

COUNTY OF BRUNSWICK NORTH CAROLINA

*COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR END JUNE 30, 2005*



COUNTY OF BRUNSWICK, NORTH CAROLINA
Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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County of Brunswick

Finance Department

Post Office Box 249
Bolivia, North Carolina 28422

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

October 21, 2005

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, 2005.

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, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Brunswick County's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Brunswick County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited

government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

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

Profile of the Government

Brunswick County, founded in 1764 by the North Carolina General Assembly, is located in the southeastern corner of the State in the coastal plains region. As is typical of coastal plains, the topography is characterized by flatlands with soil composition of sand and sand loam. Forming a natural boundary on the southeast, the Atlantic Ocean gives the County approximately 47 miles of beachfront. It has a population of 87,715, which has grown 231% since 1970. It is the third largest county in the State, having a land area of 896 square miles.

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

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

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

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

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

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

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

The annual budget serves as the foundation for Brunswick County's financial planning and control. Each year all County departments are required to submit requests for appropriation to the County Manager, who then compiles a proposed budget and presents it to the Board of Commissioners for review. The board is required to hold public hearings on the proposed budget and to adopt a final budget by July 1 of the fiscal year, or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The annual ordinance includes appropriations for the General Fund and three annually budgeted special revenue funds. Note 1 provides additional information on budgetary data. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 21-22 as part of the basic financial statements for the governmental funds. For annually budgeted special revenue funds, this comparison is presented in the governmental fund subsection of this report, which starts on page 75. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e., capital project funds).

Factors Affecting Financial Condition

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

Local economy. Brunswick County is one of the fastest growing counties in North Carolina. The permanent population continues to grow at a rate close to 5 percent annually as it has over the last ten (10) years. Tourism income remained steady, as did most of the County's manufacturing facilities. Since 1990, Brunswick County has had over one hundred two (102) plant announcements, creating 4,325 new jobs and over \$342.5 million in new capital investment. Brunswick County has five (5) improved industrial parks with great potential for future development.

The County's diversified economy is based primarily upon tourism, manufacturing and agriculture. Because the County does not rely heavily on textile jobs, as do most rural North Carolina counties, tourism has become the fastest growing economic base in the County. Tourism contributions include permanent, as well as secondary housing development, increased retail sales, increased employment opportunities and increased demand for potable water. Agriculture remains an important factor in the County's economy with the principal crops grown being tobacco, corn, soybeans, various grains, sweet potatoes, truck crops and blueberries. The raising of livestock and poultry also contributes significantly to the agricultural economy along with greenhouse and nursery operations. Tourism or service sector jobs account for 81%, with

manufacturing accounting for 16%, and finally agriculture/seafood accounting for the remaining 3% of employment in Brunswick County.

The county's unemployment rate remains near 5.0 percent, which compares favorably to the State of North Carolina's unemployment rate of 5.5 percent. The County's high growth rate is due to many young to middle age people moving to Brunswick County for its quality of life. This factor will keep the unemployment rate at a sustainable level. Also, due to the County's high growth rate, residential and commercial development remains very strong.

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

Long-term financial planning. The County's Capital Improvement Plan through the year 2010 provides a plan, based on need, to fund and acquire various projects.

The County issued \$3.5 million of general obligation bonds to begin capital improvements to Brunswick Community College.

Also included in the County Capital Improvement Plan are utility projects that equal approximately \$6.6 million. Two of these projects are a 1 MG elevated water storage tank in the Southport area and a water interconnection in the southwestern area of the County. Other projects planned include water and/or sewer service to approximately 7 subdivisions within the county.

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

The County has also completed and has begun operating the Northeast Brunswick Regional Wastewater Treatment System. The Northeast Brunswick Regional Wastewater System serves the Town of Leland, Navassa and the North Brunswick Sanitary District, and like the West Brunswick Regional Wastewater System, it will be fully supported by user charges.

Cash management policies and practices. Under the authority of North Carolina General Statute 159-30, the County invests in obligations of the United States Treasury and several of its agencies and instrumentalities. Investment vehicles are chosen with the greatest emphasis placed on credit quality, maturity and yield. The cash and investment portfolio balance for the fiscal year ended June 30, 2005 for all funds except bond proceeds in certain capital project funds is \$91.4 million. The average yield on investments was 1.97 percent. Investment income

includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the County intends to hold to maturity.

In addition to its investment portfolio, the County has invested bond and installment purchase proceeds at the North Carolina Capital Management Trust. These separate investment accounts are used as a means to maximize investment yield while segregating investment earnings on financing proceeds for federal arbitrage purposes. At June 30, 2005 the County had six (6) such accounts totaling \$17.6 million in unexpended financing proceeds and accumulated interest earnings.

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

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

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

Brunswick County also provides postretirement health and dental care benefits for qualified retirees and their dependents. As of June 30, 2005, there were 126 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. Additional information on Brunswick County's pension arrangements and post employment benefits can be found in Note 9 in the notes to the financial statements.

Awards and Acknowledgements

Awards. The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. This is the fourth year that the County has received the prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. The report also must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements. The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. Providing substantial support in the year end closing of the accounting system and report preparation and related accounting activities were Julie Miller, CPA and Pamela Barrett, Assistant Directors of Fiscal Operations. We would like to also acknowledge Martin Starnes & Associates, CPAs, P.A., for its efforts in the preparation of this report.

Sincerely,

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

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Brunswick,
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Zielle

President

Jeffrey R. Emery

Executive Director

County of Brunswick, North Carolina
List of Principal Officials
June 30, 2005

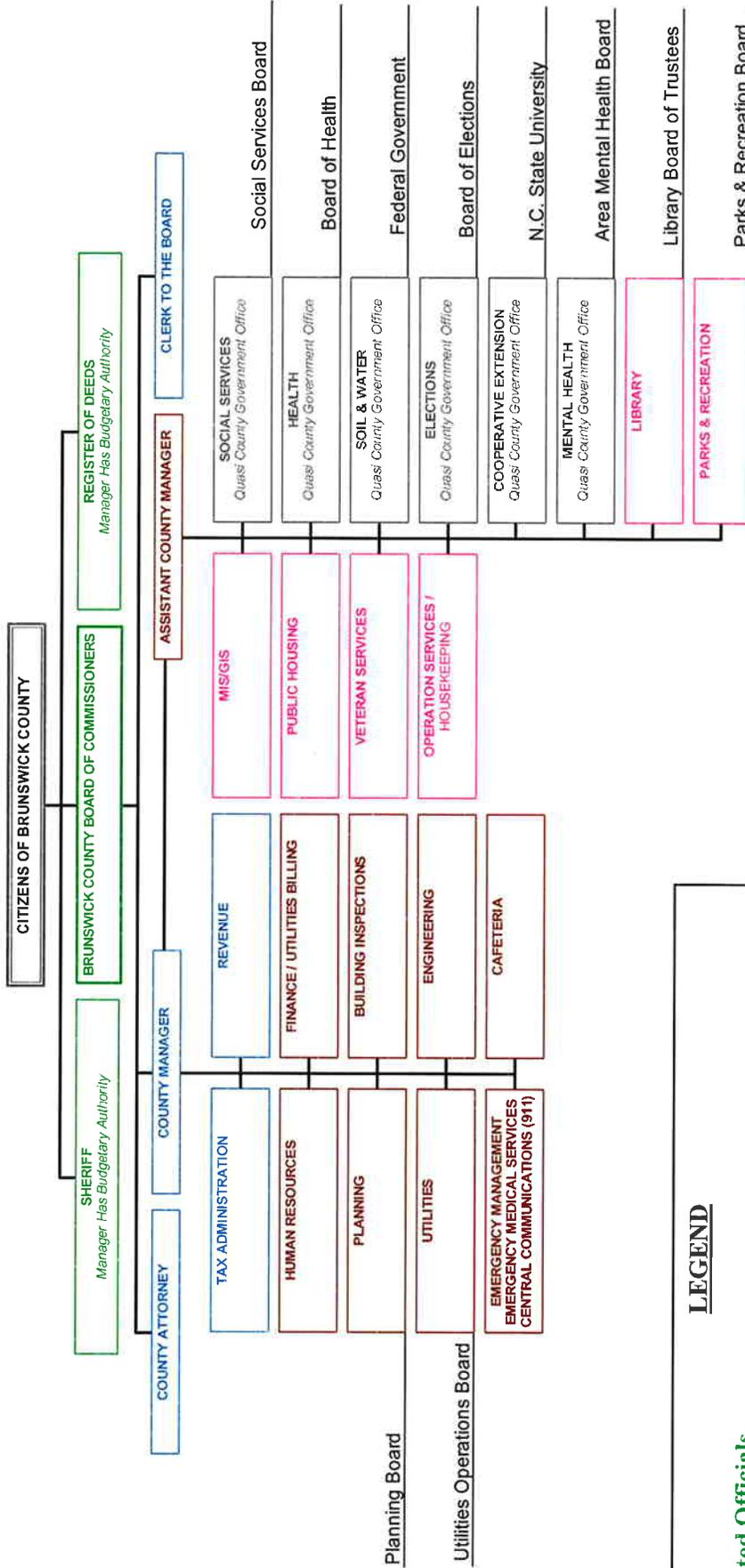
Board of County Commissioners

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

County Officials

Marty Lawing	County Manager
Steve Stone, MPA	Assistant County Manager
Ronald Hewett	Sheriff
Robert J. Robinson	Register of Deeds
Debby Gore	Clerk to the Board
Huey Marshall, Esq.	County Attorney
Jana Berg, Esq.	Assistant County Attorney
Ann B. Hardy, MPA, CPA	Director of Fiscal Operations
Greg Bellamy	Director of Elections
Martha Warner, Ed.D	Cooperative Extension Director
Randal Thompson	Director of Emergency Management & Services
Donald Yousey	Health Director
Leslie Bell	Director of Planning, Zoning and Central Permitting
Vonnie Fullwood	Public Housing Director
Boyd Williamson	Tax Administrator
Tom Bagby	Revenue Collector
Jamie Orrock	Director of Social Services
Jerry Pierce, PE	Public Utilities Director
Harry Yoder	Veteran Services Officer
Maurice Tate	Library Director
George Page	Parks & Recreation Director

Brunswick County Organizational Chart



LEGEND

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



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Brunswick County
Bolivia, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the general fund and the county capital reserve fund of the County of Brunswick, North Carolina, as of and for the year then ended June 30, 2005, which collectively comprise the County's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority, the Brunswick County Hospital Authority or the Brunswick County Airport Commission which represents 2.62 percent, 5.20 percent, and 2.68 percent respectively, of the assets, net assets and revenues of the governmental and business type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority, the Brunswick County Hospital Authority and the Brunswick County Airport Commission is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Brunswick, North Carolina, as of June 30, 2005 and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund and the county capital reserve fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2005 on our consideration of the County of Brunswick's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the basic financial statements of the County of Brunswick, North Carolina, taken as a whole. The introductory information, combining and individual fund financial statements and schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of Brunswick, North Carolina. The combining and individual fund financial statements and schedules and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
September 9, 2005

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, 2005. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets of the County's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$57.6 million (*net assets*). The County's net assets is impacted considerably by the general obligation debt the County has issued on the behalf of the school system to fund school capital outlay. Under North Carolina law, the County is responsible for providing capital funding for the School System. The County has chosen to meet its legal obligation to provide school capital funding by using a mixture of sales taxes and general obligation debt. The assets funded by the County are owned, utilized, and maintained by the School System. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of the school general obligation debt is approximately \$77.4 million dollars. Furthermore, the entire amount of school general obligation debt is collateralized by the full faith, credit and taxing power of the County. The County is authorized and required by State law to levy ad Valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.
- The County's net assets of governmental activities decreased by \$2.2 million.
- As of the close of the 2005 fiscal year, the County's general fund reported an unreserved fund balance of \$37.7 million, down from \$44.4 million in the prior fiscal year. The County transferred \$6.6 million during the year to the County Capital Reserve Fund for a capital project to complete the second phase of the detention center. Of the unreserved fund balance, approximately \$2.9 million was designated to balance the 2005-2006 budget, an additional \$3.2 million has been designated for subsequent year expenditures and approximately \$.5 million is due to the school system under the funding agreement resulting in approximately \$31.1 million as available for spending at the government's discretion (*undesignated fund balance*).
- The County's general obligation debt increased by \$3.5 million during the current fiscal year. This increase was solely for the general obligation bonds issues for community college capital needs.
- The County improved its bond ratings with Fitch to AA- for general obligation issues and A+ for certificates of participation issues, upgraded from A+ and A respectively. Moody's Investor Services improved the County's ratings on general obligation bonds from A1 to Aa3 and certificates of participation from A to A1. The County maintained its bond rating of AA- and A+ from Standard & Poor's bond rating agency.

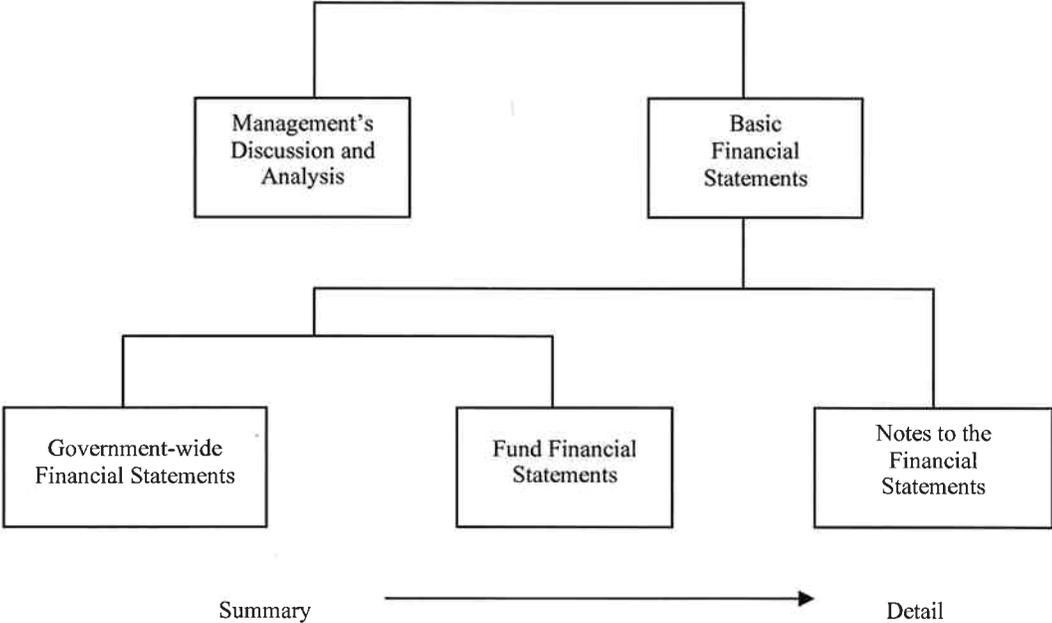
OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Brunswick County's basic financial statements. Brunswick County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes

to the financial statements (Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the fiscal condition of Brunswick County.

Required Components of Annual Financial Report

Figure 1



BASIC FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 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 Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

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

Notes to the General Purpose Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-55 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its public safety employees. Required supplemental information can be found on page 56 of this report.

Brunswick County's Net Assets

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 106,883,461	\$ 109,749,362	\$ 40,163,378	\$ 38,267,986	\$ 147,046,839	\$ 148,017,348
Capital assets	74,141,619	75,111,423	140,491,334	94,092,286	214,632,953	169,203,709
Total assets	<u>181,025,080</u>	<u>184,860,785</u>	<u>180,654,712</u>	<u>132,360,272</u>	<u>361,679,792</u>	<u>317,221,057</u>
Long-term liabilities outstanding	112,068,372	113,773,962	65,830,762	35,768,704	177,899,134	149,542,666
Other liabilities	<u>11,328,363</u>	<u>11,302,359</u>	<u>13,260,513</u>	<u>3,958,727</u>	<u>24,588,876</u>	<u>15,261,086</u>
Total liabilities	<u>123,396,735</u>	<u>125,076,321</u>	<u>79,091,275</u>	<u>39,727,431</u>	<u>202,488,010</u>	<u>164,803,752</u>
Net Assets:						
Invested in capital assets, net of related debt	37,137,060	48,903,970	92,097,679	80,543,952	129,234,739	129,447,922
Restricted	23,334,978	23,334,978	-	-	23,334,978	23,334,978
Unrestricted	<u>(2,843,693)</u>	<u>(12,454,484)</u>	<u>9,465,758</u>	<u>12,088,889</u>	<u>6,622,065</u>	<u>(365,595)</u>
Total net assets	<u>\$ 57,628,345</u>	<u>\$ 59,784,464</u>	<u>\$ 101,563,437</u>	<u>\$ 92,632,841</u>	<u>\$ 159,191,782</u>	<u>\$ 152,417,305</u>

The assets of Brunswick County governmental activities exceeded its liabilities by \$57.6 million as of June 30, 2005. Net assets is reported in three categories: invested in capital assets, net of related debt of \$37.1 million, restricted net assets of \$23.3 million, and unrestricted net assets of (\$2.8) million.

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

The second category of net assets is restricted net assets. This category represents resources that are subject to external restriction that limit Brunswick County's ability to access and use these funds beyond the purpose for which they were provided. Unexpended school bond proceeds of \$16.6 million and statutorily restricted revenues of \$2.7 million are typical of amounts usually included within this category.

The final category of net assets is unrestricted net assets. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2005, the unrestricted deficit of \$(2.8) million in governmental activities is attributable primarily to the general obligation bonds issued by Brunswick County for the school system and community college. Even though the debt issued has been issued to finance capital outlay, construction and renovation for the school system and the community college, the Governmental Accounting

Standards Board has determined that it is not capital debt for the County since it is not financing assets owned by the County. As a result the education debt is reportable within the unrestricted category of the net assets rather than as part of the category invested in capital asset net of related debt. The breakdown of the unrestricted portion of net equity is defined as follows:

Education Debt	\$(81.4) million
All Other	<u>78.6 million</u>
Total unrestricted (deficit)	<u>\$(2.8) million</u>

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

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

Brunswick County Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for services	\$ 13,720,956	\$ 8,987,744	\$ 16,926,159	\$ 14,988,429	\$ 30,647,115	\$ 23,976,173
Operating grants and contributions	13,423,805	15,584,865	-	-	13,423,805	15,584,865
Capital grants and contributions	3,556,280	2,807,060	2,524,677	4,240,336	6,080,957	7,047,396
General Revenues:						
Ad valorem taxes	73,327,947	67,717,315	-	-	73,327,947	67,717,315
Local option taxes	18,867,402	16,636,215	-	-	18,867,402	16,636,215
Other taxes	7,061,892	5,303,623	-	-	7,061,892	5,303,623
Investment earnings	1,832,774	921,742	758,787	183,113	2,591,561	1,104,855
Total revenues	131,791,056	117,958,564	20,209,623	19,411,878	152,000,679	137,370,442
Expenses:						
General government	12,265,609	9,126,904	-	-	12,265,609	9,126,904
Public safety	16,613,151	14,901,214	-	-	16,613,151	14,901,214
Central services	9,819,916	8,524,633	-	-	9,819,916	8,524,633
Human services	21,705,607	19,498,577	-	-	21,705,607	19,498,577
Transportation	860,256	3,046,258	-	-	860,256	3,046,258
Environmental protection	9,737,741	9,412,246	-	-	9,737,741	9,412,246
Cultural and recreation	3,094,606	2,446,057	-	-	3,094,606	2,446,057
Economic and physical development	5,800,337	5,261,136	-	-	5,800,337	5,261,136
Education	35,261,269	41,780,114	-	-	35,261,269	41,780,114
Loss on disposal of capital assets	10,909,492	-	-	-	10,909,492	-
Interest on long-term debt	6,016,632	4,297,354	-	-	6,016,632	4,297,354
Utilities	-	-	13,141,611	11,541,148	13,141,611	11,541,148
Total expenses	132,084,616	118,294,493	13,141,611	11,541,148	145,226,227	129,835,641
Increase (decrease) in net assets before transfers	(293,560)	(335,929)	7,068,012	7,870,730	6,774,452	7,534,801
Transfers	(1,862,584)	4,291,705	1,862,584	(4,291,705)	-	-
Increase (decrease) in net assets	(2,156,144)	3,955,776	8,930,596	3,579,025	6,774,452	7,534,801
Net assets (restated), July 1	59,784,489	55,828,713	92,632,841	89,053,816	152,417,330	144,882,529
Net assets, June 30	\$ 57,628,345	\$ 59,784,489	\$ 101,563,437	\$ 92,632,841	\$ 159,191,782	\$ 152,417,330

Governmental Activities. Governmental activities accounted for \$57.6 million, which is over 36 percent of the total net assets. Operating grants funded \$13.4 million of the County's governmental activities.

Business-type Activities. Business-type activities increased the County's net assets by \$8.9 million. This increase is due primarily to the construction in progress of the regional wastewater treatment system.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$100 million, which is a decrease of \$2 million in comparison with the prior year. Approximately 83 percent of this total amount, \$83.3, constitutes unreserved fund balance available for spending at the County's discretion.

The General Fund is the principal operating fund of the County. At the end of the current fiscal year, unreserved fund balance in the general fund was \$37.7 million, while total fund balance for the general fund reached \$53.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 33 percent of total general fund expenditures, while total fund balance represents 46 percent of that same amount.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$6.4 million. The majority of this increase, \$2.7 million was attributable to restricted intergovernmental revenues.

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

Unrestricted net assets of Water & Sewer Fund at the end of the year totaled \$57.8 million. The primary factor affecting this amount was an increase in the County's capital assets and the retirement of long-term debt.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Brunswick County's investment in capital assets for its governmental and business type activities as of June 30, 2005 amounts to \$214.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment.

Brunswick County has experienced significant development and population growth over the past ten (10) years. Growth is occurring due to tourism, and people relocating to this part of southeastern North Carolina. There are few centralized wastewater systems in the County,

however most dwellings and businesses are served by on-site or package treatment systems. The first of the three (3) proposed regional wastewater treatment facilities was completed on February 12, 2003 and is located in the northeastern region of the County (referred to as Northeastern Brunswick Regional Wastewater Treatment Plant). For this regional wastewater system, the Board of County Commissioners has partnered with three (3) other jurisdictions including the Town of Leland, Town of Navassa, and the North Brunswick Sanitary District. The County owns and operates the wastewater treatment facility, while the partners are responsible for their respective collection systems. This joint venture allowed existing, less effective package treatment plants to be taken off line, therefore reducing the number of wastewater discharges into the Cape Fear River. Through partnerships with a local golf course development and industry, much of the treated wastewater will be land applied or reused for industrial purposes further reducing the discharge into the river. This wastewater project will be fully supported by user charges. The County's investment in this capital asset is approximately \$12 million as of June 30, 2005.

In addition to the Northeast Brunswick Regional Wastewater System, the County along with one (1) other municipal partner began construction that is expected to be complete in February 2006 of the West Brunswick Regional Wastewater System that includes the southeastern and south central regions of the County. Unlike the Northeast Brunswick Regional Wastewater System, the treated effluent from the West Brunswick Regional Wastewater System will be land-applied, either on tree farms or golf courses. There will not be any discharge of treated effluent to any surface water from the West Brunswick Regional system. This project, like the northeast regional project, will be fully supported by user charges. Along with this effort, the County has revised its sewer use ordinance and has adopted a countywide storm water management ordinance and program to enhance the effectiveness of these regional wastewater systems. The County's investment in this capital asset is approximately \$44.3 million as of June 30, 2005.

In October of 2003, the County accepted the conveyance of the Brunswick County St. James package facility consisting of two package treatment plants and wastewater collection systems. Under the terms of one agreement, the County operates an existing 0.5 million gallon per day ("MGD") plant. The County expects to operate the package treatment plant on an interim basis until such time as integration between the existing system and the County's planned regional wastewater system project is completed. The existing package treatment plant site will be leased to the County for 50 years or until the plant is dismantled and a pumping station constructed.

The County has agreed to install a sewer pumping station and sewer force main from the package treatment plant site to Highway 211. The reuse water will be pumped from the regional facility to area golf courses for land application.

Under a similar agreement in 2003, the County accepted title to the Brunswick County Winding River facility, a second existing wastewater collection and 0.1 MGD package treatment plant. The terms of the agreement require the County to construct a new pumping station and infrastructure required to integrate the existing system into the planned regional wastewater system.

Other major capital asset transactions that occurred during the fiscal year were the completion of the new Law Enforcement Administration Building/Detention Center for an investment of \$7.5 million as of June 30, 2005.

Brunswick County's Capital Assets

Figure 4

	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Land	\$ 6,733,208	\$ 3,263,928	\$ 1,185,146	\$ 980,138	\$ 7,918,354	\$ 4,244,066
Buildings and improvements	55,055,658	48,552,918	37,728,733	14,615,239	92,784,391	63,168,157
Equipment and vehicles	8,288,855	7,893,446	1,221,272	861,378	9,510,127	8,754,824
Water tanks	-	-	1,814,006	1,855,688	1,814,006	1,855,688
Water line, wells, taps pump stations, and distribution systems	-	-	54,156,448	53,742,234	54,156,448	53,742,234
Construction in progress	4,063,898	15,401,131	44,385,729	22,037,610	48,449,627	37,438,741
Total capital assets (net of accumulated depreciation)	<u>\$ 74,141,619</u>	<u>\$ 75,111,423</u>	<u>\$ 140,491,334</u>	<u>\$ 94,092,287</u>	<u>\$ 214,632,953</u>	<u>\$ 169,203,710</u>

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

Long-term Debt. At the end of the current fiscal year, Brunswick County had total general obligation bonded debt outstanding of \$84 million, which is backed by the full faith and credit of the County.

General Obligation, Capital Leases and Installment Notes Payable

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 81,484,694	\$ 80,818,576	\$ 2,525,306	\$ 4,476,424	\$ 84,010,000	\$ 85,295,000
Certificates of participation	23,935,000	25,075,000	-	-	23,935,000	25,075,000
Installment purchases	285,687	1,132,453	-	1,945,689	285,687	3,078,142
Revenue bonds	-	-	39,447,389	31,540,000	39,447,389	31,540,000
Other	13,141,028	13,182,731	25,813,346	183,560	38,954,374	13,366,291
Total long-term debt	<u>\$ 118,846,409</u>	<u>\$ 120,208,760</u>	<u>\$ 67,786,041</u>	<u>\$ 38,145,673</u>	<u>\$ 186,632,450</u>	<u>\$ 158,354,433</u>

This outstanding indebtedness is out of a legal debt limit of \$1.1 billion. The legal debt margin on June 30, 2005 was \$980 million. This legal debt limit is determined by the Municipal Finance Law of North Carolina, which limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The ratio of debt service expenditures to total general governmental expenditures is 5.7%.

The County's general obligation debt per capita is \$929 as of June 30, 2005 while the County's gross debt per capita is \$958 due to debt payable from enterprise funds of \$29.

The County's total debt had a net increase of \$28.2 million, 17.8 percent, during the current fiscal year. The key factors in this increase were a new community college bond issuance for construction of and a state revolving loan issuance.

Additional information on Brunswick County's long-term debt can be found in Note 7 on pages 42-45 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Brunswick County is currently 5 percent at June 30, 2005, compared to the state's seasonally adjusted unemployment rate of 5.5 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population of 87,715 has grown approximately 37 percent from 1995 to 2005.

All of these factors were considered in preparing Brunswick County's budget for fiscal year 2005-2006.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2005-2006

Governmental Activities. A 5 percent growth in the tax base is anticipated over last year, to a total \$13.7 billion in property valuation. This equates to an additional \$1.4 million in Ad Valorem taxes. The last revaluation was for the 2003 levy. However, Brunswick County is very fortunate to have steady and continuous growth in its property value from year to year.

Budgeted expenditures in the General Fund are expected to rise 7.9 percent to \$128 million. The largest increases were in public safety, debt service requirements and employee benefits adjustments.

Budgeted expenditures for education are expected to increase 5.5 percent or approximately \$1.3 million. Educational funding includes a current expense appropriation to the Brunswick County School System that represents 36.5 percent of the Ad Valorem tax base excluding any amount needed for annual education debt service payments for an approved general obligation school debt of \$83.5 million and community college debt issued of \$3.5 million and \$26.5 million authorized but unissued. The School System funds the majority of its local capital outlay needs from sales tax allocations. The County also includes an appropriation to the Brunswick Community College in its educational funding for current expense and capital outlay needs.

Business-type Activities. The water and sewer enterprise fund is anticipated to increase approximately 24.8 percent to cover increased cost in personnel, operation, capital outlay costs and due to normal growth, but primarily due to the acquisition of additional wastewater systems. The County anticipated a reduction in the water rate due to an increase in customers and consumption. The Northeast Regional Wastewater Treatment Plant was in full operation for the fiscal year 2004-2005. The plant serves the Town of Leland, Navassa and the North Brunswick Sanitary District.

REQUESTS FOR INFORMATION

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2005

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
Assets:				
Current Assets:				
Cash and cash equivalents/investments	\$ 69,975,611	\$ 21,476,779	\$ 91,452,390	\$ 907,197
Restricted cash and investments	20,458,930	19,169,595	39,628,525	-
Taxes receivable, net	1,762,724	-	1,762,724	-
Receivables and special assessments, net	1,549,331	2,493,076	4,042,407	209,800
Other governmental agencies	4,653,881	5,126,989	9,780,870	570,425
Internal balances	8,475,588	(8,475,588)	-	-
Inventories	-	372,527	372,527	265,844
Prepaid items	7,396	-	7,396	10,328
Total current assets	<u>106,883,461</u>	<u>40,163,378</u>	<u>147,046,839</u>	<u>1,963,594</u>
Capital Assets:				
Non-depreciable capital assets	10,797,106	45,570,867	56,367,973	-
Depreciable capital assets, net	63,344,513	94,920,467	158,264,980	7,775,490
Total capital assets	<u>74,141,619</u>	<u>140,491,334</u>	<u>214,632,953</u>	<u>7,775,490</u>
Total assets	<u>\$ 181,025,080</u>	<u>\$ 180,654,712</u>	<u>\$ 361,679,792</u>	<u>\$ 9,739,084</u>
Liabilities and Net Assets:				
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 3,847,042	\$ 8,080,506	\$ 11,927,548	\$ 703,586
Current maturities of long-term debt	6,778,037	1,489,752	8,267,789	17,286
Due other governmental agencies	44,542	-	44,542	177,542
Deposits	-	743,833	743,833	-
Interest payable	500,000	-	500,000	-
Deferred/unearned revenues	158,742	2,480,895	2,639,637	-
Total current liabilities	<u>11,328,363</u>	<u>12,794,986</u>	<u>24,123,349</u>	<u>898,414</u>
Noncurrent Liabilities:				
Accrued compensated absences	2,112,361	158,791	2,271,152	-
Long-term debt	109,956,011	66,137,498	176,093,509	114,786
Total noncurrent liabilities	<u>112,068,372</u>	<u>66,296,289</u>	<u>178,364,661</u>	<u>114,786</u>
Total liabilities	<u>123,396,735</u>	<u>79,091,275</u>	<u>202,488,010</u>	<u>1,013,200</u>
Net Assets:				
Invested in capital assets, net of related debt	37,137,060	92,097,679	129,234,739	7,731,624
Restricted For:				
Public safety	2,364,356	-	2,364,356	-
Education	20,970,622	-	20,970,622	-
Other purposes	-	-	-	411,224
Unrestricted	(2,843,693)	9,465,758	6,622,065	583,036
Total net assets	<u>\$ 57,628,345</u>	<u>\$ 101,563,437</u>	<u>\$ 159,191,782</u>	<u>\$ 8,725,884</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, 2005**

Function/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Government Activities:				
General government	\$ 12,265,609	\$ 2,344,425	\$ 84,566	\$ -
Public safety	16,613,151	4,496,621	932,645	-
Central services	9,819,916	1,304,404	128,721	-
Human services	21,705,607	2,199,295	9,333,298	-
Transportation	860,256	-	-	-
Environmental protection	9,737,741	2,092,870	221,070	-
Cultural and recreation	3,094,606	285,906	138,984	3,556,280
Economic and physical development	5,800,337	997,435	2,584,521	-
Education	35,261,269	-	-	-
Interest on long-term debt	6,016,632	-	-	-
Total governmental activities	<u>121,175,124</u>	<u>13,720,956</u>	<u>13,423,805</u>	<u>3,556,280</u>
Business-type Activities:				
Water	9,599,753	12,729,168	-	1,206,673
Sewer	<u>3,541,858</u>	<u>4,196,991</u>	-	<u>1,318,004</u>
Total business-type activities	<u>13,141,611</u>	<u>16,926,159</u>	-	<u>2,524,677</u>
Total primary government	<u>\$ 134,316,735</u>	<u>\$ 30,647,115</u>	<u>\$ 13,423,805</u>	<u>\$ 6,080,957</u>
Discretely presented component units	<u>\$ 3,100,086</u>	<u>\$ 2,833,022</u>	<u>\$ 293,213</u>	<u>\$ 750,423</u>
General Revenues:				
Ad valorem taxes				
Local option taxes				
Other taxes				
Investment earnings				
Loss on disposal of capital assets				
Total general revenues				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	Total
\$ (9,836,618)	\$ -	\$ (9,836,618)	
(11,183,885)	-	(11,183,885)	
(8,386,791)	-	(8,386,791)	
(10,173,014)	-	(10,173,014)	
(860,256)	-	(860,256)	
(7,423,801)	-	(7,423,801)	
886,564	-	886,564	
(2,218,381)	-	(2,218,381)	
(35,261,269)	-	(35,261,269)	
(6,016,632)	-	(6,016,632)	
<u>(90,474,083)</u>	<u>-</u>	<u>(90,474,083)</u>	
-	4,336,088	4,336,088	
-	1,973,137	1,973,137	
-	<u>6,309,225</u>	<u>6,309,225</u>	
<u>(90,474,083)</u>	<u>6,309,225</u>	<u>(84,164,858)</u>	
			\$ <u>776,572</u>
73,327,947	-	73,327,947	-
18,867,402	-	18,867,402	-
7,061,892	-	7,061,892	-
1,832,774	758,787	2,591,561	13,848
<u>(10,909,492)</u>	<u>-</u>	<u>(10,909,492)</u>	<u>-</u>
90,180,523	758,787	90,939,310	13,848
<u>(1,862,584)</u>	<u>1,862,584</u>	<u>-</u>	<u>-</u>
<u>88,317,939</u>	<u>2,621,371</u>	<u>90,939,310</u>	<u>13,848</u>
(2,156,144)	8,930,596	6,774,452	790,420
59,784,489	92,632,841	152,417,330	7,935,464
<u>\$ 57,628,345</u>	<u>\$ 101,563,437</u>	<u>\$ 159,191,782</u>	<u>\$ 8,725,884</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2005

	Major Funds					Total Governmental Funds
	General	County Capital Reserve	Schools Capital Project	County Capital Project	Non Major Governmental Funds	
Assets:						
Cash, cash equivalents and investments	\$ 24,015,585	\$ 13,709,194	\$ 21,108,795	\$ 2,568,149	\$ 8,573,888	\$ 69,975,611
Taxes receivable - net	1,762,724	-	-	-	-	1,762,724
Receivables - net	975,769	-	-	237,097	144,031	1,356,897
Special assessment	-	-	-	-	192,434	192,434
Due from other funds	11,088,563	-	-	-	517,438	11,606,001
Due from other governmental agencies	4,392,944	-	-	260,937	-	4,653,881
Cash, cash equivalents and investments - restricted	17,691,832	-	-	2,764,104	2,994	20,458,930
Prepaid items	7,396	-	-	-	-	7,396
Total assets	<u>\$ 59,934,813</u>	<u>\$ 13,709,194</u>	<u>\$ 21,108,795</u>	<u>\$ 5,830,287</u>	<u>\$ 9,430,785</u>	<u>\$ 110,013,874</u>
Liabilities, Equity, and Other Credits:						
Liabilities:						
Accounts payable, accrued liabilities	\$ 3,243,988	\$ -	\$ 100,501	\$ 321,262	\$ 181,289	\$ 3,847,040
Due to other funds	517,438	-	168,036	2,444,939	-	3,130,413
Due to other governmental agencies	44,542	-	-	-	-	44,542
Deferred revenues	2,425,780	-	-	-	192,434	2,618,214
Total liabilities	<u>6,231,748</u>	<u>-</u>	<u>268,537</u>	<u>2,766,201</u>	<u>373,723</u>	<u>9,640,209</u>
Fund Balances:						
Reserved by State statute	15,952,860	-	-	498,034	589,477	17,040,371
Reserved for prepaids	7,396	-	-	-	-	7,396
Reserved for debt service	-	-	-	-	2,994	2,994
Unreserved:						
General fund	37,742,809	-	-	-	-	37,742,809
Special revenue funds	-	13,709,194	-	-	8,464,591	22,173,785
Capital project funds	-	-	20,840,258	2,566,052	-	23,406,310
Total equity and other credits	<u>53,703,065</u>	<u>13,709,194</u>	<u>20,840,258</u>	<u>3,064,086</u>	<u>9,057,062</u>	<u>100,373,665</u>
Total liabilities, equity and other credits	<u>\$ 59,934,813</u>	<u>\$ 13,709,194</u>	<u>\$ 21,108,795</u>	<u>\$ 5,830,287</u>	<u>\$ 9,430,785</u>	<u>\$ 110,013,874</u>

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

Fund balance as reported in the balance sheet - governmental funds	\$ 100,373,665
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	74,141,619
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	2,459,470
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	(119,346,409)
Net assets reported as governmental activities	<u>\$ 57,628,345</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, 2005

	Major Funds				Non Major Governmental Funds	Total Governmental Funds
	General	County Capital Reserve	Schools Capital Project	County Capital Project		
Revenues:						
Ad valorem taxes	\$ 74,520,219	\$ -	\$ -	\$ -	\$ -	\$ 74,520,219
Special assessments	-	-	-	-	123,739	123,739
Local option sales taxes	18,867,402	-	-	-	-	18,867,402
Other taxes and licenses	5,604,106	-	-	-	1,545,178	7,149,284
Unrestricted intergovernmental revenues	244,257	-	-	-	-	244,257
Restricted intergovernmental revenues	14,408,838	-	-	735,489	418,581	15,562,908
Permits and fees	6,279,187	-	-	-	-	6,279,187
Sales and services	4,045,435	-	-	-	-	4,045,435
Investment earnings	1,061,862	178,916	330,287	82,237	179,472	1,832,774
Other	258,823	-	175,304	137,879	917	572,923
Total revenues	<u>125,290,129</u>	<u>178,916</u>	<u>505,591</u>	<u>955,605</u>	<u>2,267,887</u>	<u>129,198,128</u>
Expenditures:						
Current:						
General government	11,199,360	-	-	682,102	-	11,881,462
Public safety	18,200,405	-	-	4,374,637	868,084	23,443,126
Central services	10,022,451	-	-	-	-	10,022,451
Human services	21,478,307	-	-	-	-	21,478,307
Transportation	85,000	-	-	775,256	-	860,256
Environmental protection	9,932,288	-	-	-	-	9,932,288
Culture and recreation	3,256,502	-	-	-	-	3,256,502
Economic and physical development	4,117,719	-	-	-	1,560,329	5,678,048
Education	24,540,416	-	10,720,853	-	-	35,261,269
Debt Service:						
Principal retirement	6,609,797	-	-	-	-	6,609,797
Interest and fiscal charges	6,116,632	-	-	-	-	6,116,632
Total expenditures	<u>115,558,877</u>	<u>-</u>	<u>10,720,853</u>	<u>5,831,995</u>	<u>2,428,413</u>	<u>134,540,138</u>
Revenues over (under) expenditures	<u>9,731,252</u>	<u>178,916</u>	<u>(10,215,262)</u>	<u>(4,876,390)</u>	<u>(160,526)</u>	<u>(5,342,010)</u>
Other Financing Sources (Uses):						
Sale of capital assets	230,106	-	-	-	-	230,106
Payment to escrow agent for refunded debt	(17,385,545)	-	-	-	-	(17,385,545)
Transfers from other funds	4,484,722	6,189,249	6,584,895	590,727	6,599,590	24,449,183
Transfers to other funds	(17,027,242)	(2,453,026)	-	-	(6,831,498)	(26,311,766)
Debt financing issued	19,174,694	-	3,500,000	-	-	22,674,694
Total other financing sources (uses)	<u>(10,523,265)</u>	<u>3,736,223</u>	<u>10,084,895</u>	<u>590,727</u>	<u>(231,908)</u>	<u>3,656,672</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(792,013)</u>	<u>3,915,139</u>	<u>(130,367)</u>	<u>(4,285,663)</u>	<u>(392,434)</u>	<u>(1,685,338)</u>
Fund balance, beginning of year	<u>54,495,078</u>	<u>9,794,055</u>	<u>20,970,625</u>	<u>7,349,749</u>	<u>9,449,496</u>	<u>102,059,003</u>
Fund balance, end of year	<u>\$ 53,703,065</u>	<u>\$ 13,709,194</u>	<u>\$ 20,840,258</u>	<u>\$ 3,064,086</u>	<u>\$ 9,057,062</u>	<u>\$ 100,373,665</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, 2005**

Net change in fund balances - total governmental funds (Exhibit D)	\$ (1,685,338)
<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	(1,192,272)
Special assessment revenue	(211,131)
Emergency services revenues	(30,896)
Public Health revenues	470,946
Expenses related to compensated absences and law enforcement officers separation allowance that do not require current financial resources are not reported as expenditures in the governmental fund statement.	(245,230)
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.	10,229,547
Contribution of capital assets do not provide current financial resources and are not reported in the funds	3,556,280
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.	(11,139,598)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements.	(3,616,033)
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.	23,995,342
Change in closure/post closure liability estimate. Expenses are reported as incurred in the funds.	286,933
Change in interest payable for governmental activity long-term debt. Interest expense is recorded as incurred in the fund statements.	100,000
Proceeds from issuance of debt are reported as revenues in the governmental fund statement. However, in the statement of activities, it is not a revenue, rather it is an increase in liabilities.	<u>(22,674,694)</u>
Change in net assets of governmental activities per Exhibit B	<u>\$ (2,156,144)</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL FUND AND THE COUNTY CAPITAL RESERVE FUND
 FOR THE YEAR ENDED JUNE 30, 2005

	General Fund				County Capital Reserve Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Ad valorem taxes	\$69,380,600	\$71,075,770	\$74,520,219	\$ 3,444,449	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	16,140,264	16,181,460	18,867,402	2,685,942	-	-	-	-
Other taxes and licenses	3,125,700	4,380,700	5,604,106	1,223,406	-	-	-	-
Unrestricted intergovernmental revenues	18,000	18,000	244,257	226,257	-	-	-	-
Restricted intergovernmental revenues	11,731,774	14,438,801	14,408,838	(29,963)	-	-	-	-
Permits and fees	4,983,071	5,158,035	6,279,187	1,121,152	-	-	-	-
Sales and services	3,190,833	3,550,903	4,045,435	494,532	-	-	-	-
Investment earnings	579,364	721,999	1,061,862	339,863	-	-	178,916	178,916
Other	141,210	194,839	258,823	63,984	-	-	-	-
Total revenues	<u>109,290,816</u>	<u>115,720,507</u>	<u>125,290,129</u>	<u>9,569,622</u>	<u>-</u>	<u>-</u>	<u>178,916</u>	<u>178,916</u>
Expenditures:								
Current:								
General government	9,803,740	12,434,188	11,199,360	1,234,828	-	-	-	-
Public safety	17,046,141	20,177,305	18,200,405	1,976,900	-	-	-	-
Central services	9,588,913	11,944,113	10,022,451	1,921,662	-	-	-	-
Human services	22,408,071	23,994,603	21,478,307	2,516,296	-	-	-	-
Transportation	85,000	85,000	85,000	-	-	-	-	-
Environmental protection	10,128,983	10,840,160	9,932,288	907,872	-	-	-	-
Culture and recreation	3,084,023	3,986,824	3,256,502	730,322	-	-	-	-
Economic and physical development	4,184,075	4,643,285	4,117,719	525,566	-	-	-	-
Education	24,266,625	24,540,416	24,540,416	-	-	-	-	-
Debt Service:								
Principal retirement	6,434,212	6,609,807	6,609,797	10	-	-	-	-
Interest and fiscal charges	4,876,666	6,246,787	6,116,632	130,155	-	-	-	-
Total expenditures	<u>111,906,449</u>	<u>125,502,488</u>	<u>115,558,877</u>	<u>9,943,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(2,615,633)</u>	<u>(9,781,981)</u>	<u>9,731,252</u>	<u>19,513,233</u>	<u>-</u>	<u>-</u>	<u>178,916</u>	<u>178,916</u>
Other Financing Sources (Uses):								
Long-term debt issued	-	18,936,849	19,174,694	237,845	-	-	-	-
Advance repayment of debt	-	(17,385,545)	(17,385,545)	-	-	-	-	-
Sale of capital assets	-	15,675	230,106	214,431	-	-	-	-
Transfers from other funds	4,933,605	5,793,862	4,484,722	(1,309,140)	663,338	6,046,249	6,189,249	143,000
Transfers to other funds	(6,736,081)	(16,808,966)	(17,027,242)	(218,276)	(1,993,338)	(15,840,305)	(2,453,026)	13,387,279
Contingency	(501,891)	(257,181)	-	257,181	-	-	-	-
Appropriated fund balance	4,920,000	19,487,287	-	(19,487,287)	1,330,000	9,794,056	-	(9,794,056)
Total other financing sources (uses)	<u>2,615,633</u>	<u>9,781,981</u>	<u>(10,523,265)</u>	<u>(20,305,246)</u>	<u>-</u>	<u>-</u>	<u>3,736,223</u>	<u>3,736,223</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>(792,013)</u>	<u>\$ (792,013)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,915,139</u>	<u>\$ 3,915,139</u>
Fund balance, beginning of year			<u>54,495,078</u>				<u>9,794,055</u>	
Fund balance, end of year			<u>\$53,703,065</u>				<u>\$ 13,709,194</u>	

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF FUND NET ASSETS- PROPRIETARY FUNDS
JUNE 30, 2005

	Business-type Activities - Enterprise			Total
	Major Funds			
	Water	Sewer	Capital Reserve	
Assets:				
Current Assets:				
Cash and cash equivalents/investments	\$ 13,874,130	\$ 4,163,938	\$ 3,438,711	\$ 21,476,779
Receivables, net	2,185,289	307,787	-	2,493,076
Due from other governmental agencies	350,132	4,776,857	-	5,126,989
Inventories	372,527	-	-	372,527
Cash and cash equivalents/investments - restricted	-	19,169,595	-	19,169,595
Due from other funds	1,423,092	-	-	1,423,092
Total current assets	18,205,170	28,418,177	3,438,711	50,062,058
Capital Assets:				
Non-depreciable capital assets	825,219	44,745,648	-	45,570,867
Depreciable capital assets, net	70,150,540	24,769,927	-	94,920,467
Total capital assets	70,975,759	69,515,575	-	140,491,334
Total assets	\$ 89,180,929	\$ 97,933,752	\$ 3,438,711	\$ 190,553,392
Liabilities and Net Assets:				
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 628,813	\$ 7,451,693	\$ -	\$ 8,080,506
Current portion of long-term debt	778,052	711,700	-	1,489,752
Customer deposits	743,833	-	-	743,833
Due to other funds	100,833	9,797,845	-	9,898,678
Total current liabilities	2,251,531	17,961,238	-	20,212,769
Noncurrent Liabilities:				
Accrued compensated absences	156,020	34,771	-	190,791
Deferred revenues	-	2,480,895	-	2,480,895
Noncurrent portion on long-term debt	4,119,471	61,986,027	-	66,105,498
Total noncurrent liabilities	4,275,491	64,501,693	-	68,777,184
Total liabilities	6,527,022	82,462,931	-	88,989,953
Net Assets:				
Invested in capital assets, net of related debt	66,094,236	26,003,443	-	92,097,679
Unrestricted (deficit)	16,559,671	(10,532,622)	3,438,711	9,465,760
Total net assets	\$ 82,653,907	\$ 15,470,821	\$ 3,438,711	\$ 101,563,439

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise			Total
	Major Funds			
	Water	Sewer	Capital Reserve	
Operating Revenues:				
User charges	\$ 12,337,393	\$ 2,828,727	\$ -	\$ 15,166,120
Other	391,775	1,368,264	-	1,760,039
Total operating revenues	<u>12,729,168</u>	<u>4,196,991</u>	<u>-</u>	<u>16,926,159</u>
Operating Expenses:				
Salaries and employee benefits	3,013,948	822,830	-	3,836,778
Operating expenses	3,924,240	1,895,707	-	5,819,947
Depreciation and amortization	2,148,813	439,828	-	2,588,641
Total operating expenses	<u>9,087,001</u>	<u>3,158,365</u>	<u>-</u>	<u>12,245,366</u>
Operating income (loss)	<u>3,642,167</u>	<u>1,038,626</u>	<u>-</u>	<u>4,680,793</u>
Nonoperating Revenues (Expenses):				
Investment earnings	248,124	498,045	12,618	758,787
Other nonoperating revenues	141,966	882,557	-	1,024,523
Interest expense	(512,750)	(383,493)	-	(896,243)
Total nonoperating revenues (expenses)	<u>(122,660)</u>	<u>997,109</u>	<u>12,618</u>	<u>887,067</u>
Income before transfers and capital contributions	3,519,507	2,035,735	12,618	5,567,860
Transfers in (out)	<u>(1,287,364)</u>	<u>(129,044)</u>	<u>3,278,992</u>	<u>1,862,584</u>
Income (loss) before capital contributions	2,232,143	1,906,691	3,291,610	7,430,444
Capital contributions	<u>1,064,707</u>	<u>435,447</u>	<u>-</u>	<u>1,500,154</u>
Increase (decrease) in net assets	3,296,850	2,342,138	3,291,610	8,930,598
Net assets, beginning of year	<u>79,357,057</u>	<u>13,128,683</u>	<u>147,101</u>	<u>92,632,841</u>
Net assets, end of year	<u>\$ 82,653,907</u>	<u>\$ 15,470,821</u>	<u>\$ 3,438,711</u>	<u>\$ 101,563,439</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, 2005

	Business-type Activities - Enterprise			
	Major Funds			Total
	Water	Sewer	Capital Reserve	
Cash Flows From Operating Activities:				
Receipts from customers	\$ 13,659,877	\$ 6,678,455	\$ -	\$ 20,338,332
Payments to suppliers for goods and services	(3,973,035)	(1,861,934)	-	(5,834,969)
Payments to or on behalf of employees	(3,022,474)	(799,842)	-	(3,822,316)
Net cash provided by (used in) operating activities	<u>6,664,368</u>	<u>4,016,679</u>	<u>-</u>	<u>10,681,047</u>
Cash Flows From Noncapital Financing Activities:				
Transfers in (out)	(1,287,364)	(129,044)	3,278,992	1,862,584
Advances (repayments) of interfund debt	<u>100,834</u>	<u>5,912,749</u>	<u>-</u>	<u>6,013,583</u>
Net cash provided (used) by noncapital financing activities	<u>(1,186,530)</u>	<u>5,783,705</u>	<u>3,278,992</u>	<u>7,876,167</u>
Net Cash From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(3,937,516)	(36,402,677)	-	(40,340,193)
Proceeds from issuance of long-term debt	4,962,806	29,784,272	-	34,747,078
Interest paid	(614,541)	(383,493)	-	(998,034)
Other nonoperating revenues	141,966	882,557	-	1,024,523
Change in due from other governments	(140,363)	(4,687,092)	-	(4,827,455)
Principal payments on long-term debt	(4,541,707)	(572,234)	-	(5,113,941)
Net cash provided (used) in capital and related financing activities	<u>(4,129,355)</u>	<u>(11,378,667)</u>	<u>-</u>	<u>(15,508,022)</u>
Cash Flows From Investing Activities:				
Interest on investments	<u>248,124</u>	<u>498,045</u>	<u>12,618</u>	<u>758,787</u>
Net increase (decrease) in cash and cash equivalents	1,596,607	(1,080,238)	3,291,610	3,807,979
Cash and cash equivalents, beginning of year	<u>12,277,523</u>	<u>24,413,771</u>	<u>147,101</u>	<u>36,838,395</u>
Cash and cash equivalents, end of year	<u>\$ 13,874,130</u>	<u>\$ 23,333,533</u>	<u>\$ 3,438,711</u>	<u>\$ 40,646,374</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, 2005

	Business-type Activities - Enterprise			
	Major Funds			Total
	Water	Sewer	Capital Reserve	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 3,642,167	\$ 1,038,626	\$ -	\$ 4,680,793
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	2,148,813	439,828	-	2,588,641
Loss on disposal of capital assets	56,489	-	-	56,489
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	741,241	569	-	741,810
(Increase) decrease in inventories	(15,126)	-	-	(15,126)
Increase (decrease) in accounts payable and accrued expenses	(42,195)	56,761	-	14,566
Increase (decrease) in deferred revenue	-	2,480,895	-	2,480,895
Increase (decrease) in customer deposits	132,979	-	-	132,979
Net cash provided by (used in) operating activities	<u>\$ 6,664,368</u>	<u>\$ 4,016,679</u>	<u>\$ -</u>	<u>\$ 10,681,047</u>
Supplemental Disclosures of Noncash Transactions				
Dedicated Waterlines	<u>\$ 1,064,707</u>	<u>\$ 435,447</u>	<u>\$ -</u>	<u>\$ 1,500,154</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA**STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS
JUNE 30, 2005****Assets:**

Cash, cash equivalents and investments	\$ 2,509,716
Receivable - net	<u>35,123</u>
Total assets	<u>\$ 2,544,839</u>

Liabilities:

Due to other governmental agencies	\$ 2,313,894
Other	<u>230,945</u>
Total liabilities	<u>\$ 2,544,839</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, 2005**

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 87,715, operates under a Commissioner-Manager form of government.

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

B. Component Units

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

Blended Component Units

Brunswick County Leasing Corporation

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

Discretely Presented Component Units

Brunswick County Hospital Authority

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

Brunswick County Board of Alcoholic Control

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

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

Brunswick County Economic Development Commission

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

The EDC's financial statements include its blended component unit, the Brunswick County Economic Development Corporation, which is a non-profit organization, established to acquire, improve and convey property. Appropriations to the EDC totaled \$250,000 for the fiscal year ended June 30, 2005. Complete financial statements for the Brunswick County Economic Development Commission may be obtained at the Commission's administrative offices at P.O. Box 158, Government Complex, Bolivia, North Carolina 28422.

Brunswick County Tourism Development Authority

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

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 \$60,000 for the fiscal year ended June 30, 2005. The Airport, which also has a June 30 year-end, is presented as a governmental type fund.

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

Other Component Unit

Brunswick County Industrial Facility and Pollution Control Financing Authority

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

C. Summary of Significant Accounting 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, 2005, conform to generally accepted accounting principles applicable to governments.

Basis of Presentation – Government-wide and Fund Financial Statements

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

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 units. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

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

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

The County reports the following major enterprise funds:

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

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

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

Additionally the County reports the following fund types:

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

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

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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. As permitted by generally accepted accounting principles, the County has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations.

Governmental Fund Financial Statements Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are generally recorded when the related fund liability is incurred, except for principal and interest on general long-term debt; accrued compensated absences; pension benefit obligations; and accrued landfill closures and post closure costs which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

past due and are not considered to be an available resource to finance the operations of the current year. Brunswick County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County. For motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered in Brunswick County from March 2004 through February 2005 apply to the fiscal year ended June 30, 2005. Uncollected taxes which were billed during this period are shown as receivables on these financial statements. For those motor vehicles which are renewed and billed under the annual system, taxes are due on May 1 of each year, and the uncollected taxes are reported as a receivable on the financial statements offset by deferred revenues because the due date and the date upon which the interest begins to accrue passed prior to June 30. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2005 because they are intended to finance the County's operations during the subsequent fiscal year.

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

Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General, the Special Revenue (excluding the grant projects, the SAD revolving and the Brunswick County leasing corporation funds) and the Enterprise operating funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Project and the Grant Project funds. All budgets are prepared using the modified accrual basis of accounting which is consistent with the accounting system used to record transactions. The Special Revenue Funds – SAD revolving and Brunswick County leasing corporation funds do not adopt a budget.

Expenditures may not legally exceed appropriations at the functional level for the General Fund, at the departmental level for the Special Revenue and Enterprise Funds, and at the object level for the Capital Projects Funds. The balances in the Capital Reserve Funds will be appropriated when transferred to their respective Capital Project Funds in accordance with the project ordinance adopted for the reserve fund. The County budget officer is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary. As a result, appropriated fund balance increased in the General Fund by \$14,567,287, the majority of which was related to transfers to other funds to provide the County's investment in capital projects.

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

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

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

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.

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 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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

Restricted Assets

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

Ad Valorem Taxes Receivable

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

Allowances for Doubtful Accounts

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

Due To/From Other Funds and Internal Balances

Amounts reported at June 30, 2005 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.

Inventory

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

Capital Assets

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

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

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

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

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

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

Long-Term Debt

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

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

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

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

Fund Equity

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

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

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

The governmental fund types classify fund balances as follows:

Reserved:

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

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

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

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

Unreserved Fund Balance:

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

<u>Designations</u>	<u>General Fund</u>	<u>County Capital Reserve Fund</u>	<u>Non-Major Governmental Funds</u>
Designated for capital projects	\$ -	\$ 11,501,523	\$ -
Designated for landfill closure post closure costs	-	2,207,671	-
Designated for subsequent year's expenditures	2,985,082	-	518,304
	<u>\$ 2,985,082</u>	<u>\$ 13,709,194</u>	<u>\$ 518,304</u>

Interfund Transfers

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

Other Resources

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

Compensated Absences

County employees are granted vacation and sick leave in varying amounts. 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. The County uses the first-in-first-out method to value accrued vacation pay and the current amount due. The liability for accumulated vacation leave and the salary-related payments are reported in the government-wide and proprietary fund financial statements as an expense and liability of those activities as the benefits accrue to employees.

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

Comparative Data/Reclassifications

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

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

2. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments of the County as of June 30, 2005 include the following:

	Reported value	Fair value
Cash on hand	\$ 3,125	\$ 3,125
Deposits - NOW, SuperNOW, MMDA and certificates of deposit	79,630,442	79,630,442
Investments:		
North Carolina Capital Management Trust	53,957,066	53,957,066
Total	<u>\$ 133,590,633</u>	<u>\$ 133,590,633</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

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 County's agents in the unit'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 County, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the 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. The County's custodial risk policy requires all investment securities purchased by the County to be held in third-party safekeeping by an institution designed as primary agent.

At June 30, 2005, the deposits of the County had a carrying amount of \$79,630,442 and bank balances of \$79,982,242. Of the bank balance \$400,000 was covered by federal depository insurance and \$79,582,242 was covered by collateral held under the Pooling Method.

B. Investments

As of June 30, 2005, the County had \$53,957,066 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's.

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

3. Accounts Receivable

Disaggregate Information

<u>Type of Receivable</u>	<u>Amount (Net of Allowance)</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Customer/client billings	\$ 663,511	\$ 2,493,076	\$ 3,156,587
Miscellaneous	885,820	-	885,820
	<u>\$ 1,549,331</u>	<u>\$ 2,493,076</u>	<u>\$ 4,042,407</u>

The County's accounts receivable as of June 30, 2005 are presented net of allowance for doubtful accounts as follows:

	<u>General Fund</u>	<u>Water Fund</u>
Taxes receivable	\$ 4,008,846	\$ -
EMS fees	926,155	-
User charges	-	250,000
Total	<u>\$ 4,935,001</u>	<u>\$ 250,000</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

4. Capital Assets

Governmental capital assets at June 30, 2005 are summarized as follows:

	<u>June 30, 2004</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2005</u>	<u>Accumulated Depreciation</u>
Non-Depreciable Assets:						
Land	\$ 3,263,928	\$ 3,469,280	\$ -	\$ -	\$ 6,733,208	
Construction in progress	<u>15,401,131</u>	<u>7,565,420</u>	<u>(11,079,281)</u>	<u>(7,823,372)</u>	<u>4,063,898</u>	
Total non-depreciable assets	<u>18,665,059</u>	<u>11,034,700</u>	<u>(11,079,281)</u>	<u>(7,823,372)</u>	<u>10,797,106</u>	
Depreciable Assets:						
Buildings and improvements	62,588,469	506,377	-	7,823,372	70,918,218	\$ 15,862,560
Equipment and vehicles	<u>16,947,967</u>	<u>2,244,750</u>	<u>(669,660)</u>	-	<u>18,523,057</u>	<u>10,234,202</u>
Total depreciable assets	79,536,436	2,751,127	(669,660)	7,823,372	89,441,275	
Accumulated depreciation	<u>23,090,072</u>	<u>3,616,033</u>	<u>(609,343)</u>	-	<u>26,096,762</u>	<u>\$ 26,096,762</u>
Total depreciable assets, net	56,446,364	<u>\$ (864,906)</u>	<u>\$ (60,317)</u>	<u>\$ 7,823,372</u>	63,344,513	
Total capital assets	<u>\$ 75,111,423</u>				<u>\$ 74,141,619</u>	

Reconciliation of Additions to Capital Expenditures:

Capital outlay, general fund & special revenue	3,539,166
Capitalized capital project expenditures	7,565,420
Items not capitalized	(875,039)
Contributed capital assets	<u>3,556,280</u>
Total additions	<u>\$ 13,785,827</u>

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

<u>Function</u>	<u>Depreciation Expense</u>
General government	\$ 854,192
Public safety	1,514,366
Central services	458,680
Human services	231,941
Environmental protection	112,909
Economic and physical development	122,289
Cultural and recreation	<u>321,656</u>
Total	<u>\$ 3,616,033</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

Enterprise fund capital assets at June 30, 2005 are summarized as follows:

<u>Water Fund</u>	<u>June 30, 2004</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2005</u>	<u>Accumulated Depreciation</u>
Non-Depreciable Assets:						
Land	\$ 760,138	\$ -	\$ -	\$ -	\$ 760,138	\$ -
Construction in progress	2,279,538	392,523	(64,667)	(2,542,313)	65,081	-
Total non-depreciable assets	<u>3,039,676</u>	<u>392,523</u>	<u>(64,667)</u>	<u>(2,542,313)</u>	<u>825,219</u>	
Depreciable Assets:						
Buildings and improvements	19,724,554	4,424,912	-	1,120,703	25,270,169	8,824,961
Water tanks	2,500,945	-	-	-	2,500,945	686,937
Water lines, wells, taps, and pump stations	66,002,899	-	(126,548)	1,421,610	67,297,961	16,296,140
Equipment and vehicles	2,411,736	286,598	(79,670)	-	2,618,664	1,729,161
Subtotal	90,640,134	4,711,510	(206,218)	2,542,313	97,687,739	
Accumulated depreciation	25,500,973	2,148,813	(112,587)	-	27,537,199	\$ 27,537,199
Total depreciable assets, net	<u>65,139,161</u>	<u>\$ 2,562,697</u>	<u>\$ (93,631)</u>	<u>\$ 2,542,313</u>	<u>70,150,540</u>	
Total capital assets, net	<u>\$ 68,178,837</u>				<u>\$ 70,975,759</u>	
 Sewer Fund						
Non-Depreciable Assets:						
Land	\$ 220,000	\$ 205,000	\$ -	\$ -	\$ 425,000	\$ -
Construction in progress	19,758,071	38,720,109	-	(14,157,533)	44,320,647	-
Total non-depreciable assets	<u>19,978,071</u>	<u>38,925,109</u>	<u>-</u>	<u>(14,157,533)</u>	<u>44,745,647</u>	
Depreciable Assets:						
Buildings and improvements	3,213,722	4,346,956	-	14,157,533	21,718,211	434,684
Distribution system assets	2,744,386	498,235	-	-	3,242,621	87,992
Equipment and vehicles	164,768	271,655	-	-	436,423	104,651
Subtotal	6,122,876	5,116,846	-	14,157,533	25,397,255	
Accumulated depreciation	187,499	439,828	-	-	627,327	\$ 627,327
Total depreciable assets, net	<u>5,935,377</u>	<u>\$ 4,677,018</u>	<u>\$ -</u>	<u>\$ 14,157,533</u>	<u>24,769,928</u>	
Total capital assets, net	<u>\$ 25,913,448</u>				<u>\$ 69,515,575</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

5. Accounts Payable and Interfund Balances

Accounts Payable Disaggregate Information

<u>Type of Payable</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Trade payables	\$ 2,443,643	\$ 649,884	3,093,527
Construction costs payable	421,763	7,320,382	7,742,145
Accrued salaries and fringes	965,714	110,240	1,075,954
Other deposits held by County	15,922	-	15,922
Total	<u>\$ 3,847,042</u>	<u>\$ 8,080,506</u>	<u>\$ 11,927,548</u>

The composition of interfund balances as of June 30, 2005 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Capital Project Fund	\$ 168,036
General Fund	County Capital Project Fund	2,444,941
General Fund	Enterprise Fund Capital Projects	8,475,586
		<u>\$ 11,088,563</u>
School Capital Reserve Fund	General Fund	<u>\$ 517,438</u>
Water Fund	Sewer Fund	<u>\$ 1,423,092</u>

6. Deferred/Unearned Revenues

The balance in deferred/unearned revenues at June 30, 2005 is composed of the following elements:

	<u>General Fund</u>		<u>Non-Major Governmental</u>	
	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes, not yet earned	\$ 155,531	\$ 155,531	\$ -	\$ -
Taxes receivable	1,762,722	-	-	-
EMS receivable	33,370	-	-	-
Health department receivables	470,946	-	-	-
Special assessment receivable	-	-	192,434	-
Other	3,211	3,211	-	-
	<u>\$ 2,425,780</u>	<u>\$ 158,742</u>	<u>\$ 192,434</u>	<u>\$ -</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

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

The County's General Obligation Bonds consisted of the following at June 30, 2005:

<u>Original Issue</u>		<u>Payment Information</u>		<u>Outstanding Balance</u>	
<u>Date</u>	<u>Rate</u>	<u>Period</u>	<u>Amount</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2000	5.25% - 5.75%	Annual	\$200,000-\$800,000	\$ 4,000,000	\$ -
2001 (partially refunded in 2005)	4.25% - 5.00%	Annual	\$800,000 - \$2,800,000	34,900,000	-
2003	2.50% - 4.50%	Annual	\$750,000 - \$1,000,000	16,820,000	-
2004	3.00% - 5.00%	Annual	\$600,000 - \$2,080,000	13,280,000	-
2005	3.00% - 4.00%	Annual	\$95,000 - \$1,040,000	8,984,694	2,525,306
2005	3.75% - 4.50%	Annual	\$125,000 - \$400,000	3,500,000	-
Total general obligation bonds				<u>81,484,694</u>	<u>2,525,306</u>
Revenue Bonds					
2004	3.00% - 5.375%	Annual	\$805,000 - \$2,235,000	-	31,540,000
2004	4.25%	Monthly	\$19,188 - \$50,143	-	7,907,389
Total revenue bonds				<u>-</u>	<u>39,447,389</u>
				<u>\$ 81,484,694</u>	<u>\$ 41,972,695</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

B. Certificates of Participation

The County participates in various lease purchase agreements through the Brunswick County Leasing Corporation to finance certain public improvements. Certificates of Participation are issued in connection with these agreements. Since the corporation is considered a blended component unit of the County, the lease obligations are classified as certificates of participation in the County's long-term debt. The County's Certificates of Participation consisted of the following at June 30, 2005:

<u>Issued</u>	<u>Payment Information</u>			<u>Balance</u>		<u>Purpose and Collateral</u>
	<u>Period</u>	<u>Amount</u>	<u>Rate</u>	<u>Governmental</u>	<u>Activities</u>	
2000	Annual	\$400,000 - \$800,000	5.00% - 5.75%	\$	4,000,000	County Courthouse
2004	Annual	\$390,000 - \$1,250,000	2.00% - 5.00%		9,920,000	Construct law enforcement center and schools
2005	Annual	\$75,000 - \$1,005,000	3.00% - 4.25%		10,015,000	Refund portion of 2000 COPS; County Courthouse
				\$	<u>23,935,000</u>	

C. Installment Purchases

The County's Installment Purchase notes payable consisted of the following at June 30, 2005:

<u>Payment Information</u>			<u>Outstanding Balance</u>		<u>Collateral</u>
<u>Period</u>	<u>Amount</u>	<u>Rate</u>	<u>Governmental</u>	<u>Business-type</u>	
			<u>Activities</u>	<u>Activities</u>	
Annual	\$46,451	4.45%	\$ -	\$ 166,834	Vacuum truck
Annual	\$375,000	2.55%	-	5,455,721	Sewer system
Annual	\$806,465 - \$1,220,552	2.21%		20,000,000	Sewer system
Monthly	7,396	4.81%	<u>285,687</u>	<u>-</u>	Telephone system
			\$ <u>285,687</u>	\$ <u>25,622,555</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

D. Changes in Long-Term Debt

The following is a summary of changes in governmental long-term debt for the year ended June 30, 2005 for the County:

Governmental Activities:	June 30, 2004	Additions	Retirements	June 30, 2005	Current Maturities
General obligation bonds	\$ 80,818,576	\$ 12,484,694	\$ (11,818,576)	\$ 81,484,694	\$ 4,194,342
Certificates of participation	25,075,000	10,190,000	(11,330,000)	23,935,000	2,070,000
Installment purchases	1,132,453	-	(846,766)	285,687	76,695
Accrued compensated absences	1,861,540	417,384	(250,000)	2,028,924	275,000
Pension benefit obligation	280,591	88,694	(10,848)	358,437	12,000
Accrued landfill closure and post-closure costs	11,040,600	-	(286,933)	10,753,667	150,000
	<u>\$ 120,208,760</u>	<u>\$ 23,180,772</u>	<u>\$ (24,543,123)</u>	<u>\$ 118,846,409</u>	<u>\$ 6,778,037</u>

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

The following is a summary of changes in business-type long-term debt for the year ended June 30, 2005 for the County:

Business-Type Activities	June 30, 2004	Additions	Retirements	June 30, 2005	Current Maturities
Revenue bonds	\$ 31,540,000	\$ 8,125,000	\$ (217,611)	\$ 39,447,389	\$ 273,069
General obligation bonds	4,476,424	2,525,308	(4,476,426)	2,525,306	770,658
Installment purchases	1,945,689	24,096,772	(419,906)	25,622,555	414,025
Accrued compensated absences	183,560	39,231	(32,000)	190,791	32,000
Total	<u>\$ 38,145,673</u>	<u>\$ 34,786,311</u>	<u>\$ (5,145,943)</u>	<u>\$ 67,786,041</u>	<u>\$ 1,489,752</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

E. Maturities of Long-Term Debt

The annual requirements to retire all debt outstanding, other than compensated absences, pension benefit obligation, and accrued landfill closure costs, at June 30, 2005, including interest, are as follows:

Governmental Activities	General Obligation Bonds		Certificates of Participation		Installment Purchases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 4,194,342	\$ 3,516,469	\$ 2,070,000	\$ 959,899	\$ 76,695	\$ 12,060	\$ 6,341,037	\$ 4,488,428
2007	4,209,898	3,289,211	2,110,000	857,899	80,465	8,291	6,400,363	4,155,401
2008	4,205,454	3,114,539	2,130,000	790,949	84,420	4,335	6,419,874	3,909,823
2009	5,015,000	2,930,500	1,270,000	723,549	44,107	628	6,329,107	3,654,677
2010	5,220,000	2,726,175	1,275,000	666,174	-	-	6,495,000	3,392,349
2011-2015	25,975,000	10,435,400	6,900,000	2,557,674	-	-	32,875,000	12,993,074
2016-2020	25,665,000	4,952,650	6,620,000	1,172,069	-	-	32,285,000	6,124,719
2021-2025	7,000,000	447,400	1,560,000	160,875	-	-	8,560,000	608,275
Total	\$ 81,484,694	\$ 31,412,344	\$ 23,935,000	\$ 7,889,088	\$ 285,687	\$ 25,314	\$ 105,705,381	\$ 39,326,746

Business-type Activities	General Obligation Bonds		Revenue Bonds		Installment Purchases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 770,658	\$ 82,072	\$ 273,069	\$ 1,871,606	\$ 414,025	\$ 879,552	\$ 1,457,752	\$ 2,833,230
2007	745,102	52,639	1,089,903	1,859,770	1,415,762	833,252	3,250,767	2,745,661
2008	714,546	30,286	1,126,683	1,823,841	1,417,576	786,876	3,258,805	2,641,003
2009	295,000	8,850	1,170,666	1,782,885	1,419,471	740,417	2,885,137	2,532,152
2010	-	-	1,218,571	1,735,578	1,375,000	693,876	2,593,571	2,429,454
2011-2015	-	-	6,910,718	7,851,331	6,875,000	2,800,940	13,785,718	10,652,271
2016-2020	-	-	8,710,483	6,048,371	6,875,000	1,686,876	15,585,483	7,735,247
2021-2025	-	-	10,622,296	3,634,582	4,830,721	582,375	15,453,017	4,216,957
2026-2030	-	-	8,325,000	1,067,250	1,000,000	-	9,325,000	1,067,250
Total	\$ 2,525,306	\$ 173,847	\$ 39,447,389	\$ 27,675,214	\$ 25,622,555	\$ 9,004,164	\$ 67,595,250	\$ 36,853,225

F. Other Debt Disclosures

At June 30, 2005, the County had a legal debt margin of \$979,700,000. At June 30, 2005 the County had authorized and unissued debt as follows:

- \$26,500,000 of general obligation bonds for Community College capital projects
- \$10,000,000 of State Revolving loan fund authorized but not outstanding for West Regional Sewer Project.

8. Conduit Debt Obligations

Brunswick County Industrial Facility and Pollution Control Authority have issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the amount of industrial revenue bonds outstanding approximated \$5,490,000.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

9. Pension Plan Obligations

A. Local Governmental Employees' Retirement System

Plan Description

The County contributes to the statewide Local Governmental Employees' Retirement System ("LTERS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LTERS 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 LTERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute an actuarially determined rate. For the County the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.90% and 4.78%, respectively, of annual covered payroll. The County's contributions to LTERS for the years ended June 30, 2005, 2004 and 2003 were \$1,317,122, \$975,295, and \$1,034,864, respectively. The contributions made by the County equaled the required contributions for each year.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2004, the Separation Allowance's membership consisted of:

Retirees receiving benefits terminated plan members entitled to but not yet receiving benefits	1
Active plan members	<u>89</u>
Total	<u>90</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

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, 2004 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.9% to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2004 was 26 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	\$ 86,221
Interest on net pension obligation	20,343
Adjustment to annual required contribution	<u>(15,741)</u>
Annual pension cost	90,823
Contributions made	<u>12,977</u>
Increase in net pension obligation	77,846
Net pension obligation, beginning of year	<u>280,591</u>
Net pension obligation, end of year	<u>\$ 358,437</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2003	\$ 68,444	33.72%	\$ 213,293
June 30, 2004	80,633	16.54%	280,591
June 30, 2005	90,823	14.29%	358,437

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

The County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2005 were \$236,740, which consisted of \$196,086 from the County and \$40,654 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, 2005 were \$1,596,830 which consisted of \$1,152,748 from the County and \$444,082 from the employees.

E. Registers of Deeds' Supplemental Pension Fund

Plan Description

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

Funding Policy

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2005, the County's required and actual contributions were \$69,222.

F. Postemployment Health Care Benefits

The County has elected to provide health care benefits to retirees of the County on a pay as you go basis. The County pays the full coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. Currently, 61 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2005, the County made payments for postretirement health benefit premiums of \$430,490. The County obtains health care coverage through private insurers.

G. Other Postemployment Death Benefits

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

For the fiscal year ended June 30, 2005, the County's contributions to the State for death benefits was of \$28,693. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

10. Interfund Transfers

The interfund transfers for the year ended June 30, 2005 are as follows:

	<u>To</u>	<u>From</u>	<u>Purpose</u>
General		\$ 17,027,242	
Special Revenue Funds			
Brunswick County Leasing Corp.	\$ 3,112,504		Debt payment
School Capital Reserve - Ad Valorem	3,414,681		Transfer per funding agreement
County Capital Reserve	7,077,303		Local contribution
School Capital Reserve	3,039,885		Local contribution
Register of Deed Technology Enhancement	145,024		Local contribution
Enterprise - Water Fund	237,845		Local contribution
Tourism Development Authority		22,343	Occupancy tax collection fees
General	22,343		Occupancy tax collection fees
Special Revenue - Brunswick Leasing		3,123,427	Debt payments
General	3,123,427		Debt payments
Special Revenue - Special Assessment		213,338	Special Assessment district capital items
Special Revenue - County Capital Reserve	213,338		Special Assessment district capital items
Special Revenue - School Capital Reserve - Ad Valorem		3,015,859	School capital projects
Capital Project - Schools	3,015,859		School capital projects
Special Revenue - County Capital Reserve		5,909,080	
General Fund	860,257		Local contribution for projects
Enterprise Fund - Capital Projects	1,074,561		Local contribution for projects
County Capital Projects	590,727		Local contribution for projects
Enterprise Fund - Water	241,135		Local contribution for projects
Enterprise Fund - Capital Reserve	3,142,400		Local contribution for projects
Special Revenue - School Capital Reserve		3,569,035	School capital projects
School Capital Projects	3,569,035		School capital projects
Enterprise Capital Projects		2,200,052	Local contribution for projects
General Fund	2,200,052		Local contribution for projects
Enterprise Capital Projects		3,303,950	Local contribution for projects
Special Revenue - County Capital Reserve	3,303,950		Local contribution for projects
Enterprise Fund - Water		2,661,000	Local contribution for projects
Special Revenue - County Capital Reserve	2,261,000		Local contribution for projects
Enterprise Capital Projects	400,000		Local contribution for projects
Enterprise Fund - Sewer		1,205,711	Local contribution for projects
Enterprise Capital Projects	77,167		Local contribution for projects
Enterprise Fund - Capital Reserve	1,128,544		Local contribution for projects
Enterprise Fund - Capital Reserve		991,952	Local contribution for projects
Special Revenue - County Capital Reserve	93,662		Local contribution for projects
Enterprise Capital Projects	898,290	-	Local contribution for projects
Total	<u>\$ 43,242,989</u>	<u>\$ 43,242,989</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

11. Landfill Closure and Postclosure Costs

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

Solid Waste Landfill

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

Construction and Demolition Debris Landfill

The County operates a multi-phase construction and demolition debris landfill. The North Carolina Department of Environment and Natural Resources ("NCDENR") has issued permits for 5 separate phases with a permitted operation life for all five phases to January 1, 2006. The total permitted capacity for the 5 phases represent 557,300 cubic yards.

As of June 30, 2005, the volume utilized has not exceeded the permitted capacity. Phase 5 was permitted for 147,000 cy in December 2004 and the permit was extended to January 1, 2006. The county's engineering consultants estimated that approximately 10% of phase 5 has been used.

The current permit will expire January 1, 2006. The county has submitted a plan showing the ultimate capacity for the landfill. The county's engineering consultants estimated that the landfill will be at its ultimate capacity sometime in 2008. The county is working with NCDENR with the proposed CDLF regulations. The county does not anticipate any problems with obtaining NCDENR approval for permit extensions for the landfill until it reaches its ultimate capacity.

In late 2005, the county will request to extend the existing CDLF permit for one additional year until January 1, 2007.

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

Closure and Postclosure Care Cost

The closure and postclosure care liability is computed based on the cumulative, estimated capacity of the landfill utilized as of June 30, 2005 which is 100%. At June 30, 2005, the combined closure and postclosure care costs for both landfills are expected to total \$10,753,667 based on an escalation factor of 4%. Of that amount, \$10,753,667 has been accrued at June 30, 2005 and is included in the Long-Term Debt reported on the statement of net assets

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

The County has elected to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs. A reserve for landfill closure and postclosure care costs is included in the County Capital Reserve Fund in the amount of \$2,207,671. The County expects to budget annual transfers from the General Fund to the County Capital Reserve Fund based on the projected cost of closure and postclosure care costs. Future inflation costs are expected to be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate, additional costs may be covered by future user charges or tax revenues. For the year ended June 30, 2005, the County budgeted no transfers from the General Fund to the County Capital Reserve Fund related to landfill costs. Additionally, the County incurred no costs related to its landfills during 2005.

12. Risk Management

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

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

13. Claims and Judgments

The County was a defendant in a lawsuit contending that the County overcharged a water customer ("Plaintiff") for service between 1999 and 2002 by more than \$1,000,000. The County received an unfavorable decision from the Federal Appeals Court. The County was ordered to pay \$422,646 to the plaintiff. Payment has been made to the plaintiff, the County and the customer have resolved the billing rates dispute, and the customer is now paying the billed rate to the County. The County also realized \$1,331,716 of bad debt expense that was netted against water revenues in the financial statements from the unpaid balance.

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

14. Joint Ventures

Brunswick County Community College

The County in conjunction with the State of North Carolina and the Brunswick County Board of Education participates in a joint venture to operate the Brunswick County Community College ("Community College"). Each of the three participants appoints four members of the thirteen-member board of trustees of the Community College. The president of the Community College's student government serves as an ex officio nonvoting member of the Community College's board of trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. As of June 30, 2005, the amount of general obligation bonds issued for this purpose that was still outstanding was \$3,910,528. The County made total debt service payments related to the bonds of \$1,088,998 during the fiscal year. Of that total, \$398,171 was principal that were refunded with the 2005 bond issue, \$607,223 was for principal repayment, and \$83,604 was for interest. In addition, the County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$2,117,465 to the Community College for operating purposes and \$346,141 for capital purposes during the fiscal year ended June 30, 2005.

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, 2005. Complete financial statements for the Brunswick County Community College may be obtained from the Community College's administrative offices at U.S. Hwy. 17 N., Supply, North Carolina.

Southeastern Mental Health Center

The County participates with Pender County and New Hanover County in a joint venture to operate the Southeastern Mental Health Center ("Center"), which is located in New Hanover County. The Center's Board consists of fifteen (15) directors. Each participating county appoints one County Commissioner as a member of the Board. Acting in concert, the County Commissioners so appointed shall appoint, reappoint, and terminate the other members of the Board. Subsequently, the Board of Commissioners of the county of residence of the appointee must confirm those appointed. Brunswick County has 5 members on the Board of Directors. The Southeastern Mental Health, Mental Retardation, and Substance Abuse Board is a county political subdivision of the State of North Carolina. Brunswick County contributed \$542,756 for operating purposes during the year ended June 30, 2005. In addition, the County makes available to the Center operating facilities for which no rent is charged. The participating counties do not have any equity interest in the joint venture. Complete financial statements for Southeastern Mental Health Center may be obtained from the Center's administrative offices at Wilmington, North Carolina.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

15. Jointly Governed Organizations

Cape Fear Council of Governments

The County, in conjunction with three other counties and forty-one municipalities, established the Cape Fear Council of Governments ("Council"). The participating governments established the Council to coordinate certain funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$17,413 to the Council during the fiscal year ended June 30, 2005.

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, 2005 was \$591,418.

In addition, the Authority made payments to the County during the fiscal year totaling \$393,291 pursuant to a maintenance contract.

North East Brunswick Waste Water Treatment Facility

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

West Brunswick Regional Waste Water Treatment Facility

Facility is owned and will be operated and maintained by the County. The plant is anticipated to begin operations in early 2006. Town of Holden Beach and the County have entered into a sewer service agreement for a portion of the treatment capacity in the plant. The sewer service agreement and policies and regulations provide for an oversight committee to make budget and operating recommendations to the County Commissioners.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

16. Benefit Payments issued by the State

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

	<u>Federal</u>	<u>State</u>
Temporary Assistance for Needy Families	\$ 1,075,107	\$ -
Medicaid	48,679,315	23,343,530
Food Stamp Program	6,860,448	-
Special Supplemental Food Program for Women, Infants and Children	1,301,158	-
State/County Special Assistance for Adults	-	397,511
State Foster Care and Adoption Programs	-	201,561

17. Commitments and Contingencies

Unemployment Benefits

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

Construction Commitments

The County had commitments, as shown below, for construction contracts outstanding at June 30, 2005. The projects are accounted for in the Governmental Capital Projects fund and Enterprise Capital Project Funds and are mainly funded by debt proceeds.

<u>Project</u>	<u>Balance of Contracts</u>
West Brunswick Waste Water Treatment Plant	\$ 12,474,594
Holden/OIB Water Extension	29,250
County Government "Building D" renovations	151,103
Detention Center	13,896

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, 2005, 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.

MAJOR GOVERNMENTAL FUNDS

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

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

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 70,505,770	\$ 73,754,812	\$ 3,249,042	\$ 67,766,208
Penalties and interest	570,000	765,407	195,407	712,482
	<u>71,075,770</u>	<u>74,520,219</u>	<u>3,444,449</u>	<u>68,478,690</u>
Local Option Sales Taxes:				
Article 39 (1%)	6,900,000	8,621,637	1,721,637	7,371,470
Article 40 (1/2%)	3,100,000	3,403,090	303,090	3,141,684
Article 42 (1/2%)	3,155,200	3,364,930	209,730	3,098,491
Article 44 (1/2%)	3,026,260	3,477,745	451,485	3,024,570
	<u>16,181,460</u>	<u>18,867,402</u>	<u>2,685,942</u>	<u>16,636,215</u>
Other Taxes and Licenses:				
Deed stamp excise tax	4,255,000	5,482,870	1,227,870	3,552,667
State drug tax	18,000	29,375	11,375	18,092
Scrap tire disposal fee	107,700	91,861	(15,839)	97,952
	<u>4,380,700</u>	<u>5,604,106</u>	<u>1,223,406</u>	<u>3,668,711</u>
Unrestricted Intergovernmental:				
Beer and wine tax	-	220,257	220,257	209,433
County Board of Alcohol Control	18,000	24,000	6,000	30,000
	<u>18,000</u>	<u>244,257</u>	<u>226,257</u>	<u>239,433</u>
Restricted Intergovernmental:				
State and federal grant	14,398,801	14,360,678	(38,123)	13,200,526
ABC bottles taxes	40,000	44,755	4,755	42,241
ABC education requirement	-	-	-	898
ABC law enforcement services	-	3,405	3,405	642
	<u>14,438,801</u>	<u>14,408,838</u>	<u>(29,963)</u>	<u>13,244,307</u>
Permits and Fees:				
Solid waste fees	1,320,500	1,836,642	516,142	1,391,467
Building permits, inspection fees	1,193,025	1,534,794	341,769	1,687,634
Court facility fees	150,085	134,092	(15,993)	137,428
Register of Deeds	1,352,300	1,538,259	185,959	1,399,447
School Resource officer reimbursement	553,769	490,377	(63,392)	453,891
Other permit and fees	588,356	745,023	156,667	584,151
	<u>5,158,035</u>	<u>6,279,187</u>	<u>1,121,152</u>	<u>5,654,018</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, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	Budget	Actual	Variance Positive (Negative)	2004
Sales and Services:				
Rents, concessions and fees	511,058	596,533	85,475	460,844
EMS Charges	875,000	1,021,638	146,638	882,717
Jail fees	210,653	145,651	(65,002)	263,627
Cafeteria sales	859,296	859,090	(206)	758,966
Public health user fees	1,015,346	1,309,918	294,572	878,890
Social services fees	34,050	59,748	25,698	56,165
Public housing fees	5,500	9,958	4,458	24,189
Tax collection fees	40,000	42,899	2,899	42,446
	<u>3,550,903</u>	<u>4,045,435</u>	<u>494,532</u>	<u>3,367,844</u>
Investment earnings	<u>721,999</u>	<u>1,061,862</u>	<u>339,863</u>	<u>432,729</u>
Other:				
Tax refunds - sales and gas tax	50,000	750	(49,250)	36,776
Contributions	18,600	18,551	(49)	358,991
Other revenues	126,239	239,522	113,283	114,512
	<u>194,839</u>	<u>258,823</u>	<u>63,984</u>	<u>510,279</u>
Total revenues	<u>115,720,507</u>	<u>125,290,129</u>	<u>9,569,622</u>	<u>112,232,226</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries	139,130	143,559	(4,429)	100,606
Fringe benefits	66,480	49,397	17,083	34,536
Operating costs	154,500	120,095	34,405	101,187
	<u>360,110</u>	<u>313,051</u>	<u>47,059</u>	<u>236,329</u>
County Administration:				
Salaries	419,849	418,389	1,460	377,827
Fringe benefits	1,091,207	873,071	218,136	719,015
Operating costs	1,157,702	1,101,705	55,997	896,142
Capital outlay	-	-	-	30,509
	<u>2,668,758</u>	<u>2,393,165</u>	<u>275,593</u>	<u>2,023,493</u>
Finance:				
Salaries	515,554	476,598	38,956	448,640
Fringe benefits	166,540	141,803	24,737	140,464
Operating costs	237,636	228,861	8,775	63,673
	<u>919,730</u>	<u>847,262</u>	<u>72,468</u>	<u>652,777</u>
Tax Administration:				
Salaries	770,160	730,058	40,102	676,636
Fringe benefits	272,290	250,185	22,105	237,928
Operating costs	270,299	208,758	61,541	269,620
Capital outlay	422,100	422,066	34	-
	<u>1,734,849</u>	<u>1,611,067</u>	<u>123,782</u>	<u>1,184,184</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, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	Budget	Actual	Variance Positive (Negative)	2004
Revenue Collector:				
Salaries	348,856	346,359	2,497	280,174
Fringe benefits	136,600	133,190	3,410	104,951
Operating costs	94,850	77,657	17,193	66,200
Capital outlay	5,900	5,900	-	-
	<u>586,206</u>	<u>563,106</u>	<u>23,100</u>	<u>451,325</u>
Geographic Information:				
Salaries	330,985	332,370	(1,385)	307,999
Fringe benefits	112,250	112,037	213	103,009
Operating costs	382,927	156,260	226,667	136,161
Capital outlay	-	-	-	9,700
	<u>826,162</u>	<u>600,667</u>	<u>225,495</u>	<u>556,869</u>
County Attorney:				
Salaries	182,646	178,978	3,668	164,671
Fringe benefits	52,770	47,999	4,771	46,109
Operating costs	102,433	36,550	65,883	32,157
	<u>337,849</u>	<u>263,527</u>	<u>74,322</u>	<u>242,937</u>
Court Facilities:				
Salaries	41,169	41,166	3	45,603
Fringe benefits	14,140	13,769	371	14,072
Operating costs	85,820	61,756	24,064	57,921
	<u>141,129</u>	<u>116,691</u>	<u>24,438</u>	<u>117,596</u>
Board of Elections:				
Salaries	141,437	142,653	(1,216)	135,201
Fringe benefits	51,630	51,321	309	47,933
Operating costs	217,671	177,506	40,165	84,152
	<u>410,738</u>	<u>371,480</u>	<u>39,258</u>	<u>267,286</u>
Register of Deeds:				
Salaries	621,442	610,958	10,484	543,827
Fringe benefits	387,575	295,039	92,536	265,303
Operating costs	3,409,612	3,183,348	226,264	2,016,834
Capital outlay	30,028	29,999	29	-
	<u>4,448,657</u>	<u>4,119,344</u>	<u>329,313</u>	<u>2,825,964</u>
Total general government	<u>12,434,188</u>	<u>11,199,360</u>	<u>1,234,828</u>	<u>8,558,760</u>
Central Services:				
Data Processing:				
Salaries	300,520	297,172	3,348	261,334
Fringe benefits	99,150	100,220	(1,070)	86,381
Operating costs	816,130	599,991	216,139	631,840
Capital outlay	-	-	-	86,087
	<u>1,215,800</u>	<u>997,383</u>	<u>218,417</u>	<u>1,065,642</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, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	Budget	Actual	Variance Positive (Negative)	2004
Service Center:				
Salaries	401,906	403,234	(1,328)	364,414
Fringe benefits	145,260	145,216	44	131,910
Operating costs	2,003,489	1,934,092	69,397	1,307,043
Capital outlay	127,251	116,559	10,692	32,611
	<u>2,677,906</u>	<u>2,599,101</u>	<u>78,805</u>	<u>1,835,978</u>
Transportation:				
Operating costs	129,790	129,790	-	140,276
Housekeeping:				
Salaries	2,480	-	2,480	329,816
Fringe benefits	-	-	-	170,319
Operating costs	100	288	(188)	68,938
	<u>2,580</u>	<u>288</u>	<u>2,292</u>	<u>569,073</u>
Engineer:				
Salaries	180,644	174,737	5,907	167,694
Fringe benefits	58,930	56,977	1,953	55,136
Operating costs	171,426	55,433	115,993	69,312
Capital outlay	22,000	18,343	3,657	-
	<u>433,000</u>	<u>305,490</u>	<u>127,510</u>	<u>292,142</u>
Operation Services:				
Salaries	1,621,545	1,579,084	42,461	1,134,313
Fringe benefits	633,270	609,326	23,944	393,701
Operating costs	1,695,916	1,392,707	303,209	1,264,219
Capital outlay	424,000	324,724	99,276	730,625
	<u>4,374,731</u>	<u>3,905,841</u>	<u>468,890</u>	<u>3,522,858</u>
General Liability and Employee Insurance:				
Fringe benefits	2,178,739	1,184,498	994,241	925,095
Operating costs	74,851	65,135	9,716	150,936
Capital outlay	-	-	-	6,698
	<u>2,253,590</u>	<u>1,249,633</u>	<u>1,003,957</u>	<u>1,082,729</u>
Cafeteria:				
Salaries	182,893	182,736	157	165,912
Fringe benefits	70,300	71,744	(1,444)	58,978
Operating costs	603,523	580,445	23,078	511,221
	<u>856,716</u>	<u>834,925</u>	<u>21,791</u>	<u>736,111</u>
Total central services	<u>11,944,113</u>	<u>10,022,451</u>	<u>1,921,662</u>	<u>9,244,809</u>
Public Safety:				
District Attorney:				
Salaries	72,127	62,429	9,698	52,776
Fringe benefits	6,414	4,799	1,615	3,964
Operating costs	35,676	25,035	10,641	30,565
Capital outlay	746	-	746	-
	<u>114,963</u>	<u>92,263</u>	<u>22,700</u>	<u>87,305</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, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	Budget	Actual	Variance Positive (Negative)	2004
Sheriff:				
Salaries	3,739,019	3,735,746	3,273	3,282,426
Fringe benefits	1,236,620	1,183,955	52,665	1,058,554
Operating costs	904,490	642,913	261,577	503,220
Capital outlay	439,856	378,993	60,863	423,788
	<u>6,319,985</u>	<u>5,941,607</u>	<u>378,378</u>	<u>5,267,988</u>
Criminal Justice Partnership:				
Salaries	32,760	33,284	(524)	28,199
Fringe benefits	12,750	12,719	31	10,920
Operating costs	92,748	76,547	16,201	61,299
	<u>138,258</u>	<u>122,550</u>	<u>15,708</u>	<u>100,418</u>
Detention Center:				
Salaries	1,277,845	1,329,278	(51,433)	956,749
Fringe benefits	483,210	445,547	37,663	341,782
Operating costs	1,146,425	1,028,777	117,648	867,694
Capital outlay	5,750	5,750	-	-
	<u>2,913,230</u>	<u>2,809,352</u>	<u>103,878</u>	<u>2,166,225</u>
Emergency Medical:				
Salaries	2,734,648	2,730,949	3,699	1,865,309
Fringe benefits	805,135	781,200	23,935	520,268
Operating costs	442,099	386,243	55,856	357,281
Capital outlay	213,177	209,016	4,161	220,032
	<u>4,195,059</u>	<u>4,107,408</u>	<u>87,651</u>	<u>2,962,890</u>
Emergency Management:				
Salaries	179,913	164,042	15,871	146,696
Fringe benefits	51,052	46,925	4,127	86,506
Operating costs	318,429	256,596	61,833	203,994
Capital outlay	471,685	423,781	47,904	142,350
	<u>1,021,079</u>	<u>891,344</u>	<u>129,735</u>	<u>579,546</u>
Other Public Safety:				
FEMA buyout program	5,343	-	5,343	-
	<u>5,343</u>	<u>-</u>	<u>5,343</u>	<u>-</u>
Other Agencies:				
Fire districts	354,874	325,000	29,874	325,000
Rescue Squads	451,813	424,534	27,279	259,065
	<u>806,687</u>	<u>749,534</u>	<u>57,153</u>	<u>584,065</u>
Public Inspections:				
Salaries	371,264	370,570	694	308,434
Fringe benefits	127,470	124,230	3,240	107,888
Operating costs	46,850	38,781	8,069	29,308
	<u>545,584</u>	<u>533,581</u>	<u>12,003</u>	<u>445,630</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, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Medical Examiner:				
Operating costs	64,000	63,551	449	55,728
Central Communications:				
Salaries	826,546	816,946	9,600	729,672
Fringe benefits	293,410	286,380	7,030	257,603
Operating costs	368,769	136,215	232,554	1,307,375
Capital outlay	1,912,955	1,009,625	903,330	43,703
	<u>3,401,680</u>	<u>2,249,166</u>	<u>1,152,514</u>	<u>2,338,353</u>
Animal Control:				
Salaries	277,146	272,291	4,855	247,295
Fringe benefits	118,410	112,879	5,531	99,792
Operating costs	209,473	209,472	1	95,006
Capital outlay	46,408	45,407	1,001	14,871
	<u>651,437</u>	<u>640,049</u>	<u>11,388</u>	<u>456,964</u>
Total public safety	<u>20,177,305</u>	<u>18,200,405</u>	<u>1,976,900</u>	<u>15,045,112</u>
Transportation:				
Brunswick County Airport	60,000	60,000	-	60,000
Ocean Isle Airport	25,000	25,000	-	25,000
Total transportation	<u>85,000</u>	<u>85,000</u>	<u>-</u>	<u>85,000</u>
Environmental Protection:				
Solid Waste:				
Salaries	342,515	308,735	33,780	294,752
Fringe benefits	120,700	110,459	10,241	100,823
Operating costs	9,590,313	9,220,000	370,313	8,771,061
Capital outlay	145,000	23,974	121,026	70,346
	<u>10,198,528</u>	<u>9,663,168</u>	<u>535,360</u>	<u>9,236,982</u>
Mosquito Control:				
Salaries	108,338	34,043	74,295	39,366
Fringe benefits	9,851	2,660	7,191	2,871
Operating costs	51,321	-	51,321	64,679
	<u>169,510</u>	<u>36,703</u>	<u>132,807</u>	<u>106,916</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, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	Budget	Actual	Variance Positive (Negative)	2004
Other:				
Forestry services	172,872	163,686	9,186	138,282
Cape Fear River Corridor	38,000	8,000	30,000	3,000
Artificial Reef Program	25,000	10,000	15,000	10,000
Brunswick County Beach Consortium	43,500	42,500	1,000	42,500
Coastal Watershed Management	192,750	8,231	184,519	-
	<u>472,122</u>	<u>232,417</u>	<u>239,705</u>	<u>193,782</u>
Total environmental protection	<u>10,840,160</u>	<u>9,932,288</u>	<u>907,872</u>	<u>9,537,680</u>
Economic Development:				
Planning:				
Salaries	436,101	387,330	48,771	399,922
Fringe benefits	148,800	125,177	23,623	133,998
Operating costs	207,263	135,328	71,935	98,528
Capital outlay	-	-	-	22,487
	<u>792,164</u>	<u>647,835</u>	<u>144,329</u>	<u>654,935</u>
Cooperative Extension:				
Salaries	378,247	353,930	24,317	321,669
Fringe benefits	107,883	87,426	20,457	70,286
Operating costs	146,311	87,244	59,067	111,356
Capital outlay	-	-	-	7,000
Other	7,313	1,652	5,661	2,268
	<u>639,754</u>	<u>530,252</u>	<u>109,502</u>	<u>512,579</u>
Soil and Water Conservation:				
Salaries	87,623	86,788	835	81,252
Fringe benefits	27,740	27,922	(182)	25,875
Operating costs	14,620	12,049	2,571	9,835
Capital outlay	20,600	20,523	77	-
	<u>150,583</u>	<u>147,282</u>	<u>3,301</u>	<u>116,962</u>
Public Housing Authority:				
Salaries	245,334	230,905	14,429	207,913
Fringe benefits	85,180	79,480	5,700	75,609
Operating costs	2,480,270	2,231,965	248,305	2,161,000
	<u>2,810,784</u>	<u>2,542,350</u>	<u>268,434</u>	<u>2,444,522</u>
Other Economic Development:				
Economic Development Commission	250,000	250,000	-	300,000
Total economic development	<u>4,643,285</u>	<u>4,117,719</u>	<u>525,566</u>	<u>4,028,998</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, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	Budget	Actual	Variance Positive (Negative)	2004
Human Services:				
Health:				
Administration:				
Salaries	1,967,133	1,807,535	159,598	1,673,722
Fringe benefits	775,850	649,617	126,233	607,397
Operating costs	87,081	69,113	17,968	65,961
Capital outlay	201,308	24,738	176,570	73,911
	<u>3,031,372</u>	<u>2,551,003</u>	<u>480,369</u>	<u>2,420,991</u>
Communicable Diseases:				
Operating costs	177,661	133,288	44,373	101,134
Adult Health Maintenance:				
Operating costs	86,388	70,057	16,331	69,224
Kate B. Reynolds Grant:				
Salaries	2,292	372	1,920	-
Operating costs	10,542	11,050	(508)	-
	<u>12,834</u>	<u>11,422</u>	<u>1,412</u>	<u>-</u>
Maternal and Child Health:				
Salaries	414,300	362,602	51,698	273,247
Fringe benefits	132,994	107,900	25,094	90,530
Operating costs	697,729	560,286	137,443	498,074
Capital outlay	12,076	12,076	-	12,243
	<u>1,257,099</u>	<u>1,042,864</u>	<u>214,235</u>	<u>874,094</u>
Environmental Health:				
Salaries	1,016,535	987,111	29,424	912,407
Fringe benefits	346,805	322,365	24,440	309,650
Operating costs	149,667	142,686	6,981	143,539
Capital outlay	65,168	-	65,168	52,255
	<u>1,578,175</u>	<u>1,452,162</u>	<u>126,013</u>	<u>1,417,851</u>
Total health	<u>6,143,529</u>	<u>5,260,796</u>	<u>882,733</u>	<u>4,883,294</u>
Veterans' Services:				
Salaries	73,883	72,998	885	68,156
Fringe benefits	25,950	25,979	(29)	24,127
Operating costs	15,126	13,171	1,955	10,544
Total veterans' services	<u>114,959</u>	<u>112,148</u>	<u>2,811</u>	<u>102,827</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, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	Budget	Actual	Variance Positive (Negative)	2004
Social Services:				
Administration:				
Salaries	3,503,236	3,267,530	235,706	2,777,157
Fringe benefits	1,280,069	1,154,840	125,229	1,035,198
Operating costs	603,426	456,958	146,468	512,002
Capital outlay	26,460	24,738	1,722	36,555
	<u>5,413,191</u>	<u>4,904,066</u>	<u>509,125</u>	<u>4,360,912</u>
Community Alternative Program:				
Salaries	541,127	229,112	312,015	327,948
Fringe benefits	411,870	175,210	236,660	207,849
Operating costs	39,012	41,878	(2,866)	49,613
	<u>992,009</u>	<u>446,200</u>	<u>545,809</u>	<u>585,410</u>
Title III-In Home Care:				
Salaries	227,288	181,052	46,236	56,901
Fringe benefits	38,040	31,774	6,266	8,369
Operating costs	13,165	9,929	3,236	4,780
	<u>278,493</u>	<u>222,755</u>	<u>55,738</u>	<u>70,050</u>
Other Operating Costs:				
TANF	10,000	-	10,000	5,377
State foster home	128,112	123,230	4,882	43,776
Foster care	395,450	220,015	175,435	265,071
Aid to the blind	8,788	3,777	5,011	2,769
Aid to aging - rest home	521,385	410,487	110,898	409,043
Day care	3,743,373	3,857,508	(114,135)	3,553,632
Medical assistance	4,130,000	4,035,000	95,000	3,415,764
Adoption assistance	432,006	247,863	184,143	221,860
	<u>9,369,114</u>	<u>8,897,880</u>	<u>471,234</u>	<u>7,917,292</u>
Total social services	<u>16,052,807</u>	<u>14,470,901</u>	<u>1,581,906</u>	<u>12,933,664</u>
Other Human Services:				
Southeastern Mental Health Center	538,000	542,756	(4,756)	534,740
Other	1,145,308	1,091,706	53,602	1,045,216
	<u>1,683,308</u>	<u>1,634,462</u>	<u>48,846</u>	<u>1,579,956</u>
Total human services	<u>23,994,603</u>	<u>21,478,307</u>	<u>2,516,296</u>	<u>19,499,741</u>
Education:				
Public schools - current	22,076,810	22,076,810	-	21,003,440
Community college - current	2,117,465	2,117,465	-	1,957,035
Community college - capital outlay	346,141	346,141	-	128,500
Total education	<u>24,540,416</u>	<u>24,540,416</u>	<u>-</u>	<u>23,088,975</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, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	Budget	Actual	Variance Positive (Negative)	2004
Culture and Recreation:				
Parks and Recreation:				
Salaries	808,256	802,332	5,924	743,460
Fringe benefits	283,550	275,308	8,242	259,181
Operating costs	632,086	547,282	84,804	512,843
Capital outlay	792,497	226,033	566,464	372,194
	<u>2,516,389</u>	<u>1,850,955</u>	<u>665,434</u>	<u>1,887,678</u>
Brunswick County Library:				
Salaries	663,962	658,303	5,659	486,792
Fringe benefits	253,830	244,158	9,672	187,549
Operating costs	331,500	306,353	25,147	172,582
Capital outlay	138,215	136,029	2,186	556,900
	<u>1,387,507</u>	<u>1,344,843</u>	<u>42,664</u>	<u>1,403,823</u>
Other Culture and Recreation:				
Contributions	82,928	60,704	22,224	83,650
Total culture and recreation	<u>3,986,824</u>	<u>3,256,502</u>	<u>730,322</u>	<u>3,375,151</u>
Debt Service:				
Principal retirement	6,609,807	6,609,797	10	5,451,616
Interest and fees	6,246,787	6,116,632	130,155	4,360,278
Total debt service	<u>12,856,594</u>	<u>12,726,429</u>	<u>130,165</u>	<u>9,811,894</u>
Total expenditures	<u>125,502,488</u>	<u>115,558,877</u>	<u>9,943,611</u>	<u>102,276,120</u>
Revenues over (under) expenditures	(9,781,981)	9,731,252	19,513,233	9,956,106
Other Financing Sources (Uses):				
Issuance of long-term debt	18,936,849	19,174,694	237,845	3,668,765
Payment to escrow agent for refunded debt	(17,385,545)	(17,385,545)	-	(3,275,000)
Sale of capital assets	15,675	230,106	214,431	119,366
	<u>1,566,979</u>	<u>2,019,255</u>	<u>452,276</u>	<u>513,131</u>
Transfers From Other Funds:				
Special Revenue Funds	5,315,167	4,006,027	(1,309,140)	3,965,839
Capital Projects Funds	-	-	-	167,125
Enterprise Funds	478,695	478,695	-	3,289,704
	<u>5,793,862</u>	<u>4,484,722</u>	<u>(1,309,140)</u>	<u>7,422,668</u>
Transfers To Other Funds:				
Special Revenue Funds	(16,808,966)	(16,789,397)	19,569	(5,652,622)
Capital Projects Funds	-	-	-	(858,400)
Enterprise Funds	-	(237,845)	(237,845)	(2,136,796)
	<u>(16,808,966)</u>	<u>(17,027,242)</u>	<u>(218,276)</u>	<u>(8,647,818)</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, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Budgetary Financing Sources (Uses):				
Contingency	(257,181)	-	257,181	-
Appropriated fund balance	<u>19,487,287</u>	-	<u>(19,487,287)</u>	-
	<u>19,230,106</u>	-	<u>(19,230,106)</u>	-
 Total other financing sources (uses)	 <u>9,781,981</u>	 <u>(10,523,265)</u>	 <u>(20,305,246)</u>	 <u>(712,019)</u>
 Revenues and other financing sources over expenditures and other financing uses	 <u>\$ -</u>	 <u>(792,013)</u>	 <u>\$ (792,013)</u>	 <u>9,244,087</u>
 Fund balance, beginning of year		 <u>54,495,078</u>		 <u>45,250,991</u>
 Fund balance, end of year		 <u>\$ 53,703,065</u>		 <u>\$ 54,495,078</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - COUNTY CAPITAL RESERVE FUND
 FOR THE YEAR ENDED JUNE 30, 2005
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Revenues:				
Investment earnings	\$ -	\$ 178,916	\$ 178,916	\$ 73,530
Other Financing Sources (Uses):				
Transfers In (Out):				
Special Revenue	213,338	213,338	-	-
General Fund	5,832,911	5,975,911	143,000	(2,972,502)
Capital Projects	(15,112,991)	(1,665,288)	13,447,703	(1,523,321)
Enterprise Funds	(727,314)	(787,738)	(60,424)	4,227,179
Appropriated fund balance	<u>9,794,056</u>	<u>-</u>	<u>(9,794,056)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>3,736,223</u>	<u>3,736,223</u>	<u>(268,644)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 3,915,139	\$ 3,915,139	\$ (195,114)
Fund balance, beginning of year		<u>9,794,055</u>		<u>9,989,169</u>
Fund balance, end of year		<u>\$ 13,709,194</u>		<u>\$ 9,794,055</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET TO ACTUAL - SCHOOLS CAPITAL PROJECTS FUND
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005

	<u>Project Budget</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental revenues	\$ 15,064,835	\$ 3,769,850	\$ -	\$ 3,769,850
Investment earnings	529,998	3,495,648	330,287	3,825,935
Other	1,112,235	1,053,546	175,304	1,228,850
Total revenues	<u>16,707,068</u>	<u>8,319,044</u>	<u>505,591</u>	<u>8,824,635</u>
Expenditures:				
Education	<u>114,797,068</u>	<u>81,920,680</u>	<u>10,720,853</u>	<u>92,641,533</u>
Revenues over (under) expenditures	(98,090,000)	(73,601,636)	(10,215,262)	(83,816,898)
Other Financing Sources (Uses):				
Transfers in (out)	90,000	90,000	6,584,895	6,674,895
Bond anticipation note payment	(500,000)	(517,739)	-	(517,739)
Debt financing issued	<u>98,500,000</u>	<u>95,000,000</u>	<u>3,500,000</u>	<u>98,500,000</u>
Total other financing sources (uses)	<u>98,090,000</u>	<u>94,572,261</u>	<u>10,084,895</u>	<u>104,657,156</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 20,970,625</u>	(130,367)	<u>\$ 20,840,258</u>
Fund balance, beginning of year			<u>20,970,625</u>	
Fund balance, end of year			<u>\$ 20,840,258</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO
ACTUAL - COUNTY CAPITAL PROJECTS FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005**

	Project Budget	Prior Years	Actual	
			Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ 6,576,525	\$ 5,692,324	\$ 735,489	\$ 6,427,813
Investment earnings	1,173,212	1,167,026	82,237	1,249,263
Other	370,465	395,767	137,879	533,646
Total revenues	<u>8,120,202</u>	<u>7,255,117</u>	<u>955,605</u>	<u>8,210,722</u>
Expenditures:				
Capital Improvements:				
General government	3,511,526	516,533	682,102	1,198,635
Public Safety	24,298,302	18,398,748	4,374,637	22,773,385
Environmental protection	1,949,649	1,707,625	-	1,707,625
Transportation	<u>7,286,496</u>	<u>5,737,941</u>	<u>775,256</u>	<u>6,513,197</u>
Total expenditures	<u>37,045,973</u>	<u>26,360,847</u>	<u>5,831,995</u>	<u>32,192,842</u>
Revenues over (under) expenditures	(28,925,771)	(19,105,730)	(4,876,390)	(23,982,120)
Other Financing Sources (Uses):				
Transfers in (out)	5,125,771	2,655,479	590,727	3,246,206
Debt financing issued	<u>23,800,000</u>	<u>23,800,000</u>	-	<u>23,800,000</u>
Total other financing sources (uses)	<u>28,925,771</u>	<u>26,455,479</u>	<u>590,727</u>	<u>27,046,206</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 7,349,749</u>	(4,285,663)	<u>\$ 3,064,086</u>
Fund balance, beginning of year			<u>7,349,749</u>	
Fund balance, end of year			<u>\$ 3,064,086</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.

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

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

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

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

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

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

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COMBINING BALANCE SHEET - NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
JUNE 30, 2005**

	<u>Special Revenue Funds</u>			
	Occupancy Tax Fund	Brunswick County Leasing Corporation Fund	Emergency Telephone System Fund	Grant Project
Assets:				
Cash, cash equivalents and investments	\$ 60,138	\$ -	\$ 791,317	\$ 664,474
Restricted cash	-	2,994	-	-
Special assessment	-	-	-	-
Other receivables	71,992	-	72,039	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 132,130</u>	<u>\$ 2,994</u>	<u>\$ 863,356</u>	<u>\$ 664,474</u>
Liabilities and Fund Balance:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 132,130	\$ -	\$ 23,342	\$ 452
Deferred revenue	-	-	-	-
Total liabilities	<u>132,130</u>	<u>-</u>	<u>23,342</u>	<u>452</u>
Fund Balance:				
Reserved by State statute	-	-	72,039	-
Reserved for debt service	-	2,994	-	-
Unreserved	-	-	767,975	664,022
Total fund balance	<u>-</u>	<u>2,994</u>	<u>840,014</u>	<u>664,022</u>
Total liabilities and fund balance	<u>\$ 132,130</u>	<u>\$ 2,994</u>	<u>\$ 863,356</u>	<u>\$ 664,474</u>

Special Revenue Funds

<u>Revaluation Fund</u>	<u>SAD Revolving Fund</u>	<u>Special School Capital Reserve (Ad Valorem) Fund</u>	<u>School Capital Reserve (Sales Tax) Fund</u>	<u>ROD- Technology Enhancement Fund</u>	<u>Total</u>
\$ 239,931	\$ 146,258	\$ 2,508,179	\$ 3,755,982	\$ 407,609	\$ 8,573,888
-	-	-	-	-	2,994
-	192,434	-	-	-	192,434
-	-	-	-	-	144,031
-	-	-	517,438	-	517,438
<u>\$ 239,931</u>	<u>\$ 338,692</u>	<u>\$ 2,508,179</u>	<u>\$ 4,273,420</u>	<u>\$ 407,609</u>	<u>\$ 9,430,785</u>
\$ 25,365	\$ -	\$ -	\$ -	\$ -	\$ 181,289
-	192,434	-	-	-	192,434
<u>25,365</u>	<u>192,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,723</u>
-	-	-	517,438	-	589,477
-	-	-	-	-	2,994
<u>214,566</u>	<u>146,258</u>	<u>2,508,179</u>	<u>3,755,982</u>	<u>407,609</u>	<u>8,464,591</u>
<u>214,566</u>	<u>146,258</u>	<u>2,508,179</u>	<u>4,273,420</u>	<u>407,609</u>	<u>9,057,062</u>
<u>\$ 239,931</u>	<u>\$ 338,692</u>	<u>\$ 2,508,179</u>	<u>\$ 4,273,420</u>	<u>\$ 407,609</u>	<u>\$ 9,430,785</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT)
NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

	Special Revenue Funds			
	Occupancy Tax Fund	Brunswick County Leasing Corporation Fund	Emergency Telephone System Fund	Grant Project
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	832,136	-	713,042	-
Restricted intergovernmental	-	-	81,937	336,644
Miscellaneous revenue	-	-	-	-
Investment earnings	-	3,288	13,277	530
Total revenues	<u>832,136</u>	<u>3,288</u>	<u>808,256</u>	<u>337,174</u>
Expenditures:				
Public safety	-	-	868,084	-
Economic and physical development	806,908	-	-	474,717
Total expenditures	<u>806,908</u>	<u>-</u>	<u>868,084</u>	<u>474,717</u>
Revenues over (under) expenditures	25,228	3,288	(59,828)	(137,543)
Other Financing Sources (Uses):				
Transfers In:				
General Fund	-	-	-	-
Transfers Out:				
General Fund	(22,343)	(10,923)	-	-
Special Revenue	-	-	-	-
Capital Project Funds	-	-	-	-
Total other financing sources (uses)	<u>(22,343)</u>	<u>(10,923)</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	2,885	(7,635)	(59,828)	(137,543)
Fund balance (deficit), beginning of year	<u>(2,885)</u>	<u>10,629</u>	<u>899,842</u>	<u>801,565</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 2,994</u>	<u>\$ 840,014</u>	<u>\$ 664,022</u>

Special Revenue Funds

Revaluation Fund	SAD Revolving Fund	Special School Capital Reserve (Ad Valorem) Fund	School Capital Reserve (Sales Tax) Fund	ROD-Technology Enhancement Fund	Total
\$ -	\$ 123,739	\$ -	\$ -	\$ -	\$ 123,739
-	-	-	-	-	1,545,178
-	-	-	-	-	418,581
-	-	-	917	-	917
<u>6,465</u>	<u>4,505</u>	<u>40,137</u>	<u>105,332</u>	<u>5,938</u>	<u>179,472</u>
<u>6,465</u>	<u>128,244</u>	<u>40,137</u>	<u>106,249</u>	<u>5,938</u>	<u>2,267,887</u>
-	-	-	-	-	868,084
<u>278,704</u>	-	-	-	-	<u>1,560,329</u>
<u>278,704</u>	-	-	-	-	<u>2,428,413</u>
(272,239)	128,244	40,137	106,249	5,938	(160,526)
-	-	3,414,681	3,039,885	145,024	6,599,590
-	-	-	-	-	(33,266)
-	(213,338)	-	-	-	(213,338)
-	-	(3,015,859)	(3,569,035)	-	(6,584,894)
-	<u>(213,338)</u>	<u>398,822</u>	<u>(529,150)</u>	<u>145,024</u>	<u>(231,908)</u>
(272,239)	(85,094)	438,959	(422,901)	150,962	(392,434)
<u>486,805</u>	<u>231,352</u>	<u>2,069,220</u>	<u>4,696,321</u>	<u>256,647</u>	<u>9,449,496</u>
<u>\$ 214,566</u>	<u>\$ 146,258</u>	<u>\$ 2,508,179</u>	<u>\$ 4,273,420</u>	<u>\$ 407,609</u>	<u>\$ 9,057,062</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND

ACTUAL AND CHANGES IN FUND BALANCE (DEFICIT) - OCCUPANCY TAX FUND

FOR THE YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Revenues:				
Other taxes and licenses	\$ 770,000	\$ 832,136	\$ 62,136	\$ 832,935
Investment earnings	-	-	-	930
Total revenues	<u>770,000</u>	<u>832,136</u>	<u>62,136</u>	<u>833,865</u>
Expenditures:				
Economic and physical development	<u>755,565</u>	<u>806,908</u>	<u>(51,343)</u>	<u>829,003</u>
Revenues over (under) expenditures	14,435	25,228	10,793	4,862
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	<u>(14,435)</u>	<u>(22,343)</u>	<u>(7,908)</u>	<u>(20,322)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	2,885	<u>\$ 2,885</u>	(15,460)
Fund balance (deficit), beginning of year		<u>(2,885)</u>		<u>12,575</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ (2,885)</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL AND CHANGES IN FUND BALANCE -
 BRUNSWICK COUNTY LEASING CORPORATION FUND

FOR THE YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Revenues:				
Investment earnings	\$ -	\$ 3,288	\$ 3,288	\$ 10,838
Total revenues	<u>-</u>	<u>3,288</u>	<u>3,288</u>	<u>10,838</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	-	(10,923)	(10,923)	(676)
Water Fund	-	-	-	816,611
Total other financing sources (uses)	<u>-</u>	<u>(10,923)</u>	<u>(10,923)</u>	<u>815,935</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(7,635)</u>	<u>\$ (7,635)</u>	<u>826,773</u>
Fund balance, beginning of year		<u>10,629</u>		<u>(816,144)</u>
Fund balance, end of year		<u>\$ 2,994</u>		<u>\$ 10,629</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, 2005
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Revenues:				
Other taxes and licenses	\$ 640,000	\$ 713,042	\$ 73,042	\$ 801,977
Restricted intergovernmental	119,000	81,937	(37,063)	272,142
Investment earnings	5,000	13,277	8,277	5,889
Total revenues	<u>764,000</u>	<u>808,256</u>	<u>44,256</u>	<u>1,080,008</u>
Expenditures:				
Public safety	<u>1,129,027</u>	<u>868,084</u>	<u>260,943</u>	<u>861,082</u>
Revenues over (under) expenditures	(365,027)	(59,828)	305,199	218,926
Other Financing Sources (Uses):				
Transfers in	901	-	(901)	-
Appropriated fund balance	<u>364,126</u>	<u>-</u>	<u>(364,126)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(59,828)</u>	<u>\$ (59,828)</u>	<u>218,926</u>
Fund balance, beginning of year		<u>899,842</u>		<u>680,916</u>
Fund balance, end of year		<u>\$ 840,014</u>		<u>\$ 899,842</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO
 ACTUAL - GRANT PROJECT FUND
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ 793,787	\$ 4,761,193	\$ 336,644	\$ 5,097,837
Loan repayments	-	31,068	-	31,068
Investment earnings	-	9,534	530	10,064
Total revenues	<u>793,787</u>	<u>4,801,795</u>	<u>337,174</u>	<u>5,138,969</u>
Expenditures:				
Economic and physical development	<u>827,363</u>	<u>4,010,678</u>	<u>474,717</u>	<u>4,485,395</u>
Revenues over (under) expenditures	(33,576)	791,117	(137,543)	653,574
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	-	13,974	-	13,974
Public housing grant fund	-	(3,526)	-	(3,526)
Appropriated fund balance	<u>33,576</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>33,576</u>	<u>10,448</u>	<u>-</u>	<u>10,448</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 801,565</u>	(137,543)	<u>\$ 664,022</u>
Fund balance, beginning of year			<u>801,565</u>	
Fund balance, end of year			<u>\$ 664,022</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - REVALUATION FUND
 FOR THE YEAR ENDED JUNE 30, 2005
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Revenues:				
Investment earnings	\$ -	\$ 6,465	\$ 6,465	\$ 2,812
Expenditures:				
Economic and physical development	369,968	278,704	91,264	192,922
Revenues over (under) expenditures	(369,968)	(272,239)	97,729	(190,110)
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	219,968	-	(219,968)	202,553
Appropriated fund balance	150,000	-	(150,000)	-
Total other financing sources (uses)	369,968	-	(369,968)	202,553
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	(272,239)	<u>\$ (272,239)</u>	12,443
Fund balance, beginning of year		<u>486,805</u>		<u>474,362</u>
Fund balance, end of year		<u>\$ 214,566</u>		<u>\$ 486,805</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Revenues:				
Special assessments	\$ -	\$ 123,739	\$ 123,739	\$ 81,718
Investment earnings	-	4,505	4,505	1,379
Total revenues	<u>-</u>	<u>128,244</u>	<u>128,244</u>	<u>83,097</u>
Other Financing Sources (Uses):				
Intrafund transfers	(213,338)	(213,338)	-	-
Appropriated fund balance	<u>213,338</u>	<u>-</u>	<u>(213,338)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(213,338)</u>	<u>(213,338)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(85,094)</u>	<u>\$ (85,094)</u>	<u>83,097</u>
Fund balance, beginning of year		<u>231,352</u>		<u>148,255</u>
Fund balance, end of year		<u>\$ 146,258</u>		<u>\$ 231,352</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Revenues:				
Investment earnings	\$ -	\$ 40,137	\$ 40,137	\$ 14,286
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	3,414,681	3,414,681	-	955,962
Capital Project Funds	(5,933,605)	(3,015,859)	2,917,746	(856,591)
Appropriated fund balance	<u>2,518,924</u>	<u>-</u>	<u>(2,518,924)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>398,822</u>	<u>398,822</u>	<u>99,371</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>438,959</u>	<u>\$ 438,959</u>	<u>113,657</u>
Fund balance, beginning of year		<u>2,069,220</u>		<u>1,955,563</u>
Fund balance, end of year		<u>\$ 2,508,179</u>		<u>\$ 2,069,220</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - SCHOOL CAPITAL RESERVE
 (SALES TAX) FUND
 FOR THE YEAR ENDED JUNE 30, 2005
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Revenues:				
Investment earnings	\$ 2,609,815	\$ 105,332	\$ (2,504,483)	\$ 33,746
Miscellaneous revenue	-	917	917	27,654
Total revenues	<u>2,609,815</u>	<u>106,249</u>	<u>(2,503,566)</u>	<u>61,400</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	1,510,258	3,039,885	1,529,627	2,863,260
Capital Project Funds	(3,943,484)	(3,569,035)	374,449	(1,849,786)
Appropriated fund balance	(176,589)	-	176,589	-
Total other financing sources (uses)	<u>(2,609,815)</u>	<u>(529,150)</u>	<u>2,080,665</u>	<u>1,013,474</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(422,901)</u>	<u>\$ (422,901)</u>	<u>1,074,874</u>
Fund balance, beginning of year		<u>4,696,321</u>		<u>3,621,447</u>
Fund balance, end of year		<u>\$ 4,273,420</u>		<u>\$ 4,696,321</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, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Revenues:				
Investment earnings	\$ -	\$ 5,938	\$ 5,938	\$ 1,537
Expenditures:				
General government	115,380	-	115,380	27,475
Revenues over (under) expenditures	(115,380)	5,938	121,318	(25,938)
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	115,380	145,024	29,644	131,882
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	150,962	<u>\$ 150,962</u>	105,944
Fund balance, beginning of year		<u>256,647</u>		<u>150,703</u>
Fund balance, end of year		<u>\$ 407,609</u>		<u>\$ 256,647</u>

MAJOR ENTERPRISE FUNDS

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

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

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

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

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - WATER SYSTEM
OPERATING FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Revenues:				
User charges	\$ 12,343,713	\$ 12,337,393	\$ (6,320)	\$ 13,113,645
Restricted intergovernmental revenue	-	-	-	9,300
Investment earnings	80,000	248,124	168,124	103,614
Other	<u>474,512</u>	<u>550,073</u>	<u>75,561</u>	<u>347,595</u>
Total revenues	<u>12,898,225</u>	<u>13,135,590</u>	<u>237,365</u>	<u>13,574,154</u>
Expenditures:				
Salaries	2,393,114	2,250,308	142,806	2,006,709
Fringe benefits	825,989	767,903	58,086	680,833
Operating expenditures	4,378,229	4,026,644	351,585	4,084,639
Capital outlay	1,491,727	3,582,136	(2,090,409)	363,410
Debt Service:				
Principal	2,713,508	2,619,738	93,770	2,980,164
Interest	<u>529,111</u>	<u>512,750</u>	<u>16,361</u>	<u>356,754</u>
Total expenditures	<u>12,331,678</u>	<u>13,759,479</u>	<u>(1,427,801)</u>	<u>10,472,509</u>
Revenues over (under) expenditures	566,547	(623,889)	(1,190,436)	3,101,645
Other Financing Sources (Uses):				
Long-term debt issued	2,763,151	4,962,806	2,199,655	-
Advance repayment of long-term debt	(1,921,969)	(1,921,969)	-	-
Transfers in (out)	(2,498,560)	(2,260,715)	237,845	(1,666,440)
Intrafund transfers	(400,000)	(400,000)	-	(68,199)
Appropriated fund balance	<u>1,490,831</u>	<u>-</u>	<u>(1,490,831)</u>	<u>-</u>
Total other financing sources (uses)	<u>(566,547)</u>	<u>380,122</u>	<u>946,669</u>	<u>(1,734,639)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(243,767)</u>	<u>\$ (243,767)</u>	<u>\$ 1,367,006</u>

Reconciliation From Budgetary Basis

To Full Accrual Basis:

Capital Project Related Items:

Revenues from water capital projects	141,966
Intrafund transfers	400,000
Other transfers	973,351

Other Reconciling Items:

Capitalized capital outlay and CIP adjustment	3,669,414
Loss on sale/disposal of capital assets	(158,298)
Change in vacation accrual	4,263
Change in inventory level	15,126
Long-term debt issued	(4,962,806)
Retirement of long-term debt	4,541,707
Contributed capital assets	1,064,707
Depreciation and amortization	<u>(2,148,813)</u>
Change in net assets - GAAP basis	<u>\$ 3,296,850</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, 2005**

	Project Budget	Actual		Total to Date
		Prior Year	Current Year	
Revenues:				
Restricted intergovernmental revenue	\$ 1,650,000	\$ 1,250,000	\$ -	\$ 1,250,000
Other	135,000	16,629	141,966	158,595
Total revenues	<u>1,785,000</u>	<u>1,266,629</u>	<u>141,966</u>	<u>1,408,595</u>
Expenditures:				
Hale Swamp Road project	200,611	-	-	-
Cedar Hill Road project	1,417,651	1,367,462	-	1,367,462
Filter to waste project	839,710	797,259	220	797,479
2002 Water line project	697,557	711,388	-	711,388
2004 Water line project	393,619	12,780	349,428	362,208
Supply water main and sewer collection project	800,000	-	615	615
CBU interconnections project	40,200	-	5,000	5,000
Water complex pump station project	27,500	-	15,500	15,500
Southport elevated tank project	32,590	-	-	-
Brunswick Community College pump station project	150,000	-	-	-
Waccamaw water line project	98,290	-	-	-
Total expenditures	<u>4,697,728</u>	<u>2,888,889</u>	<u>370,763</u>	<u>3,259,652</u>
Revenues over (under) expenditures	(2,912,728)	(1,622,260)	(228,797)	(1,851,057)
Other Financing Sources (Uses):				
Transfers in	2,419,404	1,453,845	973,351	2,427,196
Intrafund transfers	566,489	68,199	400,000	468,199
Contingency	(73,165)	-	-	-
Total other financing sources (uses)	<u>2,912,728</u>	<u>1,522,044</u>	<u>1,373,351</u>	<u>2,895,395</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (100,216)	\$ 1,144,554	\$ 1,044,338

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	Budget	Actual	Variance Positive (Negative)	2004
Revenues:				
User charges	\$ 2,996,735	\$ 2,828,727	\$ (168,008)	\$ 3,684,151
Capital contributions	364,860	334,844	(30,016)	364,862
Investment earnings	23,200	54,339	31,139	78,197
Other	134,603	1,368,264	1,233,661	91,065
Total revenues	<u>3,519,398</u>	<u>4,586,174</u>	<u>1,066,776</u>	<u>4,218,275</u>
Expenditures:				
Salaries	643,549	600,323	43,226	345,900
Fringe benefits	208,990	211,013	(2,023)	119,502
Operating expenditures	1,087,059	866,021	221,038	873,039
Capital outlay	558,903	5,467,948	(4,909,045)	1,084,622
Debt Service:				
Principal	604,365	572,234	32,131	375,000
Interest	419,341	383,493	35,848	241,376
Total expenditures	<u>3,522,207</u>	<u>8,101,032</u>	<u>(4,578,825)</u>	<u>3,039,439</u>
Revenues over (under) expenditures	(2,809)	(3,514,858)	(3,512,049)	1,178,836
Other Financing Sources (Uses):				
Issuance of long-term debt	-	5,899,240	5,899,240	-
Transfers in (out)	(1,128,544)	(1,128,544)	-	(610,957)
Intrafund transfers	-	(77,167)	(77,167)	-
Contingency	1,131,353	-	(1,131,353)	-
Total other financing sources (uses)	<u>2,809</u>	<u>4,693,529</u>	<u>4,690,720</u>	<u>(610,957)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,178,671</u>	<u>\$ 1,178,671</u>	<u>\$ 567,879</u>
Reconciliation From Budgetary Basis				
To Full Accrual Basis:				
Revenues and Transfers - Sewer Capital Projects:				
Revenues from sewer capital projects		1,326,263		
Transfers in		999,500		
Intrafund transfers		77,167		
Other Reconciling Items:				
Change in payroll related accruals		(11,494)		
Capitalized expenditures		4,438,262		
Contributed assets		100,603		
Long-term debt issued		(5,899,240)		
Retirement of long-term debt		572,234		
Depreciation		(439,828)		
Change in net assets - GAAP basis		<u>\$ 2,342,138</u>		

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
SEWER CAPITAL PROJECT FUNDS (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Project Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Revenues:				
Restricted intergovernmental revenue	\$ 5,540,094	\$ 4,143,094	\$ -	\$ 4,143,094
Other	385,677	571,776	882,557	1,454,333
Investment earnings	-	235	443,706	443,941
Total revenues	<u>5,925,771</u>	<u>4,715,105</u>	<u>1,326,263</u>	<u>6,041,368</u>
Expenditures:				
Northeast Brunswick Wastewater facility	11,219,897	11,159,307	6,304	11,165,611
Limited Capital Improvement Sewer project	100,000	-	-	-
West Regional Wastewater project	62,190,300	5,607,426	39,553,422	45,160,848
Northeast Brunswick Industrial project	199,500	-	-	-
Special assessment district project	776,820	-	43,967	43,967
East Regional Wastewater project	2,111,326	2,111,326	-	2,111,326
Total expenditures	<u>76,597,843</u>	<u>18,878,059</u>	<u>39,603,693</u>	<u>58,481,752</u>
Revenues over (under) expenditures	(70,672,072)	(14,162,954)	(38,277,430)	(52,440,384)
Other Financing Sources (Uses):				
Long term debt issued	67,889,544	33,860,689	23,885,032	57,745,721
Bond premium (discount)	353,398	353,398	-	353,398
Grant subsidy	(1,085,000)	(1,085,000)	-	(1,085,000)
Transfers in	4,673,493	3,573,993	999,500	4,573,493
Intrafund transfer	-	-	77,167	77,167
Contingency	(1,159,363)	-	-	-
Total other financing sources (uses)	<u>70,672,072</u>	<u>36,703,080</u>	<u>24,961,699</u>	<u>61,664,779</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 22,540,126</u>	<u>\$(13,315,731)</u>	<u>\$ 9,224,395</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL - ENTERPRISE FUND CAPITAL RESERVE (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2005
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004</u>
Revenues:				
Investment earnings	\$ -	\$ 12,618	\$ 12,618	\$ 1,067
Other Financing Sources (Uses):				
Transfers in	(93,662)	3,278,992	3,372,654	-
Appropriated fund balance	<u>93,662</u>	<u>-</u>	<u>(93,662)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>3,278,992</u>	<u>3,278,992</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>3,291,610</u>	<u>\$ 3,291,610</u>	<u>\$ 1,067</u>
Net Assets:				
Beginning of year, July 1		<u>147,101</u>		
End of year, June 30		<u>\$ 3,438,711</u>		

AGENCY FUNDS

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

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

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

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

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

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

	Balance 2004	Additions	Deductions	Balance 2005
SOCIAL SERVICES FUND				
Assets:				
Cash, cash equivalents and investments	\$ 24,031	\$ 11,669	\$ -	\$ 35,700
Receivables - net	2,701	-	(2,701)	-
Total assets	<u>\$ 26,732</u>	<u>\$ 11,669</u>	<u>\$ (2,701)</u>	<u>\$ 35,700</u>
Liabilities:				
Other	<u>\$ 26,732</u>	<u>\$ 11,669</u>	<u>\$ (2,701)</u>	<u>\$ 35,700</u>
SMITHVILLE TOWNSHIP FUND				
Assets:				
Cash, cash equivalents and investments	\$ 3,993,930	\$ -	\$ (1,959,438)	\$ 2,034,492
Taxes receivable - net	9,752	(3,747)	-	6,005
Total assets	<u>\$ 4,003,682</u>	<u>\$ (3,747)</u>	<u>\$ (1,959,438)</u>	<u>\$ 2,040,497</u>
Liabilities:				
Other	\$ 9,752	\$ (3,747)	\$ -	\$ 6,005
Due to other governmental agencies	3,993,930	-	(1,959,438)	2,034,492
Total liabilities	<u>\$ 4,003,682</u>	<u>\$ (3,747)</u>	<u>\$ (1,959,438)</u>	<u>\$ 2,040,497</u>
INTERGOVERNMENTAL COLLECTIONS FUND				
Assets:				
Cash, cash equivalents and investments	\$ 374,529	\$ (124,245)	\$ -	\$ 250,284
Taxes receivable - net	39,246	-	(10,128)	29,118
Total assets	<u>\$ 413,775</u>	<u>\$ (124,245)</u>	<u>\$ (10,128)</u>	<u>\$ 279,402</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 413,775</u>	<u>\$ (124,245)</u>	<u>\$ (10,128)</u>	<u>\$ 279,402</u>
SHERIFF DEPARTMENT TRUST FUND				
Assets:				
Cash, cash equivalents and investments	<u>\$ 2,774</u>	<u>\$ -</u>	<u>\$ 6,623</u>	<u>\$ 9,397</u>
Liabilities:				
Other	<u>\$ 2,774</u>	<u>\$ -</u>	<u>\$ 6,623</u>	<u>\$ 9,397</u>
BRUNSWICK HOSPITAL AUTHORITY				
Assets:				
Cash, cash equivalents and investments	<u>\$ 95,723</u>	<u>\$ 27,992</u>	<u>\$ -</u>	<u>\$ 123,715</u>
Liabilities:				
Other	<u>\$ 95,723</u>	<u>\$ 27,992</u>	<u>\$ -</u>	<u>\$ 123,715</u>
FAMILY SELF-SUFFICIENCY TRUST				
Assets:				
Cash, cash equivalents and investments	<u>\$ 29,925</u>	<u>\$ 15,182</u>	<u>\$ -</u>	<u>\$ 45,107</u>
Liabilities:				
Other	<u>\$ 29,925</u>	<u>\$ 15,182</u>	<u>\$ -</u>	<u>\$ 45,107</u>
INMATE TRUST FUND				
Assets:				
Cash, cash equivalents and investments	<u>\$ -</u>	<u>\$ 11,021</u>	<u>\$ -</u>	<u>\$ 11,021</u>
Liabilities:				
Other	<u>\$ -</u>	<u>\$ 11,021</u>	<u>\$ -</u>	<u>\$ 11,021</u>
COMBINING TOTALS				
Assets:				
Cash, cash equivalents and investments	\$ 4,520,912	\$ (58,381)	\$ (1,952,815)	\$ 2,509,716
Receivables, net	51,699	(3,747)	(12,829)	35,123
Total assets	<u>\$ 4,572,611</u>	<u>\$ (62,128)</u>	<u>\$ (1,965,644)</u>	<u>\$ 2,544,839</u>
Liabilities:				
Due to other governmental agencies	\$ 4,407,705	\$ (124,245)	\$ (1,969,566)	\$ 2,313,894
Other	164,906	62,117	3,922	230,945
Total liabilities	<u>\$ 4,572,611</u>	<u>\$ (62,128)</u>	<u>\$ (1,965,644)</u>	<u>\$ 2,544,839</u>

SUPPLEMENTAL FINANCIAL DATA

This section includes additional information on property taxes.

Schedule of Ad Valorem Taxes Receivable - General Fund

Analysis of Current Tax Levy - County-Wide Levy

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2004</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2005</u>
2004-05	\$ -	\$ 72,980,743	\$ 70,810,206	\$ 2,170,537
2003-04	2,669,984	-	1,739,213	930,771
2002-03	1,325,039	-	625,768	699,271
2001-02	876,376	-	329,115	547,261
2000-01	537,722	-	139,149	398,573
1999-00	362,815	-	79,465	283,350
1998-99	288,372	-	49,480	238,892
1997-98	244,560	-	36,661	207,899
1996-97	198,591	-	26,034	172,557
1995-96	142,927	-	20,468	122,459
1994-95	116,689	-	116,689	-
	<u>\$ 6,763,075</u>	<u>\$ 72,980,743</u>	<u>\$ 73,972,248</u>	5,771,570
Less: Allowance for uncollected taxes receivable General Fund				<u>4,008,846</u>
Ad valorem taxes receivable (net)				<u>\$ 1,762,724</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 74,520,219
Reconciling Items:				
Interest collected and penalties				(765,405)
Releases on prior year tax				226,916
Collection of taxes previously written off				<u>(9,482)</u>
Total collections and credits				<u>\$ 73,972,248</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2005**

	County-Wide			Property Excluding Registered Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
Original levy excluding motor vehicles	\$ 12,829,875,979	\$ 0.0054	\$ 69,289,464	\$ 69,289,464	\$ -
Registered motor vehicles	737,822,610		3,905,598	-	3,905,598
Penalties	-		36,080	36,080	-
Total	<u>13,567,698,589</u>		<u>73,231,142</u>	<u>69,325,544</u>	<u>3,905,598</u>
Abatements	<u>(46,370,272)</u>		<u>(250,399)</u>	<u>(215,465)</u>	<u>(34,934)</u>
Total valuation	<u>\$ 13,521,328,317</u>				
Net levy			72,980,743	69,110,079	3,870,664
Less uncollected taxes at June 30, 2005			<u>2,170,537</u>	<u>1,596,291</u>	<u>574,246</u>
Current year's taxes collected			<u>\$ 70,810,206</u>	<u>\$ 67,513,788</u>	<u>\$ 3,296,418</u>
Current levy collection percentage			<u>97.03%</u>	<u>97.69%</u>	<u>85.16%</u>

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NON-MAJOR COMPONENT UNIT FINANCIAL DATA

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

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

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

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - NON-MAJOR COMPONENT UNITS
JUNE 30, 2005

	Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Brunswick County Economic Development Commission	Brunswick County Hospital Authority	Totals
Assets:						
Current Assets:						
Cash, cash equivalents and investments	\$ 277,621	\$ 202,485	\$ 211,690	\$ 215,401	\$ -	\$ 907,197
Receivables, net	-	19,271	190,529	-	-	209,800
Due from primary government	-	-	-	-	123,715	123,715
Due from other governments	-	446,710	-	-	-	446,710
Inventory	226,981	38,863	-	-	-	265,844
Other assets	5,228	-	5,100	-	-	10,328
Total current assets	509,830	707,329	407,319	215,401	123,715	1,963,594
Capital assets, net	353,836	7,417,617	-	4,037	-	7,775,490
Total assets	\$ 863,666	\$ 8,124,946	\$ 407,319	\$ 219,438	\$ 123,715	\$ 9,739,084
Liabilities and Net Assets:						
Liabilities:						
Current Liabilities:						
Debt obligation - current portion	\$ 17,286	\$ -	\$ -	\$ -	\$ -	\$ 17,286
Accounts payable and accrued expenses	208,735	461,542	30,166	3,143	-	703,586
Due to other governments	4,143	173,399	-	-	-	177,542
Total current liabilities	230,164	634,941	30,166	3,143	-	898,414
Noncurrent Liabilities:						
Debt obligation - long-term portion	98,968	-	-	15,818	-	114,786
Total noncurrent liabilities	98,968	-	-	15,818	-	114,786
Total liabilities	329,132	634,941	30,166	18,961	-	1,013,200
Net Assets:						
Invested in capital assets, net of related debt	237,582	7,490,005	-	4,037	-	7,731,624
Restricted:						
Economic development	-	-	-	161,997	-	161,997
Other purposes	53,598	-	195,629	-	-	249,227
Unrestricted	243,354	-	181,524	34,443	123,715	583,036
Total net assets	534,534	7,490,005	377,153	200,477	123,715	8,725,884
Total liabilities and net assets	\$ 863,666	\$ 8,124,946	\$ 407,319	\$ 219,438	\$ 123,715	\$ 9,739,084

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
 NON-MAJOR COMPONENT UNITS
 FOR THE YEAR ENDED JUNE 30, 2005

	Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Brunswick County Economic Development Commission	Brunswick County Hospital Authority	Totals
Revenues						
Sales and services	\$ 1,393,601	\$ 593,477	\$ 845,920	\$ 24	\$ -	\$ 2,833,022
Operating grants	-	-	-	293,213	-	293,213
Capital grants	-	750,423	-	-	-	750,423
Investment earnings	-	4,152	5,190	1,349	3,157	13,848
Total revenues	<u>1,393,601</u>	<u>1,348,052</u>	<u>851,110</u>	<u>294,586</u>	<u>3,157</u>	<u>3,890,506</u>
Expenditures						
Operating expenses	<u>1,308,417</u>	<u>622,828</u>	<u>775,407</u>	<u>392,594</u>	<u>840</u>	<u>3,100,086</u>
Revenues over (under) expenditures	85,184	725,224	75,703	(98,008)	2,317	790,420
Fund balance, beginning of year	<u>449,350</u>	<u>6,764,781</u>	<u>301,450</u>	<u>298,485</u>	<u>121,398</u>	<u>7,935,464</u>
Fund balance, end of year	<u>\$ 534,534</u>	<u>\$ 7,490,005</u>	<u>\$ 377,153</u>	<u>\$ 200,477</u>	<u>\$ 123,715</u>	<u>\$ 8,725,884</u>

STATISTICAL SECTION

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

General governmental expenditures by function (unaudited)

General governmental revenues by source (unaudited)

Property tax levies and collections - General Fund (unaudited)

Assessed value of taxable property (unaudited)

Property tax rates - direct and all overlapping governments (unaudited)

Ratio of net general obligation bonded debt to assessed value and net general obligation bonded debt per capita (unaudited)

Computation of legal debt margin (unaudited)

Ratio of annual debt service expenditures for general obligation bonded debt to total general governmental expenditures (unaudited)

Computation of direct and underlying debt (unaudited)

Demographic statistics (unaudited)

Property value, construction, and bank deposits (unaudited)

Ten largest taxpayers (unaudited)

Ten largest employers (unaudited)

Miscellaneous statistics (unaudited)

COUNTY OF BRUNSWICK, NORTH CAROLINA

**General Governmental Expenditures by Function(1)
Last Ten Fiscal Years**

Fiscal Year Ended June 30	General Government	(2) Public Safety	Central Services	Environ- mental Protection	Economic and Physical Development	Human Services	Cultural and Recreational
1996	\$ 4,492,611	\$7,061,328	\$ 4,365,402	\$ 3,119,015	\$ 3,076,593	\$ 10,918,164	\$ 1,961,539
1997	5,065,588	7,675,104	5,310,061	4,024,655	2,770,780	11,741,814	2,403,171
1998	4,986,932	8,889,465	4,710,342	4,377,978	2,849,152	13,099,567	2,050,548
1999	6,659,971	9,446,771	5,388,536	8,075,668	3,602,267	13,969,975	2,102,362
2000	5,923,844	11,594,574	5,772,999	7,894,033	4,257,642	17,604,712	2,201,201
2001	6,507,510	11,734,944	6,403,783	8,676,632	4,135,863	17,689,885	2,674,561
2002	7,040,042	12,347,137	6,580,556	8,814,119	5,918,830	18,835,128	2,667,069
2003	8,719,712	13,480,390	7,282,407	9,262,908	8,122,029	19,113,587	2,804,605
2004	8,780,048	18,789,409	9,219,309	9,563,180	8,869,544	19,444,080	3,375,151
2005	11,881,462	23,443,126	10,022,451	9,932,288	6,538,304	21,478,307	3,256,502

Notes:

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

Table 1

<u>Education</u>	<u>(3) Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
\$ 13,785,932	\$ 8,003,541	\$ 4,135,339	\$ 60,919,464
14,406,165	3,846,281	4,099,694	61,343,313
15,304,355	5,527,644	3,619,275	65,415,258
16,650,322	14,395,011	4,654,411	84,945,294
18,811,801	11,220,106	4,624,214	89,905,126
21,299,792	17,686,126	8,573,411	105,382,507
20,913,994	33,997,817	8,912,663	126,027,355
43,163,940	-	8,600,773	120,550,351
41,638,556	-	9,811,917	129,491,194
35,261,269	-	12,726,429	134,540,138

**General Governmental Revenues by Source (1)
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Ad Valorem Taxes	Sales Tax	Other Taxes and Licenses	Intergovernmental Revenues	Permits and Fees	Sales and Service	Investment Earnings	Miscellaneous	Total
1996	\$ 40,403,243	\$ 8,675,753	\$1,023,445	\$ 9,481,445	\$ 776,917	\$ 870,366	\$ 2,639,635	\$ 1,317,501	\$ 65,188,305
1997	42,384,960	9,306,734	1,216,327	10,559,344	943,805	1,316,107	2,647,929	1,353,148	69,728,354
1998	44,837,765	10,153,856	1,948,718	12,199,473	1,018,612	1,585,460	2,909,565	1,093,572	75,747,021
1999	45,270,251	10,897,732	2,537,619	18,218,757	2,128,904	1,692,387	3,117,442	1,669,855	85,532,947
2000	52,822,490	11,644,082	3,075,721	17,251,819	2,618,547	1,524,456	3,559,505	1,450,336	93,946,956
2001	55,689,742	12,233,671	2,599,983	13,675,409	2,566,947	1,557,769	4,907,985	2,462,691	95,694,197
2002	60,982,737	12,645,932	3,246,897	14,435,559	2,736,242	2,139,248	2,355,520	1,831,837	100,373,972
2003	62,753,365	14,157,057	3,762,464	17,474,484	3,622,045	2,321,659	976,947	2,227,231	107,295,252
2004	68,560,408	16,636,215	5,303,623	17,262,218	5,654,018	3,367,844	921,742	1,129,707	118,835,775
2005	74,643,958	18,867,402	7,149,284	15,807,165	6,279,187	4,045,435	1,832,774	572,923	129,198,128

Note:

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 3

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

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Tax Levy</u>
1996	\$ 40,595,417	\$ 38,785,278	95.5%	\$ 1,355,516	\$ 40,140,794	98.9%	\$ 4,494,721	11.1%
1997	42,320,608	40,455,506	95.6%	1,617,574	42,073,080	99.4%	4,776,757	11.3%
1998	44,745,412	42,806,888	95.7%	1,666,850	44,473,738	99.4%	5,048,431	11.3%
1999	45,090,191	43,055,915	95.5%	1,934,182	44,990,097	99.8%	5,148,526	11.4%
2000	52,963,804	50,565,486	95.5%	1,930,915	52,496,401	99.1%	5,616,929	10.6%
2001	55,576,580	53,047,566	95.4%	2,185,221	55,232,787	99.2%	5,959,722	10.7%
2002	61,214,433	58,085,913	94.9%	2,654,094	60,740,007	99.2%	6,434,148	10.5%
2003	63,391,002	59,851,207	94.4%	2,473,772	62,324,979	98.3%	7,500,173	11.8%
2004	67,177,741	64,507,758	96.0%	3,412,376	67,920,134	101.1%	6,757,810	10.1%
2005	72,980,743	70,810,206	97.0%	3,162,044	73,972,250	101.4%	5,771,568	7.9%

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

**Assessed Value of Taxable Property
Last Ten Fiscal Years**
(000 omitted)

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Company Property	Total Assessed Value
1996	\$ 3,946,148	\$ 846,899	\$ 1,161,703	\$ 5,954,750
1997	4,091,188	893,177	1,198,299	6,182,664
1998	4,293,042	1,048,972	1,189,303	6,531,317
1999	4,566,762	1,087,437	929,656	6,583,855
2000	7,292,078	1,157,556	1,113,998	9,563,632
2001	7,574,989	1,155,889	1,104,921	9,835,799
2002	8,037,945	1,170,467	1,128,002	10,336,414
2003	8,419,587	1,121,520	1,142,249	10,683,356
2004	10,554,288	1,167,882	1,185,240	12,907,410
2005	11,139,316	1,243,450	1,184,933	13,567,699

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

**Property Tax Rates-Direct and All Overlapping Governments
(Per \$100.00 of Assessed Value)
Last Ten Fiscal Years**

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Brunswick	0.5400	0.5400	0.5200	0.5925	0.5925	0.5650	0.5500	0.6850	0.6850	0.6850
Municipalities:										
Village of Bald Head Island	0.4650	0.4650	0.4650	0.6350	0.6350	0.6350	0.6350	0.8150	0.6750	0.5800
Town of Belville	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
Town of Boiling Spring Lakes	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.3500	0.3500	0.3500
Town of Bolivia	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.1500	0.2500	0.2500
Town of Calabash	0.1000	0.1000	0.1000	0.0600	0.0600	0.0600	0.0600	0.0600	0.0700	0.0850
Town of Carolina Shores	0.0800	0.0800	0.0800	0.0800	0.0600	0.0600	0.0600	0.0600		
Town of Caswell Beach	0.2100	0.2200	0.2100	0.2700	0.2400	0.2400	0.3800	0.2400	0.2100	0.1800
Town of Holden Beach	0.1800	0.1800	0.1800	0.1900	0.1900	0.1900	0.1900	0.2000	0.2000	0.1100
Town of Leland	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.1500	0.1500
Town of Long Beach	*	*	*	*	*	*	*	0.4200	0.3900	0.3900
Town of Navassa	0.2700	0.2700	0.2500	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Town of Northwest	0.2000	0.2000	0.2000	0.2000	0.2000	0.1700	0.1700	0.2000	0.2000	0.2000
Town of Oak Island	0.3300	0.3500	0.3650	0.3800	0.3800	0.3400	0.3400			
Town of Ocean Isle Beach	0.1400	0.1500	0.1600	0.1600	0.1400	0.1400	0.1400	0.1700	0.1700	0.1700
Town of Sandy Creek	0.3500	0.3500	0.3500	0.1000	0.3500	0.2500	0.2000	0.3000	0.3000	0.3000
Town of Shallotte	0.3200	0.2900	0.2900	0.3100	0.3100	0.2700	0.2400	0.3450	0.3650	0.3650
Town of St. James Plantation	0.0500	0.0500	0.0700	0.1000	0.1000	0.1000	0.1000			
Town of Southport	0.2700	0.3000	0.3300	0.4000	0.4000	0.4300	0.4900	0.5300	0.5300	0.5300
Town of Sunset Beach	0.1300	0.1300	0.1200	0.0900	0.0950	0.0950	0.0950	0.1350	0.1350	0.1350
Town of Varnamtown	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Town of Yaupon Beach	*	*	*	*	*	*	*	0.3750	0.3750	0.3050
Other Districts: (3)										
North Brunswick Sanitary District	NA									
Southeastern Sanitary District	0.0000	0.0000	0.0000	0.0500	0.1500	0.2000	0.2250	0.3000	NA	NA
Smithville Township	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400

Notes:

- (1) Property was revalued in 2003.
- (2) The property tax rates for each of the governments listed above are based on unit-wide tax rates. For each government, certain motor vehicles were taxed at the preceding year's rate.
- (3) The North Brunswick Sanitary District has not enacted property taxes as of June 30, 2005.
The Smithville Township is a hospital district. The levy collected is specific for debt retirement.

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

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

**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
1996	\$ 5,954,750	\$ 33,825,000	\$23,113,422	\$10,711,578	0.2%	63,803	\$ 167.89
1997	6,182,663	30,365,000	21,185,083	9,179,917	0.1%	65,938	139.22
1998	6,531,317	26,805,000	18,418,253	8,386,747	0.1%	68,074	123.20
1999	6,583,855	21,895,000	14,769,157	7,125,843	0.1%	71,437	99.75
2000	9,563,632	33,010,000	14,288,120	18,801,880	0.2%	73,692	255.14
2001	9,835,799	67,475,000	11,693,829	55,781,171	0.6%	75,563	738.21
2002	10,366,414	62,885,000	9,210,372	53,674,628	0.5%	78,822	680.96
2003	10,683,356	76,725,000	6,802,286	69,922,714	0.7%	80,751	865.91
2004	12,907,410	85,295,000	4,476,425	80,818,575	0.8%	83,787	964.57
2005	13,567,699	84,010,000	2,525,306	81,484,694	0.6%	87,715	928.97

Note:

(1) Planning Department of this entity.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 7

Computation of Legal Debt Margin
June 30, 2005

Assessed value of taxable property	\$ 13,567,698,589
	<u> x 0.08</u>
Debt limit- 8 percent of assessed value	<u>1,085,415,887</u>
Gross debt:	
Total bonded debt	123,457,388
Total certificates of participation	23,935,000
Total capital leases	452,521
Total installment purchases	<u>25,455,721</u>
Gross debt	173,300,630
Less: water and sewer bonds	<u>67,595,249</u>
Total amount of debt applicable to debt limit (net debt)	<u>105,705,381</u>
Legal debt margin	<u>\$ 979,710,506</u>

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures Last Ten Fiscal Years

Fiscal Year Ended June 30	Principal	Interest on Bonds	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
1996	\$ 1,581,770	\$ 585,635	\$ 2,167,405	\$ 60,919,464	3.6%
1997	1,531,665	460,450	1,992,115	61,343,313	3.2%
1998	793,170	424,060	1,217,230	65,177,404	1.9%
1999	1,260,904	381,471	1,642,375	84,945,294	1.9%
2000	1,323,963	996,996	2,320,959	89,905,126	2.6%
2001	1,320,709	996,996	2,317,705	103,362,507	2.2%
2002	2,106,543	2,742,306	4,848,849	126,036,355	3.8%
2003	2,071,914	2,650,224	4,722,138	120,550,351	3.9%
2004	3,633,031	3,603,874	7,236,905	129,491,194	5.6%
2005	4,194,342	3,516,469	7,710,811	134,540,138	5.7%

Note: Expenditures include all governmental type funds.

Source: Audited general purpose financial statements of this entity.

**Computation of Direct and Underlying Debt
General Obligation Bonds
June 30, 2005**

	Net General Obligation Bonded Debt (1)	Percent Applicable To County	Amount Applicable To County
Direct:			
Brunswick County	\$ 81,484,694	100%	\$ 81,484,694
Underlying Debt:			
City of Navassa	<u>41,348</u>	100%	<u>41,348</u>
Totals	<u>\$ 81,526,042</u>		<u>81,526,042</u>

Note:

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

**Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year Ended June 30	(1) Population	(1) Per Capita Income	(1) Median Age	(2) School Enrollment	(3) Unemployment Rate
1996	63,803	\$ 17,305	40.2	9,056	7.2%
1997	65,938	17,978	40.7	9,327	5.2%
1998	68,074	19,731	41.2	9,568	5.1%
1999	71,437	20,178	41.8	9,737	4.1%
2000	73,692	20,507	42.3	9,980	4.6%
2001	75,563	21,707	42.5	10,085	5.4%
2002	78,822	23,046	42.8	10,318	6.1%
2003	80,751	23,714	43.2	10,426	6.4%
2004	83,787	24,095	43.6	10,528	6.0%
2005	87,715	24,987	43.9	10,789	5.0%

Notes:

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**Property Value, Construction, And Bank Deposits
Last Ten Fiscal Years**

Fiscal Year	Commercial Construction (2)		Residential Construction (2)	
	Number of Units	Value (000 omitted)	Number of Units	Value (000 omitted)
Ended June 30				
1996	50	\$ 9,300	316	\$ 27,800
1997	102	15,500	486	32,700
1998	110	16,300	524	40,000
1999	187	12,350	704	60,260
2000	227	26,970	788	122,830
2001	268	23,269	783	113,925
2002	292	22,965	848	115,376
2003	400	47,672	1,155	137,653
2004	344	40,699	1,561	184,687
2005	239	29,564	1,440	178,125

Notes:

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

Table 11

		Property Value (1)		
Bank				
Deposits (3) (000 omitted)	Commercial (000 omitted)	Residential (000 omitted)	Total (000 omitted)	
\$ 572,990	\$ 2,294,988	\$ 3,659,762	\$ 5,954,750	
608,974	2,351,795	3,830,859	6,182,654	
658,182	2,376,983	4,174,097	6,551,080	
704,672	2,205,548	4,378,307	6,583,855	
752,000	2,962,959	6,600,673	9,563,632	
812,000	3,047,130	6,788,669	9,835,799	
887,000	3,101,515	7,237,899	10,339,414	
994,000	3,095,687	7,587,669	10,683,356	
1,154,000	3,456,350	9,451,060	12,907,410	
not available	3,536,028	10,031,671	13,567,699	

Ten Largest Taxpayers
June 30, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Progress Energy	Utility	\$ 863,080,400	6.36%
N. C. Eastern Municipal Power Agency	Utility	179,391,657	1.32%
DAK LLC	Chemicals	120,791,871	0.89%
Brunswick Electric Membership Corporation	Utility	111,467,532	0.82%
Bald Head Island Ltd	Developer	98,144,323	0.72%
Archer Daniels Midland Company	Chemicals	91,833,560	0.68%
Odell Williamson	Developer	48,252,180	0.36%
Sea Trail Corporation	Developer	34,298,940	0.25%
MAS Properties LLC	Developer	32,704,720	0.24%
Ocean Grand LLC	Developer	25,751,300	0.19%
Totals		<u>\$ 1,605,716,483</u>	<u>11.83%</u>

Source: Brunswick County Tax Department

**Ten Largest Employers (unaudited)
June 30, 2005**

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

Source: Brunswick County Economic Development Commission

**Miscellaneous Statistics
June 30, 2005**

Date of establishment	1764
Form of government	Commission--Manager
Employees:	
Full-time, permanent	716
Other	83
Area	896 square miles
Government facilities and services:	
Miles of streets (1)	815
Number of traffic lights (1)	43
Culture and recreational:	
Community Centers	7
Parks	10
Golf Courses	38
Museums	2
Libraries (branches)	5
Fire protection:	
Number of stations	23
Number of firemen and officers	690
Number of calls answered	7,018
Number of inspections conducted	1,224
Law enforcement protection:	
Number of stations	13
Number of policemen and officers	203
Water & Sewer Department:	
Number of Water Customers	21,087
Number of Sewer Customers	5,017
Water average daily treatment (in gallons)	12,350,000
Sewer average daily treatment (in gallons)	1,210,000
Miles of water mains	570.0
Miles of Sewer mains	90.3
Facilities and services not included in the reporting entity:	
Hospitals: (2)	
Number of hospitals	2
Number of patient beds	96
Education: (3)	
Number of schools	16
Number of teachers	824
Number of students	10,789

Sources:

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



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

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

Board of Commissioners
County of Brunswick
Bolivia, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of the County of Brunswick, North Carolina, as of and for the year ended June 30, 2005, which collectively comprises the County of Brunswick's basic financial statements, and have issued our report thereon dated September 9, 2005. We did not audit the financial statements of the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority, the Brunswick County Hospital Authority or the Brunswick County Airport Commission. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority, the Brunswick County Hospital Authority and the Brunswick County Airport Commission is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority, Brunswick County Hospital Authority and the Brunswick County Airport Commission were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of County of Brunswick, in a separate letter dated September 9, 2005.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
September 9, 2005



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

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

Board of Commissioners
County of Brunswick
Bolivia, North Carolina

Compliance

We have audited the compliance of the County of Brunswick, North Carolina with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that are applicable to each of its major federal programs for the year ended June 30, 2005. The County of Brunswick's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the County of Brunswick's management. Our responsibility is to express an opinion on the County of Brunswick's compliance based on our audit.

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

In our opinion, the County of Brunswick complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, and the State Single Audit Implementation Act, and which are described in the accompanying schedule of findings and questioned costs as items 2005-1 thru 2005-5.

Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County of Brunswick's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2005-1 / 2005-5.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
September 9, 2005



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

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

Board of Commissioners
County of Brunswick
Bolivia, North Carolina

Compliance

We have audited the compliance of the County of Brunswick, North Carolina with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that are applicable to each of its major State programs for the year ended June 30, 2005. Brunswick County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Brunswick County's management. Our responsibility is to express an opinion on Brunswick County's compliance based on our audit.

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

In our opinion, the County of Brunswick complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
September 9, 2005

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major federal programs:

CFDA Number	Federal Program/Cluster Name
14.871	Housing Choice Voucher Program
93.575, 93.596, 93.667, 93.558	Subsidized Child Care Program (cluster)
93.778	Medicaid
10.551	Food Stamp Program
93.568	Low Income Home Energy Assistance

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$2,059,870</u>
Auditee qualified as low-risk auditee?	No

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Section I - Summary of Auditors' Results (Continued)

State Awards

Internal control over major State programs:

- Material weakness(es) identified No

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

Noncompliance material to State awards No

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

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

Identification of major State programs:

Program Name

Special Assistance for Adults/ Special Assistance to the Disabled
State Airport Aid - Runway Rehabilitation and Extension

Section II - Financial Statements Findings

None reported

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Section III - Federal Award Findings and Questioned Costs

Reportable Condition

2005-1

Criteria: In accordance with the Division of Social Services Fiscal Manual, day sheets should account for 100% of employee time, program codes and activity codes should be summarized correctly, and day sheet summaries should be transferred to the DSS-1571, Part I accurately.

Condition: The minutes entered into the State's "Percentage of Time" report did not agree to one employee's day sheets. One out of five employees tested had 480 minutes charged to TANF on the 1571 that should have been charged to general administration, per the daily timesheet.

Effect: \$58.71 was submitted for reimbursement through the WFFA program. This amount should have been charged to MA (\$51.78) & NC Health Choice (\$6.93). The County requested reimbursement for allowable costs directly charged to a program rather than reporting the allowable costs as an administrative cost.

Cause: Error in the data entry of the day sheets.

Questioned Costs: Estimated over-reimbursement of direct costs <\$50.

Recommendation: County's procedures appear adequate. Finding appears due to data entry error instead of a weakness in DSS procedures. Cost/benefit internal control procedures appear in place.

Management Response: We concur with the finding.

2005-2

Criteria: In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the State network terminals or personal computers that are connected to the State mainframe. Item repeated from prior year (2004-4)

Condition: Upon surprise inspection, three unattended work stations of DSS employees were logged onto the State network without anyone attending to the work stations.

Effect: Unauthorized access to the State system could be obtained due to the unattended logon to the system throughout the DSS building.

Cause: Lack of proper internal controls over data security.

Questioned Costs: The finding represents an internal control issue, therefore no question cost is applicable.

Recommendation: Require County data processing department to implement procedures to require logout of work stations where access to the State DSS system is granted. The control procedures should include random verification of logout in instances where offices are unattended.

Management Response: We concur with the finding.

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

2005-3

Criteria: In accordance with the Division of Social Services Fiscal Manual, certain provisions must be present in each contract for purchased services.

Condition: While performing the crosscutting procedures related to the DSS – 1571, we noted in one of the two contracts with vendors the contract did not contain several provisions which are required by the Division of Social Services to be present in each contract.

Effect: No obvious financial effect noted.

Cause: Error in the preparation of the standard contract.

Questioned Costs: The finding represents an internal control issue, therefore no question cost is applicable.

Recommendation: Require County DSS management to compare “standard” vendor contracts with the provisions of the Fiscal Manual to improve compliance with the Fiscal Manual requirements.

Management Response: We concur with the finding.

2005 - 4

Criteria: In accordance with change notice No. 09-05, issued by the Department of Health and Human Services, counties must mail, at each enrollment, the DMA 5046(Medical Transportation Assistance-Notice of Rights) to applicants of Medicaid.

Condition: 3 out of the 25 participant files tested did not have a current “Rights to Transportation” form.

Effect: None.

Cause: Due to clients residing in long-term care facilities where the transportation is a requirement of the facility.

Questioned Costs: None.

Recommendation: None required. Department of Health and Human Services policy changed subsequent to the audit removing the requirement after initial enrollment.

Management Response: We concur with the finding.

Section IV – State Award Findings and Questioned Costs

None reported.

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

2005-5

Criteria: In accordance with the Division of Social Services Fiscal Manual, a computer acquisition plan must be filed with the Division of Social Services prior to the acquisition of personal computers.

Condition: Computers were purchased prior to receiving approval from the Department of Social Services. Approval was granted April 6, 2005 subsequent to the computers being purchased in September.

Effect: None, after approval was received.

Cause: Lack of understanding of DSS computer acquisition plan requirements.

Questioned Costs: None.

Recommendation: Require County DSS to become more familiar with State DSS capital outlay purchase requirements.

Management Response: We concur with the finding.

**COUNTY OF BRUNSWICK, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2005**

Section I - Financial Statements Findings

None

Section II - Federal Award Findings and Questioned Costs

Reportable Conditions

2005-1

Contact Person: Program Supervisor

Corrective Action: None required.

Completion Date: Ongoing

2005-2

Contact Person: All Supervisors

Corrective Action: Monitor to ensure computers are logged off or office door is locked.

Proposed Completion Date: Ongoing

2005-3

Contact Person: All Supervisors

Corrective Action: Train staff on the provisions required to be included in vendor contracts.

Proposed Completion Date: Ongoing

2005-4

Contact Person: All Supervisors

Corrective Action: No action required.

Proposed Completion Date: Ongoing.

2005-5

Contact Person: Jamie Orrock, Director of Social Services

Corrective Action: Require evidence of compliance with DSS capital outlay procedures before capital items are purchased for reimbursement from federal or State agencies.

Proposed Completion Date: Immediate

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2005**

Finding: 2004-1

Status: Appears to have been corrected.

Finding: 2004-2

Status: Appears to have been corrected

Finding 2004-3

Status: Similar finding repeated as 2005-1.

Finding 2004-4

Status: Repeated as 2005-2.

Finding 2004-5

Status: Appears to have been corrected.

Finding 2004-6

Status: Appears to have been corrected.

Finding 2004-7

Status: Appears to have been corrected.

Finding 2004-8

Status: Appears to have been corrected.

Finding 2004-9

Status: Appears to have been corrected.

Finding 2004-10

Status: Appears to have been corrected.

COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS:					
U.S. Department of Health & Human Services					
Administration on Aging					
Passed-through Cape Fear Council of Governments:					
Passed-through Brunswick Senior Resources:					
Home and Community Care Block Grant	93.044		\$ 280,081		
Passed-through the N.C. Department of Health and Human Resources:					
Division of Social Services:					
Administration:					
Temporary Assistance for Needy Families	93.558		671,428	\$ (517)	\$ 703,862
Low-Income Home Energy Assistance Block Grant	93.568		38,471	-	-
Child Support Enforcement	93.563		540,322	(37)	277,549
Permanency Planning: Child Welfare Services	93.645		25,541	6,645	1,869
Child Care Development fund	93.596		136,669		
State Children's Insurance Program - NC Health Choice	93.767		48,353	4,617	12,015
Independent Living Initiative	93.674		12,645	3,161	
Title IV-E Assistance Program:					
Foster Care	93.658		154,243	84,916	76,295
Adoption Assistance	93.659				
Social Services Block Grant	93.667		196,473	19,909	71,002
Direct Benefit Payments:					
Temporary Assistance for Needy Families	93.558		1,075,107	(138)	43
Low-Income Home Energy Assistance Block Grant	93.568		113,146	-	-
Title IV-E Assistance Programs:					
Foster Care	93.658		138,178	24,709	38,364
Adoption Assistance	93.659		387,633	115,859	115,859
Division of Medical Assistance:					
Administration:					
Title XIX – Medicaid	93.778		778,840	42,352	726,720
Direct Benefit Payments					
Title XIX – Medicaid	93.778		48,679,315	23,343,530	4,035,000
Division of Child Development:					
Subsidized Day Care Cluster:(Note 4)					
Child Care Development Fund-Discretionary	93.575		1,269,963		
Child Care Development Fund-Mandatory	93.596		538,434		
Child Care Development Fund-Match	93.596		475,551	273,173	
Social Services Block Grant	93.667		26,700		
Temporary Assistance for Needy Families	93.558		340,326		
Smart Start				50,273	
State Appropriations			-	149,296	\$ -
More at Four State Funding			-		-
TANF-MOE			-	732,069	-
Total Subsidized Daycare			<u>2,650,974</u>	<u>1,204,811</u>	<u>-</u>
Division of Public Health:					
CDC – Immunization Grants	93.268		20,464		21,363
Comp. Breast & Cervical Cancer	93.919		33,300		7,294
Preventative Health & Health Services Block Grant	93.991		21,662	8,693	2,973
MCH Block Grant	93.994		239,548		139,643
Temporary Assistance for Needy Families	93.558		8,021		
Family Planning Outreach	93.217				
CDC-Tuberculosis Project	93.116		840	4,595	4,036
Bioterrorism Grant	93.283		68,728		2,697
Division of Facility Services					
HRSA Grant	93.003		13,256	-	-
Total U.S. Department of Health and Human Services			<u>56,333,239</u>	<u>24,863,105</u>	<u>6,236,585</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
U.S. Department of Housing and Urban Development:					
Direct Benefits:					
Housing Choice Voucher Program	14.871		2,417,662	-	-
Passed-through N.C. Housing Finance Agency Affordable Housing Project	14.239		24,818	-	-
Passed-through N.C. Department of Commerce CDBG-Scattered Site	14.219	03-C-1127	281,574	-	-
Total U.S. Department of Housing and Urban Development			<u>2,724,054</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture					
Passed-through N.C. Department of Social Services:					
Division of Social Services:					
Food Stamp Cluster:					
Administration:					
State Administrative Matching Grants for the Food Stamp Program	10.561		436,490	-	436,490
Direct Benefit Payments:					
Food Stamp Program	10.551		6,860,448	-	-
Passed-through N.C. State University New Communities Project	10.500		19,193		
Passed-through N.C. Department of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplement Food Program for Women, Infants and Children	10.557		264,756	-	94,397
Direct Benefit Payments:					
Special Supplemental Food Program for Women, Infants and Children	10.557		<u>1,301,158</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>8,882,045</u>	<u>-</u>	<u>530,887</u>
U.S. Department of Justice					
Passed-through N.C. Department of Crime Control And Public Safety:					
Communities in Schools-Adventures in Learning	16.579	010-1-04-009-AJ-886	53,000		
Total U.S. Department of Justice			<u>53,000</u>	<u>-</u>	<u>-</u>
Federal Emergency Management Agency					
Passed-through N.C. Department of Crime Control And Public Safety:					
Supplemental Planning Grant-2004 COOP Planning	83.562	SP-02-115	25,000		
Corporation for National and Community Service					
Passed-through N.C. Department of Crime Control And Public Safety:					
Homeland Security	94.004	HS-TE-03-5101	40,878		
Homeland Security	94.004	HS-TE-03-1010	78,894		
Homeland Security	94.004	HS-MU3-2010-10/4	225,137		
U.S. Department of Homeland Security					
Passed-through N.C. Department of Crime Control And Public Safety:					
Terrorism Grant	97.004	2004-GE-T4-0014	150,356		
MOU Cert Grant		MOU-070904	17,000		
Total U.S. Department of Homeland Security			<u>167,356</u>	<u>-</u>	<u>-</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2005

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
Institute of Museum & Library					
Passed through N.C. Department of Cultural Resources:					
LSTA-Automated Systems Grant	45.310		91,131		25,000
LSTA-Marketing Grant	45.310		4,888		
U.S. Department of Defense-Army Corps of Engineers:					
Mosquito Control Project (AIWW Contract)	12.107	W912PM-04-P-3048,9	36,703	-	-
Total Federal Assistance			\$ 68,662,325	\$ 24,863,105	\$ 6,792,472
STATE GRANTS					
N.C. Department of Administration:					
Veterans Service		110904-0207		\$ 2,000	\$ 110,556
Help America Vote Act (HAVA)				14,964	
State Board of Elections-List Maintenance Grant				4,331	
North Carolina A&T State University					
Cooperative Extension Program					
Parent/Child Educator				18,757	18,757
Office of the Governor					
Disaster Recovery Funds				95,644	
N.C. Department of Human Resources					
Division of Social Services:					
Administration:					
CP&L Energy Program				2,463	
State Aid to Counties				36,369	
AFDC Incent/Prog Integrity				252	
TANF Incent/Prog Integrity				5,453	
Direct Benefit Payments:					
State/County Special Assistance for Adults				397,511	397,511
CWS Adopt Subsidy & Vendor				140,819	29,571
State Foster Home				55,390	55,390
FC At Risk Maximization				5,352	3,108
Office of Juvenile Justice					
Juvenile Crime Prevention Council Programs		610000,18,19,20,21,32,36,38	-	184,175	
N.C. Department of Environment and Natural Resources:					
Soil and Water Technical Assistance				20,853	28,897
Soil and Water - State Aid			-	4,000	
Soil and Water - OELC			-	2,000	862
Scrap Tire Site Clean-Up			-	32,528	
White Goods Disposal			-	44,063	
Environmental Health - Environmental Health Service			-	6,000	325,498
Environmental Health - Food & Lodging			-	12,356	
Environmental Health - Lead Prevention			-	300	
Mosquito Control - Operational Services		T05053	-	21,781	22,056
Public Utilities Vulnerability Assessment and Emergency Response Plan		T04003		9,300	39,700
CAMA Core Land Plan		S05044		21,500	6,450
CAMA Permits		S05002		1,845	
N.C. Department of Health and Human Services					
Division of Public Health:					
General			-	27,230	11,040
Communicable Disease			-	13,292	6,017
Smart Start			-	40,693	
Women's Preventative Health			-	6,276	
Adolescent Health Project			-	369	
Aids			-	500	
Maternity Care Coordinator			-	7,500	

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2005

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
N.C. Department of Correction:					
Criminal Justice Partnership Program		10-0703-I-A	-	92,063	30,238
N.C. Department of Transportation:					
Rural Operating Assistance Program (Formerly EDTAP)			-	106,940	
Work First Program - 2001			-	11,010	
State Airport Aid					
Runway Expansion - Land Acquisition		36237.45.2.1		236,198	26,244
Runway Rehabilitation and Extension		36237.45.6.1		460,365	51,152
Runway 5-23 PAPI and Approach Clearing		36237.45.6.2		172,279	19,142
NC Department of Cultural Resources:					
Division of State Library					
Aid to Public Libraries				134,096	
STATE GRANTS					
N.C. Department of Crime Control & Public Safety:					
Crisis Housing		00-D-112	-	1,155	
Performance Grant		EMPG-2004-37019A		1,003	
Performance Grant		EMPG-2004-37019B		34,065	
Hazardous Materials Emergency Planning Grant		SP-02-007		22,210	
N.C. Housing Finance Agency					
Urgent Repair Grant				75,000	15,000
Administrative Office of the Courts					
Cape Fear Sentencing Services			-	49,326	12,533
The Rural Center					
Public Access (e-NC)		13-09-03,13-11-08,13-08-44	-	11,625	-
Total State Assistance			-	2,643,201	1,209,722
Total Assistance			<u>\$ 68,662,325</u>	<u>\$ 27,506,306</u>	<u>\$ 8,002,194</u>

Notes to the Preceding Schedule:

Note 1 - Federal and State Awards Which Have Passed Through to Subrecipients:

Subrecipient/Program Title

Brunswick Interagency Transportation					
ROAP (Formerly EDTAP)				\$ 106,940	
City of Boiling Spring Lakes					
H.A.L.T.		610036		12,000	
Family Alternatives Program					
Changing Youth		610038		45,000	
Intensive Family Preservation					
Methodist Home		610032		40,175	
Family Emergency Teen Shelter					
JJDP, Providence Home		610018		33,000	
Teen Court 13th District					
Teen Court		610021		40,000	
Dept Crime Control and Public Safety-Communities in Schools					
Adventures in Learning	16.579	010-1-04-009-AJ-886	\$	53,000	

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2005

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
Brunswick County Airport					
Runway Expansion - Land Acquisition		36237.45.2.1		236,198	\$ 26,244
Runway Rehabilitation and Extension		36237.45.6.1		460,365	51,152
Runway 5-23 PAPI and Approach Clearing		36237.45.6.2		172,279	19,142
Total Passed Through to Subrecipients			<u>\$ 53,000</u>	<u>\$ 1,145,957</u>	<u>\$ 96,538</u>

Note 2 - Major Programs

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

Note 3 - Basis of Presentation

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

Note 4 - Subsidized Child Care Cluster

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