Annual	\$1,680,000 - \$2,110,000	2.00% - 5.00%	29,225,000		Refund 2004 LOBS; Law Enforcement Center Refund 2008 IP Schools
				\$ 36,240,000		

C. Installment Purchases and State Revolving Fund Loans

The County's Installment Purchase notes payable consisted of the following at June 30, 2013:

Issued	Payment Information			Outstanding Balance		Collateral
	Period	Amount	Rate	Governmental Activities	Business-Type Activities	
2009	Annual	\$1,152,000 - \$1,846,000	5.38%	\$ -	\$ 12,384,000	Wastewater System
2010	Annual	\$70,000 - \$75,000	5.18%	500,000	-	Library
2010	Annual	\$100,000	0.00%	-	1,800,000	Wastewater System
2012	Annual	\$875,988 - \$1,065,008	2.18%	-	8,804,012	Wastewater System
2012	Annual	\$247,250 - \$687,250	1.840%	-	6,327,750	Wastewater System
				\$ 500,000	\$ 29,315,762	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

The County's State Revolving Fund Loans payable consisted of the following at June 30, 2013:

Issued	Payment Information			Outstanding Balance			Collateral
	Period	Amount	Rate	Governmental Activities	Business-Type Activities		
1997	Annual	\$75,160	3.04%	\$ -	\$ 375,800		Wastewater System
2003	Annual	\$375,000	2.55%	-	2,737,026		Wastewater System
2006	Annual	\$511,525 - \$790,275	2.21%	-	6,500,000		Wastewater System
2005	Annual	\$806,645 - \$1,220,552	2.21%	-	13,967,281		Wastewater System
				<u>\$ -</u>	<u>\$ 23,580,107</u>		
		Total Installment Purchase & SRF Loans		<u>\$ 500,000</u>	<u>\$ 52,895,869</u>		

D. Changes in Long-Term Debt

The following is a summary of changes in governmental long-term debt for the year ended June 30, 2013 for the County:

Governmental Activities	June 30, 2012	Additions	Retirements	June 30, 2013	Current Maturities
General obligation bonds	\$ 70,240,000	\$ 16,620,000	\$ 22,945,000	\$ 63,915,000	\$ 6,020,000
Limited obligation bonds	39,405,000	-	3,165,000	36,240,000	3,120,000
Installment purchases	575,000	-	75,000	500,000	75,000
Compensated absences	3,079,818	3,285,886	3,216,021	3,149,683	275,000
Pension benefit obligation	1,115,991	182,813	-	1,298,804	-
Other post-employment benefits	20,166,030	4,757,225	-	24,923,255	-
Landfill closure & post-closure	6,314,928	-	31,669	6,283,259	215,562
Total	<u>\$ 140,896,767</u>	<u>\$ 24,845,924</u>	<u>\$ 29,432,690</u>	<u>\$ 136,310,001</u>	<u>\$ 9,705,562</u>

Note: The general fund is typically used to liquidate the compensated absences and pension liabilities. The total of other debt not issued for capital is \$35,655,001 which is comprised of compensated absences of \$3,149,683, pension benefit obligation of \$1,298,804, other post-employment benefits of \$24,923,255 and landfill closure and post-closure of \$6,283,259.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

The following is a summary of changes in business-type long-term debt for the year ended June 30, 2013 for the County:

Business-Type Activities	June 30, 2012	Additions	Retirements	June 30, 2013	Current Maturities
Revenue bonds	\$ 102,529,141	\$ -	\$ 4,592,919	\$ 97,936,222	\$ 4,813,414
General obligation bonds	3,790,000	-	30,000	3,760,000	155,000
Installment purchases	25,178,000	6,327,750	2,189,988	29,315,762	2,521,238
State Revolving Fund Loans	25,387,728	-	1,807,621	23,580,107	1,788,349
Compensated absences	413,108	504,449	474,887	442,670	32,000
Other post-employment benefits	2,737,666	707,158	-	3,444,824	-
Total	\$ 160,035,643	\$ 7,539,357	\$ 9,095,415	\$ 158,479,585	\$ 9,310,001

The total of other debt not issued for capital is \$3,887,494 which is comprised of compensated absences of \$442,670 and other post-employment benefits of \$3,444,824.

E. Maturities of Long-Term Debt

The annual requirements to retire all debt outstanding, other than compensated absences, pension benefit obligation, and landfill closure costs, at June 30, 2013, including interest, are as follows:

Governmental Activities	General Obligation Bonds		Limited Obligation Bonds		Installment Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 6,020,000	\$ 2,381,775	\$ 3,120,000	\$ 1,346,200	\$ 75,000	\$ 25,900
2015	7,280,000	2,108,184	3,085,000	1,259,325	75,000	22,015
2016	7,800,000	1,803,988	3,050,000	1,157,024	70,000	18,130
2017	7,675,000	1,559,707	3,010,000	1,055,925	70,000	14,504
2018	7,615,000	1,270,074	3,000,000	935,525	70,000	10,878
2019-2023	27,145,000	2,505,640	12,115,000	2,999,956	140,000	10,878
2024-2028	380,000	11,400	8,860,000	870,400	-	-
Totals	\$63,915,000	\$ 11,640,768	\$36,240,000	\$ 9,624,355	\$ 500,000	\$ 102,305

Business-Type Activities	General Obligation Bonds		Revenue Bonds		State Revolving Loans		Installment Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 155,000	\$ 137,775	\$ 4,813,414	\$ 4,453,822	\$ 1,788,349	\$ 532,503	\$ 2,521,238	\$ 935,204
2015	160,000	134,675	4,970,030	4,277,818	1,809,065	491,502	2,957,958	867,356
2016	165,000	129,875	5,127,025	4,095,839	1,830,237	450,044	3,061,908	772,972
2017	170,000	125,900	5,320,762	3,886,589	1,851,876	408,119	3,168,028	664,856
2018	175,000	120,150	5,469,324	3,694,727	1,873,993	365,717	3,281,378	552,031
2019-2023	960,000	510,350	29,389,555	14,721,435	9,343,361	1,197,918	13,201,322	988,036
2024-2028	1,160,000	312,200	28,426,112	7,965,920	5,083,226	225,319	823,930	2,980
2029-2033	815,000	68,100	14,420,000	1,324,524	-	-	300,000	-
Totals	\$ 3,760,000	\$ 1,539,025	\$97,936,222	\$44,420,674	\$ 23,580,107	\$ 3,671,122	\$29,315,762	\$4,783,435

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

F. Invested in Capital Assets, Net of Debt

The total invested in capital assets, net of related debt at June 30, 2013 is composed of the following elements:

	Governmental	Business-type	Total
Total capital assets (net of depreciation)	\$ 121,382,046	\$ 361,301,252	\$ 482,683,298
Total debt, gross	136,310,001	158,479,585	294,789,586
Less:			
Capital related deferred outflows of resources	742,770	-	742,770
Education debt for which the County does not hold title	61,512,804	-	61,512,804
Other debt not issued for capital	35,655,001	3,887,494	39,542,495
Unexpended proceeds	-	8,751,261	8,751,261
Total capital debt	<u>38,399,426</u>	<u>145,840,830</u>	<u>184,240,256</u>
Invested in capital assets, net of related debt	<u>\$ 82,982,620</u>	<u>\$ 215,460,422</u>	<u>\$ 298,443,042</u>

G. Other Debt Disclosures

At June 30, 2013, the County had a legal debt margin of \$1.86 billion.

Advanced Refundings: On April 18, 2013, the County issued \$12,680,000 series 2013A general obligation advance refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of providing general resources for all future debt service payments of \$14,890,792 of general obligation bonds. As a result, the refunded bonds are considered to be defeased. The liabilities for the debt were removed from the governmental activities column of the statement of net position in the fiscal year ending June 30, 2013. The reacquisition price was higher than the net carrying amount of the old debt by \$20,000. The amount was netted against the net debt and amortized over the life of the refunded debt, which is same as the life of the new issue. The advance refunding was undertaken to reduce total debt service payments over the next eleven years by \$621,559 in a net economic gain of \$575,451.

On April 18, 2013, the County issued \$3,940,000 series 2013B general obligation advance refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of providing general resources for all future debt service payments of \$3,976,500 of general obligation bonds. As a result, the refunded bonds are considered to be defeased. The liabilities for the debt were removed from the governmental activities column of the statement of net position in the fiscal year ending June 30, 2013. The reacquisition price was higher than the net carrying amount of the old debt by \$325,000. The amount was netted against the net debt and amortized over the life of the refunded debt, which is same as the life of the new issue. The advance refunding was undertaken to reduce total debt service payments over the next eleven years by \$121,211 in a net economic gain of \$119,787.

8. Conduit Debt Obligations

Brunswick County Industrial Facility and Pollution Control Authority 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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, there are no industrial revenue bonds outstanding.

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 non-Social Service Department employees not engaged in law enforcement, for Social Services Department employees and for law enforcement officers is 6.74%, 6.74% and 6.77%, respectively, of annual covered payroll. The County's contributions to LGERS for the years ended June 30, 2013, 2012 and 2011 were \$2,827,370, \$2,950,533 and \$2,831,593 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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
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All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Active plan member	<u>142</u>
Total	<u>146</u>

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, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.0%. 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, 2011 was 19 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	\$	230,929
Interest on net pension obligation		55,800
Adjustment to annual required contribution		<u>(69,449)</u>
Annual pension cost		217,280
Contributions made		<u>34,467</u>
Increase in net pension, obligation		182,813
Net pension obligation, beginning of year		<u>1,115,991</u>
Net pension obligation, end of year	\$	<u>1,298,804</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Funded Status and Funding Progress

Three Year Trend Information			
Fiscal Year Ended	Annual		
	Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
2011	\$ 211,585	19.12%	\$ 962,705
2012	199,999	23.36%	1,115,991
2013	217,280	15.86%	1,298,804

As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,713,666. The covered payroll (annual payroll of active employees covered by the plan) was \$7,141,765, and the ratio of the UAAL to the covered payroll was 23.99%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Article 12E of G.S. Chapter 143 requires the County 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, 2013 were \$497,329 which consisted of \$369,644 from the County and \$127,685 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, 2013 were \$2,544,159 which consisted of \$1,729,944 from the County and \$814,215 from the employees.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 that is retired under the Local Government Employees' Retirement System ("LTERS") or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$18,737.

F. Other Employment 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 month's 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 payrolls, 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, 2013, there were no County contributions to the State for death benefits. Due to a surplus, a decision was made temporarily to stop employer contributions beginning July 1, 2012.

G. Other Post-Employment Benefits – Health Care Benefits

Plan Description

In addition to providing pension benefits, the County has elected that an employee who retires from Brunswick County through regular retirement with at least ten years of creditable service with the North Carolina Local Governmental Employees' Retirement System or the

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

North Carolina Law Enforcement Officers' Retirement System or who through disability retirement has five years of creditable service may continue health insurance coverage until age 65 at no cost to the retiree. Retired employees meeting the criteria discussed herein will be provided health and dental insurance in the same manner as the active County employees. Once a retiree reaches their sixty-fifth birthday, the retiree will be provided coverage in the form of a Medicare supplement policy purchased by the County. The County pays the full cost of coverage for these benefits. Retirees can purchase coverage for their dependents at the County's group rates until the retiree reaches age sixty-five. Currently, 207 retirees are eligible for post-retirement health benefits. The plan is a single-employer defined benefit plan. A separate report is not issued for the plan.

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

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	207	n/a
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>756</u>	<u>135</u>
Total	<u>963</u>	<u>135</u>

Funding Policy

The County pays the full cost of coverage for the health care benefits paid for qualified retirees. The County's pre-65 retiree members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. The County has chosen to fund the health care benefits on a pay-as-you-go basis.

The current Annual Required Contribution rate is 16.38% of annual covered payroll. For the current fiscal year, the County contributed \$1,205,552 or 2.61% of annual covered payroll for retiree health premiums. The County is self-insured for pre-65 retirees and fully insured through a private Medicare and prescription supplement insurer for those retirees age 65 and above. There were no contributions made by retired employees, except for pre-65 retirees electing dependent coverage in the amount of \$73,375. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

Summary of Significant Accounting Policies

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Annual Other Post Employment Benefits (OPEB) Cost and Net Obligation

The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 6,628,993
Interest on net pension obligation	916,148
Adjustment to annual required contribution	<u>(875,206)</u>
Annual pension cost	6,669,935
Contributions made	<u>(1,205,552)</u>
Increase in net pension, obligation	5,464,383
Net pension obligation, beginning of year	<u>22,903,696</u>
Net pension obligation, end of year	<u><u>\$ 28,368,079</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 5,150,934	15.8%	\$ 4,336,198
2009	5,648,091	17.0%	9,026,407
2010	5,648,091	17.7%	13,677,608
2011	5,884,343	22.5%	18,242,147
2012	5,884,343	20.9%	22,903,696
2013	6,669,935	18.2%	28,368,079

Fund Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$66,633,440. The covered payroll (annual payroll of active employees covered by the plan) was \$40,456,870, and the ratio of the UAAL to the covered payroll was 164.7%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and health care trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial accrued liabilities for benefits.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
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Actuarial Methods and Assumptions

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

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

10. Landfill Closure and Post-closure Costs

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

Municipal Solid Waste Landfill

The County operated a municipal 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 in 1998 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 extended to March 28, 2014. The final phases of the landfill, Phases 6A, 6B, and 6C, were permitted for 588,000 CY. It is estimated that approximately 76% of Phase 6 has been used. The total permitted capacity of the C&D debris landfill is 1,146,000 cubic yards (CY). As of June 30, 2013, the volume utilized has not exceeded the permitted capacity.

The C&D debris tonnages continue to decline and the County continues to divert a portion of the C&D debris waste stream to Sandlands Landfill. It is anticipated that the life of the C&D debris landfill will extend to at least FY 2016-2017 based on a tonnage of 25,000 tons/year, a flat growth rate, and no diversion of C&D debris.

The County received a report from an engineering firm of comprehensive planning, management, and design services for its C&D debris services. The County purchased 259 acres adjacent to the existing

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

C&D landfill at a cost of \$1,650,000 on June 3, 2010 for the expansion of the C&D landfill. Included in the County's five year capital improvement plan are \$550,490 in FY 2015-16 for expansion design fees and \$4,750,000 in FY 2016-17 for construction and design costs of expanding the C&D landfill. In addition, on July 16, 2007 the County entered into an agreement for temporary hauling and disposal of C&D debris outside the County and began a sorting and recycling program as means to extend the life of the existing landfill.

Closure and Post-closure Care Cost

The closure and post-closure care liability is computed based on the cumulative, estimated capacity of the landfill utilized as of June 30, 2013 which is 76%. It is estimated that closure of the C&D debris landfill will not occur until sometime around 2017. The MSW landfill was closed in 1997. At June 30, 2013, the post-closure care cost for the MSW landfill is expected to be approximately \$106,000 annually. The post-closure care cost for the C&D debris landfill is expected to be approximately \$110,000 annually after closure. At June 30, 2013, the combined closure and post-closure care costs for both landfills are expected to total \$6,283,259 based on an escalation factor of 2%. Of that amount, \$6,283,259 has been accrued at June 30, 2013 and is included in the Long-Term Debt reported on the statement of net position.

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

The County has elected to establish a reserve fund to accumulate resources for the payment of closure and post-closure care costs. A reserve for landfill closure and post-closure care costs is included in the County Capital Project Fund in the amount of \$3,707,671. 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 post-closure 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. Additionally, the County incurred \$6,345 of costs related to its landfill expansion during 2013.

11. 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 participates in one self-funded risk-financing pool administered by the North Carolina Association of County Commissioners. Through the pool, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$200 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, and crime coverage of \$250,000 per occurrence. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request. The pool is reinsured through a multi-state public entity captive. The Pool's retentions are: \$500,000 each occurrence for general liability, automobile liability, law enforcement liability and public officials' liability; \$250,000 for each property, automobile physical damage and inland marine occurrence, subject to a 2% wind deductible.

The County does not carry flood insurance through the National Flood Insurance Plan (NFIP). Because the County owns property in areas of the State that have been mapped and designated as "AE" (high risk non-coastal) and "VE" (coastal high risk), the County is eligible to purchase coverage of \$500,000 per structure through the NFIP. The County has chosen not to purchase flood insurance based on a determination that the assets located in flood prone areas consist mainly of underground utility piping and pump stations designed for the environment.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Commercial coverage for risks associated with emergency services provided by the County is carried by VFIS of North Carolina, Inc. There were no significant changes to the insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past five fiscal years.

Worker's compensation insurance is self-funded by the County with retention of \$600,000 per occurrence for law enforcement and 500,000 per occurrence for all other employees. Specific excess and aggregate coverage up to the statutory limits is brokered through Wells Fargo Insurance Services with Safety National Casualty Corporation. The County contracts with a third party administrator to adjudicate claims and manage cost containment of medical billing.

The County is self-funded for employee health insurance and contracted with Blue Cross and Blue Shield as a third party administrator to adjudicate claims and manage cost containment. To safeguard against catastrophic claims, the County has specific stop-loss coverage that occurs after \$150,000 in claims per member. The specific stop loss is brokered through Blue Cross and Blue Shield.

The Director of Fiscal Operations, Revenue Collector, Sheriff and Register of Deeds are each individually bonded for \$250,000, \$500,000, \$25,000 and \$10,000 respectively. In accordance with G.S. 159-29, the County adopted a system of \$250,000 blanket faithful performance bonding as an alternative to individual bonds for all other employees that have access to funds.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's.)

Changes in the balances in claims for workers' compensation insurance during the last fiscal year are as follows:

	Workers' Compensation	
	<u>2012</u>	<u>2013</u>
Unpaid claims, beginning	\$ 193,350	\$ 257,325
Incurred claims	632,565	477,679
Claim payments	<u>(568,590)</u>	<u>(549,516)</u>
Unpaid claims, ending	<u>\$ 257,325</u>	<u>\$ 185,488</u>

Changes in the balances in claims for employee and dependent health insurance during the last fiscal year are as follows:

	<u>2012</u>	<u>2013</u>
Unpaid claims, beginning	\$ -	\$ 704,226
Incurred claims	9,278,105	8,529,381
Claim payments	<u>(8,573,882)</u>	<u>(8,521,849)</u>
Unpaid claims, ending	<u>\$ 704,223</u>	<u>\$ 711,758</u>

The County carries commercial coverage for all other risks of loss, including property and liability for emergency service vehicles. 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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

12. Claims and Judgments

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.

13. 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, 2013, the amount of general obligation bonds issued for this purpose that was still outstanding was \$21,557,804. The County made total debt service payments related to the bonds of \$3,917,991 during the fiscal year. Of that total, \$1,395,000 was for principal and \$2,522,991 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 \$3,657,105 to the Community College for operating purposes during the fiscal year ended June 30, 2013.

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, 2013. 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.

CoastalCare

The County participates with Onslow, Carteret, Pender, and New Hanover Counties in a joint venture to operate the CoastalCare ("Center"), which is located in New Hanover County. The Center's Board consists of twenty members who are appointed under N.C. general statute. The CoastalCare Board is a County political subdivision of the State of North Carolina. Brunswick County contributed \$703,383 for operating purposes during the year ended June 30, 2013. 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 CoastalCare may be obtained from the Center's administrative offices at Wilmington, North Carolina.

14. 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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

government appoints one member to the Council's governing board. The County paid membership fees of \$25,327 to the Council during the fiscal year ended June 30, 2013.

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, 2013 was \$1,074,242.

In addition, the Authority made payments to the County during the fiscal year totaling \$243,187 pursuant to a maintenance contract.

Northeast Brunswick Water Reclamation Facility

The Facility is owned, operated and maintained by the County. The Town of Leland, Town of Navassa, H2GO, City of Northwest, and the County have entered into wastewater service agreements for a portion of the treatment capacity in the plant. The County has recently completed an expansion of the plant of 825,000 gpd to bring capacity to 2.475 mgd due to increased needs of the participants. Expansion costs to date are \$10.8 million. Each participant is charged capacity service fees based on their share of the capacity in the plant. The County's share of capacity and related debt service is funded by the retail revenue of the County's customers. The participant capacity service fees are combined with the County's retail revenue to service the debt associated with the plant. Participants are also charged treatment service fees based on the metered flow they send to the plant. The participant fees and the costs allocation to the County for their customer flow are combined so that the operating and maintenance costs of the plant are recovered by County retail revenues and participant service fees on a proportional and break-even basis. The agreement and policies and regulations provide for an oversight committee to make budget and operating recommendations to the County Commissioners.

West Brunswick Regional Water Reclamation Facility

The Facility, which began operations in March of 2006 is owned, operated and maintained by the County. The County completed construction of the expansion of the West Brunswick Regional Water Reclamation Facility Phase 2 in January 2010 which increased the plant capacity from 3 mgd to 6 mgd and provided a transmission line to serve the Town of Oak Island. The total cost of the expanded facilities for both phases was \$114.4 million. The sources of funding are revenue bonds, construction grants and loans funds, and grants. Each participant is charged capacity service fees based on their share of the capacity in the plant. The County's share of capacity and related debt service is funded by the retail revenue of the County's customers. The participant capacity service fees are combined with the County's retail revenue to service the debt associated with the plant. Participants are also charged treatment service fees based on the metered flow they send to the plant. The participant fees and the costs allocation to the County for their customer flow are combined so that the operating and maintenance costs of the plant are recovered by County retail revenues and participant service fees on a proportional and breakeven basis. The County also constructed a Southwest force main and pump station designed to transmit flow from County retail sewer customers located in Southwest Brunswick County. The Southwest sewer force Main and Pump station was funded by revenue bonds. The revenue bonds will be serviced by County retail wastewater revenues. The wastewater service

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

agreement and policies and regulations provide for an oversight committee to make budget and operating recommendations to the County Commissioners.

15. Benefit Payments issued by the State

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

	Federal	State
Temporary Assistance for Needy Families	\$ 581,280	\$ (81)
Links Transitional Fund	5,257	-
Medicaid	72,643,867	40,285,173
Housing Assistance Program	2,107,860	-
Special Supplemental Food Program for Women, Infants, and Children	1,923,878	-
Foster Care and Adoption Programs	1,143,516	336,544
State/County Special Assistance Domiciliary Care	-	446,140
CWS Adoption Subsidy & Vendor	-	237,576
State Foster Home	-	81,224
SFHF Maximization	-	77,580
Foster Care At Risk Maximization	-	5,382

16. 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, 2013. The projects are accounted for in the Government Capital Projects fund and Enterprise Capital Project Funds and are mainly funded by debt proceeds:

Project	Balance of Contracts
Miscellaneous Water Line Projects	\$ 418,803
Northeast Brunswick Wastewater Treatment Plant	2,805,022
Carolina Shores WWTP Upgrade	661,176
Boiling Spring Lakes Transmission & Collection	200,589
Total	\$ 4,085,590

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013, 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.

17. Change in Accounting Principles

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified in Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

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
- Schedule of Funding Progress for the Other Post Employment Benefits
- Schedule of Employer Contributions for the Other Post Employment Benefits
- Notes to the Required Schedules for the Other Post Employment Benefits

COUNTY OF BRUNSWICK, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL)		Unfunded AAL (UAAL) B - A	Funded Ratio A / B	Covered Payroll C	UAAL as a Percentage Covered Payroll (B - A) / C
		-Projected Credit B	Unit Credit				
12/31/2012	\$ -	\$ 1,713,666	\$ 1,713,666	\$ 1,713,666	0.00%	\$ 7,141,765	23.99%
12/31/2011	-	1,635,125	1,635,125	1,635,125	0.00%	7,029,630	23.26%
12/31/2010	-	1,495,262	1,495,262	1,495,262	0.00%	6,654,662	22.47%
12/31/2009	-	1,518,510	1,518,510	1,518,510	0.00%	6,481,914	23.43%
12/31/2008	-	1,159,480	1,159,480	1,159,480	0.00%	6,513,142	17.80%
12/31/2007	-	961,761	961,761	961,761	0.00%	5,030,787	19.12%
12/31/2006	-	706,154	706,154	706,154	0.00%	4,126,694	17.11%
12/31/2005	-	686,980	686,980	686,980	0.00%	4,201,836	16.35%
12/31/2004	-	700,612	700,612	700,612	0.00%	3,554,883	19.71%
12/31/2003	-	611,561	611,561	611,561	0.00%	3,100,151	19.73%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)		Amount Contributed By Employer	Percentage of ARC Contributed
	Required	Contributed		
2013	\$ 230,929	\$ 34,467	\$ 34,467	14.93%
2012	209,294	46,713	46,713	22.32%
2011	214,384	40,458	40,458	18.87%
2010	161,165	43,098	43,098	26.74%
2009	129,250	46,283	46,283	35.81%
2008	100,185	37,308	37,308	37.24%
2007	99,949	30,673	30,673	30.69%
2006	101,041	26,210	26,210	25.94%
2005	86,211	12,977	12,977	15.05%
2004	76,871	13,335	13,335	17.35%

Notes to the Required Schedules:

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

Valuation date	12/31/2011	
Actuarial cost method	Projected unit credit	
Amortization method	Level percent of pay closed	
Remaining amortization period	19 years	
Asset valuation method	Market value	
Actuarial Assumptions:		
Investment rate of return *	5.00%	* Includes inflation at 3.0%
Projected salary increases *	4.25-7.85%	
Cost of living adjustments	N/A	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**OTHER POST EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

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
12/31/2012	-	\$	66,633,440	\$ 66,633,440	0.00%	\$40,456,870	164.7%
12/31/2010	-		62,955,399	62,955,399	0.00%	43,062,825	146.2%
12/31/2008	-		51,697,990	51,697,990	0.00%	33,371,151	154.9%
12/31/2006	-		49,458,857	49,458,857	0.00%	24,093,567	205.3%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed	Percentage of ARC Contributed
2012	5,859,894	1,222,794	20.9%
2011	5,859,894	1,319,804	22.5%
2010	5,648,091	996,890	17.7%
2009	5,648,091	957,882	17.0%
2008	5,150,934	814,736	15.8%

Notes to the Required Schedules:

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

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	8.50%-5.00%
Post-Medicare trend rate	6.25%-5.00%
Year of ultimate trend rate	2018

*Includes inflation at 3.00%

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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 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.

EDUCATION 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 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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)	2012
Revenues:				
Ad Valorem Taxes:				
Current year taxes	\$ 103,027,648	\$ 102,992,488	\$ (35,160)	\$ 101,517,545
Prior year taxes	3,030,034	4,799,975	1,769,941	3,240,025
Penalties and interest	700,000	1,153,354	453,354	702,548
	<u>106,757,682</u>	<u>108,945,817</u>	<u>2,188,135</u>	<u>105,460,118</u>
Local Option Sales Taxes:				
Article 39 and 44 (1%)	6,342,860	7,174,799	831,939	6,683,940
Article 40 (1/2%)	4,783,956	5,034,320	250,364	4,862,026
Article 42 (1/2%)	4,570,531	4,732,676	162,145	4,450,742
	<u>15,697,347</u>	<u>16,941,795</u>	<u>1,244,448</u>	<u>15,996,708</u>
Other Taxes and Licenses:				
Scrap tire disposal fee	128,000	162,271	34,271	167,625
Deed stamp excise tax	1,935,000	2,003,104	68,104	1,751,708
Solid waste tax	42,000	43,976	1,976	47,124
White goods disposal tax	34,000	53,390	19,390	49,998
	<u>2,139,000</u>	<u>2,262,741</u>	<u>123,741</u>	<u>2,016,455</u>
Unrestricted Intergovernmental:				
Medicaid hold harmless	890,280	692,275	(198,005)	1,077,537
Beer and wine tax	234,872	234,872	-	248,109
Jail fees	168,728	206,041	37,313	188,852
	<u>1,293,880</u>	<u>1,133,188</u>	<u>(160,692)</u>	<u>1,514,498</u>
Restricted Intergovernmental:				
State and federal grant	16,249,704	17,359,943	1,110,239	17,739,631
ARRA federal grant	13,903	13,903	-	67,626
Court facility fees	140,000	143,156	3,156	143,957
Payments in lieu of taxes	3,000	3,627	627	3,716
ABC education requirement	6,000	5,691	(309)	1,656
ABC law enforcement services	2,000	4,239	2,239	1,183
State drug tax	50,238	61,820	11,582	43,135
	<u>16,464,845</u>	<u>17,592,379</u>	<u>1,127,534</u>	<u>18,000,904</u>
Permits and Fees:				
Building permits	728,500	1,023,864	295,364	812,456
Recording Fees	758,000	783,126	25,126	701,458
Inspection fees	118,000	163,787	45,787	139,595
Concealed handgun permit	126,920	143,595	16,675	87,260
Other permit and fees	993,084	1,047,859	54,775	1,060,948
	<u>2,724,504</u>	<u>3,162,231</u>	<u>437,727</u>	<u>2,801,717</u>
Sales and Services:				
Solid waste fees	1,132,000	1,402,235	270,235	1,211,065
School resource officer reimbursement	1,110,828	979,704	(131,124)	751,300
Rents	14,128	127,624	113,496	86,145
EMS Charges	3,465,000	3,758,241	293,241	2,713,409
Food Services	-	-	-	444,294
Public health user fees	702,063	794,305	92,242	835,939
Sheriff animal protective services fees	90,000	99,067	9,067	-

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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2012</u>
Social services fees	52,800	54,439	1,639	53,248
Public housing fees	26,874	10,873	(16,001)	47,955
Tax collection fees	205,000	227,149	22,149	218,521
Other sales and services	1,162,823	1,279,800	116,977	799,562
Register of deeds	268,100	291,430	23,330	270,286
Marriage licenses	52,800	49,781	(3,019)	58,871
Recreation services	196,800	200,813	4,013	220,402
	<u>8,479,216</u>	<u>9,275,461</u>	<u>796,245</u>	<u>7,710,997</u>
Investment earnings	56,100	113,344	57,244	217,748
Other:				
Tax refunds - sales and gas tax	500	33,518	33,018	1,099
ABC bottles taxes	48,000	47,692	(308)	47,471
County Board of Alcohol Control	24,000	24,000	-	24,000
Contributions	31,247	45,280	14,033	44,696
Other revenues	1,158,848	1,477,299	318,451	1,324,065
	<u>1,262,595</u>	<u>1,627,789</u>	<u>365,194</u>	<u>1,441,331</u>
Total revenues	<u>154,875,169</u>	<u>161,054,745</u>	<u>6,179,576</u>	<u>155,160,476</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries	241,490	237,555	3,935	267,850
Fringe benefits	75,647	60,224	15,423	73,870
Operating costs	64,764	56,418	8,346	44,643
	<u>381,901</u>	<u>354,197</u>	<u>27,704</u>	<u>386,363</u>
County Administration:				
Salaries	699,782	695,399	4,383	679,718
Fringe benefits	214,326	206,530	7,796	204,104
Operating costs	54,530	39,021	15,509	35,237
	<u>968,638</u>	<u>940,950</u>	<u>27,688</u>	<u>919,059</u>
Finance:				
Salaries	599,748	584,717	15,031	626,671
Fringe benefits	202,793	196,856	5,937	213,094
Operating costs	384,428	325,476	58,952	305,152
	<u>1,186,969</u>	<u>1,107,049</u>	<u>79,920</u>	<u>1,144,917</u>
Tax Administration:				
Salaries	1,346,868	1,282,876	63,992	1,323,889
Fringe benefits	542,248	503,991	38,257	517,414
Operating costs	912,396	842,418	69,978	436,508
	<u>2,801,512</u>	<u>2,629,285</u>	<u>172,227</u>	<u>2,277,811</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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)	2012
Revenue Collector:				
Salaries	371,110	365,303	5,807	397,185
Fringe benefits	174,400	169,486	4,914	170,082
Operating costs	76,350	62,562	13,788	52,947
	<u>621,860</u>	<u>597,351</u>	<u>24,509</u>	<u>620,214</u>
Geographic Information:				
Salaries	373,720	373,670	50	372,689
Fringe benefits	135,966	133,884	2,082	134,264
Operating costs	79,170	52,727	26,443	46,074
	<u>600,856</u>	<u>560,281</u>	<u>40,575</u>	<u>553,027</u>
County Attorney:				
Salaries	289,039	289,001	38	294,942
Fringe benefits	83,132	82,829	303	96,043
Operating costs	279,633	272,684	6,949	283,404
	<u>651,804</u>	<u>644,514</u>	<u>7,290</u>	<u>674,389</u>
Court Facilities:				
Salaries	103,885	100,195	3,690	102,619
Fringe benefits	38,412	36,570	1,842	35,750
Operating costs	187,391	161,625	25,766	117,933
	<u>531,163</u>	<u>462,875</u>	<u>68,288</u>	<u>256,302</u>
Board of Elections:				
Salaries	393,745	372,016	21,729	340,143
Fringe benefits	98,489	93,110	5,379	89,506
Operating costs	149,756	83,972	65,784	123,338
	<u>641,990</u>	<u>549,098</u>	<u>92,892</u>	<u>552,987</u>
Register of Deeds:				
Salaries	623,212	623,212	-	684,620
Fringe benefits	281,808	281,703	105	311,389
Operating costs	1,401,476	1,356,626	44,850	1,217,144
	<u>2,306,496</u>	<u>2,261,541</u>	<u>44,955</u>	<u>2,213,153</u>
Total general government	10,693,189	10,107,141	586,048	9,598,222
Central Services:				
Management Information Systems:				
Salaries	561,247	551,004	10,243	572,010
Fringe benefits	204,196	189,771	14,425	197,139
Operating costs	727,317	684,351	42,966	297,609
Capital outlay	85,000	73,895	11,105	8,651
	<u>1,577,760</u>	<u>1,499,021</u>	<u>78,739</u>	<u>1,075,409</u>
Service Center:				
Salaries	582,371	581,260	1,111	585,498
Fringe benefits	233,524	228,368	5,156	229,052
Operating costs	657,375	423,798	233,577	214,783
Capital outlay	35,750	32,012	3,738	23,790
	<u>1,509,020</u>	<u>1,265,438</u>	<u>243,582</u>	<u>1,053,123</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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)	2012
Engineering:				
Salaries	309,580	267,586	41,994	269,580
Fringe benefits	105,535	89,907	15,628	91,637
Operating costs	48,710	37,942	10,768	23,904
	<u>463,825</u>	<u>395,435</u>	<u>68,390</u>	<u>385,121</u>
Operation Services:				
Salaries	1,884,555	1,838,316	46,239	1,956,694
Fringe benefits	836,300	810,196	26,104	814,274
Operating costs	2,903,347	2,662,227	241,120	3,192,016
Capital outlay	113,500	99,031	14,469	32,055
	<u>5,737,702</u>	<u>5,409,770</u>	<u>327,932</u>	<u>5,995,039</u>
Non-departmental:				
Fringe benefits	1,865,031	1,621,746	243,285	1,586,785
Operating costs	1,871,739	1,462,473	409,266	1,731,869
Capital outlay	-	-	-	9,465
	<u>3,746,992</u>	<u>3,094,439</u>	<u>652,553</u>	<u>3,328,119</u>
Food Services:				
Salaries	-	-	-	304,496
Fringe benefits	-	-	-	154,317
Operating costs	-	-	-	76,259
	<u>-</u>	<u>-</u>	<u>-</u>	<u>535,072</u>
Total central services	<u>13,035,299</u>	<u>11,664,103</u>	<u>1,371,196</u>	<u>12,371,883</u>
Public Safety:				
District Attorney:				
Salaries	1,533	1,532	1	117,625
Fringe benefits	-	-	-	62
Operating costs	82,999	77,953	5,046	85,084
	<u>84,532</u>	<u>79,485</u>	<u>5,047</u>	<u>202,771</u>
Sheriff:				
Salaries	6,812,528	6,647,264	165,264	6,377,372
Fringe benefits	2,502,408	2,398,962	103,446	2,304,298
Operating costs	2,380,599	2,254,865	125,734	2,174,419
Capital outlay	748,591	741,644	6,947	523,268
	<u>12,444,126</u>	<u>12,042,735</u>	<u>401,391</u>	<u>11,379,357</u>
Resource Center:				
Salaries	-	-	-	92,519
Fringe benefits	-	-	-	36,047
Operating costs	-	-	-	104,725
	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,291</u>
Detention Center:				
Salaries	3,787,774	3,707,784	79,990	3,584,007
Fringe benefits	1,609,917	1,565,651	44,266	1,440,533
Operating costs	1,876,681	1,770,194	106,487	2,044,725
Capital outlay	38,519	34,690	3,829	-
	<u>7,312,891</u>	<u>7,078,319</u>	<u>234,572</u>	<u>7,069,265</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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)	2012
Emergency Medical:				
Salaries	3,926,034	3,921,175	4,859	3,838,062
Fringe benefits	1,455,845	1,392,468	63,377	1,308,379
Operating costs	1,152,311	1,124,519	27,792	980,591
Capital outlay	511,403	511,403	-	242,818
	<u>7,045,593</u>	<u>6,949,565</u>	<u>96,028</u>	<u>6,369,850</u>
Emergency Management:				
Salaries	379,091	359,251	19,840	375,429
Fringe benefits	126,115	119,023	7,092	125,915
Operating costs	301,582	201,539	100,043	250,594
Capital outlay	360,841	360,759	82	18,996
	<u>1,167,629</u>	<u>1,040,572</u>	<u>127,057</u>	<u>770,934</u>
Other Agencies:				
Fire districts	700,000	648,988	51,012	244,250
Rescue Squads	262,200	246,387	15,813	224,454
	<u>962,200</u>	<u>895,375</u>	<u>66,825</u>	<u>468,704</u>
Public Inspections:				
Salaries	487,796	482,922	4,874	544,473
Fringe benefits	186,125	176,338	9,787	202,434
Operating costs	82,840	60,855	21,985	59,893
	<u>756,761</u>	<u>720,115</u>	<u>36,646</u>	<u>806,800</u>
Coroner:				
Operating costs	80,000	79,273	727	92,589
Central Communications:				
Salaries	1,300,918	1,217,747	83,171	1,281,536
Fringe benefits	547,800	489,627	58,173	508,672
Operating costs	307,630	268,141	39,489	374,582
Capital outlay	139,800	139,712	88	396,948
	<u>2,296,148</u>	<u>2,115,227</u>	<u>180,921</u>	<u>2,561,738</u>
Animal Protective Services:				
Salaries	402,199	393,252	8,947	412,683
Fringe benefits	168,058	159,225	8,833	171,209
Operating costs	251,886	240,781	11,105	176,408
	<u>822,143</u>	<u>793,258</u>	<u>28,885</u>	<u>760,300</u>
Total public safety	<u>32,972,023</u>	<u>31,793,924</u>	<u>1,178,099</u>	<u>30,715,599</u>
Transportation:				
Cape Fear Regional Jetport	97,000	97,000	-	66,000
Odell Williamson Municipal Airport	27,500	27,500	-	27,500
Cape Fear Transportation Authority	13,890	13,890	-	9,492
Brunswick Transit System	235,060	235,060	-	241,707
Total transportation	<u>373,450</u>	<u>373,450</u>	<u>-</u>	<u>344,699</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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)	2012
Environmental Protection:				
Solid Waste:				
Salaries	332,047	329,267	2,780	339,519
Fringe benefits	136,557	125,422	11,135	122,855
Operating costs	12,527,928	12,436,395	91,533	12,750,939
Capital outlay	285,322	283,908	1,414	63,559
	<u>13,281,854</u>	<u>13,174,992</u>	<u>106,862</u>	<u>13,276,872</u>
Other:				
Forestry services	215,541	215,541	-	212,185
Brunswick County Beach Consortium	30,000	30,000	-	30,000
	<u>245,541</u>	<u>245,541</u>	<u>-</u>	<u>242,185</u>
Total environmental protection	<u>13,527,395</u>	<u>13,420,533</u>	<u>106,862</u>	<u>13,519,057</u>
Economic Development:				
Code Enforcement:				
Salaries	163,735	150,150	13,585	137,587
Fringe benefits	67,877	60,172	7,705	54,635
Operating costs	34,215	24,385	9,830	17,177
	<u>265,827</u>	<u>234,707</u>	<u>31,120</u>	<u>209,399</u>
Planning:				
Salaries	623,578	601,460	22,118	582,817
Fringe benefits	232,614	213,301	19,313	220,898
Operating costs	150,991	125,157	25,834	81,362
	<u>1,007,183</u>	<u>939,918</u>	<u>67,265</u>	<u>885,077</u>
Cooperative Extension:				
Salaries	236,787	203,664	33,123	229,167
Fringe benefits	96,636	69,533	27,103	74,639
Operating costs	131,190	122,613	8,577	99,123
	<u>464,613</u>	<u>395,810</u>	<u>68,803</u>	<u>402,929</u>
Soil and Water Conservation:				
Salaries	129,195	129,194	1	129,966
Fringe benefits	52,150	52,020	130	52,448
Operating costs	16,200	13,970	2,230	10,507
	<u>197,545</u>	<u>195,184</u>	<u>2,361</u>	<u>192,921</u>
Public Housing Section 8:				
Salaries	190,159	185,156	5,003	182,829
Fringe benefits	77,101	71,471	5,630	71,383
Operating costs	2,244,725	2,207,724	37,001	2,260,883
	<u>2,511,985</u>	<u>2,464,351</u>	<u>47,634</u>	<u>2,515,095</u>
Community Development:				
Operating costs	125,034	112,075	12,959	3,457
Economic Development:				
Salaries	204,483	200,951	3,532	188,496
Fringe benefits	67,011	62,726	4,285	62,718
Operating costs	128,500	128,500	-	135,500
	<u>399,994</u>	<u>392,177</u>	<u>7,817</u>	<u>386,714</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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)	2012
Other Economic Development:				
Lockwood Folly & Shallotte Dredging	112,500	112,500	-	-
Dredging	6,000	3,975	2,025	-
	<u>118,500</u>	<u>116,475</u>	<u>2,025</u>	<u>-</u>
Total economic development	<u>5,090,681</u>	<u>4,850,697</u>	<u>239,984</u>	<u>4,595,592</u>
Human Services:				
Health:				
Administration:				
Salaries	2,205,331	2,150,640	54,691	2,256,841
Fringe benefits	899,618	850,557	49,061	833,412
Operating costs	231,725	199,022	32,703	203,567
Capital outlay	49,297	-	49,297	23,181
	<u>3,385,971</u>	<u>3,200,219</u>	<u>185,752</u>	<u>3,317,001</u>
Communicable Diseases:				
Operating costs	310,546	296,317	14,229	245,314
Adult Health Maintenance:				
Operating costs	168,704	163,148	5,556	80,699
	<u>168,704</u>	<u>163,148</u>	<u>5,556</u>	<u>80,699</u>
Senior Health				
Salaries	173,345	171,917	1,428	179,507
Fringe benefits	60,869	52,752	8,117	53,201
Operating costs	232,282	195,654	36,628	218,616
	<u>466,496</u>	<u>420,323</u>	<u>46,173</u>	<u>451,324</u>
Maternal and Child Health:				
Salaries	366,699	366,216	483	370,495
Fringe benefits	161,296	160,066	1,230	165,872
Operating costs	670,877	565,083	105,794	619,130
Capital outlay	-	-	-	-
	<u>1,198,872</u>	<u>1,091,365</u>	<u>107,507</u>	<u>1,155,497</u>
Environmental Health:				
Salaries	786,051	767,028	19,023	753,389
Fringe benefits	289,743	275,429	14,314	264,446
Operating costs	252,683	225,454	27,229	230,872
Capital outlay	19,000	18,887	113	10,194
	<u>1,347,477</u>	<u>1,286,798</u>	<u>60,679</u>	<u>1,258,901</u>
Total health	<u>6,878,066</u>	<u>6,458,170</u>	<u>419,896</u>	<u>6,508,736</u>
Veterans' Services:				
Salaries	88,462	88,459	3	89,779
Fringe benefits	34,540	34,403	137	34,285
Operating costs	13,770	11,729	2,041	9,926
Total veterans' services	<u>136,772</u>	<u>134,591</u>	<u>2,181</u>	<u>133,990</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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)	2012
Social Services:				
Administration:				
Salaries	5,549,947	5,523,166	26,781	5,166,551
Fringe benefits	2,351,281	2,197,622	153,659	2,012,514
Operating costs	1,900,720	1,758,555	142,165	1,745,061
	<u>9,801,948</u>	<u>9,479,343</u>	<u>322,605</u>	<u>8,924,126</u>
Community Alternative Program:				
Salaries	-	-	-	232,274
Fringe benefits	-	-	-	124,542
Operating costs	-	-	-	32,449
	<u>-</u>	<u>-</u>	<u>-</u>	<u>389,265</u>
Title III-In Home Care:				
Salaries	239,813	167,893	71,920	188,398
Fringe benefits	136,278	103,220	33,058	112,617
Operating costs	101,100	30,309	70,791	415
	<u>477,191</u>	<u>301,422</u>	<u>175,769</u>	<u>301,430</u>
Other Operating Costs:				
Medical assistance	30,000	8,518	21,482	13,723
Aid to the blind	5,900	5,857	43	6,082
Adoption assistance	280,000	266,856	13,144	264,592
Special assistance to aged	262,500	240,296	22,204	239,238
Special assistance to disabled	262,500	235,567	26,933	260,370
Foster care	697,500	697,393	107	386,094
State foster home	364,500	363,231	1,269	250,927
Special assistance	1,300	685	615	-
Day care	3,893,790	3,892,357	1,433	4,517,892
Special child adoption assistance	98,846	28,723	70,123	37,852
	<u>5,896,836</u>	<u>5,739,483</u>	<u>157,353</u>	<u>5,976,770</u>
Total social services	<u>16,175,975</u>	<u>15,520,248</u>	<u>655,727</u>	<u>15,591,591</u>
Other Human Services:				
CoastalCare	704,000	703,383	617	689,127
Other human services	2,135,855	2,135,855	-	2,205,513
Capital outlay	178,623	99,236	79,387	795,924
	<u>3,018,478</u>	<u>2,938,474</u>	<u>80,004</u>	<u>3,690,564</u>
Total human services	<u>26,209,291</u>	<u>25,051,483</u>	<u>1,157,808</u>	<u>25,924,881</u>
Education:				
Public schools	32,339,596	32,339,596	-	31,293,219
Public schools - capital outlay	678,453	678,453	-	656,501
Community college	3,657,105	3,657,105	-	3,538,906
Total education	<u>36,675,154</u>	<u>36,675,154</u>	<u>-</u>	<u>35,488,626</u>
Culture and Recreation:				
Parks and Recreation:				
Salaries	1,200,848	1,164,120	36,728	1,159,301
Fringe benefits	409,099	401,268	7,831	405,522
Operating costs	884,283	834,640	49,643	829,427
Capital outlay	76,000	67,763	8,237	31,080
	<u>2,570,230</u>	<u>2,467,791</u>	<u>102,439</u>	<u>2,425,330</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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)	2012
Brunswick County Library:				
Salaries	640,041	640,040	1	632,440
Fringe benefits	277,266	274,509	2,757	259,499
Operating costs	289,700	238,802	50,898	257,753
	<u>1,207,007</u>	<u>1,153,351</u>	<u>53,656</u>	<u>1,149,692</u>
Other Culture and Recreation:				
Contributions	-	-	-	250,000
Total culture and recreation	<u>3,777,237</u>	<u>3,621,142</u>	<u>156,095</u>	<u>3,825,022</u>
Debt Service:				
Principal retirement	9,910,000	9,910,000	-	9,949,167
Interest and fees	6,500,448	6,492,027	8,421	6,487,455
Total debt service	<u>16,410,448</u>	<u>16,402,027</u>	<u>8,421</u>	<u>16,436,622</u>
Total expenditures	<u>158,764,167</u>	<u>153,959,654</u>	<u>4,804,513</u>	<u>152,820,203</u>
Revenues over (under) expenditures	<u>(3,888,998)</u>	<u>7,095,091</u>	<u>10,984,089</u>	<u>2,340,273</u>
Other Financing Sources (Uses):				
Issuance of long-term debt	16,620,000	16,620,000	-	45,827,136
Premiums on bonds	1,875,258	1,875,258	-	4,789,688
Discounts on bonds	-	-	-	(196,863)
Payment to escrow agent for refunded debt	(16,275,000)	(16,275,000)	-	(48,226,667)
	<u>2,220,258</u>	<u>2,220,258</u>	<u>-</u>	<u>2,193,294</u>
Transfers From Other Funds:				
Transfer from school capital project fund	314,013	314,013	-	-
Transfer from county capital project fund	513,300	513,300	-	160,000
	<u>827,313</u>	<u>827,313</u>	<u>-</u>	<u>160,000</u>
Transfers To Other Funds:				
Transfer to county capital project fund	(100,000)	(100,000)	-	(334,960)
Transfer to grant project funds	(60,000)	(60,000)	-	(36,586)
Transfer to emergency telephone system fund	(31,493)	(31,493)	-	-
Transfer to school capital project funds	(2,985,040)	(2,985,039)	1	(1,960,049)
	<u>(3,176,533)</u>	<u>(3,176,532)</u>	<u>1</u>	<u>(2,331,595)</u>
Budgetary Financing Sources (Uses):				
Contingency	(18,899)	-	18,899	-
Appropriated fund balance	4,036,859	-	(4,036,859)	-
	<u>4,017,960</u>	<u>-</u>	<u>(4,017,960)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,888,998</u>	<u>(128,961)</u>	<u>(4,017,959)</u>	<u>21,699</u>
Net change in fund balance	<u>\$ -</u>	<u>6,966,130</u>	<u>\$ 6,966,130</u>	<u>2,361,972</u>
Fund balance, beginning of year		<u>59,712,327</u>		<u>57,350,355</u>
Fund balance, end of year		<u>\$ 66,678,457</u>		<u>\$ 59,712,327</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - COUNTY CAPITAL PROJECTS FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Budget	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental-NC Department of Transportation	\$ 15,810,843	\$ 11,051,536	\$ 1,998,505	13,050,041
Restricted intergovernmental-NC Parks & Recreation Trust Fund	859,354	500,000	-	500,000
Investment earnings	70,000	92,749	23,127	115,876
Performance bonds	4,368,251	4,368,250	-	4,368,250
Other	259,716	204,563	-	204,563
Total revenues	<u>21,368,164</u>	<u>16,217,098</u>	<u>2,021,632</u>	<u>18,238,730</u>
Expenditures:				
Capital Improvements:				
Public Safety:				
Sheriff's Firing Range	280,000	-	1,789	1,789
	<u>280,000</u>	<u>-</u>	<u>1,789</u>	<u>1,789</u>
Environmental protection:				
C&D Landfill expansion	2,658,713	2,542,945	6,345	2,549,290
Economic Development:				
Avalon	3,922,845	286,153	13,217	299,370
Goose Marsh	154,530	154,530	-	154,530
Springlake at Maritime Shores	274,585	-	-	-
	<u>4,351,960</u>	<u>440,683</u>	<u>13,217</u>	<u>453,900</u>
Cultural and recreation:				
Ocean Isle Beach Park	3,145,750	3,145,750	-	3,145,750
Town Creek Park Improvements	756,704	37,350	178,706	216,056
Waccamaw Park Improvements	20,000	-	20,000	20,000
Brunswick River boat ramp	10,300	6,839	459	7,298
	<u>3,932,754</u>	<u>3,189,939</u>	<u>199,165</u>	<u>3,389,104</u>
Transportation:				
Airport Improvements	18,143,434	13,071,514	2,242,745	15,314,259
Total expenditures	<u>29,366,861</u>	<u>19,245,081</u>	<u>2,463,261</u>	<u>21,708,342</u>
Revenues over (under) expenditures	(7,998,697)	(3,027,983)	(441,629)	(3,469,612)
Other Financing Sources (Uses):				
Appropriated fund balance	8,620,593	-	-	-
Contingency for future capital projects	(7,078,639)	-	-	-
Transfer from general fund	8,358,182	8,258,182	100,000	8,358,182
Transfer to general fund	(1,901,439)	(1,388,139)	(513,300)	(1,901,439)
Total other financing sources (uses)	<u>7,998,697</u>	<u>6,870,043</u>	<u>(413,300)</u>	<u>6,456,743</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,842,060</u>	<u>(854,929)</u>	<u>\$ 2,987,131</u>
Fund balance, beginning of year			12,481,519	
Fund balance, end of year			<u>\$ 11,626,590</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES

AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL - EDUCATION CAPITAL PROJECTS FUND

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Budget	Prior Years	Actual	
			Current Year	Total to Date
Revenues:				
NC Public Education Lottery	\$ 6,071,142	\$ 3,221,937	\$ 1,386,898	\$ 4,608,835
Investment earnings	1,199,342	1,286,052	18,862	1,304,914
Investment earnings-debt proceeds	-	-	1,887	1,887
Total revenues	<u>7,270,484</u>	<u>4,507,989</u>	<u>1,407,647</u>	<u>5,915,636</u>
Expenditures:				
Brunswick County Schools capital projects	37,838,889	22,195,365	4,145,593	26,340,958
Brunswick Community College	<u>31,665,911</u>	<u>30,040,856</u>	<u>1,276,471</u>	<u>31,317,327</u>
Total expenditures	<u>69,504,800</u>	<u>52,236,221</u>	<u>5,422,064</u>	<u>57,658,285</u>
Revenues over (under) expenditures	(62,234,316)	(47,728,232)	(4,014,417)	(51,742,649)
Other Financing Sources (Uses):				
Transfer from general fund	25,529,347	22,544,307	2,985,039	25,529,346
Transfer to general fund	(314,013)	-	(314,013)	(314,013)
Premium on bonds issued	476,476	476,476	-	476,476
Debt financing issued	30,000,000	30,000,000	-	30,000,000
Appropriated fund balance	<u>6,542,506</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>62,234,316</u>	<u>53,020,783</u>	<u>2,671,026</u>	<u>55,691,809</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,292,551</u>	<u>(1,343,391)</u>	<u>\$ 3,949,160</u>
Fund balance, beginning of year			<u>11,844,966</u>	
Fund balance, end of year			<u>\$ 10,501,575</u>	

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.

EMERGENCY TELEPHONE SYSTEM FUND - This fund accounts for the 911 revenues received by the State 911 Board to enhance the State's 911 system.

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

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.

COMBINING BALANCE SHEET - NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
 JUNE 30, 2013

	<u>Special Revenue Funds</u>				<u>Total</u>
	<u>Occupancy Tax Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Grant Project</u>	<u>ROD- Technology Enhancement Fund</u>	
Assets:					
Cash and cash equivalents/investments	\$ 69,914	\$ 509,521	\$ 22,980	\$ 733,318	\$ 1,335,733
Interest receivable	-	645	-	933	1,578
Receivables, net	260,999	-	-	-	260,999
Other governmental agencies	-	135,925	119,630	-	255,555
Total assets	<u>\$ 330,913</u>	<u>\$ 646,091</u>	<u>\$ 142,610</u>	<u>\$ 734,251</u>	<u>\$ 1,853,865</u>
Liabilities:					
Accounts payable and other liabilities	330,913	28,615	35,912	532	395,972
Advances from grantors	-	-	76,739	-	76,739
Total liabilities	<u>330,913</u>	<u>28,615</u>	<u>112,651</u>	<u>532</u>	<u>472,711</u>
Deferred Inflows of Resources:					
Grant receivable	-	28,309	-	-	28,309
Fund Balance:					
Stabilization by State Statute	260,999	136,570	119,630	933	518,132
Restricted - other	-	452,597	-	732,786	1,185,383
Unassigned	(260,999)	-	(89,671)	-	(350,670)
Total fund balances	<u>-</u>	<u>589,167</u>	<u>29,959</u>	<u>733,719</u>	<u>1,352,845</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 330,913</u>	<u>\$ 646,091</u>	<u>\$ 142,610</u>	<u>\$ 734,251</u>	<u>\$ 1,853,865</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Special Revenue Funds

	Occupancy Tax Fund	Emergency Telephone System Fund	Grant Project	ROD- Technology Enhancement Fund	Total
Revenues:					
Other taxes and licenses	\$ 1,221,647	\$ -	\$ -	\$ -	\$ 1,221,647
Restricted intergovernmental	-	648,881	537,950	-	1,186,831
Permits and fees	-	-	-	154,324	154,324
Investment earnings	-	524	26	1,401	1,951
Total revenues	<u>1,221,647</u>	<u>649,405</u>	<u>537,976</u>	<u>155,725</u>	<u>2,564,753</u>
Expenditures:					
General government	-	-	-	108,599	108,599
Public safety	-	440,557	217,158	-	657,715
Cultural and recreation	-	-	33,665	-	33,665
Economic and physical development	1,221,647	-	347,426	-	1,569,073
Total expenditures	<u>1,221,647</u>	<u>440,557</u>	<u>598,249</u>	<u>108,599</u>	<u>2,369,052</u>
Revenues over (under) expenditures	-	208,848	(60,273)	47,126	195,701
Other Financing Sources:					
Transfers from general fund	-	31,493	60,000	-	91,493
Net change in fund balances	-	240,341	(273)	47,126	287,194
Fund balance, beginning of year	-	348,826	30,232	686,593	1,065,651
Fund balance, end of year	<u>\$ -</u>	<u>\$ 589,167</u>	<u>\$ 29,959</u>	<u>\$ 733,719</u>	<u>\$ 1,352,845</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - OCCUPANCY TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2013
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2012</u>
Revenues:				
Other taxes and licenses	\$ 1,224,374	\$ 1,221,647	\$ (2,727)	\$ 1,147,266
Expenditures:				
Economic and physical development	1,224,374	1,221,647	2,727	1,147,266
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund balance, beginning of year		-		-
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 - EMERGENCY TELEPHONE SYSTEM FUND
 FOR THE YEAR ENDED JUNE 30, 2013
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2012</u>
Revenues:				
Restricted intergovernmental	\$ 882,350	\$ 648,881	\$ (233,469)	\$ 607,350
911 Center Consolidation Grant	2,100,000	-	(2,100,000)	-
Investment earnings	-	524	524	1,931
Total revenues	<u>2,982,350</u>	<u>649,405</u>	<u>(2,332,945)</u>	<u>609,281</u>
Expenditures:				
Telephone and furniture	362,551	177,659	184,892	614,967
Computer software	108,928	48,713	60,215	50,155
Computer hardware	369,000	116,960	252,040	233,563
Staff training	7,000	2,552	4,448	5,162
Implemental functions	66,364	66,364	-	66,905
Capital Outlay 911 Center	2,100,000	28,309	2,071,691	-
S.L. 2010-158 expenditures	-	-	-	65,808
Total expenditures	<u>3,013,843</u>	<u>440,557</u>	<u>2,573,286</u>	<u>1,036,560</u>
Revenues over (under) expenditures	(31,493)	208,848	240,341	(427,279)
Other Financing Sources (Uses):				
Transfers from general fund	<u>31,493</u>	<u>31,493</u>	-	-
Total other financing sources (uses)	<u>31,493</u>	<u>31,493</u>	-	-
Net change in fund balance	<u>\$ -</u>	240,341	<u>\$ 240,341</u>	(427,279)
Fund balance, beginning of year		<u>348,826</u>		<u>776,105</u>
Fund balance, end of year		<u>\$ 589,167</u>		<u>\$ 348,826</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GRANT PROJECT FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental - CDBG-Scattered Site 2009	\$ 400,000	\$ 400,000	\$ -	\$ 400,000
Restricted intergovernmental - CDBG-Scattered Site 2012	225,000	-	-	-
Restricted intergovernmental - CDBG-Technical Assistance Grant 2012	50,000	-	-	-
Restricted intergovernmental - CDBG-Water Connection 2011	75,000	-	54,512	54,512
Restricted intergovernmental - Urgent Repair 2010	75,000	75,000	-	75,000
Restricted intergovernmental - Urgent Repair 2011	75,000	37,500	37,500	75,000
Restricted intergovernmental - Urgent Repair 2012	75,000	-	37,500	37,500
Restricted intergovernmental - USDA Housing Preservation 2012	89,148	-	0	-
Restricted intergovernmental - Single Family Rehab 2011	210,000	46,720	144,147	190,867
Restricted intergovernmental - Sheriff's	557,516	334,375	27,613	361,988
Restricted intergovernmental - ARRA Sheriff's	99,555	91,650	7,905	99,555
Restricted intergovernmental - Emergency Services Grants	1,899,667	1,652,006	125,861	1,777,867
Restricted intergovernmental - Culture and Recreation	75,000	51,829	23,171	75,000
Restricted intergovernmental - Economic and Physical Development	119,138	47,138	72,000	119,138
Restricted intergovernmental - Environmental Protection	11,658	11,658	-	11,658
Restricted intergovernmental - SOAR Governor's Crime Commission	89,999	-	7,741	7,741
Investment earnings	26	72	26	98
Total revenues	<u>4,126,707</u>	<u>2,747,948</u>	<u>537,976</u>	<u>3,285,924</u>
Expenditures:				
CDBG - Scattered Site 2009	400,000	400,000	-	400,000
CDBG - Scattered Site 2012	225,000	-	-	-
CDBG - Water Connection 2011	75,000	-	54,513	54,513
CDBG - Technical Assistance Grant 2012	50,000	-	-	-
Urgent Repair - 2010	91,600	89,160	-	89,160
Urgent Repair - 2011	90,026	40,238	49,787	90,025
Urgent Repair - 2012	90,000	-	26,563	26,563
USDA Housing Preservation (HPG) 2012	134,148	-	416	416
Single Family Rehabilitation - 2011	210,000	46,720	144,147	190,867
ARRA Sheriff's Department	99,555	91,650	7,905	99,555
Sheriff's Department	557,516	334,374	31,601	365,975
Emergency Services - Public Safety	1,899,667	1,637,399	169,874	1,807,273
SOAR Governor's Crime Commission	89,999	-	7,778	7,778
Culture and Recreation	95,000	61,335	33,665	95,000
General Economic and Physical Development	119,138	47,138	72,000	119,138
Environmental Protection	14,408	14,408	-	14,408
Total expenditures	<u>4,241,057</u>	<u>2,762,422</u>	<u>598,249</u>	<u>3,360,671</u>
Revenues over (under) expenditures	(114,350)	(14,474)	(60,273)	(74,747)
Other Financing Sources (Uses):				
Transfers from general fund	114,350	54,350	60,000	114,350
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>114,350</u>	<u>54,350</u>	<u>60,000</u>	<u>114,350</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 39,876</u>	<u>(273)</u>	<u>\$ 39,603</u>
Fund balance, beginning of year			<u>30,232</u>	
Fund balance, end of year			<u>\$ 29,959</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, 2013
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2012</u>
Revenues:				
Permits and fees	\$ 102,000	\$ 154,324	\$ 52,324	\$ 100,187
Investment earnings	1,200	1,401	201	2,218
Total revenues	<u>103,200</u>	<u>155,725</u>	<u>52,525</u>	<u>102,405</u>
Expenditures:				
General government	<u>153,478</u>	<u>108,599</u>	<u>44,879</u>	<u>78,465</u>
Revenues over (under) expenditures	(50,278)	47,126	97,404	23,940
Other Financing Sources (Uses):				
Appropriated fund balance	<u>50,278</u>	-	<u>(50,278)</u>	-
Net change in fund balance	<u>\$ -</u>	47,126	<u>\$ 47,126</u>	23,940
Fund balance, beginning of year		<u>686,593</u>		<u>662,653</u>
Fund balance, end of year		<u>\$ 733,719</u>		<u>\$ 686,593</u>

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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.

MAJOR ENTERPRISE FUNDS:

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.

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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - WATER FUND (NON-GAAP)
JUNE 30, 2013

	<u>Water Fund</u>	<u>Water Capital Projects</u>	<u>Total</u>
Current Assets:			
Cash, cash equivalents and investments	\$ 21,875,147	\$ 6,471,462	\$ 28,346,609
Restricted cash	2,859,047	385,221	3,244,268
Interest receivable	31,071	8,150	39,221
Receivables and special assessments, net	2,530,535	3,348	2,533,883
Due from other governmental agencies	346,998	48,757	395,755
Inventories	1,636,030	-	1,636,030
Total current assets	<u>29,278,828</u>	<u>6,916,938</u>	<u>36,195,766</u>
Current Liabilities:			
Accounts payable and other liabilities	747,172	374,120	1,121,292
Customer deposits	1,485,358	-	1,485,358
Current portion of debt	919,756	-	919,756
Total current liabilities	<u>3,152,286</u>	<u>374,120</u>	<u>3,526,406</u>
Expendable net position	26,126,542	6,542,818	32,669,360
Noncurrent Items:			
Non-depreciable capital assets	13,890,474	-	13,890,474
Depreciable capital assets, net	119,176,863	-	119,176,863
Compensated absences	(293,016)	-	(293,016)
Other post-employment benefits	(2,402,897)	-	(2,402,897)
Non-current portion of debt	(17,353,342)	-	(17,353,342)
Total net position	<u>\$ 139,144,624</u>	<u>\$ 6,542,818</u>	<u>\$ 145,687,442</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, 2013
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)	2012
Revenues:				
User charges	\$ 19,438,898	\$ 19,910,194	\$ 471,296	\$ 19,245,328
ARRA interest subsidy	298,109	298,109	-	303,325
Investment earnings	40,000	49,070	9,070	74,185
Other	395,034	396,456	1,422	451,650
Total revenues	<u>20,172,041</u>	<u>20,653,829</u>	<u>481,788</u>	<u>20,074,488</u>
Expenditures:				
Salaries	3,869,187	3,696,587	172,600	3,753,990
Fringe benefits	1,599,257	1,511,745	87,512	1,543,793
Operating expenditures	7,529,040	6,497,446	1,031,594	6,289,454
Repairs and maintenance	995,147	749,383	245,764	840,610
Capital outlay	3,362,908	3,102,737	260,171	1,980,380
Debt Service:				
Principal	755,376	755,376	-	715,528
Interest	863,172	863,172	-	882,907
Total expenditures	<u>18,974,087</u>	<u>17,176,446</u>	<u>1,797,641</u>	<u>16,006,662</u>
Revenues over (under) expenditures	1,197,954	3,477,383	2,279,429	4,067,826
Other Financing Sources (Uses):				
Long-term debt issued	-	-	-	3,790,000
Premiums on debt issued	-	-	-	533,590
Retirement of long term debt	-	-	-	(4,285,000)
Transfer to water capital project fund	(3,698,480)	(3,698,480)	-	(2,668,183)
Transfer from water capital project fund	323,770	323,770	-	254,000
Appropriated net position	2,176,756	-	(2,176,756)	-
Total other financing sources (uses)	<u>(1,197,954)</u>	<u>(3,374,710)</u>	<u>(2,176,756)</u>	<u>(2,375,593)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>102,673</u>	<u>\$ 102,673</u>	<u>\$ 1,692,233</u>
Reconciliation From Budgetary Basis				
To Full Accrual Basis:				
Capital Project Related Items:				
Revenues from water capital projects		30,251		
Transfer from water fund to water capital project fund		3,698,480		
Transfer to water fund from water capital project fund		(323,770)		
Capital project expenditures		(2,189,645)		
Other Reconciling Items:				
CIP additions from capital projects		2,189,645		
Capitalized capital outlay and CIP adjustment		3,102,735		
Change in vacation accrual		(16,239)		
Change in other post-employment benefits		(476,077)		
Change in inventory		295,864		
Retirement of long-term debt		755,376		
Loss on disposal of capital assets		(34,395)		
Contributed capital assets-Deeds of Dedication		1,339,740		
Depreciation		(4,032,425)		
Change in net position - GAAP basis		<u>\$ 4,442,213</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, 2013

	Project Budget	Actual		Total to Date
		Prior Year	Current Year	
Revenues:				
Investment earnings	\$ -	\$ 42,158	\$ 12,509	\$ 54,667
Investment earnings-debt proceeds	-	-	262	262
Assessments	-	26,043	13,452	39,495
Penalties and interest assessments	-	7,510	4,028	11,538
Total revenues	-	75,711	30,251	105,962
Expenditures:				
Utility operations center	5,437,604	5,437,604	-	5,437,604
Northwest water plant expansion	11,146,392	10,693,224	126,416	10,819,640
Ocean Forest, Sea Castle line extension	385,600	385,450	150	385,600
Brunswick Community College water main	434,767	433,792	975	434,767
Mulligan's Way, Cox Landing, Smith, Old Ferry lines	604,404	117,323	358,062	475,385
Stanley Road 2nd interconnect water extension	19,300	3,625	9,575	13,200
Old Shallotte Rd. water extension	1,316,295	63,044	812,526	875,570
Oak Island 2nd feed water line	600,000	64,600	496,031	560,631
Sunny Point water line	38,500	-	38,500	38,500
City of Northwest 2nd Feed Line	175,000	-	125,543	125,543
Sunset Beach 2nd Feed Line	85,000	-	48,361	48,361
Sandpiper Bay 2nd Feed Line	550,000	-	158,186	158,186
Water Mains FY 13	82,000	-	15,320	15,320
Southeast Water Tank	65,000	-	-	-
Total expenditures	20,939,862	17,198,662	2,189,645	19,388,307
Revenues over (under) expenditures	(20,939,862)	(17,122,951)	(2,159,394)	(19,282,345)
Other Financing Sources (Uses):				
Long term debt issued	11,146,392	11,146,392	-	11,146,392
Transfers from water fund	13,469,060	9,770,581	3,698,480	13,469,061
Transfers to water fund	(577,770)	(254,000)	(323,770)	(577,770)
Contingency for future projects	(4,881,317)	-	-	-
Appropriated fund balance	1,783,497	-	-	-
Total other financing sources (uses)	20,939,862	20,662,973	3,374,710	24,037,683
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 3,540,022	\$ 1,215,316	\$ 4,755,338

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - WASTEWATER FUND (NON-GAAP)
JUNE 30, 2013

	Wastewater Fund	Wastewater Capital Projects	Total
Current Assets:			
Cash and cash equivalents/investments	\$ 11,073,172	\$ 7,042,071	\$ 18,115,243
Restricted cash	2,413,002	4,579,349	6,992,351
Interest receivable	1,983	8,329	10,312
Receivables and special assessments, net	12,048,665	55,911	12,104,576
Due from other governmental agencies	162,963	513,847	676,810
Inventories	288,273	-	288,273
Total current assets	<u>25,988,058</u>	<u>12,199,507</u>	<u>38,187,565</u>
Current Liabilities:			
Accounts payable and other liabilities	424,166	1,459,050	1,883,216
Current portion of debt	8,390,245	-	8,390,245
Total current liabilities	<u>8,814,411</u>	<u>1,459,050</u>	<u>10,273,461</u>
Expendable net positon	17,173,647	10,740,457	27,914,104
Noncurrent Items:			
Non-depreciable capital assets	20,505,587	-	20,505,587
Depreciable capital assets, net	207,728,328	-	207,728,328
Compensated absences	(117,654)	-	(117,654)
Other post-employment benefits	(1,041,927)	-	(1,041,927)
Deferred revenues	(1,864,540)	-	(1,864,540)
Non-current portion of debt	(127,960,748)	-	(127,960,748)
Total net positon	<u>\$ 114,422,693</u>	<u>\$ 10,740,457</u>	<u>\$ 125,163,150</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - WASTEWATER FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)	2012
Revenues:				
User charges	\$ 17,117,887	\$ 18,036,477	\$ 918,590	16,176,278
ARRA interest subsidy	418,927	409,981	(8,946)	298,206
Special assessments	2,814,243	22,794,771	19,980,528	402,215
Investment earnings	3,000	3,446	446	6,135
Other	22,920	25,669	2,749	71,096
Total revenues	<u>20,376,977</u>	<u>41,270,344</u>	<u>20,893,367</u>	<u>16,953,930</u>
Expenditures:				
Salaries	1,915,138	1,793,642	121,496	1,713,980
Fringe benefits	792,716	737,013	55,703	707,905
Operating expenditures	2,956,342	2,606,836	349,506	2,601,314
Repairs and maintenance	849,279	821,499	27,780	703,999
Capital outlay	1,898,313	1,755,161	143,152	616,719
Debt Service:				
Principal	7,865,156	7,865,152	4	5,856,022
Interest	5,305,068	5,285,179	19,889	7,718,746
Total expenditures	<u>21,582,012</u>	<u>20,864,482</u>	<u>717,530</u>	<u>19,918,685</u>
Revenues over (under) expenditures	(1,205,035)	20,405,862	21,610,897	(2,964,755)
Other Financing Sources (Uses):				
Issuance of long-term debt	-	-	-	23,145,000
Premiums on bonds issued	-	-	-	3,813,041
Payments to escrow agent for refunded bonds	-	-	-	(24,185,000)
Transfer to wastewater capital project fund	-	-	-	(2,567,408)
Transfer from wastewater capital project fund	1,365,743	1,365,743	-	161,640
Contingency	(487,490)	-	487,490	-
Appropriated net position	326,782	-	(326,782)	-
Total other financing sources (uses)	<u>1,205,035</u>	<u>1,365,743</u>	<u>160,708</u>	<u>367,273</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>21,771,605</u>	<u>\$ 21,771,605</u>	<u>\$ (2,597,482)</u>
Reconciliation From Budgetary Basis				
To Full Accrual Basis:				
Capital Project Activities:				
Revenues from wastewater capital projects		417,115		
Proceeds from issuance of long-term debt		6,327,750		
Gain on sale of real property		751,218		
Transfer from wastewater capital projects to wastewater fund		(1,365,743)		
Capital project expenditures		(17,346,529)		
Other Reconciling Items:				
Proceeds from issuance of long-term debt		(6,327,750)		
CIP additions from capital projects		17,346,529		
Capitalized capital outlay and CIP adjustment		1,755,161		
Change in vacation accrual		(13,323)		
Change in other post-employment benefits		(231,081)		
Contributed assets-Deeds of Dedication		1,181,493		
Change in inventory		24,360		
Loss on disposal of capital assets		(52,935)		
Retirement of long-term debt		7,865,152		
Depreciation		(5,305,082)		
Change in net position - GAAP basis		<u>\$ 26,797,940</u>		

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 WASTEWATER CAPITAL PROJECT FUNDS (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental revenue	\$ 65,967	\$ 27,167	\$ 38,800	\$ 65,967
Assessments	368,507	366,910	190,142	557,052
SAD interest and penalties	4,692	25,956	57,623	83,579
ARRA grant	2,061,396	2,000,000	61,396	2,061,396
ARRA interest subsidies	675,679	625,112	50,567	675,679
Investment earnings	172,076	204,605	11,053	215,658
Investment earnings-debt proceeds	925	-	7,534	7,534
Total revenues	<u>3,349,242</u>	<u>3,249,750</u>	<u>417,115</u>	<u>3,666,865</u>
Expenditures:				
Sunset Beach Wastewater Collection System	23,326,118	21,917,418	1,405,876	23,323,294
Northeast Brunswick Wastewater Treatment Plant Ph 2	13,797,908	1,501,531	8,996,851	10,498,382
Carolina Shore Wastewater Treatment Plant Upgrade	4,100,000	365,620	2,888,628	3,254,248
Boiling Springs Lake Transmission	2,246,801	270,497	1,689,428	1,959,925
Boiling Springs Lake Collection System SAD	3,027,027	208,897	2,335,202	2,544,099
Ocean Ridge Pump Station/Angel Trace Force Main	375,000	147,917	30,544	178,461
Bricklanding SAD	804,719	804,719	-	804,719
Total expenditures	<u>47,677,573</u>	<u>25,216,599</u>	<u>17,346,529</u>	<u>42,563,128</u>
Revenues over (under) expenditures	(44,328,331)	(21,966,849)	(16,929,414)	(38,896,263)
Other Financing Sources (Uses):				
Long term debt issued	40,486,839	34,159,090	6,327,750	40,486,840
ARRA debt proceeds	2,000,000	2,000,000	-	2,000,000
Gain on sale of real property	751,218	-	751,218	751,218
Transfer from wastewater fund	2,887,496	3,440,821	-	3,440,821
Transfer to wastewater fund	(1,015,160)	(202,741)	(1,365,743)	(1,568,484)
Contingency for future projects	(4,962,658)	-	-	-
Appropriated fund balance	4,180,596	-	-	-
Total other financing sources (uses)	<u>44,328,331</u>	<u>39,397,170</u>	<u>5,713,225</u>	<u>45,110,395</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 17,430,321	\$(11,216,189)	\$ 6,214,132

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INTERNAL SERVICE FUNDS

Internal service funds are used to account for the County's activities which are similar to those often found in the private sector. The measurement focus is on the flow of economic resources.

WORKERS' COMPENSATION INTERNAL SERVICE FUND - This fund is used to account for risk management operations of the County and for the financing of workers' compensation self-insurance costs incurred.

HEALTH INSURANCE INTERNAL SERVICE FUND - This fund is used to account for health operations of the County and for the financing of employees' medical and dental costs incurred.

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND
 ACTUAL AND CHANGES IN NET POSITION - WORKERS' COMPENSATION INTERNAL SERVICE FUND (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2013
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2012</u>
Revenues:				
Charges for services	\$ 1,041,998	\$ 1,041,998	\$ -	\$ 1,041,998
Investment earnings	-	4,567	4,567	5,757
Total revenues	<u>1,041,998</u>	<u>1,046,565</u>	<u>4,567</u>	<u>1,047,755</u>
Expenditures:				
Premiums	<u>1,041,998</u>	<u>549,516</u>	<u>492,482</u>	<u>568,590</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>497,049</u>	<u>\$ 497,049</u>	<u>479,165</u>
Net positon, beginning of year		<u>1,745,584</u>		<u>1,266,419</u>
Net positon, end of year		<u>\$ 2,242,633</u>		<u>\$ 1,745,584</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND
ACTUAL AND CHANGES IN NET POSITION - HEALTH INTERNAL SERVICE FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Financial Plan</u>	<u>Actual Year To Date</u>	<u>Variance Positive (Negative)</u>	<u>2012</u>
Revenues:				
Charges for services	\$ 10,640,700	\$ 10,058,284	\$ (582,416)	\$ 10,324,060
Investment earnings	1,300	4,592	3,292	3,869
Total revenues	<u>10,642,000</u>	<u>10,062,876</u>	<u>(579,124)</u>	<u>10,327,929</u>
Expenditures:				
Premiums	9,732,000	8,521,849	1,210,151	8,573,882
Administration fees	910,000	890,646	19,354	832,258
Total expenditures	<u>10,642,000</u>	<u>9,412,495</u>	<u>1,229,505</u>	<u>9,406,140</u>
Revenues over (under) expenditures	<u>\$ -</u>	650,381	<u>\$ 650,381</u>	921,789
Net position, beginning of year		<u>1,035,897</u>		<u>114,108</u>
Net position, end of year		<u>\$ 1,686,278</u>		<u>\$ 1,035,897</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
JUNE 30, 2013**

	<u>Workers' Compensation</u>	<u>Health Insurance</u>	<u>Total</u>
Current Assets:			
Cash, cash equivalents and investments	\$ 2,438,877	\$ 2,194,065	\$ 4,632,942
Deposit receivable	-	200,300	200,300
Receivable other	-	1,404	1,404
Interest receivable	2,824	2,267	5,091
Total current assets	<u>2,441,701</u>	<u>2,398,036</u>	<u>4,839,737</u>
Current Liabilities:			
Accounts payable and other liabilities	<u>199,068</u>	<u>711,758</u>	<u>910,826</u>
Total current liabilities	<u>199,068</u>	<u>711,758</u>	<u>910,826</u>
Net position:			
Unrestricted	<u>2,242,633</u>	<u>1,686,278</u>	<u>3,928,911</u>
Total net position	<u>\$ 2,242,633</u>	<u>\$ 1,686,278</u>	<u>\$ 3,928,911</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
Operating Revenues:			
User charges	\$ 1,041,998	\$ 10,058,284	\$ 11,100,282
Total operating revenues	<u>1,041,998</u>	<u>10,058,284</u>	<u>11,100,282</u>
Operating Expenses:			
Premiums	549,516	8,521,849	9,071,365
Administration fees	-	890,646	890,646
Total operating expenses	<u>549,516</u>	<u>9,412,495</u>	<u>9,962,011</u>
Operating income (loss)	<u>492,482</u>	<u>645,789</u>	<u>1,138,271</u>
Non-operating Revenues:			
Investment earnings	4,567	4,592	9,159
Total non-operating revenues	<u>4,567</u>	<u>4,592</u>	<u>9,159</u>
Increase (decrease) in net position	497,049	650,381	1,147,430
Net position, beginning of year	<u>1,745,584</u>	<u>1,035,897</u>	<u>2,781,481</u>
Net position, end of year	<u>\$ 2,242,633</u>	<u>\$ 1,686,278</u>	<u>\$ 3,928,911</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Receipts from chargers to users	\$ 1,041,998	\$ 10,058,284	\$ 11,100,282
Premiums	(646,563)	(9,406,366)	(10,052,929)
Net cash provided by (used in) operating activities	<u>395,435</u>	<u>651,918</u>	<u>1,047,353</u>
Cash Flows From Investing Activities:			
Interest on investments	<u>4,077</u>	<u>3,585</u>	<u>7,662</u>
Net increase (decrease) in cash and cash equivalents	399,512	655,503	1,055,015
Cash and cash equivalents, beginning of year	<u>2,039,365</u>	<u>1,538,562</u>	<u>3,577,927</u>
Cash and cash equivalents, end of year	<u>\$ 2,438,877</u>	<u>\$ 2,194,065</u>	<u>\$ 4,632,942</u>
Reconciliation of Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 492,482	\$ 645,789	\$ 1,138,271
Changes in Assets and Liabilities:			
Increase (decrease) in accounts payable/accrued expenses	<u>(97,047)</u>	<u>6,129</u>	<u>(90,918)</u>
Net cash provided by (used in) operating activities	<u>\$ 395,435</u>	<u>\$ 651,918</u>	<u>\$ 1,047,353</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.

Save Our Sands: The Inlet Committee - This fund accounts for an inter-local government lobbying entity for beach sediment management for which the County acts as fiscal agent.

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.

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Balance 2012	Additions	Deductions	Balance 2013
SOCIAL SERVICES FUND				
Assets:				
Cash, cash equivalents and investments	\$ 45,278	\$ 124,472	\$ 134,402	\$ 35,348
Interest receivable	65	34	49	50
Total assets	<u>\$ 45,343</u>	<u>\$ 124,506</u>	<u>\$ 134,451</u>	<u>\$ 35,398</u>
Liabilities:				
Other	<u>\$ 45,343</u>	<u>\$ 286,050</u>	<u>\$ 295,995</u>	<u>\$ 35,398</u>
SMITHVILLE TOWNSHIP FUND				
Assets:				
Cash, cash equivalents and investments	\$ 1,104,251	\$ 2,661,603	\$ 2,735,703	\$ 1,030,151
Interest receivable	2,551	1,723	1,821	2,453
Total assets	<u>\$ 1,106,802</u>	<u>\$ 2,663,326</u>	<u>\$ 2,737,524</u>	<u>\$ 1,032,604</u>
Liabilities:				
Due to other governmental agencies	1,106,802	2,115,438	2,189,636	1,032,604
Total liabilities	<u>\$ 1,106,802</u>	<u>\$ 2,115,438</u>	<u>\$ 2,189,636</u>	<u>\$ 1,032,604</u>
INTERGOVERNMENTAL COLLECTIONS FUND				
Assets:				
Cash, cash equivalents and investments	\$ 912,361	\$ 30,712,681	\$ 31,083,042	\$ 542,000
Taxes receivable, net	32,186	28,280	32,186	28,280
Total assets	<u>\$ 944,547</u>	<u>\$ 30,740,961</u>	<u>\$ 31,115,228</u>	<u>\$ 570,280</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 944,547</u>	<u>\$ 31,042,453</u>	<u>\$ 31,416,720</u>	<u>\$ 570,280</u>
SHERIFF DEPARTMENT TRUST FUND				
Assets:				
Cash, cash equivalents and investments	<u>\$ 3,705</u>	<u>\$ 251,750</u>	<u>\$ 249,559</u>	<u>\$ 5,896</u>
Liabilities:				
Other	<u>\$ 3,705</u>	<u>\$ 251,750</u>	<u>\$ 249,559</u>	<u>\$ 5,896</u>
BRUNSWICK HOSPITAL AUTHORITY				
Assets:				
Cash, cash equivalents and investments	\$ 464,408	\$ 791	\$ 465,199	\$ -
Interest Receivable	853	282	1,135	-
Total assets	<u>\$ 465,261</u>	<u>\$ 1,073</u>	<u>\$ 466,334</u>	<u>\$ -</u>
Liabilities:				
Other	<u>\$ 465,262</u>	<u>\$ -</u>	<u>\$ 465,262</u>	<u>\$ -</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 2013</u>
INLET COMMITTEE SAVE OUR SANDS				
Assets:				
Cash, cash equivalents and investments	\$ 1,170	\$ -	\$ 1,170	\$ -
Liabilities:				
Other	\$ 1,170	\$ -	\$ 1,170	\$ -
INMATE TRUST FUND				
Assets:				
Cash, cash equivalents and investments	\$ 46,290	\$ 504,326	\$ 513,237	\$ 37,379
Liabilities:				
Other	\$ 46,290	\$ 504,326	\$ 513,237	\$ 37,379
3% INTEREST PAYABLE TO STATE				
Assets:				
Cash, cash equivalents and investments	\$ 2,267	\$ 33,424	\$ 33,413	\$ 2,278
Liabilities:				
Other	\$ 2,267	\$ 33,424	\$ 33,413	\$ 2,278
COMBINING TOTALS				
Assets:				
Cash, cash equivalents and investments	\$ 2,579,730	\$ 34,289,047	\$ 35,215,725	\$ 1,653,052
Interest receivable	3,469	2,039	3,005	2,503
Taxes receivable, net	32,186	28,280	32,186	28,280
Total assets	<u>\$ 2,615,385</u>	<u>\$ 34,319,366</u>	<u>\$ 35,250,916</u>	<u>\$ 1,683,835</u>
Liabilities:				
Due to other governmental agencies	\$ 2,051,349	\$ 33,157,891	\$ 33,606,356	\$ 1,602,884
Other	564,037	1,075,550	1,558,636	80,951
Total liabilities	<u>\$ 2,615,386</u>	<u>\$ 34,233,441</u>	<u>\$ 35,164,992</u>	<u>\$ 1,683,835</u>

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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
JUNE 30, 2013

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2012</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2013</u>
2012-13	\$ -	\$ 109,045,695	\$ 103,031,401	\$ 6,014,294
2011-12	5,645,958	-	2,558,658	3,087,300
2010-11	3,468,387	-	1,300,777	2,167,610
2009-10	2,027,109	-	824,444	1,202,665
2008-09	1,035,983	-	514,559	521,424
2007-08	311,690	-	78,863	232,827
2006-07	243,471	-	44,037	199,434
2005-06	211,100	-	58,145	152,955
2004-05	167,341	-	49,794	117,547
2003-04	143,890	-	28,477	115,413
2002-03	176,296	-	176,296	-
	<u>\$ 13,431,225</u>	<u>\$ 109,045,695</u>	<u>\$ 108,665,451</u>	13,811,469
Less: Allowance for uncollected taxes receivable General Fund				<u>5,553,485</u>
Ad valorem taxes receivable (net)				<u>\$ 8,257,984</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 108,945,817
Reconciling Items:				
Interest collected and penalties				(1,153,354)
Releases on prior year tax				875,254
Reimbursement of prior year's taxes collected				3,960
Collection of taxes previously written off				<u>(6,226)</u>
Total collections and credits				<u>\$ 108,665,451</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2013

	County-Wide			Property Excluding Registered Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
Original levy:					
Property taxed at current year's rate	\$ 24,243,970,097	\$ 0.4425	\$ 107,278,962	\$ 104,400,574	\$ 2,878,388
Motor vehicles taxed at prior year's rate	338,459,788	\$ 0.4425	1,497,592	-	1,497,592
Penalties	-		26,232	26,232	-
Total	<u>24,582,429,885</u>		<u>108,802,786</u>	<u>104,426,806</u>	<u>4,375,980</u>
Discoveries:					
Current and prior years' taxes	16,150,265		406,709	406,709	-
Penalties	-		21,118	21,118	-
Total	<u>16,150,265</u>		<u>427,827</u>	<u>427,827</u>	<u>-</u>
Abatements	<u>(41,789,073)</u>		<u>(184,917)</u>	<u>(142,266)</u>	<u>(42,651)</u>
Total property valuation	<u>\$ 24,556,791,077</u>				
Net levy			109,045,695	104,712,367	4,333,328
Less uncollected taxes at June 30, 2013			<u>6,014,294</u>	<u>5,442,308</u>	<u>571,986</u>
Current year's taxes collected			<u>\$ 103,031,401</u>	<u>\$ 99,270,059</u>	<u>\$ 3,761,342</u>
Current levy collection percentage			<u>94.48%</u>	<u>94.80%</u>	<u>86.80%</u>
Prior year levy collection percentage			<u>94.73%</u>	<u>95.04%</u>	<u>85.88%</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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - NON-MAJOR COMPONENT UNITS
JUNE 30, 2013

	<u>Brunswick County Board of Alcoholic Control</u>	<u>Brunswick County Airport Commission</u>	<u>Brunswick County Tourism Development Authority</u>	<u>Brunswick County Economic Development Commission</u>	<u>Totals</u>
Assets:					
Current Assets:					
Cash, cash equivalents and investments	\$ 243,945	\$ 143,979	\$ 567,539	\$ 120,998	\$ 1,076,461
Restricted cash and investments	-	4,550	-	-	4,550
Receivables, net	-	18,695	-	-	18,695
Due from primary government	-	-	324,535	-	324,535
Due from other governments	-	1,522	-	-	1,522
Inventory	187,128	17,724	-	-	204,852
Prepaid items	13,851	-	6,965	-	20,816
Total current assets	<u>444,924</u>	<u>186,470</u>	<u>899,039</u>	<u>120,998</u>	<u>1,651,431</u>
Capital assets, net	1,402,548	22,807,107	4,302	12,903	24,226,860
Total assets	<u>\$ 1,847,472</u>	<u>\$ 22,993,577</u>	<u>\$ 903,341</u>	<u>\$ 133,901</u>	<u>\$ 25,878,291</u>
Liabilities and Net position:					
Liabilities:					
Current Liabilities:					
Debt obligation - current portion	\$ 62,800	\$ -	\$ -	\$ -	\$ 62,800
Accounts payable and accrued expenses	154,752	9,738	6,987	1,331	172,808
Due to other governments	79,164	55,153	-	-	134,317
Total current liabilities	<u>296,716</u>	<u>64,891</u>	<u>6,987</u>	<u>1,331</u>	<u>369,925</u>
Noncurrent Liabilities:					
Debt obligation - long-term portion	335,600	-	5,879	-	341,479
Total noncurrent liabilities	<u>335,600</u>	<u>-</u>	<u>5,879</u>	<u>-</u>	<u>341,479</u>
Total liabilities	<u>632,316</u>	<u>64,891</u>	<u>12,866</u>	<u>1,331</u>	<u>711,404</u>
Net position:					
Invested in capital assets, net of related debt	1,004,148	22,807,107	4,302	12,903	23,828,460
Restricted:					
Stablization by State Statute	68,872	-	324,535	-	393,407
For Toruism Promotion	-	-	561,638	-	561,638
Unrestricted	142,136	121,579	-	119,667	383,382
Total net positon	<u>\$ 1,215,156</u>	<u>\$ 22,928,686</u>	<u>\$ 890,475</u>	<u>\$ 132,570</u>	<u>\$ 25,166,887</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2013

	Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Brunswick County Economic Development Commission	Totals
Revenues					
Sales and services	\$ 1,790,685	\$ 890,131	\$ 29,775	\$ 2,633	\$ 2,713,224
Room occupancy taxes	-	-	1,184,989	-	1,184,989
Unrestricted intergovernmental	-	97,000	-	-	97,000
Operating grants	-	-	-	2,755	2,755
Capital grants	-	-	-	128,500	128,500
Other revenue	1,901	21,853	-	-	23,754
Investment earnings	141	57	1,012	1	1,211
Total revenues	<u>1,792,727</u>	<u>1,009,041</u>	<u>1,215,776</u>	<u>133,889</u>	<u>4,151,433</u>
Expenses					
Operating expenses	<u>1,680,179</u>	<u>1,225,950</u>	<u>1,116,364</u>	<u>133,957</u>	<u>4,156,450</u>
Capital contributions	<u>-</u>	<u>3,110,807</u>	<u>-</u>	<u>-</u>	<u>3,110,807</u>
Change in net position	112,548	2,893,898	99,412	(68)	3,105,790
Net position, beginning of year	<u>1,102,608</u>	<u>20,034,788</u>	<u>791,063</u>	<u>132,638</u>	<u>22,061,097</u>
Net position, end of year	<u>\$ 1,215,156</u>	<u>\$ 22,928,686</u>	<u>\$ 890,475</u>	<u>\$ 132,570</u>	<u>\$ 25,166,887</u>

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STATISTICAL SECTION

This section includes detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Financial Trends – These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time:

- 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)

Revenue Capacity – These tables contain information to help the reader assess the factors affecting the County's ability to generate its property taxes:

- 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)

Debt Capacity – These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future:

- 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 and Economic Information – These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments:

- Demographic Statistics (unaudited)
- Principal Employers (unaudited)
- Full-time Equivalent County Government Employees by Function (unaudited)

Operating Information – These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs:

- Operating Indicators by Function/Program (unaudited)
- Capital Asset Statistics by Function/Program (unaudited)

COUNTY OF BRUNSWICK, NORTH CAROLINA

Net Position by Component
(accrual basis of accounting)
 Last Ten Fiscal Years

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Net investment in capital assets	\$ 48,903,970	\$ 37,137,060	\$ 54,279,043	\$ 67,118,730
Restricted	23,334,978	23,334,978	-	-
Unrestricted	(12,454,484)	(2,843,693)	13,102,857	12,669,940
Total governmental activities net position	<u>\$ 59,784,464</u>	<u>\$ 57,628,345</u>	<u>\$ 67,381,900</u>	<u>\$ 79,788,670</u>
Business-type activities				
Net investment in capital assets	\$ 80,543,952	\$ 39,904,058	\$ 93,748,105	\$ 114,088,014
Unrestricted	12,088,889	61,659,379	28,132,662	28,311,927
Total business-type activities net position	<u>\$ 92,632,841</u>	<u>\$ 101,563,437</u>	<u>\$ 121,880,767</u>	<u>\$ 142,399,941</u>
Primary Government				
Net investment in capital assets	\$ 129,447,922	\$ 77,041,118	\$ 148,027,148	\$ 181,206,744
Restricted	23,334,978	23,334,978	-	-
Unrestricted	(365,595)	58,815,686	41,235,519	40,981,867
Total primary government net position	<u>\$ 152,417,305</u>	<u>\$ 159,191,782</u>	<u>\$ 189,262,667</u>	<u>\$ 222,188,611</u>

Table 1

Fiscal Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 37,377,510	\$ 80,832,411	\$ 84,644,800	\$ 87,280,988	\$ 83,875,530	\$ 82,982,620
-	-	-	8,043,571	14,349,327	12,788,396
<u>31,112,731</u>	<u>(19,213,539)</u>	<u>(21,304,189)</u>	<u>(14,326,518)</u>	<u>(18,195,225)</u>	<u>(7,358,632)</u>
<u>\$ 68,490,241</u>	<u>\$ 61,618,872</u>	<u>\$ 63,340,611</u>	<u>\$ 80,998,041</u>	<u>\$ 80,029,632</u>	<u>\$ 88,412,384</u>
\$ 104,963,579	\$ 161,945,932	\$ 187,205,988	\$ 195,778,306	\$ 207,222,012	\$ 215,460,422
<u>65,985,290</u>	<u>34,144,461</u>	<u>24,907,050</u>	<u>32,047,202</u>	<u>32,388,427</u>	<u>55,390,170</u>
<u>\$ 170,948,869</u>	<u>\$ 196,090,393</u>	<u>\$ 212,113,038</u>	<u>\$ 227,825,508</u>	<u>\$ 239,610,439</u>	<u>\$ 270,850,592</u>
\$ 142,341,089	\$ 242,778,343	\$ 271,850,788	\$ 283,059,294	\$ 291,097,542	\$ 298,443,042
-	-	-	8,043,571	14,349,327	12,788,396
<u>97,098,021</u>	<u>14,930,922</u>	<u>3,602,861</u>	<u>17,720,684</u>	<u>14,193,202</u>	<u>48,031,538</u>
<u>\$ 239,439,110</u>	<u>\$ 257,709,265</u>	<u>\$ 275,453,649</u>	<u>\$ 308,823,549</u>	<u>\$ 319,640,071</u>	<u>\$ 359,262,976</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

Changes in Net Position
(accrual basis of accounting)
Last Ten Fiscal Years

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	\$ 9,126,904	\$ 12,265,609	\$ 11,650,297	\$ 14,898,739	\$ 25,786,285
Public safety	14,901,214	16,613,151	21,488,245	23,757,912	28,704,704
Central services	8,524,633	9,819,916	11,415,044	11,661,193	12,491,337
Human services	19,498,577	21,705,607	24,449,640	26,746,227	30,203,435
Transportation	3,046,258	860,256	1,553,193	1,005,751	2,258,368
Environmental protection	9,412,246	9,737,741	10,201,646	11,272,811	12,551,871
Cultural and recreation	2,446,057	3,094,606	2,932,943	1,060,589	4,449,488
Economic and physical development	5,261,136	5,800,337	5,888,020	6,879,523	7,213,679
Education	41,780,114	35,261,269	40,347,613	38,167,647	47,784,629
Revaluation Services	-	-	-	-	-
Interest on long-term debt	4,297,354	6,016,632	4,120,523	4,255,116	4,294,959
Total governmental activities	<u>118,294,493</u>	<u>121,175,124</u>	<u>134,047,164</u>	<u>139,705,508</u>	<u>175,738,755</u>
Business-type activities:					
Water	9,847,383	9,599,753	10,906,786	13,871,031	16,426,295
Wastewater	1,693,765	3,541,858	2,937,019	9,168,580	7,926,725
Total business-type activities	<u>11,541,148</u>	<u>13,141,611</u>	<u>13,843,805</u>	<u>23,039,611</u>	<u>24,353,020</u>
Total primary government expenses	<u>\$ 129,835,641</u>	<u>\$ 134,316,735</u>	<u>\$ 147,890,969</u>	<u>\$ 162,745,119</u>	<u>\$ 200,091,775</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,486,888	\$ 2,344,425	\$ 3,445,947	\$ 4,726,587	\$ 1,480,767
Public safety	2,855,570	4,496,621	4,610,690	4,034,126	5,309,134
Central services	758,966	1,304,404	1,133,005	1,320,217	2,163,366
Human services	935,055	2,199,295	1,450,075	2,770,323	1,124,272
Environmental protection	1,391,467	2,092,870	2,315,762	-	1,928,085
Cultural and recreation	-	285,906	717,351	2,631,302	224,367
Economic and physical development	105,907	997,435	-	8,397	1,224,383
Education	453,891	-	-	-	76,459
Operating grants and contributions:					
General government	510,279	84,566	-	-	-
Public safety	683,683	932,645	-	-	710,170
Central services	-	128,721	-	-	-
Human services	9,524,915	9,333,298	15,222,947	17,047,108	17,158,192
Transportation	1,985,015	-	-	-	-
Environmental protection	263,178	221,070	-	-	-
Cultural and recreation	131,359	138,984	-	-	1,228
Economic and physical development	2,486,436	2,584,521	-	-	139,731
Education	-	-	-	-	2,146

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Table 2

Fiscal Year				
2009	2010	2011	2012	2013
\$ 10,824,875	\$ 10,891,485	\$ 10,525,533	\$ 10,998,376	\$ 10,934,466
32,475,041	32,431,363	33,465,622	34,715,586	35,303,805
12,874,270	12,032,434	4,316,359	13,455,405	12,644,064
29,448,343	31,201,132	26,128,245	26,325,541	26,348,700
2,315,776	4,292,392	3,742,434	3,736,588	2,616,195
14,390,242	7,362,499	13,812,863	13,876,612	13,394,236
4,578,694	1,908,173	4,214,605	4,169,218	3,951,742
6,844,987	7,614,811	6,913,420	7,653,903	7,616,623
50,907,860	42,391,583	39,853,517	39,852,618	42,982,116
-	-	-	-	-
6,439,614	6,372,620	28,264	1,894,630	4,616,769
<u>171,099,702</u>	<u>156,498,492</u>	<u>143,000,862</u>	<u>156,678,477</u>	<u>160,408,716</u>
14,967,806	15,977,572	16,289,895	15,995,637	17,581,607
9,775,273	11,656,776	4,145,162	14,741,649	16,822,230
<u>24,743,079</u>	<u>27,634,348</u>	<u>20,435,057</u>	<u>30,737,286</u>	<u>34,403,837</u>
<u>\$ 195,842,781</u>	<u>\$ 184,132,840</u>	<u>\$ 163,435,919</u>	<u>\$ 187,415,763</u>	<u>\$ 194,812,553</u>
\$ 1,832,978	\$ 1,387,017	\$ 1,475,142	\$ 1,481,028	\$ 1,771,496
5,228,230	5,635,307	6,702,142	6,707,376	8,077,465
2,139,967	1,535,716	444,294	444,294	-
918,087	1,335,443	1,060,041	2,670,338	2,351,986
1,546,722	1,275,381	2,044,307	2,044,804	2,682,035
194,681	188,117	220,402	220,402	200,813
1,147,627	1,254,385	1,108,423	1,108,903	1,058,732
-	-	-	-	-
-	713,544	937,273	1,077,537	713,544
1,405,174	1,088,201	365,583	743,632	1,579,854
-	-	-	-	-
18,693,712	19,082,231	17,471,434	18,392,791	14,187,069
-	235,060	-	-	235,060
-	6,961	-	-	6,961
-	147,278	-	51,829	147,278
1,530,140	946,912	-	-	2,428,282
4,833	3,610	3,716	3,716	-

COUNTY OF BRUNSWICK, NORTH CAROLINA

Changes in Net Position
(accrual basis of accounting)
Last Ten Fiscal Years

	Fiscal Year				
	2004	2005	2006	2007	2008
Capital grants and contributions:					
General government	421,823	-	-	1,337	-
Public safety	272,142	-	-	-	-
Transportation	-	-	-	-	1,568,395
Cultural and recreation	-	3,556,280	-	100,000	(55,153)
Economic and physical development	1,781,872	-	1,626,521	-	574,128
Education	331,223	-	548,439	-	-
Total governmental activities program revenues	<u>27,379,669</u>	<u>30,701,041</u>	<u>31,070,737</u>	<u>32,639,397</u>	<u>33,629,670</u>
Business-type activities:					
Charges for services:					
Water	13,461,240	12,729,168	15,985,038	18,085,844	19,502,863
Wastewater	1,527,189	4,196,991	8,406,018	13,187,399	12,161,118
Capital grants and contributions:					
Water	1,708,819	1,206,673	4,058,527	3,056,007	9,101,531
Wastewater	2,531,517	1,318,004	4,355,512	7,963,239	9,994,682
Total business-type activities program revenues	<u>19,228,765</u>	<u>19,450,836</u>	<u>32,805,095</u>	<u>42,292,489</u>	<u>50,760,194</u>
Total primary government program revenues	<u>\$ 46,608,434</u>	<u>\$ 50,151,877</u>	<u>\$ 63,875,832</u>	<u>\$ 74,931,886</u>	<u>\$ 84,389,864</u>
Net (expense)/revenue					
Governmental activities	\$ (90,914,824)	\$ (90,474,083)	\$(102,976,427)	\$(107,066,111)	\$(142,109,085)
Business-type activities	<u>7,687,617</u>	<u>6,309,225</u>	<u>18,961,290</u>	<u>19,252,878</u>	<u>26,407,174</u>
Total primary government net (expense)/revenue	<u>\$ (83,227,207)</u>	<u>\$ (84,164,858)</u>	<u>\$ (84,015,137)</u>	<u>\$ (87,813,233)</u>	<u>\$(115,701,911)</u>
General Revenues and Other Changes in Net position					
Governmental activities:					
Ad Valorem taxes	\$ 67,717,315	\$ 73,327,947	\$ 78,767,616	\$ 84,223,342	\$ 97,218,426
Local option taxes	16,636,215	18,867,402	21,061,222	23,256,105	23,061,392
Other taxes	5,303,623	7,061,892	8,761,948	6,340,890	4,942,000
Unrestricted Grants and contributions	-	-	-	-	-
Investment earnings	921,742	1,832,774	4,199,756	5,200,749	5,155,748
Loss on disposal of capital assets	-	(10,909,492)	-	-	489,997
Transfers	4,291,705	(1,862,584)	(60,169)	451,795	(56,907)
Total governmental activities	<u>94,870,600</u>	<u>88,317,939</u>	<u>112,730,373</u>	<u>119,472,881</u>	<u>130,810,656</u>
Business-type activities:					
Investment earnings	183,113	758,787	1,295,870	1,718,088	2,084,847
Transfers	(4,291,705)	1,862,584	60,168	(451,795)	56,907
Total business-type activities	<u>(4,108,592)</u>	<u>2,621,371</u>	<u>1,356,038</u>	<u>1,266,293</u>	<u>2,141,754</u>
Total primary government	<u>\$ 90,762,008</u>	<u>\$ 90,939,310</u>	<u>\$ 114,086,411</u>	<u>\$ 120,739,174</u>	<u>\$ 132,952,410</u>

Continued on next page

Table 2 (Continued)

Fiscal Year				
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
-	-	-	-	-
-	-	-	-	28,309
2,362,035	3,400,594	2,881,715	3,127,909	1,998,505
713,193	-	-	-	-
416,223	-	-	-	-
-	189,138	727,475	727,475	1,386,898
<u>38,133,602</u>	<u>38,424,895</u>	<u>35,441,947</u>	<u>38,802,034</u>	<u>38,854,287</u>
18,692,965	17,591,342	20,233,912	20,024,998	20,622,239
10,914,375	12,044,395	17,332,864	18,192,801	41,665,426
4,890,763	3,448,505	2,026,810	1,135,642	1,339,740
13,980,711	10,217,775	1,995,448	3,066,745	1,181,493
<u>48,478,814</u>	<u>43,302,017</u>	<u>41,589,034</u>	<u>42,420,186</u>	<u>64,808,898</u>
<u>\$ 86,612,416</u>	<u>\$ 81,726,912</u>	<u>\$ 77,030,981</u>	<u>\$ 81,222,220</u>	<u>\$ 103,663,185</u>
\$(132,966,100)	\$(118,073,597)	\$(107,558,915)	\$(117,876,443)	\$(121,554,429)
<u>23,735,735</u>	<u>15,667,669</u>	<u>21,153,977</u>	<u>11,682,900</u>	<u>30,405,061</u>
<u>\$(109,230,365)</u>	<u>\$(102,405,928)</u>	<u>\$(86,404,938)</u>	<u>\$(106,193,543)</u>	<u>\$(91,149,368)</u>
\$ 101,088,129	\$ 101,876,707	\$ 106,878,322	\$ 106,878,322	\$ 109,152,892
19,741,137	15,061,747	14,871,122	15,996,708	16,941,795
3,054,525	3,249,224	3,161,359	3,163,720	3,484,388
-	-	-	-	-
2,210,940	713,501	305,543	305,536	168,330
-	-	-	-	-
-	(1)	(1)	-	-
<u>126,094,731</u>	<u>120,901,178</u>	<u>125,216,345</u>	<u>126,344,286</u>	<u>129,747,405</u>
1,405,789	354,975	128,414	127,494	83,874
-	-	-	-	-
<u>1,405,789</u>	<u>354,975</u>	<u>128,414</u>	<u>127,494</u>	<u>83,874</u>
<u>\$ 127,500,520</u>	<u>\$ 121,256,153</u>	<u>\$ 125,344,759</u>	<u>\$ 126,471,780</u>	<u>\$ 129,831,279</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

Changes in Net Position
(accrual basis of accounting)
 Last Ten Fiscal Years

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Change in Net Position					
Governmental activities	\$ 3,955,776	\$ (2,156,144)	\$ 9,753,946	\$ 12,406,770	\$ (11,298,429)
Business-type activities	<u>3,579,025</u>	<u>8,930,596</u>	<u>20,317,328</u>	<u>20,519,171</u>	<u>28,548,928</u>
Total primary government	<u>\$ 7,534,801</u>	<u>\$ 6,774,452</u>	<u>\$ 30,071,274</u>	<u>\$ 32,925,941</u>	<u>\$ 17,250,499</u>

Table 2 (Continued)

Fiscal Year				
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ (6,871,369)	\$ 2,827,581	\$ 17,657,430	\$ 8,467,843	\$ 8,192,976
<u>25,141,524</u>	<u>16,022,644</u>	<u>21,282,391</u>	<u>11,810,394</u>	<u>30,488,935</u>
<u>\$ 18,270,155</u>	<u>\$ 18,850,225</u>	<u>\$ 38,939,821</u>	<u>\$ 20,278,237</u>	<u>\$ 38,681,911</u>

Governmental Activities Tax Revenues By Source
 Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Video Programming Tax	Alcoholic Beverage Tax	Total
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
2007	84,422,322	23,256,105	212,941	-	241,782	108,133,150
2008	96,940,721	23,061,392	4,785	424,364	240,565	120,671,827
2009	98,948,961	19,741,137	6,768	451,989	244,224	119,393,079
2010	100,529,188	15,061,747	73,409	445,398	77,229	116,186,971
2011	100,346,765	14,291,687	-	436,749	248,907	115,324,108
2012	105,460,118	15,996,708	-	438,980	248,109	122,143,915
2013	108,945,817	16,941,795	-	426,533	234,872	126,549,017

Note: During FY 07-08, Franchise Fees were eliminated by the State and replaced by the Video Programming Tax.

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COUNTY OF BRUNSWICK, NORTH CAROLINA

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

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Reserved	\$ 10,054,303	\$ 15,960,256	\$ 11,427,160	\$ 9,238,373
Unreserved	44,440,752	37,742,809	50,219,523	55,277,531
Restricted	-	-	-	-
Assigned	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General fund	<u>\$ 54,495,055</u>	<u>\$ 53,703,065</u>	<u>\$ 61,646,683</u>	<u>\$ 64,515,904</u>
All Other Governmental Funds				
Reserved	\$ 2,105,354	\$ 1,090,505	\$ 1,551,160	\$ 17,026,010
Unreserved, reported in:				
Special revenue funds	18,645,959	22,173,785	11,323,483	14,984,776
Capital Project Funds, Designated for Subsequent years	26,812,610	23,406,310	26,794,098	584,112
Restricted in Special Revenue Funds	-	-	-	-
Restricted in Capital Project Funds	-	-	-	-
Committed in Capital Project Funds	-	-	-	-
Assigned in Special Revenue Funds	-	-	-	-
Unassigned in Special Revenue Funds	-	-	-	-
Total all other governmental funds	<u>\$ 47,563,923</u>	<u>\$ 46,670,600</u>	<u>\$ 39,668,741</u>	<u>\$ 32,594,898</u>

Table 4

Fiscal Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 10,255,753	\$ 7,460,930	\$ 7,125,195	\$ -	\$ -	\$ -
53,893,857	47,868,262	47,021,290	-	-	-
-	-	-	4,365,639	10,533,677	10,707,390
-	-	-	2,440,362	897,261	649,053
-	-	-	-	214,566	214,566
-	-	-	51,160,940	48,066,823	55,107,448
<u>\$ 64,149,610</u>	<u>\$ 55,329,192</u>	<u>\$ 54,146,485</u>	<u>\$ 57,966,941</u>	<u>\$ 59,712,327</u>	<u>\$ 66,678,457</u>
\$ 29,199,790	\$ 7,742,400	\$ 97,309	\$ -	\$ -	\$ -
14,553,588	19,527,193	16,571,212	-	-	-
584,112	14,170,398	10,277,992	-	-	-
-	-	-	1,401,061	2,168,093	1,703,515
-	-	-	2,276,871	1,647,557	377,491
-	-	-	23,513,880	22,678,928	21,750,674
-	-	-	43,183	-	-
-	-	-	(783,568)	(1,102,442)	(350,670)
<u>\$ 44,337,490</u>	<u>\$ 41,439,991</u>	<u>\$ 26,946,513</u>	<u>\$ 26,451,427</u>	<u>\$ 25,392,136</u>	<u>\$ 23,481,010</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues					
Ad Valorem taxes	\$ 68,478,690	\$ 74,520,219	\$ 79,137,087	\$ 84,422,322	\$ 96,940,721
Special assessments	81,718	123,739	64,430	-	-
Local option sales taxes	16,636,215	18,867,402	21,061,222	23,256,105	23,061,392
Other taxes and licenses	5,303,623	7,149,284	8,889,952	6,340,890	4,942,000
Unrestricted intergovernmental	239,433	244,257	251,627	265,782	701,489
Restricted intergovernmental	17,022,785	15,562,908	17,655,444	18,597,043	19,912,197
Permits and fees	5,654,018	6,279,187	7,550,776	7,591,795	4,127,984
Sales and services	3,367,844	4,045,435	4,921,912	5,217,986	8,379,989
Investment earnings	921,742	1,832,774	4,199,756	5,200,749	5,155,748
Other revenue	1,129,707	572,923	548,246	853,493	924,338
Total revenues	<u>118,835,775</u>	<u>129,198,128</u>	<u>144,280,452</u>	<u>151,746,165</u>	<u>164,145,858</u>
Expenditures					
General government	8,586,235	11,199,360	10,869,890	11,168,979	9,864,403
Public safety	15,906,193	19,068,489	20,976,344	23,070,557	27,575,360
Central services	9,219,309	10,022,451	12,348,752	11,276,503	11,867,248
Human services	19,444,080	21,478,307	24,451,543	26,466,751	28,631,664
Transportation	85,000	85,000	85,000	93,500	270,929
Environmental protection	9,563,180	9,932,288	10,163,812	11,069,839	12,522,556
Culture and recreation	3,375,151	3,256,502	4,339,985	4,363,027	5,558,766
Economic and physical development	5,823,286	5,678,048	5,765,438	6,802,351	6,947,615
Education	23,088,975	24,540,416	25,624,225	27,987,072	32,098,564
Capital Outlay	17,039,722	6,323,301	10,903,742	7,742,736	12,344,540
Intergovernmental expenditures	7,548,146	10,229,547	7,764,205	15,584,549	22,710,479
Debt Service:					
Principal retirement	5,451,171	6,609,797	6,372,162	6,697,377	7,975,512
Interest and fiscal charges	4,360,746	6,116,632	4,620,523	4,255,116	4,861,013
Total expenditures	<u>129,491,194</u>	<u>134,540,138</u>	<u>144,285,621</u>	<u>156,578,357</u>	<u>183,228,649</u>
Revenues over (under) expenditures	<u>(10,655,419)</u>	<u>(5,342,010)</u>	<u>(5,169)</u>	<u>(4,832,192)</u>	<u>(19,082,791)</u>
Other Financing Sources (Uses)					
Issuance of long-term debt	25,348,765	22,674,694	1,007,492	175,770	65,300,000
Premium on Bonds Issued	-	-	-	-	566,054
Discounts on Bonds Issued	-	-	-	-	-
Payment to escrow agent-refunded debt	(3,275,000)	(17,385,545)	-	-	-
Sale of capital assets	119,366	230,106	-	-	489,997
Transfer from other funds	20,162,719	24,449,183	34,901,277	24,969,412	21,600,857
Transfer to other funds	(15,871,016)	(26,311,766)	(34,961,447)	(24,517,617)	(21,657,764)
Total other financing sources (uses)	<u>26,484,834</u>	<u>3,656,672</u>	<u>947,322</u>	<u>627,565</u>	<u>66,299,144</u>
Net change in fund balances	<u>\$ 15,829,415</u>	<u>\$ (1,685,338)</u>	<u>\$ 942,153</u>	<u>\$ (4,204,627)</u>	<u>\$ 47,216,353</u>
Debt service as a percentage of noncapital expenditures	8.7%	9.9%	8.2%	7.4%	7.5%

Table 5

Fiscal Year				
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 98,948,961	\$ 100,529,188	\$ 100,346,765	\$ 105,460,118	\$ 108,945,817
-	-	-	-	-
19,741,137	15,061,747	14,291,687	15,996,708	16,941,795
3,054,525	3,249,224	3,130,245	3,163,720	3,484,388
735,680	549,711	1,536,541	1,658,455	1,133,188
24,167,893	24,368,907	22,912,749	23,406,593	22,164,613
3,389,913	3,261,887	2,940,408	3,231,061	3,316,555
8,133,848	7,559,876	7,263,926	7,416,017	9,275,461
2,210,940	712,175	403,061	295,910	159,171
1,750,675	972,567	5,602,806	1,407,154	1,627,789
<u>162,133,572</u>	<u>156,265,282</u>	<u>158,428,188</u>	<u>162,035,736</u>	<u>167,048,777</u>
9,826,801	9,613,675	9,302,160	9,676,687	10,215,740
30,369,412	29,332,960	30,056,729	32,251,931	32,451,639
12,100,908	11,699,222	10,697,137	12,371,883	11,664,103
28,070,006	26,668,707	25,077,211	25,924,881	25,051,483
256,739	280,466	261,930	344,699	373,450
13,326,293	12,455,131	13,087,467	13,519,057	13,420,533
4,033,904	3,831,067	3,860,796	3,882,693	3,654,807
6,479,048	6,699,963	6,827,513	6,305,436	6,419,770
35,390,424	34,451,976	32,951,548	35,488,626	36,675,154
14,918,421	10,416,650	4,453,015	3,980,519	4,998,600
38,863,518	11,495,398	2,371,301	4,016,191	2,886,725
9,616,456	10,041,528	10,099,775	9,949,167	9,910,000
6,439,614	8,162,795	5,367,812	6,487,455	6,492,027
<u>209,691,544</u>	<u>175,149,538</u>	<u>154,414,394</u>	<u>164,199,225</u>	<u>164,214,031</u>
<u>(47,557,972)</u>	<u>(18,884,256)</u>	<u>4,013,794</u>	<u>(2,163,489)</u>	<u>2,834,746</u>
-	24,715,000	-	45,795,000	16,620,000
-	1,790,175	-	4,789,688	1,875,258
-	-	-	(196,863)	-
-	(23,500,000)	-	(48,226,667)	(16,275,000)
-	202,895	-	-	-
17,059,900	9,653,933	5,437,904	2,491,595	4,003,845
<u>(17,059,900)</u>	<u>(9,653,933)</u>	<u>(5,437,904)</u>	<u>(2,491,595)</u>	<u>(4,003,845)</u>
-	3,208,070	-	2,161,158	2,220,258
<u>\$(47,557,972)</u>	<u>\$ (15,676,186)</u>	<u>\$ 4,013,794</u>	<u>\$ (2,331)</u>	<u>\$ 5,055,004</u>
8.2%	11.1%	10.3%	10.3%	10.3%

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 June 30	Real Property		Personal Property	
	Residential Property	Commercial Property	Motor Vehicles	Other
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
2007	10,898,562	2,315,751	899,654	1,698,714
2008	24,137,625	5,539,507	954,681	1,785,364
2009	25,171,023	6,030,188	933,239	1,958,369
2010	25,611,680	6,135,756	872,773	1,982,727
2011	25,956,004	6,088,445	877,835	1,813,228
2012	18,204,062	4,270,088	933,011	2,005,369
2013	18,317,595	4,296,720	989,099	1,885,322

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 January 2011. 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

<u>Less:</u> <u>Tax Exempt</u> <u>Real Property</u>	<u>Total Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Total</u> <u>Direct</u> <u>Tax</u> <u>Rate</u>	<u>Estimated</u> <u>Actual</u> <u>Taxable</u> <u>Value</u>	<u>Assessed</u> <u>Value as a</u> <u>Percentage of</u> <u>Actual Value</u>
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%
287,626	15,525,055	0.00540	24,840,088	62.50%
992,640	31,424,537	0.00305	31,649,247	99.29%
1,007,602	33,085,217	0.00305	33,736,328	98.07%
1,056,335	33,546,600	0.00305	32,911,410	101.93%
1,127,037	33,608,475	0.00305	29,587,530	113.59%
883,952	24,528,578	0.00425	25,217,002	97.27%
889,727	24,599,009	0.00425	23,857,055	103.11%

COUNTY OF BRUNSWICK, NORTH CAROLINA

Property Tax Rates-Direct and All Overlapping Governments (Per \$100 of Assessed Value) Last Ten Fiscal Years

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
County:				
Brunswick County-wide rate	\$ 0.4425	\$ 0.4425	\$ 0.3050	\$ 0.3050
Municipality Rates:				
Village of Bald Head Island	0.5910	0.5910	0.3275	0.2700
Village of Bald Head Island MSD Zone A (4)	0.6718	0.6718	0.3825	0.3100
Village of Bald Head Island MSD Zone B (4)	0.6416	0.6416	0.3625	0.2900
Town of Belville	0.0683	0.0683	0.0683	0.0911
City of Boiling Spring Lakes	0.1700	0.1700	0.1200	0.1200
Town of Bolivia	0.0500	0.0500	0.0500	0.0500
Town of Calabash	0.0875	0.0875	0.0700	0.0700
Town of Carolina Shores	0.1016	0.1016	0.0800	0.0800
Town of Caswell Beach	0.1700	0.1700	0.1300	0.1300
Town of Holden Beach	0.1270	0.1270	0.0690	0.0690
Town of Leland	0.1515	0.1515	0.1166	0.1166
Town of Navassa	0.2000	0.2000	0.2000	0.2000
City of Northwest	0.2100	0.2100	0.1900	0.1700
Town of Oak Island	0.2750	0.2750	0.1550	0.1400
Town of Ocean Isle Beach	0.1300	0.1300	0.0900	0.0900
Town of Sandy Creek	0.3000	0.3000	0.3000	0.3000
Town of Shallotte	0.3500	0.3500	0.2700	0.2700
Town of St. James Plantation	0.0500	0.0500	0.0500	0.0500
City of Southport	0.2456	0.2456	0.1800	0.1800
Town of Sunset Beach	0.1050	0.1050	0.0900	0.0900
Town of Varnamtown	0.0500	0.0500	0.0500	0.0500
Other Districts: (3)				
North Brunswick Sanitary District	na	na	na	na
Southeastern Brunswick Sanitary District	0.0000	0.0000	0.0000	0.0000
Smithville Township	0.0400	0.0400	0.0225	0.0225

Notes:

- (1) Property was revalued in January 2003, January 2007 and January 2011.
- (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, 2013.
The Smithville Township is a hospital district. The levy collected is specific for debt retirement and capital improvements.
- (4) Municipal Service Districts created to fund beach re-nourishment.

Source: Brunswick County Tax Department.

Table 7

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$	0.3050	\$ 0.3050	\$ 0.5400	\$ 0.5400	\$ 0.5400	\$ 0.5200
	0.2600	0.2600	0.4650	0.4650	0.4650	0.4650
	*	*	*	*	*	*
	*	*	*	*	*	*
	0.0911	0.0911	0.1500	0.1500	0.1500	0.1500
	0.1200	0.1200	0.2500	0.2500	0.2500	0.2500
	0.0500	0.0500	0.0600	0.0600	0.0600	0.0600
	0.0700	0.0700	0.1000	0.1000	0.1000	0.1000
	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
	0.1500	0.1500	0.2200	0.2100	0.2200	0.2100
	0.0690	0.0690	0.1800	0.1800	0.1800	0.1800
	0.1166	0.1166	0.1800	0.1800	0.1800	0.1800
	0.2000	0.2000	0.2700	0.2700	0.2700	0.2500
	0.1700	0.1500	0.2000	0.2000	0.2000	0.2000
	0.1400	0.1245	0.3300	0.3300	0.3500	0.3650
	0.0900	0.0800	0.1400	0.1400	0.1500	0.1600
	0.3000	0.3000	0.3500	0.3500	0.3500	0.3500
	0.2700	0.2700	0.3200	0.3200	0.2900	0.2900
	0.0500	0.0500	0.0500	0.0500	0.0500	0.0700
	0.1800	0.1500	0.2700	0.2700	0.3000	0.3300
	0.0900	0.1150	0.1450	0.1300	0.1300	0.1200
	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
	na	na	na	na	na	na
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	0.0225	0.0400	0.0400	0.0400	0.0400	0.0400

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2013			Fiscal Year 2004		
		2012 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2003 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy (formerly Progress Energy Carolinas, Inc.)	Utility	\$ 934,128,814	1	3.80%	\$ 864,758,916	1	8.09%
N. C. Eastern Municipal Power Agency	Chemicals	184,838,192	2	0.75%	132,520,368	3	1.24%
Brunswick Electric Membership Corp.	Utility	180,931,073	3	0.74%	181,963,869	2	1.70%
DAK of America, LLC	Utility	173,827,797	4	0.71%	103,480,622	4	0.97%
Archer Daniels Midland Company	Chemicals	131,391,864	5	0.53%	92,303,643	6	0.86%
Bald Head Island Ltd	Developer	128,132,881	6	0.52%	99,170,070	5	0.93%
Funston Land & Timber LLC	Timber	110,295,367	7	0.45%	n/a	n/a	n/a
Red Mountain Timberco LLC	Forestry	92,465,763	8	0.38%	n/a	n/a	n/a
Wal-Mart Real Estate Business Trust	Retail	85,631,412	9	0.35%	n/a	n/a	n/a
Andrew Bolnick Trustee	Developer	56,111,412	10	0.23%	n/a	n/a	n/a
Sea Trail Corporation	Developer	n/a	n/a	n/a	45,606,640	7	0.43%
Odell Williamson	Developer	n/a	n/a	n/a	42,308,290	8	0.40%
MAS Properties LLC	Developer	n/a	n/a	n/a	30,426,490	9	0.28%
Ocean Grand LLC	Developer	n/a	n/a	n/a	25,151,300	10	0.24%
Totals		<u>\$ 2,077,754,575</u>		8.45%	<u>\$ 1,617,690,208</u>		15.14%

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 Net Tax Levy	Collection Within Fiscal Year of Levy	Percent of Levy Collected	Collections in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2004	67,177,740	64,507,758	96.03%	2,554,569	67,062,327	99.8%	115,413	0.2%
2005	72,980,743	70,810,206	97.03%	2,052,990	72,863,196	99.8%	117,547	0.2%
2006	77,993,000	75,874,328	97.28%	1,965,717	77,840,045	99.8%	152,955	0.2%
2007	83,653,779	81,622,970	97.57%	1,831,375	83,454,345	99.8%	199,434	0.2%
2008	96,591,590	94,153,697	97.48%	2,205,066	96,358,763	99.8%	232,827	0.2%
2009	100,905,188	96,284,992	95.42%	4,098,772	100,383,764	99.5%	521,424	0.5%
2010	101,769,536	96,713,452	95.03%	3,853,419	100,566,871	98.8%	1,202,665	1.2%
2011	102,495,067	96,734,004	94.38%	3,593,453	100,327,457	97.9%	2,167,610	2.1%
2012	107,167,357	101,521,399	94.73%	2,558,658	104,080,057	97.1%	3,087,300	2.9%
2013	109,045,695	103,031,401	94.48%	-	103,031,401	94.5%	6,014,294	5.5%

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	Limited Obligation Bonded	Installment Loans
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
2007	73,080,454	19,755,000	983,650
2008	97,465,000	17,625,000	36,053,592
2009	91,020,000	16,355,000	34,152,136
2010	84,560,000	15,080,000	33,060,608
2011	77,850,000	13,685,000	31,065,833
2012	70,240,000	39,405,000	575,000
2013	63,915,000	36,240,000	500,000

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

- (1) State Data Center; projection as of June 30, 2013; annual estimates previous nine years
- (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
	Limited Obligation Bonded	Revenue Bonds	SRF Debt & Installment Loans			
36,016,424	-	-	1,945,689	144,988,142	7.9%	1,713
2,525,306	-	39,447,389	25,622,555	173,300,631	8.9%	1,947
1,754,648	-	32,779,319	36,502,809	171,377,487	7.8%	1,816
1,009,546	-	38,084,416	34,223,830	167,136,896	6.8%	1,696
295,000	-	89,757,733	32,468,604	273,664,929	8.8%	2,676
-	-	87,192,068	30,693,306	259,412,510	7.6%	2,465
4,342,000	-	84,523,497	44,131,981	265,698,086	7.9%	2,459
4,285,000	-	107,100,902	43,925,518	277,912,253	8.0%	2,523
3,790,000	-	102,529,141	50,565,728	267,104,869	7.3%	2,380
3,760,000	-	97,936,222	52,895,869	255,247,091	n/a	2,222

**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
2004	12,907,410	85,295,000	4,476,425	80,818,575	0.6%	84,653	954.70
2005	13,567,699	84,010,000	2,525,306	81,484,694	0.6%	89,009	915.47
2006	14,490,211	79,045,000	1,754,648	77,290,352	0.5%	94,350	819.19
2007	15,525,054	74,090,000	1,009,546	73,080,454	0.5%	98,557	741.50
2008	31,424,537	97,760,000	295,000	97,465,000	0.3%	102,275	952.97
2009	33,085,217	91,020,000	-	91,020,000	0.3%	105,226	865.00
2010	33,546,600	88,902,000	4,342,000	84,560,000	0.3%	108,071	782.45
2011	33,608,476	82,135,000	4,285,000	77,850,000	0.2%	110,140	706.83
2012	24,279,583	74,030,000	3,790,000	70,240,000	0.3%	112,210	625.97
2013	24,598,580	67,675,000	3,760,000	63,915,000	0.3%	114,882	556.35

Notes:

(1) State Data Center; projection as of June 30, 2013; annual estimates previous nine years

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 12

Direct and Underlying Governmental Activities Debt
 General Obligation Bonds
 June 30, 2013

	General Obligation Bonded Debt	Percent Applicable To County	Amount Applicable To County
Direct:			
Brunswick County	\$ 67,675,000	100%	\$ 67,675,000
Underlying Debt:			
Village of Bald Head Island	6,135,546	100%	6,135,546
City of Navassa	-	100%	-
City of Northwest	607,000	100%	607,000
Town of Sandy Creek	268,000	100%	268,000
City of Southport	13,500	100%	13,500
Smithville Township	8,220,000	100%	8,220,000
Southeast Brunswick Sanitary District	965,000	100%	965,000
Total Underlying Debt	<u>16,209,046</u>		<u>16,209,046</u>
 Total Direct and Underlying Debt	 <u>\$ 83,884,046</u>		 <u>\$ 83,884,046</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 Brunswick County. 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

	<u>Fiscal Year</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 1,032,592,800	\$ 1,085,415,887	\$ 1,159,216,908	\$ 1,242,004,397
Total net debt applicable to limit	<u>107,026,029</u>	<u>105,705,381</u>	<u>99,155,352</u>	<u>94,828,650</u>
Legal margin	<u>\$ 925,566,771</u>	<u>\$ 979,710,506</u>	<u>\$ 1,060,061,556</u>	<u>\$ 1,147,175,747</u>
Total net debt applicable to the limit as a percentage of debt limit	10.4%	9.7%	8.6%	7.6%

Table 13

Fiscal Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$2,513,962,929	\$ 2,646,817,341	\$2,683,728,040	\$2,688,678,046	\$1,942,366,601	\$ 1,967,886,412
<u>151,143,592</u>	<u>141,527,136</u>	<u>137,042,608</u>	<u>126,885,833</u>	<u>114,010,000</u>	<u>104,415,000</u>
<u>\$2,362,819,337</u>	<u>\$ 2,505,290,205</u>	<u>\$2,546,685,432</u>	<u>\$2,561,792,213</u>	<u>\$1,828,356,601</u>	<u>\$ 1,863,471,412</u>
6.0%	5.3%	5.1%	4.7%	5.9%	5.3%

Calculation of Legal Debt Margin for Fiscal Year 2013:

Assessed value of taxable property	\$24,598,580,150
	<u>x 0.08</u>
Debt limit- 8 percent of assessed value	1,967,886,412
Gross debt:	
Total bonded debt	165,611,222
Total limited obligation bonds	36,240,000
Total installment purchases	<u>53,395,869</u>
Gross debt	255,247,091
Less: Water and wastewater revenue bonds & installment purchases	<u>150,832,091</u>
Total amount of debt applicable to debt limit (net debt)	<u>104,415,000</u>
Legal debt margin	<u>\$ 1,863,471,412</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.

Pledged-Revenue Coverage
Last Ten Fiscal Years

Net Coverage:

<u>Fiscal Year Ended June 30</u>	<u>Enterprise Funds</u>			<u>All Enterprise Fund Debt Service</u>			<u>Enterprise Fund Parity Debt Service</u>			<u>Net Coverage</u>	
	<u>Operating Revenue Plus Interest</u>	<u>Operating Expenses Excluding OPEB (Net of Depreciation)</u>		<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>		<u>Total</u>
		<u>Revenue</u>	<u>Plus</u>								
2004	15,171,542	8,880,099	6,291,443	2,980,475	356,550	3,337,025	-	-	-	1.89	
2005	17,684,946	9,656,725	8,028,221	2,376,969	1,405,014	3,781,983	217,611	285,617	503,228	2.12	
2006	25,686,926	10,054,792	15,632,134	1,457,752	2,833,230	4,290,982	273,069	1,871,606	2,144,675	3.64	
2007	32,991,331	15,095,168	17,896,163	3,557,232	2,951,486	6,508,718	1,089,903	1,859,771	2,949,674	2.75	
2008	33,748,828	15,774,804	17,974,024	3,553,881	2,657,871	6,211,752	1,126,683	1,823,841	2,950,524	2.89	
2009	31,013,129	15,775,304	15,237,825	4,635,963	2,530,870	7,166,833	2,565,666	1,782,885	4,348,551	2.13	
2010	29,990,712	17,063,506	12,927,206	4,644,997	4,017,764	8,662,761	2,668,571	3,306,116	5,974,687	1.49	
2011	41,543,785	16,909,934	24,633,851	5,057,980	5,459,336	10,517,316	3,232,594	4,618,438	7,851,032	2.34	
2012	38,345,293	17,030,681	21,314,612	6,571,550	8,601,653	15,173,203	4,683,761	7,852,928	12,536,689	1.40	
2013	62,371,539	18,210,821	44,160,718	8,620,528	6,148,351	14,768,879	6,255,074	5,444,209	11,699,283	2.99	

Required Coverage:

<u>Fiscal Year Ended June 30</u>	<u>Net Available Revenue</u>	<u>20% Unrestricted Net position</u>	<u>Total Debt Service</u>	<u>Parity Debt Service</u>	<u>20% Parity Debt Service</u>	<u>Coverage</u>	
						<u>100% Parity</u>	<u>120% Parity</u>
2006	\$ 15,632,134	\$ 4,431,840	\$ 4,290,982	\$ 2,144,675	\$ 428,935	3.64	4.25
2007	17,896,163	4,771,794	6,508,718	2,949,674	589,935	2.75	3.19
2008	17,974,024	6,834,562	6,211,752	2,950,524	590,105	2.89	3.65
2009	15,237,825	5,427,576	7,166,833	4,348,551	869,710	2.13	2.57
2010	12,927,206	4,452,242	8,662,761	5,974,687	1,194,937	1.49	1.76
2011	24,633,851	6,347,304	10,517,316	7,851,032	1,570,206	2.34	2.56
2012	21,314,612	7,062,297	15,173,203	12,536,689	2,507,338	1.40	1.60
2013	44,160,718	10,767,443	14,768,879	12,127,116	2,425,423	2.99	3.19

Notes:

- (1) Water and Wastewater Revenues include investment earnings.
- (2) Operating expenses are exclusive of OPEB and net of depreciation and interest expense.
- (3) All water and wastewater debt service includes interest and principal of General Obligation Bonds, Revenue Bonds, State loans and other installment debt.

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
2004	84,653	1,829,637	21,613	43.6	10,528	6.4%
2005	89,009	1,942,639	21,825	43.9	10,789	5.0%
2006	94,350	2,195,457	23,269	44.1	11,133	4.1%
2007	98,557	2,440,703	24,764	44.7	11,505	4.7%
2008	102,275	3,101,372	30,324	45.0	11,599	6.1%
2009	105,226	3,394,034	32,255	47.7	11,841	11.0%
2010	108,071	3,347,269	30,973	47.7	11,739	10.2%
2011	110,140	3,482,031	31,615	48.0	11,899	10.3%
2012	112,210	3,674,444	32,746	48.4	11,957	10.8%
2013	114,882	not available	not available	48.8	12,125	9.8%

Notes:

- (1) State Data Center; projection as of June 30, 2013; annual estimates previous nine years
- (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

Principal Employers

Current Year and Nine Years Ago

Name of Employer	Type of Business	Fiscal Year 2013			Fiscal Year 2004		
		Employees	Rank	% Total County Employment	Employees	Rank	% Total County Employment
Brunswick County Board of Education	Education	1,933	1	3.77%	1,600	1	4.07%
County of Brunswick	Local Government	1,019	2	1.99%	900	3	2.29%
Wal-Mart Associates Inc.	Retail Chain	883	3	1.72%	n/a	n/a	n/a
Duke Energy (Formerly Progress Energy)	Utility	865	4	1.69%	1,050	2	2.67%
Brunswick Community College	Education	517	9	1.01%	n/a	n/a	n/a
Brunswick Novant Medical	Medical Care Facility	500	6	0.98%	300	5	0.76%
Food Lion LLC	Grocery Chain	455	5	0.89%	n/a	n/a	n/a
DAK Americas	Dacron Polyester Fiber	365	7	0.71%	750	4	1.91%
Dosher Memorial Hospital	Medical Care Facility	364	8	0.71%	260	7	0.66%
Liberty Healthcare Group	Trade/Transportation	285	10	0.56%	n/a	n/a	n/a
Sunny Point Military Terminal	Military	n/a	n/a	n/a	225	9	0.57%
Rampage	Yacht Manufacture	n/a	n/a	n/a	275	6	0.70%
Victaulic Company of America	Pipe Fittings & Seals	n/a	n/a	n/a	250	8	0.64%
Archer Daniels Midland Company	Citric Acid	n/a	n/a	n/a	150	10	0
Totals		<u>7,186</u>		<u>14.03%</u>	<u>5,760</u>		<u>14.64%</u>

Source: NC Employment Security Commission; total county employment

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

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Function:										
General government	84	87	98	105.5	111.5	110.5	106.5	104.5	100.5	95.5
Public safety	201	221	224	275	340	340	340	336	338	339
Central services	80	79	83	88	94	94	93	91	90	78
Human services	253	234	264	244	253	244	232	230	220	218
Environmental protection	9	10	12	10	9	9	9	8	8	8
Cultural and recreation	39	44	45	45	46	46	46	42	39	39
Economic and physical development	42	33	30	37	41	41	37	34	32	32
Utilities	66	78	86	98.5	109.5	109.5	116.5	115.5	117.5	118.5
Total	<u>774</u>	<u>786</u>	<u>842</u>	<u>903</u>	<u>1,004</u>	<u>994</u>	<u>980</u>	<u>961</u>	<u>945</u>	<u>928</u>

Source: County Finance Department

Note: This schedule represents the number of approved permanent FTE's as of June 30, 2013.

Operating Indicators by Function/Program
Last Nine Fiscal Years

	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government									
Number of registered voters	58,222	61,942	65,711	69,930	74,096	75,815	77,204	79,635	81,954
Number of marriage licenses issued	752	901	975	847	824	875	927	1,014	864
Number of tax bills issued	n/a	n/a	n/a	n/a	258,911	258,839	261,533	260,676	252,480
Law enforcement:									
Civil papers issued	9,278	9,025	7,761	9,312	9,921	17,570	11,552	9,040	8,863
Offenses reported	10,026	9,977	8,956	10,070	10,663	15,054	21,630	15,315	5,476
Uniform mileage	1,501,832	1,801,864	2,092,423	2,159,680	2,526,651	2,295,431	2,227,127	2,411,854	2,131,207
Emergency Services:									
Fire Protection:									
Number of calls answered	7,018	7,893	8,879	9,323	9,742	10,168	10,879	10,761	12,364
Number of inspections conducted	1,224	1,272	1,424	1,310	1,482	1,024	951	854	1,009
Emergency Medical Services:									
Number of calls answered	10,049	12,053	13,175	13,371	13,367	13,503	13,595	14,489	17,214
Number of transports	4,389	6,202	7,185	8,212	7,859	8,049	8,068	8,678	11,269
Code enforcement/building permits:									
Number of code violations	119	199	181	126	414	418	423	421	1,124
Number of building permits:									
Single-family	3,268	3,905	2,841	1,722	974	1,050	916	1,038	1,517
Commercial	280	410	516	463	365	260	340	438	226
Culture and Recreation:									
Number of athletic fields rented	60	75	71	8	30	34	115	85	61
Youth recreation:									
Certified coaches	665	695	705	1,001	161	242	245	199	205
Sports teams	46	49	61	62	69	81	98	100	103
Participants	675	735	975	981	2,119	2,225	2,466	3,306	3,330
Adult recreation:									
Sports teams	41	45	49	53	86	48	63	57	55
Participants	640	700	790	800	1,700	1,886	1,744	3,678	3,700
Fitness program participants	1,195	1,250	1,475	1,525	4,153	1,165	1,500	2,141	2,201
Library system total circulation	414,963	439,838	479,509	501,047	549,929	555,614	537,085	541,305	547,559
Solid waste:									
Waste received (tons per 1,000 population)	1,995	2,078	1,654	1,337	1,147	1,200	1,106	980	864
Ratio of recyclable to total waste received	5.4%	6.2%	5.5%	5.0%	4.8%	4.6%	5.9%	6.8%	8.0%
Public Utilities:									
Water customers	19,949	22,412	28,270	29,955	30,675	33,215	33,770	34,394	34,984
Water average daily treatment (in gallons)	12,350,000	12,910,000	13,750,000	13,640,000	13,572,000	12,821,890	13,487,920	13,545,000	13,385,000
Wastewater customers	5,017	6,241	7,565	8,378	8,622	9,125	9,647	10,475	12,142
Wastewater average daily treatment (in gallons)	1,210,000	1,322,000	2,080,000	2,253,000	2,584,000	2,644,752	3,146,983	3,504,000	4,250,000
Education:									
Number of teachers	727	731	752	756	788	812	742	758	822
Number of students	10,789	11,133	11,505	11,599	11,841	11,739	11,899	11,957	12,125
Number of charter students	277	340	396	443	483	563	636	688	725

Sources: Various government departments.

Note: Data not collected prior to 2005

Capital Asset Statistics by Function/Program
Last Nine Fiscal Years

	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Law enforcement:									
Sheriff stations	13	13	13	13	14	15	15	15	15
Deputy patrol units	30	33	44	47	51	51	51	51	51
Detention center capacity	196	196	196	440	440	440	440	440	440
Emergency services:									
Rescue stations	14	8	8	9	9	9	9	9	9
EMS vehicles	27	12	12	13	13	13	13	13	15
Culture and recreational:									
Community centers	7	7	7	7	7	7	7	7	7
Parks	10	11	11	12	13	13	13	13	13
Libraries (branches)	5	5	5	5	5	5	5	5	5
Public Utilities:									
Miles of water mains	570.00	642	727	795	839	919	949	969	980
Maximum daily water capacity (in gallons)	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Miles of wastewater mains	90.3	238	299	360	403	473	500	539	559
Maximum daily wastewater capacity (in gallons)	3,050,000	4,650,000	6,115,000	6,115,000	6,115,000	9,080,000	9,180,000	9,080,000	10,130,000
(1) Education:									
Number of schools	16	16	17	17	17	19	19	19	19
Number of charter schools	1	1	1	1	1	1	1	1	1
Community colleges	1	1	1	1	1	1	1	1	1

Sources: Various government departments.

Note: Data not collected prior to 2005

(1) Education capital assets are owned by the Board of Education, Charter School and Community College with the exception of Town Creek Elementary and Cedar Grove Middle Schools which are owned and capitalized by the county.

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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

Independent Auditor's Report

Board of Commissioners
Brunswick County
Bolivia, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County, North Carolina, as of and for the year ended June 30, 2013, and the related Notes to the Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 22, 2013. The financial statements of the Brunswick Economic Development Commission and the Brunswick County Board of Alcoholic Control were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brunswick County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brunswick County's internal control. Accordingly, we do not express an opinion on the effectiveness of Brunswick County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brunswick County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 instance of non-compliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, NC
October 22, 2013

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

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

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In accordance With OMB Circular A-133; And The State Single Audit Implementation Act

Independent Auditor's Report

Board of Commissioners
Brunswick County
Bolivia, North Carolina

Report On Compliance for Each Major Federal Program

We have audited Brunswick County's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Brunswick County's major Federal programs for the year ended June 30, 2013. Brunswick County's major Federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Brunswick County's major Federal programs based on our audit of the types of compliance requirements referred to above. 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 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 non-compliance 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 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 on compliance for each major Federal program. However, our audit does not provide a legal determination of Brunswick County's compliance.

Opinion On Each Major Federal Program

In our opinion, Brunswick County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013.

Report On Internal Control Over Compliance

Management of Brunswick County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Brunswick County's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Brunswick County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 22, 2013

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

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Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In accordance With OMB Circular A-133; And The State Single Audit Implementation Act

Independent Auditor's Report

Board of Commissioners
Brunswick County
Bolvia, North Carolina

Report On Compliance for Each Major State Program

We have audited Brunswick County's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Brunswick County's major State programs for the year ended June 30, 2013. Brunswick County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Brunswick County's major State programs based on our audit of the types of compliance requirements referred to above. 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 in 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 non-compliance 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 on compliance for each major State program. However, our audit does not provide a legal determination of Brunswick County's compliance.

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Opinion On Each Major State Program

In our opinion, Brunswick County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

Report On Internal Control Over Compliance

Management of Brunswick County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Brunswick County's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Brunswick County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 22, 2013

BRUNSWICK COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control over major Federal programs:	
• Material weakness (es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of major Federal programs:

<u>Federal Program</u>	<u>CFDA Number</u>
Medicaid Cluster	93.778, 93.777, 93.775, 93.720
Child Care Development Fund Cluster	93.575, 93.596
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$2,773,886</u>
Auditee qualified as low-risk auditee?	No

BRUNSWICK COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

- Material weakness (es) identified? No
- Significant deficiency(s) identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major federal programs Unmodified

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

Identification of major State programs:

- State Aid to Airports
- Medicaid Cluster
- Subsidized Child Care Cluster

BRUNSWICK COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

2. Financial Statements Findings

None reported

3. Federal Award Findings, Responses, and Questioned Costs

None reported

4. State Award Findings, Responses, and Questioned Costs

None reported

BRUNSWICK COUNTY, NORTH CAROLINA
SUMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

None

COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures
Federal Awards:				
<u>U.S. Department of Agriculture</u>				
Rural Development Housing Preservation Grant	10.433	2012	\$ 55,260	\$ -
Passed-through N.C. Department of Health and Human Services:				
Division of Social Services:				
<u>SNAP Cluster</u>				
Supplemental Nutrition Assistance Program Administration	10.561		656,008	
Supplemental Nutrition Assistance Program E&T & Depend	10.561		13	
Supplemental Nutrition Assistance Fraud Administration	10.561		32,266	-
Total SNAP Cluster:			688,287	-
Division of Public Health				
Administration:				
Special Supplement Nutrition Program for Women, Infants and Children	10.557		484,894	-
Direct Benefit Payments:				
Special Supplemental Food Program for Women, Infants and Children	10.557		1,923,878	-
Forest Service Schools and Road Cluster				
Schools and Roads - Grants to Counties	10.666		10,757	-
Total Forest Service Schools and Road Cluster			10,757	-
Total U.S. Department of Agriculture			3,163,076	-
<u>Department of Interior</u>				
Bureau of Land Management				
Payment in Lieu of Taxes	15.226		3,627	-
<u>U.S. Department of Health and Human Services</u>				
<u>Administration on Aging</u>				
Passed-through Cape Fear Council of Governments				
Passed-through Brunswick Senior Resources				
<u>Aging Cluster</u>				
Home and Community Care Block Grant	93.044		300,093	-
Total Aging Cluster			300,093	-
<u>Administration for Children and Families</u>				
Passed-through the N.C. Department of Health and Human Services:				
Division of Social Services				
Physical Activity and Obesity FFP 80%	93.548		19,634	-
<u>Temporary Assistance for Needy Families (TANF) Cluster</u>				
Temporary Assistance for Needy Families (TANF)	93.558		6,617	-
Work First Administration	93.558		103,050	-
Work First Service	93.558		553,144	-
Special Children Adoption-Direct Benefit Payments	93.558		30,000	-
Tanf Payments and Penalties-Direct Benefit Payments	93.558		551,280	(81)
Total TANF Cluster			1,244,091	(81)
Division of Social Services				
Family Preservation	93.556		6,246	-
IV-D Administration	93.563		956,728	-
Low Income Home Energy Assistance	93.568		249,023	-
Low Income Energy Administration	93.568		75,351	-
Crisis Intervention Payments	93.568		561,962	-
Permanency Planning-Special	93.645		40,743	1,698
Social Services Block Grant	93.667		-	500
SSBG Other Services and Training	93.667		184,549	19,561
In-Home Services over 60	93.667		6,009	-
In-Home Services	93.667		1,800	-
Links	93.674		9,484	2,371

COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures
Federal Awards:				
<u>Foster Care and Adoption Cluster: (Note 4)</u>				
Administration				
IV-E Adoption	93.659		5,202	17,624
IV-E Adoption Training	93.659		3,201	
IV-E Adoption/Off Training	93.659		10,635	
IV-E Optional Adoption Training	93.659		19,076	-
IV-E Admin Foster Care	93.658		715	
IV-E Child Protective Services	93.658		143,522	48,947
IV-E Foster Care Training	93.658		5,655	
IV-E Foster Care/Off Training	93.658		346,272	-
Direct Benefit Payments				
IV-E Adoption Subsidy and Vendor Payment	93.659		664,884	176,593
Retro Adoption and Vendor Payment	93.659		-	(706)
IV-E Administration County Paid to CCI	93.658		156,297	78,148
IV-E Family Foster Care	93.658		1,717	-
IV-E Foster Care	93.658		228,331	60,246
IV-E Foster Care In Excess	93.658		5,137	1,354
IV-E Max Level III	93.658		9,540	-
Foster Care	93.658		77,610	20,909
Total Foster Care and Adoption Cluster			1,677,794	403,115
Direct Benefit Payments				
Independent Living Transitional	93.674		5,257	-
AFDC Unemployed Parents	93.560		(48)	(13)
<u>Administration of Children and Families</u>				
Passed-through the N.C. Department of Health and Human Services				
<u>Subsidized Child Care (Note 4)</u>				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services				
Child Care Development Fund-Administration	93.596		161,027	-
Division of Child Development				
Child Care and Development Fund – Discretionary	93.575		1,202,715	-
Child Care and Development Fund – Mandatory	93.596		527,054	-
Child Care and Development Fund – Match	93.596		576,862	221,176
Total Child Care Fund Cluster			2,467,658	221,176
Temporary Assistance for Needy Families	93.558		698,802	-
Social Security Block Grant	93.667		5,939	-
Foster Care Title IV-E	93.658		28,464	13,595
Smart Start			-	57,934
State Appropriations			-	169,307
TANF-MOE			-	340,310
Total Subsidized Child Care Cluster			3,200,863	802,322
<u>Centers for Medicare and Medicaid Services</u>				
Passed-through the N.C. Department of Health and Human Services				
Division of Medical Assistance				
<u>Medicaid Cluster:</u>				
Administration:				
Adult Care Home Case Management Special	93.778		34,521	10,019
Medical Assistance Expansion	93.778		17,863	17,863
Medical Assistance Administration	93.778		1,122,871	-
Medical Transportation Administration	93.778		132,252	-
Medical Transportation Service	93.778		15,941	8,670
Direct Benefit Payments				
Title XIX – Medicaid	93.778		72,643,867	40,285,173
Total Medicaid Cluster			73,967,315	40,321,725
Children's Health Insurance Program-N.C. Health Choice	93.767		62,976	4,045
<u>Centers for Disease Control and Prevention</u>				
Passed-through the N.C. Department of Health and Human Services				
Division of Public Health				
Immunization Grants	93.268		17,485	-

COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures
Federal Awards:				
Public Health Emergency Preparedness	93.069		55,094	-
Prevention Investigations and Technical Assistance PPHF 2012: Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories solely financed by 2012 Prevention and Public Health Funds	93.283		2,994	-
Comprehensive Breast and Cervical Cancer Early Detection Program	93.744		3,000	-
Statewide Health and Promotion Program	93.919		34,701	29,070
	93.991		9,417	-
Health Resources and Service Administration				
Passed-through N.C. Department of Health and Human Services HRSA-Health Care and Other Facilities Division of Public Health	93.887	C76HF20343	247,500	-
State Health Access Program	93.256		4,399	-
Maternal and Child Health Services Block Grant	93.994		105,359	79,029
Office of Population Affairs				
Passed-through N.C. Department of Health and Human Services Division of Public Health Family Planning Services	93.217		34,911	-
Total U.S. Department of Health and Human Services			<u>83,084,730</u>	<u>41,663,342</u>
U.S. Department of Housing and Urban Development				
<u>Housing Voucher Cluster</u>				
Administration				
Housing Choice Voucher Program	14.871		197,880	-
Direct Benefits				
Housing Choice Voucher Program	14.871		2,107,860	-
Total Housing Voucher Cluster			<u>2,305,740</u>	-
Passed-through North Carolina Housing Finance Agency Home Investment Partnerships Program-SFR 2011	14.239	2011 Single Family Rehab	70,321	-
Passed-through North Carolina Department of Commerce <u>CDBG-State Administered CDBG Cluster</u>				
CDBG-2011 Infrastructure-Water Hookup	14.228	B-10-DC-37-0001	22,512	-
Total CDBG-State Administered CDBG Cluster			<u>22,512</u>	-
Total U.S. Department of Housing and Urban Development			<u>2,398,573</u>	-
U.S. Department of Justice				
State Criminal Alien Assistance Program	16.606	SCAAP	11,507	-
<u>JAG Program Cluster</u>				
ARRA FY2009 Edward Byrne Memorial JAG Program Passed-through N.C. Department of Public Safety Passed-through Governor's Crime Commission	16.738	2009-DJ-BX-1088	7,905	-
Edward Byrne Memorial JAG Program-Brunswick SOAR Passed-through N.C. Department of Public Safety Passed-through Dept. of Juvenile Justice and Delinquency Prevention	16.738	2012-DJ-BX-0640	7,741	-
ARRA Gang Awareness & Education JAG Program	16.803	610651	500	-
Total JAG Program Cluster			<u>16,146</u>	-
Passed-through Governor's Crime Commission ARRA STOP Violence against Women-Filling the Gap	16.588	010-1-08-3VA-AW-344	23,743	-
Total U.S. Department of Justice			<u>51,396</u>	-
U.S. Department of Homeland Security				
Passed-through N.C. Department of Public Safety:				
Division of Emergency Management				
Hazard Mitigation Grant	97.039	HMPG-DR-1801-0006	20,817	6,939
Emergency Management Performance Grant	97.042	2012 EMPG	17,500	17,500
Emergency Management Performance Grant	97.042	2012 EMPG Supplemental	7,439	7,439
Homeland Security Grant Program	97.067	2010-SS-T0-0075-1167	36,513	-
2009 Port Security Grant Program-Helicopter FLIR	97.056	2009-PU-T9-K038-7002	217,016	-
2009 Port Security Grant Program-K9 Unit	97.056	2009-PU-T9-K038-7003	41,475	-
2009 Port Security Grant Program-HLS Transfer Project	97.056	2009-PU-T9-K038-7004	236,250	-
2009 Port Security Grant Program-SRT Unit	97.056	2009-PU-T9-K038-7005	50,694	-
2009 Port Security Grant Program-Wilmington Port	97.056	2009-PU-T9-K038-7012	15,000	-
2009 Port Security Grant Program-800 MHz Radios	97.056	2009-PU-T9-K038-7016	187,644	-
Total U.S. Department of Homeland Security			<u>830,348</u>	<u>31,878</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures
Federal Awards:				
<u>Department of Transportation</u>				
Passed-through N.C. Department of Transportation				
<u>Highway Safety Cluster</u>				
GHSP-Highway Safety Project	20.601	K8-2012-02-36	59,216	-
GHSP-Highway Safety Project	20.601	K2-2013-07-05	53,757	-
Total Highway Safety Cluster			112,973	-
Passed-through N.C. Department of Transportation				
Parallel Taxiway Land Acquisition	20.106	36237.45.10.4	7,596	-
Design and Bid Parallel Runway	20.106	36237.45.13.1	136,907	-
Construction Parallel Runway	20.106	36237.45.13.2	1,576,502	-
Howie Franklin Field	20.106	36237.45.14.1	4,236	-
Passed-through N.C. Department of Environment And Natural Resources:				
<u>Highway Planning and Constuction Cluster</u>				
Recreation Trails Grant-Brunswick Nature Park	20.219	3384	75,000	-
Total Highway Planning and Construction Cluster			75,000	-
Total U.S. Department of Transportation			1,913,214	-
U.S. Environmental Protection Agency				
Passed-through N.C. Department of Environment and Natural Resources				
<u>ARRA-Capitalization Grant for Clean Water</u>				
State Revolving Funds (note 5)	66.458	2W370811-04	830,924	-
Total U.S. Environmental Protection Agency			830,924	-
<u>U.S. Department of Defense-Army Corps of Engineers</u>				
Mosquito Control Project (AIWW Contract)	12.107	W912PM-11-P-0042	65,536	-
Mosquito Control Project (AIWW Contract)	12.107	W912PM-11-P-0047	121,445	-
Total U.S. Department of Defense			186,981	-
Total Federal Assistance			92,462,869	41,695,220
State Grants:				
<u>N.C. Department of Administration</u>				
Veterans Service		FY2012-2013	-	1,452
<u>N.C. Rural Economic Development Center, Inc.</u>				
Building Reuse & Restoration Program-Inpatient Hospice Care Center		2011-169-60701-107	-	72,000
<u>N.C. Housing Trust Fund</u>				
Passed thru N.C. Housing Finance Agency				
Urgent Repair Grant		2011 Urgent Repair	-	37,500
Urgent Repair Grant		2012 Urgent Repair	-	37,500
<u>N.C. Department of Health and Human Services</u>				
Division of Social Services				
Administration				
Energy Assist Private Grants			-	49,299
State County Special Assistance for Adults			-	-
Direct Benefit Payments			-	14,016
CWS Adopt Subsidy & Vendor			-	237,576
FC At Risk Maximization			-	5,382
SC/SA Domiciliary Care			-	446,140
SFHF Maximization			-	77,580
State Foster Home			-	81,224
Division of Public Health				
Food and Lodging Fees			-	16,165
Environmental Health			-	4,000
Mosquito-Public Health Pesticide			-	26,584
General Aid to Counties			-	90,230
General Communicable Disease Control			-	13,292
Risk Reduction/Health Promotion			-	6,827
ESMM Community Grant			-	19,950
Women's Health Service Fund			-	10,840
Tuberculosis			-	3,066
TB Medical Services			-	1,529
School Nurse Funding Initiative			-	150,000
Healthy Communities			-	2,839
Total N.C. Department of Health and Human Services			-	1,256,539

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures
State Grants:				
<u>N.C. Department of Environment and Natural Resources</u>				
Soil and Water Technical Assistance			-	26,675
Soil and Water - State Aid			-	3,600
Recycling Grant		4094	-	640
Scrap Tire Site Clean-Up			-	162,271
White Goods Disposal			-	53,390
Electronics Management Program Reimbursement			-	6,321
Total N.C. Department of Environment and Natural Resources			-	252,897
<u>N.C. Department of Public Safety</u>				
Juvenile Crime Prevention Council Programs			-	176,737
<u>N.C. Dept. of Public Instruction</u>				
Public School Building Capital Fund (Lottery)			-	1,376,141
STATE GRANTS: (Continued)				
<u>N.C. Department of Transportation</u>				
Rural Operating Assistance Program (EDTAP)			-	92,390
Rural Operating Assistance Program (RGP)			-	106,874
Work First Program			-	35,796
Navassa VFD Construction of Driveway on SR 1453			-	15,000
State to Airports Project				
State Aid-Aircraft Apron Expansion, Access Road and Taxiways		36244.58.5.1	-	199,355
State Aid-Runway Extension		36244.58.6.1	-	266,216
State Aid-Multi-purpose Operational Safety Building		36244.58.7.1	-	53,889
Total N.C. Department of Transportation			-	769,520
<u>N.C. Department of Cultural Resources</u>				
Division of State Library				
Aid to Public Libraries			-	124,107
Total N.C. Department of Cultural Resources			-	124,107
Total State Assistance			-	4,104,393
Total Assistance			\$ 92,462,869	\$ 45,799,613

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures
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Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. 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 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 and the State Single Audit Implementation Act. Therefore, some amounts presented in schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the basic financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

2. Of the federal and State expenditures presented in the schedule, Brunswick County provided federal and State awards to subrecipients as follows:

Brunswick County Schools Public School Building Capital Fund				1,376,141
Brunswick Interagency Transportation ROAP				199,264
Coastal Horizons Strengthening Families				22,169
Family Emergency Teen Shelter JIDP, Providence Home			-	40,000
Teen Court 13th District Teen Court			-	52,950
Peer Court			-	10,000
ARRA Community Based Gang Awareness & Education Grant	16.803	610651	500	
Navassa Volunteer Fire Department Construction of Driveway			-	15,000
Brunswick County Airport				
State Aid-Aircraft Apron Expansion, Access Road and Taxiways		36244.58.5.1	-	199,355
State Aid-Runway Extension		36244.58.6.1	-	226,216
State Aid-Multi-purpose Operational Safety Building		36244.58.7.1	-	53,889
Parallel Taxiway Land Acquisition	20.106	36237.45.10.4	7,596	-
Design and Bid Parallel Runway	20.106	36237.45.13.1	136,907	
Construction Parallel Runway	20.106	36237.45.13.2	1,576,502	
Howie Franklin Field	20.106	36237.45.14.1	4,236	-
Total Passed Through to Sub recipients			<u>\$ 1,725,741</u>	<u>\$ 2,194,984</u>

3. 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.

4. 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.

5. Loans Outstanding

County of Brunswick had the following loan balances outstanding at June 30, 2013. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Amount Outstanding</u>
ARRA - Capitalization Grants for State Revolving Funds	66.458	2W370811-04	\$ 1,800,000