

COUNTY OF BRUNSWICK NORTH CAROLINA

***COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007***



**COUNTY OF BRUNSWICK
NORTH CAROLINA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended
June 30, 2007**

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

COUNTY OF BRUNSWICK, NORTH CAROLINA
Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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County of Brunswick Finance Department

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October 15, 2007

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, 2007.

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, 2007, 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, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

Brunswick County, founded in 1764 by the North Carolina General Assembly, is located in the southeastern corner of the State in the coastal plains region. As is typical of coastal plains, the topography is characterized by flatlands with soil composition of sand and sand loam. Forming a natural boundary on the southeast, the Atlantic Ocean gives the County approximately 47 miles of beachfront. It has an estimated population of 100,107, which has nearly doubled since 1990. It is the third largest county in the State, having a land area of 896 square miles.

Though historically rural in nature, the County has become increasingly more developed in recent years, largely as a tourism and retirement destination. There are 19 small municipalities and two sanitary districts. The County seat is located near the Town of Bolivia, in the approximate geographic center of the County.

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

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

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

Brunswick County provides a broad range of services that include public safety, environmental protection, health and social services, cultural and recreational programs, community and economic development, and education. 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, the Special Revenue (excluding the grant projects) and the Enterprise funds. Note 1 provides additional information on budgetary data. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 20 as part of the basic financial statements for the governmental funds. For annually budgeted special revenue funds, this comparison is presented in the governmental fund subsection of this report, which starts on page 71. 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 and according to the U.S. Census Bureau, is the 14th fastest growing county in the United States. The permanent population continues to grow at a rate of approximately 5 percent annually as it has over the last ten years. Tourism income remained steady, as did most of the County's manufacturing facilities. Since 1990, Brunswick County has had one hundred twenty-three plant announcements, creating 4,875 new jobs and over \$426.0 million in new capital investment. Brunswick County has five improved industrial parks with great potential for future development. In July 2007, Brunswick Corporation announced plans to acquire and expand the former KCS International Rampage Yacht facility creating 640 additional jobs and investing \$51.2 million over the next five years.

Plans have been announced by the NC State Ports Authority to develop most of a 600-acre tract on the west bank of the Cape Fear River near Southport into a port capable of moving 2 million cargo containers a year, at a cost of \$1 billion to \$1.5 billion. The port would move more than 10 times the amount of containers currently handled in Wilmington. The Authority is currently under a \$6.6 million contract with CH2M to develop plans for the port, including market studies. The authority plans to secure permits and financing by 2012 and begin construction in 2013 with the port operating beginning 2016.

There are two hospitals located in the County. Brunswick Community Hospital, a 60-bed acute-care facility, is owned by the Brunswick County Hospital Authority, a public body corporate and politic. This hospital opened in November, 1977 and is located in the approximate geographic center of the County. In March 2006, the Authority leased the Brunswick Community Hospital to Novant Health. On April 29, 2007, Brunswick Community Hospital, affiliated with Novant Health received conditional State approval to build a 74 bed replacement hospital with all private rooms. The cost of the replacement hospital is estimated to be more than \$100 million with 200,000 square feet. The new hospital facility is proposed to be located approximately 3 miles from the current facility on Hwy. 17

near Brunswick Community College. Construction is expected to begin by early 2008. The replacement hospital will provide 74 private rooms, 5 operating rooms, 1 GI endoscopy room, pharmacy, lab and emergency room.

The County's diversified economy is based primarily upon tourism, manufacturing and agriculture. Because the County does not rely heavily on textile jobs, 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 and wastewater collection and treatment services. Agriculture remains an important factor in the County's economy with the principal crops grown being tobacco, corn, soybeans, various grains, sweet potatoes, truck crops and blueberries. The raising of livestock and poultry also contributes significantly to the agricultural economy along with greenhouse and nursery operations. Tourism or service sector jobs account for 82%, with manufacturing accounting for 16%, and finally agriculture/seafood accounting for the remaining 2% of employment in Brunswick County.

The county's unemployment rate remains near 4.7 percent, which compares favorably to the State of North Carolina's unemployment rate of 4.9 percent. The County's high growth rate is due to many 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-six 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 2012 provides a plan, based on need, to fund and acquire various projects.

The County issued \$26.5 million of general obligation bonds in August 2007 for construction of facilities at the Brunswick Community College and \$3.3 million of two-thirds general obligation bonds for senior center and park capital projects.

Also included in the County Capital Improvement Plan are utility projects that equal approximately \$70.1 million for fiscal year 2008. Water system improvements total over \$5.7 million and include waterline extension projects totaling \$1.6 million, the Utilities Operations Center and Warehouse at \$2 million and transmission system improvements at \$1.05 million. Wastewater improvements for fiscal year 2008 total \$64.4 million and include a \$21.4 million expansion to the West Brunswick Regional Water Reclamation Facility, \$14.5 million West Brunswick Regional Oak Island Force Main project, \$1.4 million for the design of the Sunset Beach Wastewater Collection System project, \$9.4 million for West Brunswick Regional effluent reuse sites, \$5.25 million Shallotte Interconnection and \$10.2 million for the Southwest Area Pump Station and Force Main Project. Other general government projects planned for fiscal year 2008 include park facilities in Holden Beach and Ocean Isle/Sunset Beach estimated at \$3.6 million, a Senior Citizen/Community Center for \$1.75 million, and building expansions for \$3.8 million. The county plans to finance a new elementary school in the northern part of the county and a new middle school near Holden Beach totaling \$36.5 million from certificates of participation debt proceeds in March 2008. The 2008 school COPs debt will be serviced by sales tax and lottery revenues designated for schools.

The West Brunswick Regional Water Reclamation Facility Phase 1, completed in February of 2006 at a cost of \$60.4 million, provides for the effluent to be land-applied, either on tree farms or golf courses. There will not be any discharge of treated effluent to any surface water from the West Brunswick Regional Facility. The project is fully supported by user charges. Along with this effort, the County revised its sewer use ordinance and adopted a county-wide storm water management

ordinance and program to enhance the effectiveness of the regional wastewater system concept. The county is currently designing the West Brunswick Regional Water Reclamation Facility Phase 2 planned to expand the plant capacity from 3 mgd to 6 mgd and provide a transmission line to serve the Town of Oak Island. The County acquired the Town of Shallotte Wastewater treatment plant July 1, 2006 incorporating that plant into the West Brunswick Regional Facility. The County plans to issue revenue bonds in December of 2007 of approximately \$52.4 million for the expansion of the West Brunswick Regional Water Reclamation Facility and the Southwest Area Pump Station and Force Main project. The West Brunswick Regional Water Reclamation Facility Phases 1 and 2 will serve the Town of Holden Beach, Town of Oak Island, Town of Shallotte, large residential and commercial developments, and retail customers within the county residential service area.

The County is designing the Sunset Beach and Calabash Area Collection Systems totaling \$45 million to be financed by customer assessments. The Northwest Water Plant is to be expanded along with improvements to the transmission system in 2010 and 2012 for an estimated cost of \$40.3 million.

The County operates the Northeast Brunswick Regional Water Reclamation Facility which serves the Town of Leland, Navassa and the North Brunswick Sanitary District, and like the West Brunswick Regional Water Reclamation Facility, is fully supported by user charges. A preliminary engineering report has been issued and plans are underway to expand the Northeast Facility in 2010 to accommodate growth in the northern part of the County.

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, 2007 for all funds except bond proceeds in certain capital project funds is \$127.2 million. The average yield on investments was 5.01 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, 2007 the County had four such accounts totaling \$5.6 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 worker's compensation issues. Employee health coverage is also provided through a fully insured program administered by Cigna.

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, 2007, there were 88 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.

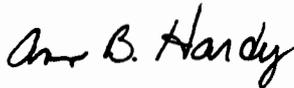
Awards and Acknowledgements

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, 2006. This is the sixth year that the County has received the prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. The report also must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements. The preparation of the annual financial report was made possible by the dedicated service of Julie Miller, CPA, Deputy Finance Officer, William Noland, Accounting Specialist, and the entire staff of the Finance Department. We would like to also acknowledge Martin Starnes & Associates, CPAs, P.A., for its efforts in the preparation of this report.

Sincerely,



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, 2006

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.



President

Executive Director

**County of Brunswick, North Carolina
List of Principal Officials
June 30, 2007**

Board of County Commissioners

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

County Officials

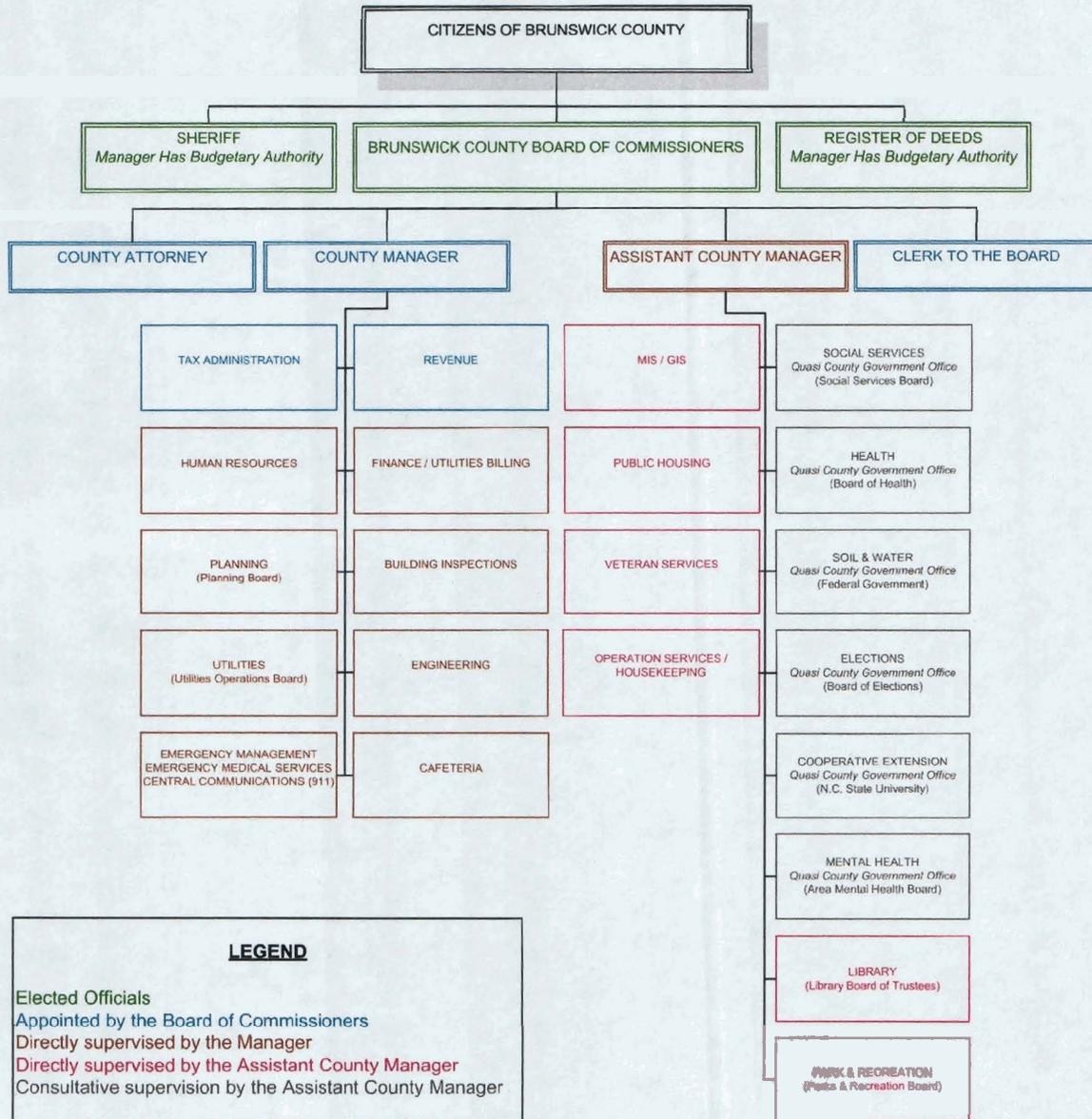
Marty K. Lawing
Steve Stone, MPA
Ronald Hewett
Robert J. Robinson
Debby Gore
Huey Marshall, Esq.
Jana Berg, Esq.
Ann B. Hardy, MPA, CPA
Julie A. Miller, CPA
Greg Bellamy
Al Hight
Randal Thompson

Donald Yousey
Leslie Bell

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

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

Brunswick County Organizational Chart



LEGEND

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

**INDEPENDENT
AUDITOR'S
REPORT**



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Brunswick County
Bolivia, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Brunswick County, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority, the Brunswick County Hospital Authority or the Brunswick County Airport Commission which represents 100 percent, of the assets, net assets and revenues of the component unit columns. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority, the Brunswick County Hospital Authority and the Brunswick County Airport Commission is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County as of June 30, 2007, 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 a report dated September 28, 2007 on our consideration of Brunswick County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress, and Schedule of Employer Contributions are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors 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 the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Brunswick County. The combining and individual nonmajor fund statements and schedules, other supplemental schedules, and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organization* and the State Single Audit Implementation Act, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our 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 28, 2007

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, 2007. 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 Brunswick County's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$79.8 million (*net assets*). The County's net assets is impacted considerably by the general obligation debt the County has issued on the behalf of the school system and community college to fund capital outlay. Under North Carolina law, the County is responsible for providing capital funding for the school system and college. The County has chosen to meet its legal obligation to provide education capital funding by using a mixture of sales taxes and general obligation debt. A portion of the assets funded by the County are owned, utilized, and maintained by the school system and community college. Since the County, as the issuing government, acquires no capital assets, the County incurred a liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of the education general obligation debt is approximately \$73.1 million dollars. Furthermore, the entire amount of education general obligation debt is collateralized by the full faith, credit and taxing power of the County. The County is authorized and required by State law to levy ad Valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.
- The County's net assets of governmental activities increased by \$12.4 million due to debt retirement, an increase in capital assets, and an increase in ad valorem tax collections.
- As of the close of the 2007 fiscal year, the County's general fund reported an unreserved fund balance of \$55.3 million, which increased \$5.1 million from \$50.2 million in the prior fiscal year. Of the unreserved fund balance, approximately \$1.6 million was designated to balance the budget in fiscal year 2007-2008. The budgeted fund balance appropriation was for transfers to the County Capital Reserve designated for county capital projects. An additional \$1.4 million of fund balance has been appropriated for subsequent year expenditures resulting in a total designated fund balance appropriated for subsequent years of \$3.0 million. Approximately \$52.3 million is available for spending at the government's discretion (*undesignated fund balance*.)
- The County maintained its bond ratings with Fitch of AA- for general obligation issues and A+ for certificates of participation issues. Moody's Investor Services ratings for the County were constant on general obligation bonds at Aa3 and certificates of participation at A1. The County improved its general obligation bond rating from AA- to AA from Standard & Poor's bond rating agency.

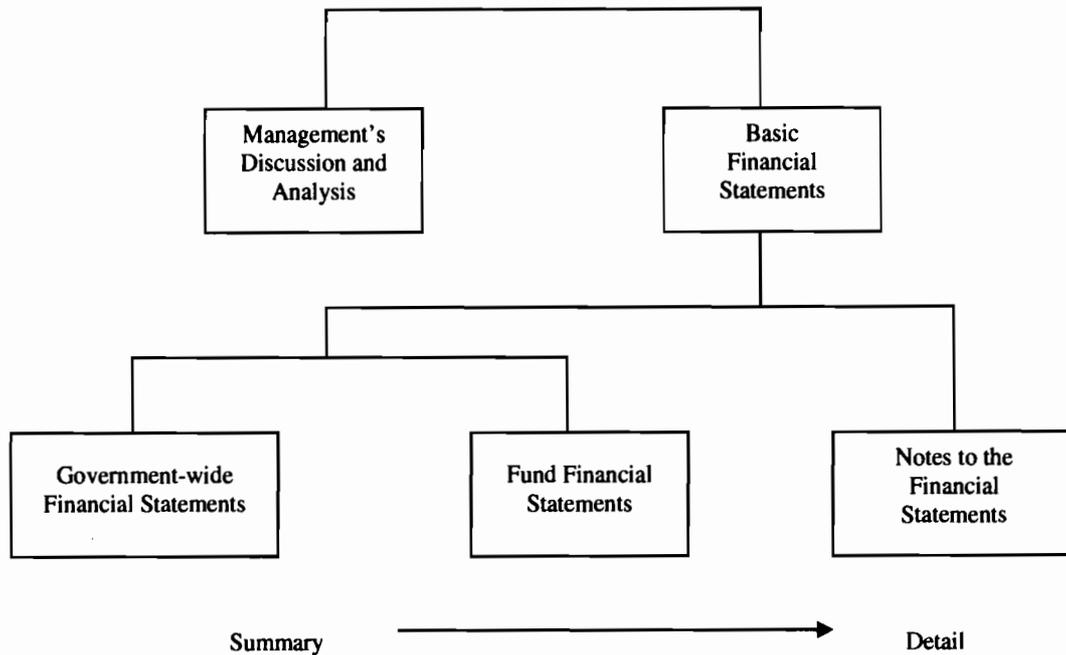
OVERVIEW OF THE FINANCIAL STATEMENTS

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

of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the fiscal condition of Brunswick County.

Required Components of Annual Financial Report

Figure 1



BASIC FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 14-16 of this report.

FUND FINANCIAL STATEMENTS

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

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

Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

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

Notes to the General Purpose Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-55 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	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 107,481,226	\$ 109,215,069	\$ 39,437,453	\$ 40,163,576	\$ 146,918,679	\$ 149,378,645
Capital assets	88,132,380	77,604,402	183,548,383	166,088,800	271,680,763	243,693,202
Total assets	<u>195,613,606</u>	<u>186,819,471</u>	<u>222,985,836</u>	<u>206,252,376</u>	<u>418,599,442</u>	<u>393,071,847</u>
Long-term liabilities outstanding	100,256,616	106,475,668	69,982,305	72,759,945	170,238,921	179,235,613
Other liabilities	15,568,320	12,961,903	10,603,590	11,611,664	26,171,910	24,573,567
Total liabilities	<u>115,824,936</u>	<u>119,437,571</u>	<u>80,585,895</u>	<u>84,371,609</u>	<u>196,410,831</u>	<u>203,809,180</u>
Net assets:						
Invested in capital assets, net of related debt	67,118,730	54,279,043	114,088,014	93,748,105	181,206,744	148,027,148
Unrestricted	12,669,940	13,102,857	28,311,927	28,132,662	40,981,867	41,235,519
Total net assets	<u>\$ 79,788,670</u>	<u>\$ 67,381,900</u>	<u>\$ 142,399,941</u>	<u>\$ 121,880,767</u>	<u>\$ 222,188,611</u>	<u>\$ 189,262,667</u>

The assets of Brunswick County governmental activities exceeded its liabilities by \$79.8 million as of June 30, 2007. Net assets are reported in two categories: invested in capital assets, net of related debt of \$67.1 million and unrestricted net assets of \$12.7 million.

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

The final category of net assets is unrestricted net assets. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2007, the unrestricted net assets were \$12.7 million. Even though the debt issued has been issued to finance capital outlay, construction and renovation for the school system and the community college, the Governmental Accounting Standards Board has determined that it is not capital debt for the County since it is not financing assets owned by the County. As a result the education debt is reportable within the unrestricted category of the net assets rather than as part of the category invested in capital asset net of related debt. The breakdown of the unrestricted portion of net equity is defined as follows:

Education Debt	\$(73.1) million
All Other	<u>85.8</u> million
Total unrestricted	\$ 12.7 million

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

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

Brunswick County Changes in Net Assets
Figure 3

	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 15,490,952	\$ 13,672,830	\$ 31,273,243	\$ 24,391,056	\$ 46,211,971	\$ 38,063,886
Operating grants and contributions	17,047,108	15,222,947	-	-	17,047,108	15,222,947
Capital grants and contributions	101,337	2,174,960	11,019,246	8,414,039	11,120,583	10,588,999
General revenues:						
ad Valorem taxes	84,223,342	78,767,616	-	-	84,223,342	78,767,616
Local option taxes	23,256,105	21,061,222	-	-	23,256,105	21,061,222
Other taxes	6,340,890	8,761,948	-	-	6,893,114	8,761,948
Investment earnings	5,200,749	4,199,756	1,718,088	1,295,870	6,918,837	5,495,626
Total revenues	151,660,483	143,861,279	44,010,577	34,100,965	195,671,060	177,962,244
Expenses:						
General Government	14,898,739	11,650,297	-	-	14,898,739	11,650,297
Public Safety	23,757,912	21,488,245	-	-	23,757,912	21,488,245
Central Services	11,661,193	11,415,044	-	-	11,661,193	11,415,044
Human Services	26,746,227	24,449,640	-	-	26,746,227	24,449,640
Transportation	1,005,751	1,553,193	-	-	1,005,751	1,553,193
Environmental Protection	11,272,811	10,201,646	-	-	11,272,811	10,201,646
Cultural and Recreation	1,060,589	2,932,943	-	-	1,060,589	2,932,943
Economic and Physical Development	6,879,523	5,888,020	-	-	6,879,523	5,888,020
Education	38,167,647	40,347,613	-	-	38,167,647	40,347,613
Loss on disposal of capital assets	-	-	-	-	-	-
Interest on Long Term Debt	4,255,116	4,120,523	-	-	4,255,117	4,120,523
Utilities	-	-	23,039,608	13,843,804	23,039,608	13,843,805
Total Expenses	139,705,508	134,047,164	23,039,608	13,843,804	162,745,116	147,890,969
Increase (Decrease) in net assets before transfers	11,954,975	9,814,115	20,970,969	20,257,160	32,925,944	30,071,275
Transfers	451,795	(60,169)	(451,795)	60,169	-	-
Increase (Decrease) in Net Assets	12,406,770	9,753,946	20,519,174	20,317,328	32,925,944	30,071,274
Net Assets (restated), July 1	67,381,900	57,627,954	121,880,767	101,563,439	189,262,667	159,191,393
Net Assets, June 30	\$ 79,788,670	\$ 67,381,900	\$ 142,399,941	\$ 121,880,767	\$ 222,188,611	\$ 189,262,667

Governmental activities. Governmental activities accounted for \$79.8 million, which is over 36 percent of the total net assets. Operating grants funded \$17.0 million of the County's governmental activities.

Business-type activities. Business-type activities increased the County's net assets by \$20.5 million. This increase is due primarily to the completion of the regional water reclamation facility.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$97.1 million, which is a decrease of \$4.2 million in comparison with the prior year. Approximately 73 percent of this total amount, \$70.8 million, 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 \$55.3 million, while total fund balance for the general fund reached \$64.5 million. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures and total governmental fund expenditures. Unreserved general fund balance represents 38.28 percent of total general fund expenditures and transfers, while total general fund balance represents 44.68 percent of that same amount. The County Capital Reserve fund balance increased \$2.1 million from monies transferred into the fund for future capital projects. The Education Capital Project and County Capital Project fund balances decreased \$5.5 million and \$5.4 million, respectively, due to the spending of bond proceeds and other funds for capital projects. The Non Major Governmental Funds balance increased over \$1.8 million primarily from increased ad valorem tax collections transferred to the Special School Capital Reserve.

Enterprise Funds. The Water Fund's net assets increased nearly \$7.5 million from \$93.6 million to \$101.0 million. The Wastewater Fund's net assets increased \$11.8 million from \$27.4 million to \$39.2 million. The net assets of Non Major Enterprise funds more than doubled, increasing from \$0.9 million to nearly \$2.2 million. The increases in the net assets of the enterprise funds are from completion of capital projects, capital contributions, facility acquisitions, and increased revenues from an expanding customer base.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by over \$6 million. The majority of the increase was comprised of \$3.1 million in increased ad Valorem taxes and \$3.3 million in restricted intergovernmental revenues. Total actual revenues exceeded budgeted amounts by \$3.3 million, with \$1.8 million of that amount from ad valorem tax collections. An improved collection effort coupled with a tax base growth rate that was higher than projected

created the excess collections. Total actual expenses were nearly \$10.3 million less than budgeted amounts, with over \$3.5 million of that amount relating to operating costs lower than budgeted in general government, central services, and economic and physical development. Capital outlays were nearly \$2.2 million less than budget due ongoing park improvements not completed at the end of the fiscal year.

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

Unrestricted net assets of Water/Wastewater Funds and Reserve at the end of the year totaled \$28.3 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, 2007 amounts to \$271.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment.

Brunswick County has experienced significant development and population growth over the past ten years. Growth is occurring due to tourism, and people relocating to the County. The County completed the first of two regional water reclamation facilities on February 12, 2003, located in the northeastern region of the County (referred to as Northeastern Brunswick Regional Water Reclamation Facility). For this regional reclamation facility, the Board of County Commissioners entered into service agreements with three other jurisdictions including the Town of Leland, Town of Navassa, and the North Brunswick Sanitary District. The County owns and operates the reclamation facility, while the participants 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 an agreement with a local golf course development and industry, much of the treated wastewater is land applied or reused for industrial purposes further reducing the discharge into the river. The reclamation facility is fully supported by user charges. The County's investment in the capital asset is approximately \$12 million as of June 30, 2007.

In addition to the Northeast Brunswick Regional Water Reclamation Facility, the County completed construction in February 2006 of the West Brunswick Regional Water Reclamation Facility. Participants in the system include Brunswick County, the Town of Holden Beach, Town of Oak Island and the Town of Shallotte. Design is underway to expand the treatment plant from a 3 to 6 mgd plant and construct transmission lines to serve the Towns of Oak Island and Shallotte along with the southwest portions of the county. The treated effluent from the West Brunswick Regional Water Reclamation Facility will be land-applied, either on tree farms or golf courses. There will not be any discharge of treated effluent to any surface water from the West Brunswick Regional facility. The facility is fully supported by user charges. Along with this effort, the County revised its sewer use ordinance and adopted a countywide storm water management ordinance and program to enhance the effectiveness of regional facilities. The County's investment in the capital asset is approximately \$60.0 million as of June 30, 2007.

Brunswick County's Capital Assets
Figure 4

	Governmental Activities	Business-type Activities	Total
Land	\$ 6,744,142	\$ 1,185,138	\$ 7,929,280
Operating Plants, Buildings & Improvements	56,251,856	98,087,258	154,339,114
Equipment and vehicles	8,515,752	1,996,514	10,512,266
Distribution and Collection Systems	-	74,444,124	74,444,124
Construction in progress	16,620,630	7,835,349	24,455,979
Total Capital Assets (net of accumulated depreciation)	\$ 88,132,380	\$ 183,548,383	\$ 271,680,763

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 \$74.1 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	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 73,080,454	\$ 77,290,352	\$ 1,009,546	\$ 1,754,649	\$ 74,090,000	\$ 79,045,001
Certificates of participation	19,755,000	21,865,000	-	-	19,755,000	21,865,000
Installment purchases	983,650	1,185,359	34,223,831	35,208,530	35,207,481	36,393,889
Revenue Bonds	-	-	38,084,417	39,174,319	38,084,417	39,174,319
Other	13,590,025	13,237,517	260,968	209,625	13,850,993	13,447,142
Total long-term debt	\$ 107,409,129	\$ 113,578,228	\$ 73,578,762	\$ 76,347,123	\$ 180,987,891	\$ 189,925,351

The legal debt limit is \$1.2 billion. The legal debt margin on June 30, 2007 was \$1.15 billion. This legal debt limit is determined by the Municipal Finance Law of North Carolina, which limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The ratio of debt service expenditures to total general governmental expenditures is 7.0%.

The County's governmental general obligation debt per capita is \$730 as of June 30, 2007 while the County's governmental activities gross debt per capita (excluding landfill closure/post closure, accrued compensated absences and pension benefit obligations) is \$937 due to \$197 in outstanding Certificates of Participation for other long term financing for construction and renovation of various County and Education Buildings and \$10 for equipment installment purchases.

The County's total debt had a net decrease of \$8.9 million, 4.7 percent, during the current fiscal year. The key factor in this decrease was retirement of debt.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Brunswick County is currently 4.7 percent at June 30, 2007, compared to the state's seasonally adjusted unemployment rate of 4.9 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population estimation of 100,107 has grown approximately 50 percent from 1997 to 2007.

All of these factors were considered in preparing Brunswick County's budget for fiscal year 2007-2008.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2007-2008

Governmental activities. A 106 percent growth in the tax base is anticipated over last year's approved budget, to a total of \$30.382 billion in property valuation. This equates to an additional \$13.4 million in ad Valorem taxes. The last revaluation was for the 2007 levy. However, Brunswick County is very fortunate to have steady and continuous growth in its property value from year to year.

Budgeted operating expenditures in the General Fund are expected to rise 11.2 percent to \$149.3 million. The largest increases were in public safety, debt service requirements and employee benefits adjustments.

Budgeted expenditures for education are expected to increase 14.7 percent or approximately \$4.1 million. Education funding includes a current expense appropriation to the Brunswick County School System that represents 36.5 percent of the ad Valorem tax base excluding any amount needed for annual education debt service payments for an approved general obligation school debt of \$83.5 million and community college debt issued of \$30 million. The School System funds the majority of its local capital outlay needs from sales tax allocations, bond proceeds, and ad valorem taxes. The County also includes an appropriation to the Brunswick Community College in its educational funding for current expense and capital outlay needs.

Business-type activities. The water and wastewater enterprise fund is anticipated to increase 4.4 percent due to normal growth and to cover increased costs associated with personnel, operation, and capital outlay.

REQUESTS FOR INFORMATION

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

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**BASIC
FINANCIAL
STATEMENTS**

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF NET ASSETS

June 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Total
Assets:				
Current Assets:				
Cash and cash equivalents/investments	\$ 88,402,979	\$ 30,207,566	\$ 118,610,545	\$ 1,057,677
Restricted cash and investments	8,572,629	3,952,665	12,525,294	-
Taxes receivable, net	1,194,271	-	1,194,271	-
Receivables and special assessments, net	2,373,784	4,524,569	6,898,353	4,546
Other governmental agencies	5,671,384	932,546	6,603,930	1,197,900
Internal balances	542,986	(542,986)	-	-
Inventories	-	363,093	363,093	193,825
Prepaid items	723,193	-	723,193	10,143
Total current assets	<u>107,481,226</u>	<u>39,437,453</u>	<u>146,918,679</u>	<u>2,464,091</u>
Capital Assets:				
Non-depreciable capital assets	23,364,772	9,020,487	32,385,259	-
Depreciable capital assets, net	<u>64,767,608</u>	<u>174,527,896</u>	<u>239,295,504</u>	<u>10,974,351</u>
Total capital assets	<u>88,132,380</u>	<u>183,548,383</u>	<u>271,680,763</u>	<u>10,974,351</u>
Total assets	<u>\$ 195,613,606</u>	<u>\$ 222,985,836</u>	<u>\$ 418,599,442</u>	<u>\$ 13,438,442</u>
Liabilities and Net Assets:				
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 8,277,169	\$ 3,637,280	\$ 11,914,449	\$ 221,769
Current maturities of long-term debt	7,152,513	3,596,457	10,748,970	-
Due other governmental agencies	-	-	-	498,479
Deposits	-	1,158,163	1,158,163	-
Unearned revenues	<u>138,638</u>	<u>2,211,690</u>	<u>2,350,328</u>	<u>-</u>
Total current liabilities	<u>15,568,320</u>	<u>10,603,590</u>	<u>26,171,910</u>	<u>720,248</u>
Noncurrent Liabilities:				
Accrued compensated absences	2,757,673	228,968	2,986,641	-
Long-term debt	<u>97,498,943</u>	<u>69,753,337</u>	<u>167,252,280</u>	<u>746,669</u>
Total noncurrent liabilities	<u>100,256,616</u>	<u>69,982,305</u>	<u>170,238,921</u>	<u>746,669</u>
Total liabilities	<u>115,824,936</u>	<u>80,585,895</u>	<u>196,410,831</u>	<u>1,466,917</u>
Net Assets:				
Invested in capital assets, net of related debt	67,118,730	114,088,014	181,206,744	10,244,351
Restricted For:				
Other purposes	-	-	-	252,327
Unrestricted	<u>12,669,940</u>	<u>28,311,927</u>	<u>40,981,867</u>	<u>1,474,847</u>
Total net assets	<u>\$ 79,788,670</u>	<u>\$ 142,399,941</u>	<u>\$ 222,188,611</u>	<u>\$ 11,971,525</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF ACTIVITIES

June 30, 2007

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Government Activities:				
General government	\$ 14,898,739	\$ 4,726,587	\$ -	\$ 1,337
Public safety	23,757,912	4,034,126	-	-
Central services	11,661,193	1,320,217	-	-
Human services	26,746,227	2,770,323	17,047,108	-
Transportation	1,005,751	-	-	-
Environmental protection	11,272,811	2,631,302	-	-
Cultural and recreation	1,060,589	-	-	100,000
Economic and physical development	6,879,523	8,397	-	-
Education	38,167,647	-	-	-
Interest on long-term debt	4,255,116	-	-	-
Total governmental activities	<u>139,705,508</u>	<u>15,490,952</u>	<u>17,047,108</u>	<u>101,337</u>
Business-type Activities:				
Water	13,871,028	18,085,844	-	3,056,007
Wastewater	9,168,580	13,187,399	-	7,963,239
Total business-type activities	<u>23,039,608</u>	<u>31,273,243</u>	<u>-</u>	<u>11,019,246</u>
Total primary government	<u>\$ 162,745,116</u>	<u>\$ 46,764,195</u>	<u>\$ 17,047,108</u>	<u>\$ 11,120,583</u>
Discretely presented component units	<u>\$ 3,787,183</u>	<u>\$ 3,552,281</u>	<u>\$ 403,630</u>	<u>\$ 942,189</u>
General Revenues:				
Ad Valorem taxes				
Local option taxes				
Other taxes				
Gain on sale of capital assets				
Investment earnings				
Total general revenues				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	Total
\$ (10,170,815)	\$ -	\$ (10,170,815)	
(19,723,786)	-	(19,723,786)	
(10,340,976)	-	(10,340,976)	
(6,928,796)	-	(6,928,796)	
(1,005,751)	-	(1,005,751)	
(8,641,509)	-	(8,641,509)	
(960,589)	-	(960,589)	
(6,871,126)	-	(6,871,126)	
(38,167,647)	-	(38,167,647)	
(4,255,116)	-	(4,255,116)	
<u>(107,066,111)</u>	<u>-</u>	<u>(107,066,111)</u>	
-	7,270,823	7,270,823	
-	11,982,058	11,982,058	
-	<u>19,252,881</u>	<u>19,252,881</u>	
<u>(107,066,111)</u>	<u>19,252,881</u>	<u>(87,813,230)</u>	
			<u>\$ 1,110,917</u>
84,223,342	-	84,223,342	-
23,256,105	-	23,256,105	-
6,340,890	-	6,340,890	-
-	-	-	149,806
5,200,749	1,718,088	6,918,837	55,254
<u>119,021,086</u>	<u>1,718,088</u>	<u>120,739,174</u>	<u>205,060</u>
451,795	(451,795)	-	-
<u>119,472,881</u>	<u>1,266,293</u>	<u>120,739,174</u>	<u>205,060</u>
12,406,770	20,519,174	32,925,944	1,315,977
<u>67,381,900</u>	<u>121,880,767</u>	<u>189,262,667</u>	<u>10,655,548</u>
<u>\$ 79,788,670</u>	<u>\$ 142,399,941</u>	<u>\$ 222,188,611</u>	<u>\$ 11,971,525</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2007

	Major Funds					Total Governmental Funds
	General	County Capital Reserve	Education Capital Project	County Capital Project	Non Major Governmental Funds	
Assets:						
Cash, cash equivalents and investments	\$ 62,889,335	\$ 7,907,234	\$ 1,541,863	\$ 8,707,993	\$ 7,356,554	\$ 88,402,979
Taxes receivable - net	1,194,271	-	-	-	-	1,194,271
Receivables - net	1,880,451	-	-	153,953	339,380	2,373,784
Special assessment	-	-	-	-	-	-
Due from other funds	1,127,855	-	-	-	706,402	1,834,257
Due from other governmental agencies	5,086,830	-	-	554,170	30,384	5,671,384
Cash, cash equivalents and investments - restricted	-	-	5,555,261	3,014,798	2,570	8,572,629
Prepaid items	723,193	-	-	-	-	723,193
Total assets	\$ 72,901,935	\$ 7,907,234	\$ 7,097,124	\$ 12,430,914	\$ 8,435,290	\$ 108,772,497
Liabilities, Equity, and Other Credits:						
Liabilities:						
Accounts payable, accrued liabilities	\$ 5,647,385	\$ -	\$ -	\$ 2,273,417	\$ 356,367	\$ 8,277,169
Due to other funds	706,402	-	-	584,869	-	1,291,271
Deferred revenues	2,032,244	-	-	-	61,011	2,093,255
Total liabilities	8,386,031	-	-	2,858,286	417,378	11,661,695
Fund Balances:						
Reserved for:						
State statute	7,334,790	-	-	708,123	866,799	8,909,712
Prepaid expenditures	723,193	-	-	-	-	723,193
Debt service	-	-	-	-	2,570	2,570
Encumbrances	1,180,390	-	7,097,124	8,280,393	71,001	16,628,908
Unreserved:						
General fund	55,277,531	-	-	-	-	55,277,531
Special revenue funds	-	7,907,234	-	-	7,077,542	14,984,776
Capital project funds	-	-	-	584,112	-	584,112
Total equity and other credits	64,515,904	7,907,234	7,097,124	9,572,628	8,017,912	97,110,802
Total liabilities, equity and other credits	\$ 72,901,935	\$ 7,907,234	\$ 7,097,124	\$ 12,430,914	\$ 8,435,290	\$ 108,772,497

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	\$ 97,110,802
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	88,132,380
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	1,954,617
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	<u>(107,409,129)</u>
Net assets reported as governmental activities	<u>\$ 79,788,670</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, 2007

	Major Funds					Total Governmental Funds
	General	County Capital Reserve	Education Capital Project	County Capital Project	Non Major Governmental Funds	
Revenues:						
Ad valorem taxes	\$ 84,422,322	\$ -	\$ -	\$ -	\$ -	\$ 84,422,322
Special assessments	-	-	-	-	-	-
Local option sales taxes	23,256,105	-	-	-	-	23,256,105
Other taxes and licenses	4,501,779	-	-	-	1,839,111	6,340,890
Unrestricted intergovernmental revenues	265,782	-	-	-	-	265,782
Restricted intergovernmental revenues	17,098,142	-	145,765	880,828	472,308	18,597,043
Permits and fees	7,591,795	-	-	-	-	7,591,795
Sales and services	5,217,986	-	-	-	-	5,217,986
Investment earnings	3,530,353	716,304	324,758	158,629	470,705	5,200,749
Other	753,493	-	-	100,000	-	853,493
Total revenues	146,637,757	716,304	470,523	1,139,457	2,782,124	151,746,165
Expenditures:						
Current:						
General government	11,039,465	-	-	4,275,445	129,514	15,444,424
Public safety	22,145,158	-	-	7,874,191	925,399	30,944,748
Central services	11,276,503	-	-	-	-	11,276,503
Human services	26,466,751	-	-	-	-	26,466,751
Transportation	93,500	-	-	912,251	-	1,005,751
Environmental protection	11,069,839	-	-	-	-	11,069,839
Culture and recreation	4,362,948	-	-	92,420	79	4,455,447
Economic and physical development	5,429,247	-	-	-	1,373,104	6,802,351
Education	27,987,072	-	10,172,978	-	-	38,160,050
Debt Service:						
Principal retirement	6,697,377	-	-	-	-	6,697,377
Interest and fiscal charges	4,255,116	-	-	-	-	4,255,116
Total expenditures	130,822,976	-	10,172,978	13,154,307	2,428,096	156,578,357
Revenues over (under) expenditures	15,814,781	716,304	(9,702,455)	(12,014,850)	354,028	(4,832,192)
Other Financing Sources (Uses):						
Transfers from other funds	618,353	7,989,806	4,153,001	6,598,007	5,610,245	24,969,412
Transfers to other funds	(13,739,683)	(6,597,454)	-	-	(4,180,480)	(24,517,617)
Debt financing issued	175,770	-	-	-	-	175,770
Total other financing sources (uses)	(12,945,560)	1,392,352	4,153,001	6,598,007	1,429,765	627,565
Revenues and other financing sources over (under) expenditures and other financing uses	2,869,221	2,108,656	(5,549,454)	(5,416,843)	1,783,793	(4,204,627)
Fund balance, beginning of year	61,646,683	5,798,578	12,646,578	14,989,471	6,234,119	101,315,429
Fund balance, end of year	\$ 64,515,904	\$ 7,907,234	\$ 7,097,124	\$ 9,572,628	\$ 8,017,912	\$ 97,110,802

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, 2007

Net change in fund balances - total governmental funds (Exhibit D)	\$ (4,204,627)
<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	(198,980)
Public Health revenues	113,298
<p>Expenses related to compensated absences and law enforcement officers separation allowance that do not require current financial resources are not reported as expenditures in the governmental fund statement.</p>	
	(294,366)
<p>Capital outlays are reported as expenditures in the governmental fund statement. However, in the statement of activities, capital outlay is not an expense, rather it is an increase in capital assets.</p>	
	15,584,549
<p>The sale of capital assets is reported as a revenue in the governmental fund statements without subtracting the net book value of the capital assets sold.</p>	
	(41,077)
<p>Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements.</p>	
	(5,015,492)
<p>Principal repayments are reported as expenditures in the governmental fund statement. However, in the statement of activities, these transactions are not an expense, rather they are a decrease in liabilities.</p>	
	6,697,377
<p>Change in closure/post closure liability estimate. Expenses are reported as incurred in the funds.</p>	
	(58,142)
<p>Proceeds from issuance of debt are reported as revenues in the governmental fund statement. However, in the statement of activities, it is not a revenue, rather it is an increase in liabilities.</p>	
	<u>(175,770)</u>
Change in net assets of governmental activities per Exhibit B	<u>\$ 12,406,770</u>

**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, 2007**

	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	\$79,445,592	\$82,601,988	\$84,422,322	\$ 1,820,334	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	22,540,471	23,141,173	23,256,105	114,932	-	-	-	-
Other taxes and licenses	6,603,000	4,495,131	4,501,779	6,648	-	-	-	-
Unrestricted intergovernmental revenues	224,000	224,000	265,782	41,782	-	-	-	-
Restricted intergovernmental revenues	13,638,558	16,964,220	17,098,142	133,922	-	-	-	-
Permits and fees	7,524,038	7,462,398	7,591,795	129,397	-	-	-	-
Sales and services	4,470,395	4,802,299	5,217,986	415,687	-	-	-	-
Investment earnings	2,704,070	3,274,070	3,530,353	256,283	-	130,000	716,304	586,304
Other	143,550	365,949	753,493	387,544	-	-	-	-
Total revenues	137,293,674	143,331,228	146,637,757	3,306,529	-	130,000	716,304	586,304
Expenditures:								
Current:								
General government	12,622,562	12,974,458	11,039,465	1,934,993	-	-	-	-
Public safety	21,086,707	24,319,000	22,145,158	2,173,842	-	-	-	-
Central services	13,614,339	12,322,323	11,276,503	1,045,820	-	-	-	-
Human services	26,870,792	28,481,821	26,466,751	2,015,070	-	-	-	-
Transportation	93,500	93,500	93,500	-	-	-	-	-
Environmental protection	10,742,191	11,425,350	11,069,839	355,511	-	-	-	-
Culture and recreation	5,129,811	6,530,894	4,362,948	2,167,946	-	-	-	-
Economic and physical development	4,750,110	6,004,125	5,429,247	574,878	-	-	-	-
Education	27,987,072	27,987,072	27,987,072	-	-	-	-	-
Debt Service:								
Principal retirement	6,656,086	6,697,383	6,697,377	6	-	-	-	-
Interest and fiscal charges	4,230,375	4,255,119	4,255,116	3	-	-	-	-
Total expenditures	133,783,545	141,091,045	130,822,976	10,268,069	-	-	-	-
Revenues over (under) expenditures	3,510,129	2,240,183	15,814,781	13,574,598	-	130,000	716,304	586,304
Other Financing Sources (Uses):								
Long-term debt issued	-	175,770	175,770	-	-	-	-	-
Transfers from other funds	667,685	617,129	618,353	1,224	7,130,772	7,989,806	7,989,806	-
Transfers to other funds	(10,118,586)	(13,726,206)	(13,739,683)	(13,477)	(11,790,405)	(13,693,778)	(6,597,454)	7,096,324
Contingency	(500,000)	(295,500)	-	295,500	-	-	-	-
Appropriated fund balance	6,440,772	10,988,624	-	(10,988,624)	4,659,633	5,573,972	-	(5,573,972)
Total other financing sources (uses)	(3,510,129)	(2,240,183)	(12,945,560)	(10,705,377)	-	(130,000)	1,392,352	1,522,352
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	2,869,221	\$ 2,869,221	\$ -	\$ -	2,108,656	\$ 2,108,656
Fund balance, beginning of year			61,646,683				5,798,578	
Fund balance, end of year			\$64,515,904				\$ 7,907,234	

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, 2007

	Business-type Activities - Enterprise			
	Major Funds		Nonmajor	Total
	Water	Wastewater	Funds	
Assets:				
Current Assets:				
Cash and cash equivalents/investments	\$ 21,382,612	\$ 6,629,717	\$ 2,195,237	\$ 30,207,566
Receivables, net	3,796,314	728,255	-	4,524,569
Due from other governmental agencies	756,435	176,111	-	932,546
Inventories	227,062	136,031	-	363,093
Cash and cash equivalents/investments - restricted	-	3,952,665	-	3,952,665
Total current assets	<u>26,162,423</u>	<u>11,622,779</u>	<u>2,195,237</u>	<u>39,980,439</u>
Capital Assets:				
Non-depreciable capital assets	6,187,668	2,832,819	-	9,020,487
Depreciable capital assets, net	<u>76,553,870</u>	<u>97,974,026</u>	-	<u>174,527,896</u>
Total capital assets	<u>82,741,538</u>	<u>100,806,845</u>	-	<u>183,548,383</u>
Total assets	<u>\$ 108,903,961</u>	<u>\$ 112,429,624</u>	<u>\$ 2,195,237</u>	<u>\$ 223,528,822</u>
Liabilities and Net Assets:				
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 2,783,623	\$ 853,657	\$ -	\$ 3,637,280
Current portion of long-term debt	803,551	2,792,906	-	3,596,457
Customer deposits	1,158,163	-	-	1,158,163
Due to other funds	<u>539,268</u>	<u>3,718</u>	-	<u>542,986</u>
Total current liabilities	<u>5,284,605</u>	<u>3,650,281</u>	-	<u>8,934,886</u>
Noncurrent Liabilities:				
Accrued compensated absences	201,997	58,971	-	260,968
Deferred revenues	-	2,211,690	-	2,211,690
Noncurrent portion on long-term debt	<u>2,410,820</u>	<u>67,310,517</u>	-	<u>69,721,337</u>
Total noncurrent liabilities	<u>2,612,817</u>	<u>69,581,178</u>	-	<u>72,193,995</u>
Total liabilities	<u>7,897,422</u>	<u>73,231,459</u>	-	<u>81,128,881</u>
Net Assets:				
Invested in capital assets, net of related debt	80,532,715	33,555,299	-	114,088,014
Unrestricted	<u>20,473,824</u>	<u>5,642,866</u>	<u>2,195,237</u>	<u>28,311,927</u>
Total net assets	<u>\$ 101,006,539</u>	<u>\$ 39,198,165</u>	<u>\$ 2,195,237</u>	<u>\$ 142,399,941</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise			
	Major Funds		Nonmajor Funds	Total
	Water	Wastewater		
Operating Revenues:				
User charges	\$ 16,987,232	\$ 13,026,508	\$ -	\$ 30,013,740
Other	1,098,612	160,891	-	1,259,503
Total operating revenues	<u>18,085,844</u>	<u>13,187,399</u>	<u>-</u>	<u>31,273,243</u>
Operating Expenses:				
Salaries and employee benefits	4,061,309	1,368,791	-	5,430,100
Operating expenses	6,193,112	3,471,956	-	9,665,068
Depreciation and amortization	3,468,277	1,651,374	-	5,119,651
Total operating expenses	<u>13,722,698</u>	<u>6,492,121</u>	<u>-</u>	<u>20,214,819</u>
Operating income (loss)	<u>4,363,146</u>	<u>6,695,278</u>	<u>-</u>	<u>11,058,424</u>
Nonoperating Revenues (Expenses):				
Grants and subsidies	-	1,257,000	-	1,257,000
Investment earnings	958,082	359,257	400,749	1,718,088
Interest expense	(148,330)	(2,676,459)	-	(2,824,789)
Total nonoperating revenues (expenses)	<u>809,752</u>	<u>(1,060,202)</u>	<u>400,749</u>	<u>150,299</u>
Income before transfers and capital contributions	5,172,898	5,635,076	400,749	11,208,723
Transfers in (out)	<u>(778,456)</u>	<u>(557,471)</u>	<u>884,132</u>	<u>(451,795)</u>
Income (loss) before capital contributions	4,394,442	5,077,605	1,284,881	10,756,928
Capital contributions	<u>3,056,007</u>	<u>6,706,239</u>	<u>-</u>	<u>9,762,246</u>
Increase (decrease) in net assets	7,450,449	11,783,844	1,284,881	20,519,174
Net assets, beginning of year	<u>93,556,090</u>	<u>27,414,321</u>	<u>910,356</u>	<u>121,880,767</u>
Net assets, end of year	<u>\$ 101,006,539</u>	<u>\$ 39,198,165</u>	<u>\$ 2,195,237</u>	<u>\$ 142,399,941</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, 2007

	Business-type Activities - Enterprise			Total
	Major Funds		Nonmajor Funds	
	Water	Wastewater		
Cash Flows From Operating Activities:				
Receipts from customers	\$ 16,476,546	\$ 12,705,627	\$ -	\$ 29,182,173
Payments to suppliers for goods and services	(5,290,090)	(5,454,346)	-	(10,744,436)
Payments to or on behalf of employees	(3,982,495)	(1,356,855)	-	(5,339,350)
Net cash provided by (used in) operating activities	<u>7,203,961</u>	<u>5,894,426</u>	<u>-</u>	<u>13,098,387</u>
Cash Flows From Noncapital Financing Activities:				
Transfers in (out)	(778,456)	(557,471)	884,132	(451,795)
Advances (repayments) of interfund debt	438,435	(3,755,876)	-	(3,317,441)
Grants	-	1,257,000	-	1,257,000
Net cash provided (used) by noncapital financing activities	<u>(340,021)</u>	<u>(3,056,347)</u>	<u>884,132</u>	<u>(2,512,236)</u>
Net Cash From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(10,070,720)	(12,508,514)	-	(22,579,234)
Interest paid	(148,330)	(2,676,459)	-	(2,824,789)
Capital contributions	3,056,007	6,706,239	-	9,762,246
Change in due from other governments	(418,677)	4,112,068	-	3,693,391
Principal payments on long-term debt	(830,573)	(1,989,131)	-	(2,819,704)
Net cash provided (used) in capital and related financing activities	<u>(8,412,293)</u>	<u>(6,355,797)</u>	<u>-</u>	<u>(14,768,090)</u>
Cash Flows From Investing Activities:				
Interest on investments	<u>958,082</u>	<u>359,257</u>	<u>400,749</u>	<u>1,718,088</u>
Net increase (decrease) in cash and cash equivalents	(590,271)	(3,158,461)	1,284,881	(2,463,851)
Cash and cash equivalents, beginning of year	<u>21,972,883</u>	<u>13,740,843</u>	<u>910,356</u>	<u>36,624,082</u>
Cash and cash equivalents, end of year	<u>\$ 21,382,612</u>	<u>\$ 10,582,382</u>	<u>\$ 2,195,237</u>	<u>\$ 34,160,231</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, 2007

	Business-type Activities - Enterprise			
	Major Funds		Nonmajor Funds	Total
	Water	Wastewater		
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 4,363,146	\$ 6,695,278	\$ -	\$ 11,058,424
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	3,468,277	1,651,374	-	5,119,651
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	(1,852,921)	(350,395)	-	(2,203,316)
(Increase) decrease in inventories	(13,516)	103,154	-	89,638
Increase (decrease) in accounts payable and accrued expenses	995,352	(2,073,608)	-	(1,078,256)
Increase (decrease) in deferred revenue	-	(131,377)	-	(131,377)
Increase (decrease) in customer deposits	243,623	-	-	243,623
Net cash provided by (used in) operating activities	<u>\$ 7,203,961</u>	<u>\$ 5,894,426</u>	<u>\$ -</u>	<u>\$ 13,098,387</u>
Supplemental Disclosures of Noncash Transactions				
Acquisition of debt in exchange for wastewater	\$ -	\$ 1,256,834	\$ -	\$ 1,256,834
Reduction in long term debt		(427,777)		
Dedicated service lines	3,056,007	5,877,182	-	8,933,189
Total Supplemental Disclosure of Noncash Transactions	<u>\$ 3,056,007</u>	<u>\$ 6,706,239</u>	<u>\$ -</u>	<u>\$ 9,762,246</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, 2007

Assets:

Cash, cash equivalents and investments	\$ 2,018,900
Receivable - net	<u>64,543</u>
Total assets	<u>\$ 2,083,443</u>

Liabilities:

Due to other governmental agencies	\$ 1,430,732
Other	<u>652,711</u>
Total liabilities	<u>\$ 2,083,443</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, 2007

1. Description of the Unit

A. Reporting Entity

Brunswick County is one of 21 coastal counties in North Carolina. A political subdivision of the State, it is one of 100 counties established under General Statute 153A-10. The County, which has a population of approximately 100,107, operates under a Commissioner-Manager form of government.

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

B. Component Units

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

Blended Component Unit

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 construction. The certificates of participation are accounted for in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets in the County's financial statements. The activities of the Corporation are accounted for in the financial statements as a special revenue fund. The Corporation does not issue separate financial statements.

Discretely Presented Component Units

Brunswick County Hospital Authority

The Board of Commissioners organized the Brunswick County Hospital Authority and the County appoints and can remove all of the governing Board of the Authority. The County transferred title of its hospital facilities to the Authority. The Authority has leased the facilities to a not-for-profit corporation for a period of 30 years beginning March 1, 2006. The Authority, which has a June 30 year-end, is presented as if it were a governmental fund. The Brunswick County Hospital Authority does not issue separate financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

Brunswick County Board of Alcoholic Control

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

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

Brunswick County Economic Development Commission

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

The EDC's financial statements include its blended component unit, the Brunswick County Economic Development Corporation, which is a non-profit organization established to acquire, improve and convey property. Appropriations to the EDC totaled \$300,000 for the fiscal year ended June 30, 2007. Complete financial statements for the Brunswick County Economic Development Commission may be obtained at the Commission's administrative offices at P.O. Box 158, Government Complex, Bolivia, North Carolina 28422.

Brunswick County Tourism Development Authority

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

Complete financial statements for the Brunswick County Tourism Development Authority may be obtained by contacting the Authority's Executive Director at P.O. Box 1186, Shallotte, North Carolina 28459.

Brunswick County Airport Commission

The County participates in the Brunswick County Airport Commission ("Airport") in conjunction with the municipalities adjoining the airport. The County appoints four members of the seven-member board. Appropriations to the Airport totaled \$66,000 for the fiscal year ended June 30, 2007. 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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

Other Component Unit

Brunswick County Industrial Facility and Pollution Control Financing Authority

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

C. Summary of Significant Account Policies

Basis of Reporting

The accounting policies of Brunswick County and its component units, as reflected in the financial statements for the year ended June 30, 2007, conform to generally accepted accounting principles applicable to governments.

Basis of Presentation – Government-wide and Fund Financial Statements

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

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

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 Project Fund.

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

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

The County reports the following major enterprise funds:

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

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

Additionally the County reports the following fund types:

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

accounts for personal funds of the inmates in the detention center; and the 3% Interest Payable to the State Fund which accounts for motor vehicle tax interest fees collected by the County that are assessed by and remitted to the State.

Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from 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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered vehicles in North Carolina. Effective with this change, Brunswick County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County. For 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 2006 through February 2007 apply to the fiscal year ended June 30, 2007. Uncollected taxes which were billed during this period are shown as receivables on these financial statements. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annual registration expired December 31st each year with taxes dues by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2007 registration renewals will vary from 7 to 18 months after December 31, 2006. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

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 and SAD revolving) and the Enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the County Capital Project, Education Capital Project, SAD revolving 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.

Expenditures may not legally exceed appropriations at the functional level for the General Fund, at the departmental level for the Special Revenue, Enterprise Funds, and Capital Projects Funds. The balances in the Capital Reserve Funds are appropriated when transferred to their respective Capital Project Funds in accordance with the project ordinance adopted for the reserve fund. The County budget officer is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary. As a result, appropriated fund balance increased in the General Fund by \$4,517,702.

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, 2007

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

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

Deposits and Investments

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

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

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

Cash and Cash Equivalents

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

Restricted Assets

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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, 2007 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 and wastewater lines, wells, taps, pumping stations, equipment and vehicles, are reported in the County's government-wide and proprietary financial statements. The County's capitalization threshold for capital outlay items is \$5,000.

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

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

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

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

Operating Plants and improvements	20-40 years
Enterprise Distribution and Collection Systems	40-60 years
Equipment and vehicles	5-15 years

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

Long-Term Debt

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

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

The County's long-term debt for water and wastewater purposes is carried in the Water and Wastewater Funds. The debt service requirements for the water and wastewater debt are being met by water and wastewater revenues. However, the taxing power is pledged to make general obligation payments in the water fund if water 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.

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

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

The governmental fund types classify fund balances as follows:

Reserved:

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

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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.

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 subsequent year's expenditures	\$ 2,997,498	\$ 7,907,234	\$ 1,637,106

Interfund Transfers

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

Other Resources

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

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. In the event of termination, an employee is reimbursed for accumulated vacation days up to a maximum of thirty days. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements.

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

Comparative Data/Reclassifications

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

2. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments of the County as of June 30, 2007 include the following:

	<u>Reported At Fair Value</u>
Cash on hand	\$ 5,550
Deposits - NOW, SuperNOW, MMDA and certificates of deposit	60,700,649
Investments:	
North Carolina Capital Management Trust	39,031,534
First Citizens Bank (Custodial Account)	<u>33,417,006</u>
 Total	 <u>\$ 133,154,739</u>

A. Deposits

All of the deposits of the County are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the depositor in the depositor's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer.

Since the State Treasurer is acting in a fiduciary capacity for the depositor, these deposits are considered to be held by their agents in each of the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County and its component units or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County and its component units under the Pooling Method, the potential exists for undercollateralization and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

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

At June 30, 2007, the deposits of the County had a reported value of \$60,700,649 and bank balances of \$62,196,632. Of the bank balances \$4,084,538 was covered by federal depository insurance and \$58,112,094 was covered by collateral held under the Pooling Method.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

B. Investments

As of June 30, 2007, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6 - 12 Months</u>	<u>1 - 3 Years</u>
Commercial Paper	\$ 15,757,912	\$ 15,757,912	\$ -	\$ -
US Government Agencies	17,659,094	10,664,399	2,998,125	3,996,570
North Carolina Capital Management Trust:				
Cash Portfolio	35,984,893	N/A	N/A	N/A
Term Portfolio*	3,046,641	N/A	3,046,641	N/A
Total	<u>\$ 72,448,540</u>	<u>\$ 26,422,311</u>	<u>\$ 6,044,766</u>	<u>\$ 3,996,570</u>

*Because the NC Capital Management Trust Term Portfolio had duration of 0.90 years, it was presented as an investment with a maturity of 6-12 months.

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

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2007, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2007. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in US Agencies (Federal Home Loan Bank, Freddie Mac, and FNMA) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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 Billings	\$ 60,018	\$ 4,232,026	\$ 4,292,044
Miscellaneous	2,313,766	292,543	2,606,309
	<u>\$ 2,373,784</u>	<u>\$ 4,524,569</u>	<u>\$ 6,898,353</u>

The County's accounts receivable as of June 30, 2007 are presented net of allowance for doubtful accounts as follows:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>
Taxes Receivable	\$ 1,194,271	\$ -	\$ -
EMS Fees	297,975	-	-
User Charges	-	381,000	50,000
	<u>\$ 1,492,246</u>	<u>\$ 381,000</u>	<u>\$ 50,000</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

4. Capital Assets

Governmental capital assets at June 30, 2007 are summarized as follows:

	<u>June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2007</u>
Non-Depreciable Assets:				
Land	\$ 6,742,508	\$ 1,634	\$ -	\$ 6,744,142
Construction in Progress	4,562,486	12,058,144	-	16,620,630
Total non-depreciable assets	<u>11,304,994</u>	<u>12,059,778</u>	<u>-</u>	<u>23,364,772</u>
Depreciable Assets				
Buildings and improvements	75,050,341	1,321,833	-	76,372,174
Equipment and vehicles	21,483,777	2,202,938	815,346	22,871,369
Total depreciable assets	96,534,118	3,524,771	815,346	99,243,543
Less accumulated depreciation:				
Buildings and improvements	17,880,418	2,239,900		20,120,318
Equipment and vehicles	12,354,294	2,775,592	774,269	14,355,617
Total accumulated depreciation	<u>30,234,712</u>	<u>5,015,492</u>	<u>774,269</u>	<u>34,475,935</u>
Total depreciable assets, net	<u>66,299,406</u>			<u>64,767,608</u>
Total capital assets	<u>\$ 77,604,400</u>			<u>\$ 88,132,380</u>

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

<u>Function</u>	<u>Depreciation Expense</u>
General government	\$ 916,328
Public safety	2,185,100
Central services	673,972
Human services	402,702
Environmental protection	163,142
Economic and physical development	125,201
Cultural and recreation	549,047
Total	<u>\$ 5,015,492</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

Enterprise fund capital assets at June 30, 2007 are summarized as follows:

<u>Water Fund</u>	<u>June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2007</u>
Non-Depreciable Assets:				
Land	\$ 760,138	\$ -	\$ -	\$ 760,138
Construction in Progress	2,131,408	6,064,995	2,768,873	5,427,530
Total non-depreciable assets	2,891,546	6,064,995	2,768,873	6,187,668
Depreciable Assets				
Operating plants, buildings and improvements	29,023,746	159,032	-	29,182,778
Distribution System	70,948,745	6,249,806	-	77,198,551
Equipment and vehicles	3,236,094	365,760	-	3,601,854
Total depreciable assets	103,208,585	6,774,598	-	109,983,183
Less accumulated depreciation:				
Operating plants, buildings and improvements	9,585,185	2,499,745	-	12,084,930
Distribution System	18,448,741	459,052	-	18,907,793
Equipment and vehicles	1,927,110	509,480	-	2,436,590
Accumulated depreciation	29,961,036	3,468,277	29,940	33,429,313
Total depreciable assets, net	73,247,549			76,553,870
Total capital assets, net	<u>\$ 76,139,095</u>			<u>\$ 82,741,538</u>
Wastewater Fund				
	<u>June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2007</u>
Non-Depreciable Assets:				
Land	\$ 425,000	\$ -	\$ -	\$ 425,000
Construction in Progress	60,855,524	4,121,287	62,568,992	2,407,819
Total non-depreciable assets	61,280,524	4,121,287	62,568,992	2,832,819
Depreciable Assets				
Operating plants, buildings and improvements	21,724,836	61,556,338	-	83,281,174
Collection system	7,713,972	8,880,033	-	16,594,005
Equipment and vehicles	569,061	519,848	-	1,088,909
Total depreciable assets	30,007,869	70,956,219	-	100,964,088
Less accumulated depreciation:				
Operating plants, buildings and improvements	976,678	1,315,085	-	2,291,763
Distribution System	197,558	243,082	-	440,640
Equipment and vehicles	164,452	93,207	-	257,659
Accumulated depreciation	1,338,688	1,651,374	-	2,990,062
Total depreciable assets, net	28,669,181			97,974,026
Total capital assets, net	<u>\$ 89,949,705</u>			<u>\$ 100,806,845</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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	\$ 3,376,082	\$ 1,866,104	\$ 5,242,186
Construction Costs Payable	2,273,416	1,589,969	3,863,385
Accrued Salaries and Fringes	1,357,966	181,207	1,539,173
Other deposits held by County	1,269,705	-	1,269,705
Total	\$ 8,277,169	\$ 3,637,280	\$ 11,914,449

Interfund Receivables / Payables

Interfund Balances as of June 30, 2007 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>			<u>Total</u>
	<u>General</u>	<u>County Capital Project</u>	<u>Enterprise</u>	
General	\$ -	\$ 584,869	\$ 542,986	\$ 1,127,855
Non Major Governmental	706,402	-	-	706,402
Total	\$ 706,402	\$ 584,869	\$ 542,986	\$ 1,834,257

\$1,127,855 represents amounts due to the General Fund from the Water Capital Project Fund in the amount of \$539,268, County Capital Project Fund in the amount of \$584,869, and Wastewater Fund Capital Projects in the amount of \$3,718 for advances of funds for construction. \$706,402 represents the amount due to the School Special Capital Reserve Fund from the General Fund for excess collections over amounts budgeted for ad Valorem taxes.

Interfund Transfers

	<u>To:</u>	<u>County Capital</u>		<u>Education</u>	<u>County Capital</u>	<u>Non Major</u>	<u>Total</u>	<u>Enterprise</u>	<u>Total</u>
		<u>General Fund</u>	<u>Reserve Fund</u>	<u>Capital Project Fund</u>	<u>Project Fund</u>	<u>Governmental Fund</u>	<u>Governmental Funds</u>	<u>Funds</u>	
<u>From:</u>									
General Fund	\$ -	\$ 8,587,136	\$ (6,456)	\$ -	\$ 5,610,245	\$ 14,190,925	\$ (451,242)	\$ 13,739,683	
County Capital Reserve Fund	597,330	(597,330)	-	6,598,007	-	6,598,007	(553)	6,597,454	
Non Major Governmental Fund	21,023	-	4,159,457	-	-	4,180,480	-	4,180,480	
Totals	\$ 618,353	\$ 7,989,806	\$ 4,153,001	\$ 6,598,007	\$ 5,610,245	\$ 24,969,412	\$ (451,795)	\$ 24,517,617	

The County's General Fund transferred funds during fiscal year 2007 to fund debt service payments on school COPS in the Leasing Corporation, capital improvements, and to establish reserves for future county and education capital projects. The County Capital Reserve fund transferred funds during the year for capital projects and received reimbursements from funds in projects that were completed under budget to be re-designated for future capital projects. The Non-Major Governmental Funds included a transfer to the General Fund for administrative costs for collecting occupancy tax and to education capital projects. The Enterprise Fund transferred funds to the General Fund and County Capital Reserve Fund to repay advances for capital projects.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

6. Deferred/Unearned Revenues

The balance in deferred/unearned revenues at June 30, 2007 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	\$ -	\$ 74,416	\$ -	\$ -
Taxes Receivable	1,194,271	-	-	-
EMS Receivable	96,693	-	-	-
Health Department Receivable	663,653	-	-	-
Other	-	3,211	-	61,009
	<u>\$ 1,954,617</u>	<u>\$ 77,627</u>	<u>\$ -</u>	<u>\$ 61,009</u>

7. Long-Term Obligations

A. General Obligation Bonds

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

The County's General Obligation Bonds consisted of the following at June 30, 2007:

<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	\$ 2,400,000	\$ -
2001	4.25% - 5.00%	Annual	\$800,000 - \$2,800,000	32,100,000	-
(partially refunded in 2006)					
2003	2.50% - 4.50%	Annual	\$750,000 - \$1,000,000	14,820,000	-
2004	3.00% - 5.00%	Annual	\$600,000 - \$2,080,000	12,080,000	-
2006	3.00% - 4.00%	Annual	\$95,000 - \$1,040,000	8,430,454	1,009,546
2006	3.75% - 4.50%	Annual	\$125,000 - \$400,000	3,250,000	-
Total General Obligation Bonds				<u>\$ 73,080,454</u>	<u>\$ 1,009,546</u>
Revenue Bonds					
2004	3.00% - 5.375%	Annual	\$805,000 - \$2,235,000	-	30,735,000
2004	4.25%	Monthly	\$19,188 - \$50,143	-	7,349,416
Total Revenue Bonds				<u>-</u>	<u>38,084,416</u>
				<u>\$ 73,080,454</u>	<u>\$ 39,093,962</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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, 2007:

<u>Issued</u>	<u>Payment Information</u>		<u>Rate</u>	<u>Balance</u>	<u>Purpose and Collateral</u>
	<u>Period</u>	<u>Amount</u>		<u>Governmental Activities</u>	
2000	Annual	\$400,000 - \$800,000	5.00% - 5.75%	\$ 2,400,000	County Courthouse
2004	Annual	\$390,000 - \$1,250,000	2.00% - 5.00%	7,490,000	Construct law enforcement center and schools
2006	Annual	\$75,000 - \$1,005,000	3.00% - 4.25%	9,865,000	Refund portion of 2000 COPS; County Courthouse
				<u>\$ 19,755,000</u>	

C. Installment Purchases

The County's Installment Purchase notes payable consisted of the following at June 30, 2007:

<u>Payment Information</u>			<u>Outstanding Balance</u>		<u>Collateral</u>
<u>Period</u>	<u>Amount</u>	<u>Rate</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Annual	\$40,761	4.45%	\$ -	\$ 87,047	Vacuum Truck
Annual	\$375,000	2.55%	-	4,379,241	Wastewater System
Annual	\$511,525 - \$790,275	2.21%	-	9,500,000	Wastewater System
Annual	\$806,645 - \$1,220,552	2.21%	-	19,193,535	Wastewater System
Annual	\$75,160	3.04%	-	826,760	Wastewater System
Annual	\$39,541	2.95%	-	237,247	Wastewater System
Monthly	\$11,883	4.66%	239,190	-	Compactor
Annual	\$138,093	4.00%	481,467	-	Park Field Lighting
Monthly	\$8,404	0.00%	134,465	-	Time-keeping System
Monthly	\$7,396	4.81%	128,528	-	Telephone System
			<u>\$ 983,650</u>	<u>\$ 34,223,830</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

D. Changes in Long-Term Debt

The following is a summary of changes in governmental long-term debt for the year ended June 30, 2007 for the County:

<u>Governmental Activities</u>	<u>June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>	<u>Current Maturities</u>
General obligation bonds	\$ 77,290,352	\$ -	\$ 4,209,898	\$ 73,080,454	\$ 4,205,454
Certificates of participation	21,865,000	-	2,110,000	19,755,000	2,130,000
Installment purchases	1,185,359	175,770	377,479	983,650	430,059
Accrued compensated absences	2,302,795	219,577		2,522,372	275,000
Pension benefit obligation	435,512	74,789		510,301	-
Accrued landfill closure & post-closure	10,499,210	58,142	-	10,557,352	112,000
Total	<u>\$ 113,578,228</u>	<u>\$ 528,278</u>	<u>\$ 6,697,377</u>	<u>\$ 107,409,129</u>	<u>\$ 7,152,513</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, 2007 for the County:

<u>Business-Type Activities</u>	<u>June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>	<u>Current Maturities</u>
Revenue bonds	\$ 39,174,319	\$ -	\$ 1,089,903	\$ 38,084,416	\$ 1,126,683
General obligation bonds	1,754,648	-	745,102	1,009,546	714,546
Installment purchases	35,208,530	1,178,708	2,163,408	34,223,830	1,755,228
Accrued compensated absences	209,626	51,344		260,970	-
Total	<u>\$ 76,347,123</u>	<u>\$ 1,230,052</u>	<u>\$ 3,998,413</u>	<u>\$ 73,578,762</u>	<u>\$ 3,596,457</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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, 2007, including interest, are as follows:

Governmental Activities	General Obligation Bonds		Certificates of Participation		Installment Purchases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$4,205,454	\$3,114,540	\$2,130,000	\$790,949	\$430,059	\$40,235	\$6,765,513	\$3,945,724
2009	5,015,000	2,930,500	1,270,000	723,549	299,455	23,939	6,584,455	3,677,988
2010	5,220,000	2,726,175	1,275,000	666,174	123,528	14,565	6,618,528	3,406,915
2011	5,220,000	2,509,700	1,395,000	613,937	130,608	7,486	6,745,608	3,131,122
2012	5,205,000	2,301,988	1,390,000	563,207	-	-	6,595,000	2,865,195
2013-2017	25,845,000	8,280,412	6,800,000	2,022,293	-	-	32,645,000	10,302,705
2018-2022	21,570,000	2,689,750	4,715,000	642,918	-	-	26,285,000	3,332,668
2023-2027	800,000	53,600	780,000	48,262	-	-	1,580,000	101,862
Total	\$73,080,454	\$24,606,665	\$19,755,000	\$6,071,289	\$983,650	\$86,225	\$93,819,104	\$30,764,179

Business-Type Activities	General Obligation Bonds		Revenue Bonds		Installment Purchases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$714,546	\$30,286	\$1,126,683	\$1,823,841	\$1,755,228	\$760,840	\$3,596,457	\$2,614,967
2009	295,000	8,850	1,170,666	1,782,885	1,775,297	738,806	3,240,963	2,530,541
2010	-	-	1,218,571	1,735,578	1,749,402	696,800	2,967,973	2,432,378
2011	-	-	1,267,594	1,685,755	1,768,387	656,363	3,035,981	2,342,118
2012	-	-	1,321,761	1,632,064	1,787,790	615,508	3,109,551	2,247,572
2013-2017	-	-	7,554,150	7,205,363	9,087,148	2,456,594	16,641,298	9,661,957
2018-2022	-	-	9,607,200	5,151,101	9,300,403	1,408,336	18,907,602	6,559,437
2023-2027	-	-	10,452,791	2,597,253	7,000,175	380,617	17,452,967	2,977,870
2028-2032	-	-	4,365,000	330,000	-	-	4,365,000	330,000
Total	\$1,009,546	\$39,136	\$38,084,416	\$23,943,840	\$34,223,830	\$7,713,864	\$73,317,792	\$31,696,840

F. Other Debt Disclosures

At June 30, 2007, the County had a legal debt margin of \$1,147,000,000. At June 30, 2007, the County had authorized and unissued debt as follows:

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

8. Conduit Debt Obligations

Brunswick County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from private the 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, 2007, there are no industrial revenue bonds outstanding.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

9. Pension Plan Obligations

A. Local Governmental Employees' Retirement System

Plan Description

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

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute an actuarially determined rate. For the County the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.90% and 4.78%, respectively, of annual covered payroll. The County's contributions to LGERS for the years ended June 30, 2007, 2006 and 2005 were \$1,610,544, \$1,448,853, and \$1,317,122 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, 2006, the Separation Allowance's membership consisted of:

Retirees receiving benefits terminated plan members entitled to but not yet receiving benefits	3
Active plan members	<u>93</u>
Total	<u>96</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2006 was 24 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	\$ 99,949
Interest on net pension obligation	31,575
Adjustment to annual required contribution	<u>(26,063)</u>
Annual pension cost	\$ 105,461
Contributions made	<u>30,673</u>
Increase in net pension, obligation	\$ 74,788
Net pension obligation, beginning of year	<u>435,512</u>
Net pension obligation, end of year	<u>\$ 510,300</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

Three Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
June 30, 2005	\$ 90,823	17.71%	\$ 355,328
June 30, 2006	106,394	24.63%	435,512
June 30, 2007	105,461	29.08%	510,300

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, 2007 were \$302,787 which consisted of \$224,109 from the County and \$78,678 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, 2007 were \$2,023,279 which consisted of \$1,424,208 from the County and \$599,071 from the employees.

E. Registers of Deeds' Supplemental Pension Fund

Plan Description

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

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, 2007, the County's required and actual contributions were \$65,704.

F. Other Postemployment Benefit

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, 88 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2007, the County made payments for postretirement health benefit premiums of \$507,194. The County obtains health care coverage through private insurers.

G. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System ("Death Benefit Plan"), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest 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, 2007, the County's contributions to the State for death benefits was \$34,950. 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, 2007

10. 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 C&D debris landfill stops accepting waste or certain portions obtain the final height, 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.

Municipal Solid Waste Landfill

The County operated a municipal solid waste landfill until December 1997 when it stopped accepting waste at the site. As required by federal and State laws and regulations, the County placed a final cover on this landfill in 1998 and is performing certain maintenance and monitoring functions at the site for thirty years after closure.

Construction and Demolition Debris Landfill

The County operates a multi-phase construction and demolition debris landfill. The North Carolina Department of Environment and Natural Resources ("NCDENR") has issued permits for 6 separate phases with a permit that extends to July, 1 2008. The total permitted capacity of the 6 phases represent 1,146,000 cubic yards (cy). As of June 30, 2007, 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, 2007. Phases 6A, 6B, and 6C were permitted for 588,000 cy and the permit was extended to July 1, 2008. The County's engineering consultants estimated that approximately 100% of Phase 5 has been used and approximately 52% of Phase 6 has been used.

The County received a report from an engineering firm of comprehensive planning, management, and design services for its C&D debris services. The County is evaluating the alternative of developing a new landfill and included \$15,000,000 in the fiscal year 2009-10 Capital Improvement Plan as the estimated cost of a new C&D landfill. In addition, on July 16, 2007 the County entered into an agreement for temporary hauling and disposal of C&D debris outside the County and began a sorting and recycling program as means to extend the life of the existing landfill.

Closure and 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, 2007 which is 52%. It is estimated that closure of the C&D debris landfill will not occur until sometime after 2008. The MSW landfill was closed in 1997. At June 30, 2007, the postclosure care cost for the MSW landfill is expected to be approximately \$112,000 annually. The postclosure care cost for the C&D debris landfill is expected to be approximately \$125,000 annually after closure. At June 30, 2007, the combined closure and postclosure care costs for both landfills are expected to total \$10,557,352 based on an escalation factor of 4%. Of that amount, \$10,557,352 has been accrued at June 30, 2007 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, 2007

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 \$3,707,671. The County expects to budget annual transfers from the General Fund to the County Capital Reserve Fund based on the projected cost of closure and 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, 2007, 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 2007.

11. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$150 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health and dental insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive. The Pool's retentions are: \$500,000 each occurrence for general liability, automobile liability, law enforcement liability and public officials liability; \$250,000 for each property, automobile physical damage and inland marine occurrence, subject to a 2% wind deductible and \$750,000 for each workers' compensation claim. For health and dental insurance, the County is reinsured through the Pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through a commercial carrier for individual losses in excess of \$200,000.

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

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

The County carries commercial coverage for all other risks of loss, including property and liability for emergency service vehicles. There have been no significant reduction in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

12. Claims and Judgments

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

13. Joint Ventures

Brunswick County Community College

The County in conjunction with the State of North Carolina and the Brunswick County Board of Education participates in a joint venture to operate the Brunswick County Community College ("Community College"). Each of the three participants appoints four members of the thirteen-member board of trustees of the Community College. The president of the Community College's student government serves as an ex officio nonvoting member of the Community College's board of trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. As of June 30, 2007, the amount of general obligation bonds issued for this purpose that was still outstanding was \$3,250,000 with an addition \$26,500,000 of authorized bonds but unissued bonds. The authorized bonds of \$26,500,000 were issued on August 22, 2007. The County made total debt service payments related to the bonds of \$270,238 during the fiscal year. Of that total, \$125,000 was for principal and \$145,238 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 \$2,464,361 to the Community College for operating purposes and \$60,500 for capital purposes during the fiscal year ended June 30, 2007.

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, 2007. 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 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 \$695,315 for operating purposes during the year ended June 30, 2007. 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, 2007

14. Jointly Governed Organizations

Cape Fear Council of Governments

The County, in conjunction with three other counties and forty-one municipalities, established the Cape Fear Council of Governments ("Council"). The participating governments established the Council to coordinate certain funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$22,978 to the Council during the fiscal year ended June 30, 2007.

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, 2007 was \$817,407.

In addition, the Authority made payments to the County during the fiscal year totaling \$318,664 pursuant to a maintenance contract.

Northeast Brunswick Water Reclamation Facility

The Facility is owned, operated and maintained by the County. The Town of Leland, Town of Navassa, North Brunswick Sanitary District and the County have entered into wastewater service agreements for a portion of the treatment capacity in the plant. The County is planning an expansion of the plant due to increased capacity needs of the participants and included \$30 million as an estimated capital cost in the Capital Improvement Plan budget for fiscal year 2009-10. The planned sources of funding are revenue bonds, other debt proceeds that may be available to the County and grants. The debt is planned to be serviced by participant fees. The agreement and policies and regulations provide for an oversight committee to make budget and operating recommendations to the County Commissioners.

West Brunswick Regional Water Reclamation Facility

The Facility, which began operations in March of 2006 is owned, operated and maintained by the County. The county is currently designing the West Brunswick Regional Water Reclamation Facility Phase 2 planned to expand the plant capacity from 3 mgd to 6 mgd and provide a transmission line to serve the Town of Oak Island. The estimated cost of the facilities is \$54 million and was included in the County's 2007-08 Capital Improvement Plan. The planned sources of funding are revenue bonds, construction grants and loans funds, and grants. The debt is planned to be serviced by participant fees. The Town of Holden Beach, Town of Oak Island, Town of Shallotte and the County have entered into a wastewater service agreement for a portion of the treatment capacity in the plant. The County is designing force mains to serve the southwest portion of the County at an estimated cost of \$18.6 million. The Southwest Force Mains were included in the 2007-08 Capital Improvement Plan with a funding source of revenue bonds. The revenue bonds are planned to be serviced by County retail

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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

15. Benefit Payments issued by the State

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

	<u>Federal</u>	<u>State</u>
Temporary Assistance for Needy Families	\$ 866,164	\$ -
Medicaid	53,080,785	26,090,453
Housing Assistance Payment Program	2,306,035	-
Food Stamp Program	7,610,711	-
Special Supplemental Food Program for Women, Infants and Children	1,505,050	-
State/County Special Assistance for Adults	-	449,053
State Foster Care and Adoption Programs	-	299,191

16. Commitments and Contingencies

Unemployment Benefits

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

Construction Commitments

The County had commitments, as shown below, for construction contracts outstanding at June 30, 2007. The projects are accounted for in the Government Capital Projects fund and Enterprise Capital Project Funds and are mainly funded by debt proceeds.

<u>Project</u>	<u>Balance of Contracts</u>
Supply Water Main	\$ 722,614
Southport Elevated Tank	86,163
Waccamaw Waterline	66,792
Water Extension in Subdivisions	119,612
West Brunswick Water Reclamation Facility	383,400
Silverleaf Pump Station	210,000
Carolina Shores Pump Station	400,000
Administration Building	5,416,737
Phase 2 - Detention Center	1,770,047
	<u>\$ 9,175,365</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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, 2007, 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.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL) -Projected Unit Credit		Unfunded AAL (UAAL) B - A	Funded Ratio A / B	Covered Payroll C	UAAL as a Percentage Covered Payroll (B - A) / C
		B	B - A				
12/31/2006	\$ -	\$ 706,154	\$ 706,154	0.00%	\$ 4,126,694	17.11%	
12/31/2005	-	686,980	686,980	0.00%	4,201,836	16.35%	
12/31/2004	-	700,612	700,612	0.00%	3,554,883	19.71%	
12/31/2003	-	611,561	611,561	0.00%	3,100,151	19.73%	
12/31/2002	-	514,216	514,216	0.00%	2,970,724	17.31%	
12/31/2001	-	445,483	445,483	0.00%	2,533,125	17.59%	
12/31/2000	-	405,564	405,564	0.00%	2,283,364	17.76%	
12/31/1999	-	229,060	229,060	0.00%	2,309,143	9.92%	
12/31/1998	-	202,811	202,811	0.00%	2,058,411	9.85%	
12/31/1997	-	183,790	183,790	0.00%	1,823,976	10.08%	

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2006	101,041	26,210	25.94%
2005	86,211	12,977	15.05%
2004	76,871	13,335	17.35%
2003	65,290	23,080	35.35%
2002	58,387	23,968	41.05%
2001	41,638	29,184	70.09%
2000	36,279	16,587	45.72%
1999	31,961	11,301	35.36%
1998	30,097	19,804	65.80%

Notes to the Required Schedules:

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

Valuation date	12/31/2006	
Actuarial cost method	Projected unit credit	
Amortization method	Level percent of pay closed	
Remaining amortization period	25 years	
Asset valuation method	Market value	
Actuarial Assumptions:		
Investment rate of return *	7.25%	* Includes inflation at 3.75%
Projected salary increases *	4.5 - 12.3%	
Cost of living adjustments	N/A	

SUPPLEMENTARY

INFORMATION

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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
Ad Valorem Taxes:				
Current year taxes	80,414,988	81,597,743	1,182,755	75,849,114
Prior years taxes	1,487,000	2,179,587	692,587	2,434,731
Penalties and interest	700,000	644,992	(55,008)	853,242
	<u>82,601,988</u>	<u>84,422,322</u>	<u>1,820,334</u>	<u>79,137,087</u>
Local Option Sales Taxes:				
Article 39 (1%)	10,050,744	9,641,180	(409,564)	9,166,780
Article 40 (1/2%)	4,461,676	4,690,731	229,055	4,007,632
Article 42 (1/2%)	4,415,678	4,637,534	221,856	3,964,063
Article 44 (1/2%)	4,213,075	4,286,660	73,585	3,922,746
	<u>23,141,173</u>	<u>23,256,105</u>	<u>114,932</u>	<u>21,061,221</u>
Other Taxes and Licenses:				
Deed stamp excise tax	4,370,000	4,372,835	2,835	7,020,674
State drug tax	18,000	21,813	3,813	40,012
Scrap tire disposal fee	107,131	107,131	-	90,771
	<u>4,495,131</u>	<u>4,501,779</u>	<u>6,648</u>	<u>7,151,457</u>
Unrestricted Intergovernmental:				
Beer and wine tax	200,000	241,782	41,782	227,627
County Board of Alcohol Control	24,000	24,000	-	24,000
	<u>224,000</u>	<u>265,782</u>	<u>41,782</u>	<u>251,627</u>
Restricted Intergovernmental:				
State and federal grant	16,922,220	17,047,108	124,888	15,222,944
ABC bottles taxes	42,000	49,974	7,974	46,722
ABC education requirement	-	-	-	6,629
ABC law enforcement services	-	1,060	1,060	4,736
	<u>16,964,220</u>	<u>17,098,142</u>	<u>133,922</u>	<u>15,281,031</u>
Permits and Fees:				
Solid waste fees	2,750,000	2,631,302	(118,698)	2,315,762
Building permits, inspection fees	1,664,268	1,622,983	(41,285)	1,853,025
Court facility fees	135,176	177,205	42,029	148,208
Register of Deeds	1,437,000	1,460,783	23,783	1,728,720
School resource officer reimbursement	587,239	567,080	(20,159)	485,647
Other permit and fees	888,715	1,132,442	243,727	1,019,408
	<u>7,462,398</u>	<u>7,591,795</u>	<u>129,397</u>	<u>7,550,770</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Sales and Services:				
Rents, concessions and fees	628,907	856,822	227,915	717,349
EMS Charges	1,240,000	1,416,019	176,019	1,301,172
Jail fees	231,283	250,839	19,556	250,150
Food Services	1,280,329	1,320,217	39,888	1,133,005
Public health user fees	1,253,473	1,169,681	(83,792)	1,311,959
Social services fees	46,200	50,707	4,507	58,706
Public housing fees	4,500	8,397	3,897	24,664
Tax collection fees	44,000	48,213	4,213	45,469
Other sales and services	73,607	97,091	23,484	79,435
	<u>4,802,299</u>	<u>5,217,986</u>	<u>415,687</u>	<u>4,921,909</u>
Investment earnings	<u>3,274,070</u>	<u>3,530,353</u>	<u>256,283</u>	<u>2,925,645</u>
Other:				
Tax refunds - sales and gas tax	-	1,064	1,064	495
Contributions	2,300	1,337	(963)	879
Other revenues	363,649	751,092	387,443	494,010
	<u>365,949</u>	<u>753,493</u>	<u>387,544</u>	<u>495,384</u>
Total revenues	<u>143,331,228</u>	<u>146,637,757</u>	<u>3,306,529</u>	<u>138,776,131</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries	147,885	147,829	56	140,920
Fringe benefits	53,761	53,647	114	51,681
Operating costs	172,875	154,552	18,323	148,837
Capital outlay	-	-	-	9,300
	<u>374,521</u>	<u>356,028</u>	<u>18,493</u>	<u>350,738</u>
County Administration:				
Salaries	543,113	542,756	357	487,513
Fringe benefits	155,270	154,191	1,079	137,258
Operating costs	151,727	104,822	46,905	121,244
Capital outlay	-	-	-	23,390
	<u>850,110</u>	<u>801,769</u>	<u>48,341</u>	<u>769,405</u>
Finance:				
Salaries	626,586	602,521	24,065	558,239
Fringe benefits	204,663	198,510	6,153	180,470
Operating costs	608,100	440,553	167,547	264,235
Capital outlay	202,130	175,770	26,360	-
	<u>1,641,479</u>	<u>1,417,354</u>	<u>224,125</u>	<u>1,002,944</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Tax Administration:				
Salaries	1,322,326	1,214,263	108,063	1,002,366
Fringe benefits	436,869	410,149	26,720	311,907
Operating costs	778,635	478,834	299,801	400,502
Capital outlay	504,195	272,705	231,490	169,143
	<u>3,042,025</u>	<u>2,375,951</u>	<u>666,074</u>	<u>1,883,918</u>
Revenue Collector:				
Salaries	439,513	363,971	75,542	352,517
Fringe benefits	166,393	127,178	39,215	129,987
Operating costs	103,957	76,764	27,193	77,097
Capital outlay	-	-	-	15,258
	<u>709,863</u>	<u>567,913</u>	<u>141,950</u>	<u>574,859</u>
Geographic Information:				
Salaries	355,072	336,827	18,245	329,433
Fringe benefits	123,193	118,597	4,596	112,848
Operating costs	99,678	91,866	7,812	66,536
Capital outlay	22,000	21,345	655	-
	<u>599,943</u>	<u>568,635</u>	<u>31,308</u>	<u>508,817</u>
County Attorney:				
Salaries	256,522	220,324	36,198	208,274
Fringe benefits	75,833	62,060	13,773	58,493
Operating costs	101,900	51,448	50,452	90,838
	<u>434,255</u>	<u>333,832</u>	<u>100,423</u>	<u>357,605</u>
Court Facilities:				
Salaries	43,597	43,033	564	41,231
Fringe benefits	15,253	15,078	175	14,395
Operating costs	215,454	148,547	66,907	75,870
Capital outlay	5,000	-	5,000	-
	<u>279,304</u>	<u>206,658</u>	<u>72,646</u>	<u>131,496</u>
Board of Elections:				
Salaries	169,780	169,069	711	155,320
Fringe benefits	66,249	63,772	2,477	54,907
Operating costs	856,340	704,289	152,051	185,658
	<u>1,092,369</u>	<u>937,130</u>	<u>155,239</u>	<u>395,885</u>
Register of Deeds:				
Salaries	756,267	666,750	89,517	691,957
Fringe benefits	360,146	321,267	38,879	334,479
Operating costs	2,789,576	2,467,021	322,555	3,864,285
Capital outlay	44,600	19,157	25,443	-
	<u>3,950,589</u>	<u>3,474,195</u>	<u>476,394</u>	<u>4,890,721</u>
Total general government	<u>12,974,458</u>	<u>11,039,465</u>	<u>1,934,993</u>	<u>10,866,388</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Central Services:				
Management Information Systems:				
Salaries	444,920	432,628	12,292	361,919
Fringe benefits	165,026	145,856	19,170	118,990
Operating costs	419,330	404,603	14,727	449,502
Capital outlay	41,461	26,194	15,267	11,901
	<u>1,070,737</u>	<u>1,009,281</u>	<u>61,456</u>	<u>942,312</u>
Service Center:				
Salaries	486,654	473,790	12,864	435,948
Fringe benefits	175,838	171,907	3,931	154,380
Operating costs	1,367,663	1,032,481	335,182	2,292,325
Capital outlay	71,000	62,378	8,622	6,500
	<u>2,101,155</u>	<u>1,740,556</u>	<u>360,599</u>	<u>2,889,153</u>
Transportation:				
Operating costs	213,371	213,371	-	148,802
Engineering:				
Salaries	196,767	195,448	1,319	145,297
Fringe benefits	65,349	65,273	76	46,564
Operating costs	91,345	70,897	20,448	57,633
Capital outlay	3,000	3,000	-	-
	<u>356,461</u>	<u>334,618</u>	<u>21,843</u>	<u>249,494</u>
Operation Services:				
Salaries	1,841,900	1,797,241	44,659	1,712,371
Fringe benefits	720,753	695,718	25,035	670,981
Operating costs	2,211,833	2,096,375	115,458	1,639,147
Capital outlay	225,934	225,306	628	966,397
	<u>5,000,420</u>	<u>4,814,640</u>	<u>185,780</u>	<u>4,988,896</u>
Non-departmental:				
Salaries	179,267	-	179,267	-
Fringe benefits	1,496,238	1,445,804	50,434	1,279,564
Operating costs	1,274,050	1,066,135	207,915	765,546
Reimbursement of indirect costs	(649,705)	(649,705)	-	(410,274)
Capital outlay	-	-	-	-
	<u>2,299,850</u>	<u>1,862,234</u>	<u>437,616</u>	<u>1,634,836</u>
Food Services:				
Salaries	256,982	250,005	6,977	222,537
Fringe benefits	111,162	103,806	7,356	94,095
Operating costs	900,312	936,119	(35,807)	768,352
Capital outlay	11,873	11,873	-	-
	<u>1,280,329</u>	<u>1,301,803</u>	<u>(21,474)</u>	<u>1,084,984</u>
Total central services	<u>12,322,323</u>	<u>11,276,503</u>	<u>1,045,820</u>	<u>11,938,477</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Public Safety:				
District Attorney:				
Salaries	90,188	67,602	22,586	66,453
Fringe benefits	8,730	5,626	3,104	5,008
Operating costs	87,140	68,011	19,129	53,470
Capital outlay	746	-	746	-
	<u>186,804</u>	<u>141,239</u>	<u>45,565</u>	<u>124,931</u>
Sheriff:				
Salaries	4,414,307	4,181,495	232,812	3,844,688
Fringe benefits	1,515,034	1,377,865	137,169	1,281,402
Operating costs	1,401,571	1,312,536	89,035	580,779
Capital outlay	916,744	721,071	195,673	589,282
	<u>8,247,656</u>	<u>7,592,967</u>	<u>654,689</u>	<u>6,296,151</u>
Criminal Justice Partnership:				
Salaries	75,369	74,803	566	64,802
Fringe benefits	28,798	28,608	190	24,216
Operating costs	131,097	124,756	6,341	111,399
Capital outlay	14,500	11,698	2,802	-
	<u>249,764</u>	<u>239,865</u>	<u>9,899</u>	<u>200,417</u>
Detention Center:				
Salaries	1,778,797	1,749,896	28,901	1,564,398
Fringe benefits	660,547	629,640	30,907	571,462
Operating costs	1,345,172	1,265,254	79,918	1,803,452
Capital outlay	53,603	22,180	31,423	18,697
	<u>3,838,119</u>	<u>3,666,970</u>	<u>171,149</u>	<u>3,958,009</u>
Emergency Medical:				
Salaries	3,358,629	3,205,286	153,343	2,949,621
Fringe benefits	1,059,854	1,012,020	47,834	888,323
Operating costs	744,646	733,151	11,495	516,667
Capital outlay	548,696	470,525	78,171	32,997
	<u>5,711,825</u>	<u>5,420,982</u>	<u>290,843</u>	<u>4,387,608</u>
Emergency Management:				
Salaries	337,157	294,769	42,388	211,673
Fringe benefits	99,638	90,845	8,793	55,520
Operating costs	433,240	279,562	153,678	312,539
Capital outlay	160,369	95,257	65,112	99,735
	<u>1,030,404</u>	<u>760,433</u>	<u>269,971</u>	<u>679,467</u>
Other Agencies:				
Fire districts	382,374	365,250	17,124	345,500
Rescue Squads	488,832	319,303	169,529	390,217
	<u>871,206</u>	<u>684,553</u>	<u>186,653</u>	<u>735,717</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Public Inspections:				
Salaries	521,760	497,689	24,071	422,545
Fringe benefits	188,949	180,687	8,262	145,058
Operating costs	132,895	105,152	27,743	36,944
Capital outlay	39,000	32,816	6,184	34,209
	<u>882,604</u>	<u>816,344</u>	<u>66,260</u>	<u>638,756</u>
Medical Examiner:				
Operating costs	<u>75,000</u>	<u>74,169</u>	<u>831</u>	<u>76,669</u>
Central Communications:				
Salaries	887,461	875,602	11,859	855,778
Fringe benefits	345,728	312,984	32,744	321,737
Operating costs	430,277	367,018	63,259	89,935
Capital outlay	871,289	538,957	332,332	1,009,041
	<u>2,534,755</u>	<u>2,094,561</u>	<u>440,194</u>	<u>2,276,491</u>
Animal Control:				
Salaries	344,431	330,071	14,360	302,691
Fringe benefits	143,418	134,539	8,879	124,967
Operating costs	142,180	135,071	7,109	150,441
Capital outlay	60,834	53,394	7,440	-
	<u>690,863</u>	<u>653,075</u>	<u>37,788</u>	<u>578,099</u>
Total public safety	<u>24,319,000</u>	<u>22,145,158</u>	<u>2,173,842</u>	<u>19,952,315</u>
Transportation:				
Brunswick County Airport	66,000	66,000	-	60,000
Odell Williamson Municipal Airport	27,500	27,500	-	25,000
Total transportation	<u>93,500</u>	<u>93,500</u>	<u>-</u>	<u>85,000</u>
Environmental Protection:				
Solid Waste:				
Salaries	357,515	352,659	4,856	329,224
Fringe benefits	130,290	129,080	1,210	119,636
Operating costs	10,017,450	10,012,710	4,740	9,163,205
Capital outlay	29,817	29,329	488	132,153
	<u>10,535,072</u>	<u>10,523,778</u>	<u>11,294</u>	<u>9,744,218</u>
Mosquito Control:				
Salaries	96,277	37,646	58,631	35,694
Fringe benefits	13,807	3,345	10,462	5,882
Operating costs	170,142	13,318	156,824	33,619
	<u>280,226</u>	<u>54,309</u>	<u>225,917</u>	<u>75,195</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, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	Budget	Actual	Variance Positive (Negative)	2006
Stormwater Ordinance Enforcement:				
Salaries	61,800	39,981	21,819	41,889
Fringe benefits	18,543	11,460	7,083	15,156
Operating costs	21,025	4,271	16,754	
Capital outlay	22,000	15,932	6,068	-
	<u>123,368</u>	<u>71,644</u>	<u>51,724</u>	<u>57,045</u>
Other:				
Forestry services	176,218	176,218	-	166,298
Cape Fear River Corridor	-	-	-	5,000
Artificial Reef Program	11,000	11,000	-	10,000
Brunswick County Beach Consortium	30,000	30,000	-	30,000
Coastal Watershed Management	111,466	52,390	59,076	73,053
Shallow Inlet Dredging	155,000	147,500	7,500	-
Cape Fear RC&D	3,000	3,000	-	3,000
	<u>486,684</u>	<u>420,108</u>	<u>66,576</u>	<u>287,351</u>
Total environmental protection	<u>11,425,350</u>	<u>11,069,839</u>	<u>355,511</u>	<u>10,163,809</u>
Economic Development:				
Code Enforcement:				
Salaries	142,431	127,341	15,090	-
Fringe benefits	55,278	41,181	14,097	-
Operating costs	29,218	25,131	4,087	-
Capital outlay	54,000	47,596	6,404	-
	<u>280,927</u>	<u>241,249</u>	<u>39,678</u>	<u>-</u>
Planning:				
Salaries	565,279	488,688	76,591	448,379
Fringe benefits	216,297	176,473	39,824	161,246
Operating costs	214,033	172,078	41,955	160,059
Capital outlay	-	-	-	-
	<u>995,609</u>	<u>837,239</u>	<u>158,370</u>	<u>769,684</u>
Cooperative Extension:				
Salaries	344,192	333,428	10,764	348,059
Fringe benefits	85,708	76,898	8,810	79,737
Operating costs	145,206	103,926	41,280	100,770
Capital outlay	19,245	18,682	563	-
	<u>594,351</u>	<u>532,934</u>	<u>61,417</u>	<u>528,566</u>
Soil and Water Conservation:				
Salaries	106,497	105,742	755	94,189
Fringe benefits	41,523	41,483	40	35,556
Operating costs	20,841	19,568	1,273	17,533
Capital outlay	-	-	-	-
	<u>168,861</u>	<u>166,793</u>	<u>2,068</u>	<u>147,278</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Public Housing Section 8:				
Salaries	270,419	229,645	40,774	251,557
Fringe benefits	93,127	79,566	13,561	87,252
Operating costs	2,147,000	2,097,258	49,742	1,876,886
	<u>2,510,546</u>	<u>2,406,469</u>	<u>104,077</u>	<u>2,215,695</u>
Community Development:				
Operating costs	1,018,831	809,563	209,268	54,190
	<u>1,018,831</u>	<u>809,563</u>	<u>209,268</u>	<u>54,190</u>
Other Economic Development:				
Economic Development Commission	300,000	300,000	-	270,000
DAK Americas	135,000	135,000	-	-
	<u>435,000</u>	<u>435,000</u>	<u>-</u>	<u>270,000</u>
Total economic development	<u>6,004,125</u>	<u>5,429,247</u>	<u>574,878</u>	<u>3,985,413</u>
Human Services:				
Health:				
Administration:				
Salaries	2,247,367	1,918,132	329,235	1,960,041
Fringe benefits	858,500	698,881	159,619	717,462
Operating costs	73,500	71,975	1,525	61,970
Capital outlay	69,310	38,026	31,284	169,126
	<u>3,248,677</u>	<u>2,727,014</u>	<u>521,663</u>	<u>2,908,599</u>
Communicable Diseases:				
Operating costs	153,485	137,794	15,691	112,398
Adult Health Maintenance:				
Operating costs	48,428	48,050	378	57,213
Senior Health:				
Salaries	179,871	167,286	12,585	155,012
Fringe Benefits	62,133	53,002	9,131	49,424
Operating costs	170,281	170,350	(69)	233,851
	<u>412,285</u>	<u>390,638</u>	<u>21,647</u>	<u>438,287</u>
Maternal and Child Health:				
Salaries	333,517	320,101	13,416	262,619
Fringe benefits	141,516	133,390	8,126	106,990
Operating costs	619,682	584,202	35,480	460,307
Capital outlay	10,200	10,200	-	-
	<u>1,104,915</u>	<u>1,047,893</u>	<u>57,022</u>	<u>829,916</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Environmental Health:				
Salaries	1,344,598	1,128,642	215,956	1,189,759
Fringe benefits	431,817	386,026	45,791	391,959
Operating costs	183,319	150,583	32,736	166,581
Capital outlay	16,396	16,396	-	110,572
	<u>1,976,130</u>	<u>1,681,647</u>	<u>294,483</u>	<u>1,858,871</u>
Total health	<u>6,943,920</u>	<u>6,033,036</u>	<u>910,884</u>	<u>6,205,284</u>
Veterans' Services:				
Salaries	81,868	71,231	10,637	79,808
Fringe benefits	29,135	26,096	3,039	27,018
Operating costs	17,628	13,771	3,857	12,677
Total veterans' services	<u>128,631</u>	<u>111,098</u>	<u>17,533</u>	<u>119,503</u>
Social Services:				
Administration:				
Salaries	4,335,209	4,010,478	324,731	3,530,500
Fringe benefits	1,623,286	1,442,821	180,465	1,299,597
Operating costs	820,624	732,890	87,734	564,507
Capital outlay	122,000	121,761	239	50,002
	<u>6,901,119</u>	<u>6,307,950</u>	<u>593,169</u>	<u>5,444,606</u>
Community Alternative Program:				
Salaries	345,013	265,653	79,360	275,960
Fringe benefits	189,705	155,058	34,647	193,027
Operating costs	65,377	58,828	6,549	57,312
	<u>600,095</u>	<u>479,539</u>	<u>120,556</u>	<u>526,299</u>
Title III-In Home Care:				
Salaries	289,710	205,174	84,536	186,142
Fringe benefits	163,220	102,658	60,562	32,668
Operating costs	10,620	8,689	1,931	7,238
	<u>463,550</u>	<u>316,521</u>	<u>147,029</u>	<u>226,048</u>
Other Operating Costs:				
State foster home	128,112	70,605	57,507	98,669
Foster care	331,909	331,903	6	254,860
Aid to the blind	8,978	4,031	4,947	4,423
Aid to aging - rest home	504,720	504,717	3	435,794
Day care	5,072,533	5,059,387	13,146	4,469,259
Medical assistance	4,462,813	4,462,812	1	4,204,376
Special assistance	7,576	1,704	5,872	2,674
Adoption assistance	300,000	276,728	23,272	243,007
Special Child Adoption Assistance	88,380	29,895	58,485	43,582
	<u>10,905,021</u>	<u>10,741,782</u>	<u>163,239</u>	<u>9,756,644</u>
Total social services	<u>18,869,785</u>	<u>17,845,792</u>	<u>1,023,993</u>	<u>15,953,597</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Other Human Services:				
Southeastern Mental Health Center	695,315	695,314	1	546,982
Other	1,844,170	1,781,511	62,659	1,626,174
	<u>2,539,485</u>	<u>2,476,825</u>	<u>62,660</u>	<u>2,173,156</u>
Total human services	<u>28,481,821</u>	<u>26,466,751</u>	<u>2,015,070</u>	<u>24,451,540</u>
Education:				
Public schools	25,462,211	25,462,211	-	23,314,408
Community college	2,524,861	2,524,861	-	2,309,817
Total education	<u>27,987,072</u>	<u>27,987,072</u>	<u>-</u>	<u>25,624,225</u>
Culture and Recreation:				
Parks and Recreation:				
Salaries	977,344	953,257	24,087	876,191
Fringe benefits	330,874	316,335	14,539	297,833
Operating costs	933,161	869,711	63,450	670,121
Capital outlay	2,843,077	812,361	2,030,716	1,198,924
	<u>5,084,456</u>	<u>2,951,664</u>	<u>2,132,792</u>	<u>3,043,069</u>
Brunswick County Library:				
Salaries	732,475	730,784	1,691	672,882
Fringe benefits	280,466	280,441	25	254,449
Operating costs	337,307	330,212	7,095	338,551
	<u>1,350,248</u>	<u>1,341,437</u>	<u>8,811</u>	<u>1,265,882</u>
Other Culture and Recreation:				
Contributions	96,190	69,847	26,343	31,050
Total culture and recreation	<u>6,530,894</u>	<u>4,362,948</u>	<u>2,167,946</u>	<u>4,340,001</u>
Debt Service:				
Principal retirement	6,697,383	6,697,377	6	6,372,162
Interest and fees	4,255,119	4,255,116	3	4,620,523
Total debt service	<u>10,952,502</u>	<u>10,952,493</u>	<u>9</u>	<u>10,992,685</u>
Total expenditures	<u>141,091,045</u>	<u>130,822,976</u>	<u>10,268,069</u>	<u>122,399,853</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, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues over (under) expenditures	2,240,183	15,814,781	13,574,598	16,376,278
Other Financing Sources (Uses):				
Issuance of long-term debt	175,770	175,770	-	1,007,492
	<u>175,770</u>	<u>175,770</u>	<u>-</u>	<u>1,007,492</u>
Transfers From Other Funds:				
Special Revenue Funds	617,129	618,353	1,224	1,221,175
Capital Projects Funds	-	-	-	(167,125)
	<u>617,129</u>	<u>618,353</u>	<u>1,224</u>	<u>1,054,050</u>
Transfers To Other Funds:				
Special Revenue Funds	(14,177,446)	(14,190,923)	(13,477)	(8,142,927)
Capital Projects Funds	-	-	-	(2,755,687)
Enterprise Funds	451,240	451,240	-	404,803
	<u>(13,726,206)</u>	<u>(13,739,683)</u>	<u>(13,477)</u>	<u>(10,493,811)</u>
Budgetary Financing Sources (Uses):				
Contingency	(295,500)	-	295,500	-
Appropriated fund balance	10,988,624	-	(10,988,624)	-
	<u>10,693,124</u>	<u>-</u>	<u>(10,693,124)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,240,183)</u>	<u>(12,945,560)</u>	<u>(10,705,377)</u>	<u>(8,432,269)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	2,869,221	<u>\$ 2,869,221</u>	7,944,009
Fund balance, beginning of year		<u>61,646,683</u>		<u>53,702,674</u>
Fund balance, end of year		<u>\$ 64,515,904</u>		<u>\$ 61,646,683</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, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
Investment earnings	\$ 130,000	\$ 716,304	\$ 586,304	\$ 435,481
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	7,989,806	7,989,806	-	4,341,286
Capital Projects	(13,693,778)	(6,598,010)	7,095,768	(11,623,273)
Enterprise Funds	-	556	556	(1,064,110)
Appropriated fund balance	<u>5,573,972</u>	<u>-</u>	<u>(5,573,972)</u>	<u>-</u>
Total other financing sources (uses)	<u>(130,000)</u>	<u>1,392,352</u>	<u>1,522,352</u>	<u>(8,346,097)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 2,108,656	\$ 2,108,656	\$ (7,910,616)
Fund balance, beginning of year		<u>5,798,578</u>		<u>13,709,194</u>
Fund balance, end of year		<u>\$ 7,907,234</u>		<u>\$ 5,798,578</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL - EDUCATION CAPITAL PROJECTS FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental revenues	\$ 851,203	\$ 548,439	\$ 145,765	\$ 694,204
Investment earnings	3,307,491	3,354,554	324,758	3,679,312
Other	1,093,065	1,093,070	-	1,093,070
Total revenues	<u>5,251,759</u>	<u>4,996,063</u>	<u>470,523</u>	<u>5,466,586</u>
Expenditures:				
Brunswick County Schools capital projects	9,209,015	3,347,564	2,976,390	6,323,954
Jessie Mae Monroe Elementary School	10,296,443	10,278,691	16,802	10,295,493
North Brunswick High School addition/renovation	11,496,186	11,491,547	299	11,491,846
South Brunswick High School addition/renovation	14,868,731	14,833,195	35,509	14,868,704
West Brunswick High School addition/renovation	16,725,855	16,708,756	4,843	16,713,599
Lincoln Elementary School addition/renovation	5,638,439	5,256,907	153,218	5,410,125
Southport Elementary School addition/renovation	4,219,693	4,134,944	17,887	4,152,831
Waccamaw Elementary School addition/renovation	4,209,556	3,847,289	346,918	4,194,207
Leland Middle School addition/renovation	1,777,121	1,773,143	-	1,773,143
Union Elementary School addition/renovation	4,312,031	4,252,209	58,095	4,310,304
Bolivia Elementary School addition/renovation	1,781,196	1,777,691	3,502	1,781,193
Shalotte Middle School addition/renovation	2,533,794	2,527,340	6,452	2,533,792
South Brunswick Middle School addition/renovation	2,106,203	2,106,203	-	2,106,203
Brunswick County Academy	11,517,524	7,302,482	3,738,264	11,040,746
Virginia Williamson Elementary School addition	1,476,000	1,025,968	395,793	1,421,761
Supply Elementary School addition	2,000,000	66,412	1,626,211	1,692,623
New Middle School	851,203	-	247,911	247,911
New Elementary School	648,797	-	-	-
Brunswick Community College Capital Improvements	3,739,279	1,067,287	544,884	1,612,171
Total expenditures	<u>109,407,066</u>	<u>91,797,628</u>	<u>10,172,978</u>	<u>101,970,606</u>
Revenues over (under) expenditures	(104,155,307)	(86,801,565)	(9,702,455)	(96,504,020)
Other Financing Sources (Uses):				
Transfers in (out)	16,601,144	12,448,143	4,153,001	16,601,144
Debt financing issued	87,554,163	87,000,000	-	87,000,000
Total other financing sources (uses)	<u>104,155,307</u>	<u>99,448,143</u>	<u>4,153,001</u>	<u>103,601,144</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 12,646,578</u>	(5,549,454)	<u>\$ 7,097,124</u>
Fund balance, beginning of year			<u>12,646,578</u>	
Fund balance, end of year			<u>\$ 7,097,124</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, 2007

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental	\$ 6,350,026	\$ 7,183,298	\$ 880,828	\$ 8,064,126
Investment earnings	284,863	185,101	158,629	343,730
Other	102,129	247,578	100,000	347,578
Total revenues	<u>6,737,018</u>	<u>7,615,977</u>	<u>1,139,457</u>	<u>8,755,434</u>
Expenditures:				
Capital Improvements:				
General government	11,314,803	300,328	4,275,445	4,575,773
Environmental protection	1,991,949	1,704,228	-	1,704,228
Public safety	10,587,570	771,649	7,874,191	8,645,840
Culture and recreation	2,552,945	1,603,999	92,420	1,696,419
Transportation	6,618,176	7,864,133	912,251	8,776,384
Total expenditures	<u>33,065,443</u>	<u>12,244,337</u>	<u>13,154,307</u>	<u>25,398,644</u>
Revenues over (under) expenditures	(26,328,425)	(4,628,360)	(12,014,850)	(16,643,210)
Other Financing Sources (Uses):				
Transfers in (out)	24,043,427	17,332,833	6,598,007	23,930,840
Debt financing issued	2,284,998	2,284,998	-	2,284,998
Total other financing sources (uses)	<u>26,328,425</u>	<u>19,617,831</u>	<u>6,598,007</u>	<u>26,215,838</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 14,989,471</u>	(5,416,843)	<u>\$ 9,572,628</u>
Fund balance, beginning of year			<u>14,989,471</u>	
Fund balance, end of year			<u>\$ 9,572,628</u>	

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NON MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

COASTAL EVENTS CENTER FUND - This fund was established for the accumulation of resources to be used for the development of a Coastal Events Center on land owned by the county.

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS

June 30, 2007

	Special Revenue Funds			
	Occupancy Tax Fund	Brunswick County Leasing Corporation Fund	Emergency Telephone System Fund	Grant Project Fund
Assets:				
Cash, cash equivalents and investments	\$ 51,635	\$ -	\$ 730,469	\$ 60,070
Restricted cash	-	2,570	-	-
Special assessment	-	-	-	-
Other receivables	242,177	-	97,203	-
Due from other governmental agencies	-	-	29,722	662
Due from other funds	-	-	-	-
Total assets	<u>\$ 293,812</u>	<u>\$ 2,570</u>	<u>\$ 857,394</u>	<u>\$ 60,732</u>
Liabilities and Fund Balance:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 293,812	\$ -	\$ 54,034	\$ 2,183
Deferred revenue	-	-	-	61,011
Total liabilities	<u>293,812</u>	<u>-</u>	<u>54,034</u>	<u>63,194</u>
Fund Balance:				
Reserved by State statute	-	-	97,203	63,194
Reserved for debt service	-	2,570	-	-
Reserved for encumbrances	-	-	71,001	-
Unreserved	-	-	635,156	(65,656)
Total fund balance (deficit)	<u>-</u>	<u>2,570</u>	<u>803,360</u>	<u>(2,462)</u>
Total liabilities and fund balance (deficit)	<u>\$ 293,812</u>	<u>\$ 2,570</u>	<u>\$ 857,394</u>	<u>\$ 60,732</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>Coastal Events Center Fund</u>	<u>Total</u>
\$ -	\$ 56,907	\$ 5,012,316	\$ 790,601	\$ 646,903	\$ 7,653	\$ 7,356,554
-	-	-	-	-	-	2,570
-	-	-	-	-	-	-
-	-	-	-	-	-	339,380
-	-	-	-	-	-	30,384
-	-	-	706,402	-	-	706,402
<u>\$ -</u>	<u>\$ 56,907</u>	<u>\$ 5,012,316</u>	<u>\$ 1,497,003</u>	<u>\$ 646,903</u>	<u>\$ 7,653</u>	<u>\$ 8,435,290</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,338	\$ -	\$ 356,367
-	-	-	-	-	-	61,011
-	-	-	-	6,338	-	417,378
-	-	-	706,402	-	-	866,799
-	-	-	-	-	-	2,570
-	-	-	-	-	-	71,001
-	56,907	5,012,316	790,601	640,565	7,653	7,077,542
-	56,907	5,012,316	1,497,003	640,565	7,653	8,017,912
<u>\$ -</u>	<u>\$ 56,907</u>	<u>\$ 5,012,316</u>	<u>\$ 1,497,003</u>	<u>\$ 646,903</u>	<u>\$ 7,653</u>	<u>\$ 8,435,290</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Special Revenue Funds</u>			
	<u>Occupancy Tax Fund</u>	<u>Brunswick County Leasing Corporation Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Grant Project Fund</u>
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	1,112,778	-	726,333	-
Restricted intergovernmental	-	-	201,967	267,841
Investment earnings	-	3,299	40,986	-
Total revenues	<u>1,112,778</u>	<u>3,299</u>	<u>969,286</u>	<u>267,841</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	925,399	-
Economic and physical development	1,091,757	-	-	281,347
Culture and recreation	-	-	-	-
Total expenditures	<u>1,091,757</u>	<u>-</u>	<u>925,399</u>	<u>281,347</u>
Revenues over (under) expenditures	21,021	3,299	43,887	(13,506)
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	(21,021)	(6,458)	-	-
Capital Project Funds	-	-	-	-
Total other financing sources (uses)	<u>(21,021)</u>	<u>(6,458)</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	-	(3,159)	43,887	(13,506)
Fund balance, beginning of year	-	5,729	759,473	11,044
Fund balance (deficit), end of year	<u>\$ -</u>	<u>\$ 2,570</u>	<u>\$ 803,360</u>	<u>\$ (2,462)</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>Coastal Events Center Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	1,839,111
-	-	-	-	-	2,500	472,308
-	-	176,751	214,823	34,614	232	470,705
-	-	176,751	214,823	34,614	2,732	2,782,124
-	-	-	-	129,514	-	129,514
-	-	-	-	-	-	925,399
-	-	-	-	-	-	1,373,104
-	-	-	-	-	79	79
-	-	-	-	129,514	79	2,428,096
-	-	176,751	214,823	(94,900)	2,653	354,028
-	-	2,148,271	3,310,640	146,334	5,000	5,582,766
-	-	(564,999)	(3,588,002)	-	-	(4,153,001)
-	-	1,583,272	(277,362)	146,334	5,000	1,429,765
-	-	1,760,023	(62,539)	51,434	7,653	1,783,793
-	56,907	3,252,293	1,559,542	589,131	-	6,234,119
<u>\$ -</u>	<u>\$ 56,907</u>	<u>\$ 5,012,316</u>	<u>\$ 1,497,003</u>	<u>\$ 640,565</u>	<u>\$ 7,653</u>	<u>\$ 8,017,912</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - OCCUPANCY TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
Other taxes and licenses	\$ 1,045,000	\$ 1,112,778	\$ 67,778	\$ 1,026,875
Total revenues	<u>1,045,000</u>	<u>1,112,778</u>	<u>67,778</u>	<u>1,026,875</u>
Expenditures:				
Economic and physical development	<u>1,025,201</u>	<u>1,091,757</u>	<u>(66,556)</u>	<u>1,007,404</u>
Revenues over (under) expenditures	19,799	21,021	1,222	19,471
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	<u>(19,799)</u>	<u>(21,021)</u>	<u>(1,222)</u>	<u>(19,471)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
Investment earnings	\$ -	\$ 3,299	\$ 3,299	\$ 6,862
Total revenues	<u>-</u>	<u>3,299</u>	<u>3,299</u>	<u>6,862</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	-	(6,458)	(6,458)	(4,127)
Total other financing sources (uses)	<u>-</u>	<u>(6,458)</u>	<u>(6,458)</u>	<u>(4,127)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(3,159)</u>	<u>\$ (3,159)</u>	2,735
Fund balance, beginning of year		<u>5,729</u>		<u>2,994</u>
Fund balance, end of year		<u>\$ 2,570</u>		<u>\$ 5,729</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, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
Other taxes and licenses	\$ 700,000	\$ 726,333	\$ 26,333	\$ 711,620
Restricted intergovernmental	142,000	201,967	59,967	199,449
Investment earnings	-	40,986	40,986	32,408
Total revenues	<u>842,000</u>	<u>969,286</u>	<u>127,286</u>	<u>943,477</u>
Expenditures:				
Public safety	<u>1,283,862</u>	<u>925,399</u>	<u>358,463</u>	<u>1,024,018</u>
Revenues over (under) expenditures	(441,862)	43,887	485,749	(80,541)
Other Financing Sources (Uses):				
Appropriated fund balance	<u>441,862</u>	<u>-</u>	<u>(441,862)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>43,887</u>	<u>\$ 43,887</u>	<u>(80,541)</u>
Fund balance, beginning of year		<u>759,473</u>		<u>840,014</u>
Fund balance, end of year		<u>\$ 803,360</u>		<u>\$ 759,473</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, 2007

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental-CDBG-2003	\$ 543,690	\$ 525,706	\$ 661	\$ 526,367
Restricted intergovernmental-CHAF	4,390,602	7,914	143,082	150,996
Restricted intergovernmental-EPA Hardship	1,424,440	1,424,440	124,098	1,548,538
Investment earnings	-	-	-	-
Total revenues	<u>6,358,732</u>	<u>1,958,060</u>	<u>267,841</u>	<u>2,225,901</u>
Expenditures:				
CDBG-2003 Scattered Site Grant	543,690	525,706	661	526,367
CHAF Grant	4,390,602	616,709	(472,892)	143,817
EPA Hardship Grant-NE Brunswick Wastewater	1,424,440	794,959	753,578	1,548,537
Total expenditures	<u>6,358,732</u>	<u>1,937,374</u>	<u>281,347</u>	<u>2,218,721</u>
Revenues over (under) expenditures	-	20,686	(13,506)	7,180
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	-	-	-	-
Public housing grant fund	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 20,686</u>	<u>(13,506)</u>	<u>\$ 7,180</u>
Fund balance, beginning of year			<u>11,044</u>	
Fund balance (deficit), end of year			<u>\$ (2,462)</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, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ 6,723
Expenditures:				
Economic and physical development	-	-	-	-
Revenues over (under) expenditures	-	-	-	6,723
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	-	-	-	(221,289)
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	(221,289)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	-	<u>\$ -</u>	(214,566)
Fund balance, beginning of year		-		<u>214,566</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - SAD REVOLVING FUND
 FOR THE YEAR ENDED JUNE 30, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ 64,430
Investment earnings	-	-	-	5,672
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,102</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	-	-	-	70,102
Other Financing Sources (Uses):				
Transfers in (out)	-	-	-	(190,588)
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,588)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>(120,486)</u>
Fund balance, beginning of year		<u>56,907</u>		<u>177,393</u>
Fund balance, end of year		<u>\$ 56,907</u>		<u>\$ 56,907</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, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
Investment earnings	\$ -	\$ 176,751	\$ 176,751	\$ 62,233
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	2,000,000	2,148,271	148,271	2,834,978
Capital Project Funds	(2,565,000)	(564,999)	2,000,001	(2,153,097)
Appropriated fund balance	<u>565,000</u>	<u>-</u>	<u>(565,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>1,583,272</u>	<u>1,583,272</u>	<u>681,881</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,760,023</u>	<u>\$ 1,760,023</u>	<u>744,114</u>
Fund balance, beginning of year		<u>3,252,293</u>		<u>2,508,179</u>
Fund balance, end of year		<u>\$ 5,012,316</u>		<u>\$ 3,252,293</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, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
Investment earnings	\$ -	\$ 214,823	\$ 214,823	\$ 46,272
Miscellaneous revenue	-	-	-	42,194
Total revenues	<u>-</u>	<u>214,823</u>	<u>214,823</u>	<u>88,466</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	3,438,810	3,310,640	(128,170)	(172,466)
Capital Project Funds	(4,188,000)	(3,588,002)	599,998	(2,629,878)
Appropriated fund balance	<u>749,190</u>	<u>-</u>	<u>(749,190)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(277,362)</u>	<u>(277,362)</u>	<u>(2,802,344)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(62,539)</u>	<u>\$ (62,539)</u>	<u>(2,713,878)</u>
Fund balance, beginning of year		<u>1,559,542</u>		<u>4,273,420</u>
Fund balance, end of year		<u>\$ 1,497,003</u>		<u>\$ 1,559,542</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, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
Investment earnings	\$ 5,304	\$ 34,614	\$ 29,310	\$ 22,181
Expenditures:				
General government	226,574	129,514	97,060	3,500
Revenues over (under) expenditures	(221,270)	(94,900)	126,370	18,681
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	146,500	146,334	(166)	162,841
Appropriated Fund Balance	74,770	-	(74,770)	-
Total other financing sources (uses)	<u>221,270</u>	<u>146,334</u>	<u>(74,936)</u>	<u>162,841</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	51,434	<u>\$ 51,434</u>	181,522
Fund balance, beginning of year		<u>589,131</u>		<u>407,609</u>
Fund balance, end of year		<u>\$ 640,565</u>		<u>\$ 589,131</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE -
COASTAL EVENTS CENTER FUND**

FOR THE YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
Investment earnings	\$ -	\$ 232	\$ 232	\$ -
Restricted intergovernmental	2,500	2,500	-	-
Total revenues	<u>2,500</u>	<u>2,732</u>	<u>232</u>	<u>-</u>
Expenditures:				
Culture and recreation	<u>7,500</u>	<u>79</u>	<u>7,421</u>	<u>-</u>
Revenues over (under) expenditures	(5,000)	2,653	(7,189)	-
Other Financing Sources (Uses):				
Transfers In (Out):				
General Fund	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	7,653	\$ (7,189)	-
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ 7,653</u>		<u>\$ -</u>

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ENTERPRISE FUNDS

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

MAJOR ENTERPRISE FUNDS:

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

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

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

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

NON MAJOR ENTERPRISE FUNDS:

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - WATER FUND (NON-GAAP)

June 30, 2007

	<u>Water</u>	<u>Utility Board Projects</u>	<u>Cedar Hill Road Waterline</u>	<u>Waterline Extensions Nags, Cana,</u>	<u>Utility Operations Center</u>	<u>Supply Water and Sewer Extension</u>
Current Assets:						
Cash and cash equivalents/investments	\$ 17,573,798	\$ 95,686	\$ 17,538	\$ 233,083	\$ 193,838	\$ 631,294
Receivables, net	3,421,314					
Due from other governmental agencies	242,047		-	5,184	-	4,595
Inventories	227,062	-	-	-	-	-
Total current assets	<u>21,464,221</u>	<u>95,686</u>	<u>17,538</u>	<u>238,267</u>	<u>193,838</u>	<u>635,889</u>
Current Liabilities:						
Accounts payable and accrued liabilities	1,694,289	-	-	60,611	7,176	356,282
Customer deposits	1,158,163	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>2,852,452</u>	<u>-</u>	<u>-</u>	<u>60,611</u>	<u>7,176</u>	<u>356,282</u>
Expendable net assets	18,611,769	95,686	17,538	177,656	186,662	279,607
Noncurrent Items:						
Capital assets	82,741,538	-	-	-	-	-
Accrued compensated absences	(201,997)	-	-	-	-	-
Long-term debt	(3,214,371)	-	-	-	-	-
Total net assets	<u>\$ 97,936,939</u>	<u>\$ 95,686</u>	<u>\$ 17,538</u>	<u>\$ 177,656</u>	<u>\$ 186,662</u>	<u>\$ 279,607</u>

Schedule C-1

<u>Carolina Shores Interconnect</u>	<u>Waterline Projects 2004</u>	<u>Southport Elevated Tank</u>	<u>Highway 211 Water Plant Rehabilitation</u>	<u>Waccamaw Waterline</u>	<u>Subdivision 2006 Water Project</u>	<u>Varnamtown Water Line</u>	<u>Cedar Grove Empire Road Water Line</u>	<u>Total</u>
\$ 116,431	\$ -	\$ -	\$ 80,341	\$ 461,226	\$ 1,979,377	\$ -	\$ -	\$ 21,382,612
		375,000						3,796,314
1,619		306,879		4,929		72,380	118,802	756,435
-	-	-	-	-	-	-	-	227,062
<u>118,050</u>	<u>-</u>	<u>681,879</u>	<u>80,341</u>	<u>466,155</u>	<u>1,979,377</u>	<u>72,380</u>	<u>118,802</u>	<u>26,162,423</u>
91,171	-	261,413	30,452	260,650	21,579	-	-	2,783,623
		420,466						1,158,163
-	-	420,466	-	-	-	-	118,802	539,268
<u>91,171</u>	<u>-</u>	<u>681,879</u>	<u>30,452</u>	<u>260,650</u>	<u>21,579</u>	<u>-</u>	<u>118,802</u>	<u>4,481,054</u>
26,879	-	-	49,889	205,505	1,957,798	72,380	-	21,681,369
-	-	-	-	-	-	-	-	82,741,538
-	-	-	-	-	-	-	-	(201,997)
-	-	-	-	-	-	-	-	(3,214,371)
<u>\$ 26,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,889</u>	<u>\$ 205,505</u>	<u>\$ 1,957,798</u>	<u>\$ 72,380</u>	<u>\$ -</u>	<u>\$ 101,006,539</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - WATER SYSTEM
 OPERATING FUND (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
User charges	\$ 15,476,853	\$ 16,987,232	\$ 1,510,379	\$ 15,923,101
Restricted intergovernmental revenue	-	-	-	9,460
Investment earnings	541,565	958,082	416,517	613,753
Other	430,768	392,790	(37,978)	77,437
Total revenues	<u>16,449,186</u>	<u>18,338,104</u>	<u>1,888,918</u>	<u>16,623,751</u>
Expenditures:				
Salaries	2,998,226	2,893,822	104,404	2,567,990
Fringe benefits	1,191,855	1,128,080	63,775	1,010,759
Operating expenditures	6,706,734	6,166,388	540,346	4,505,544
Capital outlay	1,104,458	989,956	114,502	974,616
Debt Service:				
Principal	830,573	830,573	-	852,579
Interest	148,330	148,330	-	240,811
Total expenditures	<u>12,980,176</u>	<u>12,157,149</u>	<u>823,027</u>	<u>10,152,299</u>
Revenues over (under) expenditures	3,469,010	6,180,955	2,711,945	6,471,452
Other Financing Sources (Uses):				
Transfers in (out)	(3,886,000)	(3,886,000)	-	(4,661,896)
Intrafund transfers	1,003	1,003	-	(480,923)
Appropriated fund balance	415,987	-	(415,987)	-
Total other financing sources (uses)	<u>(3,469,010)</u>	<u>(3,884,997)</u>	<u>(415,987)</u>	<u>(5,142,819)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>2,295,958</u>	<u>\$ 2,295,958</u>	<u>\$ 1,328,633</u>

Reconciliation From Budgetary Basis

To Full Accrual Basis:

Capital Project Related Items:

Revenues from water capital projects	705,822
Intrafund transfers	(1,003)
Other transfers	3,107,544
Capital project expenditures	(6,064,995)
CIP additions from capital projects	6,064,995

Other Reconciling Items:

Capitalized capital outlay and CIP adjustment	949,716
Change in vacation accrual	(39,407)
Change in inventory	13,516
Retirement of long-term debt	830,573
Contributed capital assets	3,056,007
Depreciation	(3,468,277)
Change in net assets - GAAP basis	<u>\$ 7,450,449</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, 2007**

	Project Budget	Actual		Total to Date
		Prior Year	Current Year	
Revenues:				
Restricted intergovernmental revenue	\$ 2,844,000	\$ 1,305,000	\$ 392,887	\$ 1,697,887
Other	447,380	135,000	312,935	447,935
Total revenues	<u>3,291,380</u>	<u>1,440,000</u>	<u>705,822</u>	<u>2,145,822</u>
Expenditures:				
Utility Board Projects	100,000	4,314	-	4,314
Cedar Hill Road Waterline Extension	1,368,371	1,350,833	-	1,350,833
Waterline Extensions (Nags, Cana)	1,046,937	42,000	827,281	869,281
Utility Operations Center	250,000	-	63,339	63,339
Supply Water and Sewer Extensions	1,677,620	148,551	849,462	998,013
Carolina Shores Interconnect	965,923	790,601	148,443	939,044
Southport Elevated Tank Project	2,008,106	34,018	1,848,173	1,882,191
Highway 211 Water Plant Improvements	200,000	-	150,111	150,111
Waccamaw Water Line Project	3,147,290	1,103,253	1,338,531	2,441,784
2006 Subdivision Petition Water Lines	2,000,000	-	42,200	42,200
Varnamtown Waterline	665,380	665,380	-	665,380
Cedar Grove and Empire Road Water Lines	930,635	12,985	797,452	810,437
Total expenditures	<u>14,360,262</u>	<u>4,151,935</u>	<u>6,064,992</u>	<u>10,216,927</u>
Revenues over (under) expenditures	(11,068,882)	(2,711,935)	(5,359,170)	(8,071,105)
Other Financing Sources (Uses):				
Transfers in	10,187,959	7,029,510	3,107,544	10,137,054
Intrafund transfers from water fund	880,923	880,923	(1,003)	879,920
Contingency	-	-	-	-
Total other financing sources (uses)	<u>11,068,882</u>	<u>7,910,433</u>	<u>3,106,541</u>	<u>11,016,974</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 5,198,498</u>	<u>\$ (2,252,629)</u>	<u>\$ 2,945,870</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - WASTEWATER FUND (NON-GAAP)

June 30, 2007

	<u>Wastewater</u>	<u>NE Brunswick Regional Water Reclamation</u>	<u>West Brunswick Regional Water Reclamation</u>	<u>Carolina Shore & Sea Trail Wastewater Project</u>	<u>Holden Beach Special Assessment District</u>	<u>Brunswick Comm College Complex Pump Station</u>
Current Assets:						
Cash and cash equivalents/investments	\$ 1,916,146	\$ -	\$ 1,993,446	\$ 29,104	\$ -	\$ -
Restricted cash	454,580	-	3,498,085	-	-	-
Receivables, net	724,612	-	-	-	3,643	-
Due from other governmental agencies	171,917	-	359	3,760	-	75
Inventories	136,031	-	-	-	-	-
Total current assets	<u>3,403,286</u>	<u>-</u>	<u>5,491,890</u>	<u>32,864</u>	<u>3,643</u>	<u>75</u>
Current Liabilities:						
Accounts payable and accrued liabilities	351,321	-	214,964	1,064	-	-
Due to other funds	-	-	-	-	3,643	75
Total liabilities	<u>351,321</u>	<u>-</u>	<u>214,964</u>	<u>1,064</u>	<u>3,643</u>	<u>75</u>
Expendable net assets	3,051,965	-	5,276,926	31,800	-	-
Noncurrent Items:						
Capital assets	100,806,845	-	-	-	-	-
Accrued compensated absences	(58,971)	-	-	-	-	-
Deferred revenues	(2,211,690)	-	-	-	-	-
Long-term debt	(70,103,423)	-	-	-	-	-
Total net assets	<u>\$ 31,484,726</u>	<u>\$ -</u>	<u>\$ 5,276,926</u>	<u>\$ 31,800</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule D-1

Sea Trail Pump Station Upgrade	Silverleaf St. James Pump Station	Carolina Shores Pump Station	Piney Grove Line Extension	Sunset Beach Collection System	West Regional Phase 2	Phase 1 SW FM PS Shallotte	Phase 2 SW FM PS Sea Trail	Total
\$ 10,978	\$ 211,746	\$ 403,336	\$ 27,545	\$ 1,397,682	\$ 512,284	\$ 10,529	\$ 116,921	\$ 6,629,717
-	-	-	-	-	-	-	-	3,952,665
-	-	-	-	-	-	-	-	728,255
-	-	-	-	-	-	-	-	176,111
-	-	-	-	-	-	-	-	136,031
<u>10,978</u>	<u>211,746</u>	<u>403,336</u>	<u>27,545</u>	<u>1,397,682</u>	<u>512,284</u>	<u>10,529</u>	<u>116,921</u>	<u>11,622,779</u>
637	-	-	-	54,260	204,092	5,456	21,863	853,657
-	-	-	-	-	-	-	-	3,718
<u>637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,260</u>	<u>204,092</u>	<u>5,456</u>	<u>21,863</u>	<u>857,375</u>
10,341	211,746	403,336	27,545	1,343,422	308,192	5,073	95,058	10,765,404
-	-	-	-	-	-	-	-	100,806,845
-	-	-	-	-	-	-	-	(58,971)
-	-	-	-	-	-	-	-	(2,211,690)
-	-	-	-	-	-	-	-	(70,103,423)
<u>\$ 10,341</u>	<u>\$ 211,746</u>	<u>\$ 403,336</u>	<u>\$ 27,545</u>	<u>\$ 1,343,422</u>	<u>\$ 308,192</u>	<u>\$ 5,073</u>	<u>\$ 95,058</u>	<u>\$ 39,198,165</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - WASTEWATER FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
User charges	\$ 11,323,183	\$ 13,026,508	\$ 1,703,325	\$ 8,710,574
Investment earnings	150,000	184,025	34,025	204,481
Restricted Intergovernmental revenues	-	-	-	\$ 3,144
Other	152,404	160,891	8,487	163,014
Total revenues	<u>11,625,587</u>	<u>13,371,424</u>	<u>1,745,837</u>	<u>9,081,213</u>
Expenditures:				
Salaries	1,007,957	982,812	25,145	764,038
Fringe benefits	389,593	374,042	15,551	292,816
Operating expenditures	2,412,325	2,122,971	289,354	1,813,463
Capital outlay	2,506,333	2,421,890	84,443	774,691
Debt Service:				
Principal	2,812,542	2,740,063	72,479	605,173
Interest	2,701,394	2,676,459	24,935	412,994
Total expenditures	<u>11,830,144</u>	<u>11,318,237</u>	<u>511,907</u>	<u>4,663,175</u>
Revenues over (under) expenditures	(204,557)	2,053,187	2,257,744	4,418,038
Other Financing Sources (Uses):				
Issuance of long-term debt	1,256,834	1,256,834	-	-
Transfers in (out)	(2,737,000)	(2,714,267)	22,733	(810,856)
Intrafund transfers	(1,749,893)	(1,749,893)	-	(1,499,778)
Appropriated Retained Earnings	3,434,616	-	(3,434,616)	-
Total other financing sources (uses)	<u>204,557</u>	<u>(3,207,326)</u>	<u>(3,411,883)</u>	<u>(2,310,634)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(1,154,139)</u>	<u>\$ (1,154,139)</u>	<u>\$ 2,107,404</u>
Reconciliation From Budgetary Basis				
To Full Accrual Basis:				
Revenues and Transfers - Sewer Capital Projects:				
Revenues from wastewater capital projects		-		
Investment earnings		175,232		
Capital project expenditures		(4,198,440)		
Long term debt reduction		(427,777)		
Grant subsidy		1,257,000		
CIP additions from capital projects		4,121,288		
Transfers in (out)		1,192,422		
Intrafund transfers		2,714,267		
Other Reconciling Items:				
Change in vacation accrual		(11,937)		
Capitalized expenditures		1,253,211		
Contributed assets		7,134,016		
Change in inventory		(103,154)		
Retirement of long-term debt		2,740,063		
Proceeds from issuance of long-term debt		(1,256,834)		
Depreciation		(1,651,374)		
Change in net assets - GAAP basis		<u>\$ 11,783,844</u>		

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
WASTEWATER CAPITAL PROJECT FUNDS (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Project Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Revenues:				
Restricted intergovernmental revenue	\$ 1,397,000	\$ 40,000	\$ -	\$ 40,000
Other	366,789	409,728	-	409,728
Investment earnings	153,000	796,089	175,232	971,321
Total revenues	<u>1,916,789</u>	<u>1,245,817</u>	<u>175,232</u>	<u>1,421,049</u>
Expenditures:				
Northeast Brunswick Regional Water Reclamation	11,299,254	12,052,833	(753,578)	11,299,255
West Brunswick Regional Water Reclamation Ph 1	63,443,398	58,542,642	385,090	58,927,732
Brunswick Community College Pump Station	707,267	689,386	17,882	707,268
Carolina Shores / Sea Trail WWTP	1,356,600	249,734	1,075,066	1,324,800
SAD-23 Holden Beach Causeway Wastewater Line	798,352	144,886	653,466	798,352
West Brunswick Regional Water Reclamation Ph 2	1,621,500	250,131	1,063,177	1,313,308
Southwest Main & Pump Station (Shallotte)	341,645	67,089	269,483	336,572
Southwest Main & Pump Station (Sea Trail)	651,500	80,926	475,518	556,444
Sea Trail Pump Station Upgrade	817,726	-	807,385	807,385
Silverleaf Pump Station (St. James)	253,000	-	41,254	41,254
Carolina Shores Pump Station	507,000	-	103,664	103,664
Piney Grove Line Extension	31,000	-	3,455	3,455
Sunset Beach Wastewater Collection System	1,400,000	-	56,578	56,578
Total expenditures	<u>83,228,242</u>	<u>72,077,627</u>	<u>4,198,440</u>	<u>76,276,067</u>
Revenues over (under) expenditures	(81,311,453)	(70,831,810)	(4,023,208)	(74,855,018)
Other Financing Sources (Uses):				
Long term debt issued	67,317,944	67,745,721	(427,777)	67,317,944
Bond premium (discount)	353,398	353,398	-	353,398
Grant subsidy	4,143,094	4,143,094	1,257,000	5,400,094
Transfers in	6,605,805	4,013,383	1,192,422	5,205,805
Intrafund transfer from wastewater fund	2,891,212	1,576,945	2,714,267	4,291,212
Total other financing sources (uses)	<u>81,311,453</u>	<u>77,832,541</u>	<u>4,735,912</u>	<u>82,568,453</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 7,000,731	\$ 712,704	\$ 7,713,435

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND

ACTUAL - WATER CAPITAL RESERVE (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
Investment earnings	\$ 27,584	\$ 326,556	\$ 298,972	\$ 12,618
Other Financing Sources (Uses):				
Transfers in	3,918,416	3,918,416	-	4,270,944
Water Capital Project Funds	(4,126,000)	(3,140,515)	985,485	(991,952)
Appropriated fund balance	180,000	-	(180,000)	-
Total other financing sources (uses)	<u>(27,584)</u>	<u>777,901</u>	<u>805,485</u>	<u>3,278,992</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,104,457</u>	<u>\$ 1,104,457</u>	<u>\$ 3,291,610</u>
Net Assets:				
Beginning of year, July 1		454,174		
End of year, June 30		<u>\$ 1,558,631</u>		

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2006</u>
Revenues:				
Investment earnings	\$ 25,200	\$ 74,193	\$ 48,993	\$ 7,238
Other Financing Sources (Uses):				
Transfers in	1,749,893	1,749,893	-	1,123,800
Wastewater Capital Project Funds	(2,224,037)	(1,643,662)	580,375	(674,856)
Appropriated fund balance	448,944	-	(448,944)	-
Total other financing sources (uses)	<u>(25,200)</u>	<u>106,231</u>	<u>131,431</u>	<u>448,944</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>180,424</u>	<u>\$ 180,424</u>	<u>\$ 456,182</u>
Net Assets:				
Beginning of year, July 1		<u>456,182</u>		
End of year, June 30		<u>\$ 636,606</u>		

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF FUND NET ASSETS- NONMAJOR ENTERPRISE FUNDS
June 30, 2007

	<u>Water Capital Reserve</u>	<u>Wastewater Capital Reserve</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash and cash equivalents/investments	\$ 1,558,631	\$ 636,606	\$ 2,195,237
Net Assets:			
Unrestricted	1,558,631	636,606	2,195,237
Total net assets	<u>\$ 1,558,631</u>	<u>\$ 636,606</u>	<u>\$ 2,195,237</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Water Capital Reserve</u>	<u>Wastewater Capital Reserve</u>	<u>Total</u>
Nonoperating Revenues (Expenses):			
Investment earnings	\$ 326,556	\$ 74,193	\$ 400,749
Transfers in	3,918,416	1,749,893	5,668,309
Transfers out	<u>(3,140,515)</u>	<u>(1,643,662)</u>	<u>(4,784,177)</u>
Increase (decrease) in net assets	1,104,457	180,424	1,284,881
Net assets, beginning of year	<u>454,174</u>	<u>456,182</u>	<u>910,356</u>
Net assets, end of year	<u>\$ 1,558,631</u>	<u>\$ 636,606</u>	<u>\$ 2,195,237</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Water Capital Reserve</u>	<u>Wastewater Capital Reserve</u>	<u>Total</u>
Cash Flows From Noncapital Financing Activities:			
Transfers in (out)	\$ 777,901	\$ 106,231	\$ 884,132
Cash Flows From Investing Activities:			
Interest on investments	<u>326,556</u>	<u>74,193</u>	<u>400,749</u>
Net increase (decrease) in cash and cash equivalents	1,104,457	180,424	1,284,881
Cash and cash equivalents, beginning of year	<u>454,174</u>	<u>456,182</u>	<u>910,356</u>
Cash and cash equivalents, end of year	<u>\$ 1,558,631</u>	<u>\$ 636,606</u>	<u>\$ 2,195,237</u>

AGENCY FUNDS

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

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

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

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

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

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

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

	Balance 2006	Additions	Deductions	Balance 2007
SOCIAL SERVICES FUND				
Assets:				
Cash, cash equivalents and investments	\$ 57,258	\$ 13,932	\$ -	\$ 71,190
Receivables - net	6,631	519	-	7,150
Total assets	<u>\$ 63,889</u>	<u>\$ 14,451</u>	<u>\$ -</u>	<u>\$ 78,340</u>
Liabilities:				
Other	<u>\$ 63,889</u>	<u>\$ 14,451</u>	<u>\$ -</u>	<u>\$ 78,340</u>
SMITHVILLE TOWNSHIP FUND				
Assets:				
Cash, cash equivalents and investments	\$ 1,019,762	\$ 27,989	\$ -	\$ 1,047,751
Taxes receivable - net	5,012	-	(2,925)	2,087
Total assets	<u>\$ 1,024,774</u>	<u>\$ 27,989</u>	<u>\$ (2,925)</u>	<u>\$ 1,049,838</u>
Other				
Other	\$ 5,012	\$ -	\$ (2,925)	\$ 2,087
Due to other governmental agencies	1,019,762	27,989	-	1,047,751
Total liabilities	<u>\$ 1,024,774</u>	<u>\$ 27,989</u>	<u>\$ (2,925)</u>	<u>\$ 1,049,838</u>
INTERGOVERNMENTAL COLLECTIONS FUND				
Assets:				
Cash, cash equivalents and investments	\$ 595,968	\$ -	\$ (268,293)	\$ 327,675
Taxes receivable - net	30,952	24,354	-	55,306
Total assets	<u>\$ 626,920</u>	<u>\$ 24,354</u>	<u>\$ (268,293)</u>	<u>\$ 382,981</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 626,920</u>	<u>\$ 24,354</u>	<u>\$ (268,293)</u>	<u>\$ 382,981</u>
SHERIFF DEPARTMENT TRUST FUND				
Assets:				
Cash, cash equivalents and investments	\$ 12,968	\$ 4,620	\$ -	\$ 17,588
Liabilities:				
Other	<u>\$ 12,968</u>	<u>\$ 4,620</u>	<u>\$ -</u>	<u>\$ 17,588</u>
BRUNSWICK HOSPITAL AUTHORITY				
Assets:				
Cash, cash equivalents and investments	\$ 257,909	\$ 202,329	\$ -	\$ 460,238
Liabilities:				
Other	<u>\$ 257,909</u>	<u>\$ 202,329</u>	<u>\$ -</u>	<u>\$ 460,238</u>
FAMILY SELF-SUFFICIENCY TRUST				
Assets:				
Cash, cash equivalents and investments	\$ 70,460	\$ 3,966	\$ -	\$ 74,426
Liabilities:				
Other	<u>\$ 70,460</u>	<u>\$ 3,966</u>	<u>\$ -</u>	<u>\$ 74,426</u>
INMATE TRUST FUND				
Assets:				
Cash, cash equivalents and investments	\$ 6,936	\$ 9,960	\$ -	\$ 16,896
Liabilities:				
Other	<u>\$ 6,936</u>	<u>\$ 9,960</u>	<u>\$ -</u>	<u>\$ 16,896</u>
3% INTEREST PAYABLE TO STATE FUND				
Assets:				
Cash, cash equivalents and investments	\$ 2,753	\$ 40,076	\$ (39,693)	\$ 3,136
Liabilities:				
Other	<u>\$ 2,753</u>	<u>\$ 40,076</u>	<u>\$ (39,693)</u>	<u>\$ 3,136</u>
COMBINING TOTALS				
Assets:				
Cash, cash equivalents and investments	\$ 2,024,014	\$ 302,872	\$ (307,986)	\$ 2,018,900
Receivables, net	42,595	24,873	(2,925)	64,543
Total assets	<u>\$ 2,066,609</u>	<u>\$ 327,745</u>	<u>\$ (310,911)</u>	<u>\$ 2,083,443</u>
Liabilities:				
Due to other governmental agencies	\$ 1,646,682	\$ 52,343	\$ (268,293)	\$ 1,430,732
Other	419,927	275,402	(42,618)	652,711
Total liabilities	<u>\$ 2,066,609</u>	<u>\$ 327,745</u>	<u>\$ (310,911)</u>	<u>\$ 2,083,443</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, 2007

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2005</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2006</u>
2006-07	\$ -	\$ 83,653,780	\$ 81,622,970	\$ 2,030,810
2005-06	2,143,886	-	1,416,428	727,458
2004-05	786,201	-	354,667	431,534
2003-04	491,533	-	180,497	311,036
2002-03	436,936	-	120,171	316,765
2001-02	371,949	-	75,156	296,793
2000-01	272,797	-	46,397	226,400
1999-00	218,098	-	22,487	195,611
1998-99	193,708	-	14,491	179,217
1997-98	176,197	-	11,831	164,366
1996-97	150,400	-	150,400	-
	<u>\$ 5,241,705</u>	<u>\$ 83,653,780</u>	<u>\$ 84,015,495</u>	4,879,990
Less: Allowance for uncollected taxes receivable General Fund				<u>3,685,718</u>
Ad Valorem taxes receivable (net)				<u>\$ 1,194,272</u>
Reconciliation with Revenues:				
Ad Valorem taxes - General Fund				\$ 84,422,322
Reconciling Items:				
Interest collected and penalties				(644,992)
Releases on prior year tax				192,548
MVT Less Thans				50,441
Collection of taxes previously written off				<u>(4,824)</u>
Total collections and credits				<u>\$ 84,015,495</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2007

	County-Wide			Property Excluding Registered Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
Original levy excluding motor vehicles	\$ 14,625,400,773	\$ 0.0054	\$ 78,977,975	\$ 78,977,975	\$ -
Registered motor vehicles	899,654,188		4,862,329	-	4,862,329
Penalties	-		49,668	49,668	-
Total	<u>15,525,054,961</u>		<u>83,889,972</u>	<u>79,027,643</u>	<u>4,862,329</u>
Abatements	<u>(43,739,367)</u>		<u>(236,193)</u>	<u>(198,219)</u>	<u>(37,974)</u>
Total valuation	<u>\$ 15,481,315,594</u>				
Net levy			83,653,779	78,829,424	4,824,355
Less uncollected taxes at June 30,			<u>2,030,810</u>	<u>1,359,623</u>	<u>671,187</u>
Current year's taxes collected			<u>\$ 81,622,969</u>	<u>\$ 77,469,801</u>	<u>\$ 4,153,168</u>
Current levy collection percentage			<u>97.57%</u>	<u>98.28%</u>	<u>86.09%</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, 2007

	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	\$ 307,011	\$ 224,570	\$ 315,663	\$ 210,433	\$ -	\$ 1,057,677
Receivables, net	-	4,546	-	-	-	4,546
Due from primary government	-	-	292,703	-	460,240	752,943
Due from other governments	-	444,957	-	-	-	444,957
Inventory	175,115	18,710	-	-	-	193,825
Other assets	10,143	-	-	-	-	10,143
Total current assets	<u>492,269</u>	<u>692,783</u>	<u>608,366</u>	<u>210,433</u>	<u>460,240</u>	<u>2,464,091</u>
Capital assets, net	1,169,447	9,804,903	-	1	-	10,974,351
Total assets	<u>\$ 1,661,716</u>	<u>\$ 10,497,686</u>	<u>\$ 608,366</u>	<u>\$ 210,434</u>	<u>\$ 460,240</u>	<u>\$ 13,438,442</u>
Liabilities and Net Assets:						
Liabilities:						
Current Liabilities:						
Debt obligation - current portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	137,250	36,115	43,581	4,823	-	221,769
Due to other governments	63,542	434,937	-	-	-	498,479
Total current liabilities	<u>200,792</u>	<u>471,052</u>	<u>43,581</u>	<u>4,823</u>	<u>-</u>	<u>720,248</u>
Noncurrent Liabilities:						
Debt obligation - long-term portion	730,000	-	-	16,669	-	746,669
Total noncurrent liabilities	<u>730,000</u>	<u>-</u>	<u>-</u>	<u>16,669</u>	<u>-</u>	<u>746,669</u>
Total liabilities	<u>930,792</u>	<u>471,052</u>	<u>43,581</u>	<u>21,492</u>	<u>-</u>	<u>1,466,917</u>
Net Assets:						
Invested in capital assets, net of related debt	439,447	9,804,903	-	1	-	10,244,351
Restricted:						
Economic development	-	-	-	188,941	-	188,941
Other purposes	63,386	-	-	-	-	63,386
Unrestricted	228,091	221,731	564,785	-	460,240	1,474,847
Total net assets	<u>730,924</u>	<u>10,026,634</u>	<u>564,785</u>	<u>188,942</u>	<u>460,240</u>	<u>11,971,525</u>
Total liabilities and net assets	<u>\$ 1,661,716</u>	<u>\$ 10,497,686</u>	<u>\$ 608,366</u>	<u>\$ 210,434</u>	<u>\$ 460,240</u>	<u>\$ 13,438,442</u>

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, 2007

	<u>Brunswick County Board of Alcoholic Control</u>	<u>Brunswick County Airport Commission</u>	<u>Brunswick County Tourism Development Authority</u>	<u>Brunswick County Economic Development Commission</u>	<u>Brunswick County Hospital Authority</u>	<u>Totals</u>
Revenues						
Sales and services	\$ 1,648,290	\$ 674,359	\$ 1,179,394	\$ 138	\$ 50,100	\$ 3,552,281
Operating grants	-	78,000	-	325,630	-	403,630
Capital grants	-	942,189	-	-	-	942,189
Investment earnings	2,411	12,553	17,693	3,744	18,853	55,254
Total revenues	<u>1,650,701</u>	<u>1,707,101</u>	<u>1,197,087</u>	<u>329,512</u>	<u>68,953</u>	<u>4,953,354</u>
Expenditures						
Operating expenses	<u>1,559,425</u>	<u>827,800</u>	<u>1,058,619</u>	<u>324,911</u>	<u>16,428</u>	<u>3,787,183</u>
Revenues over (under) expenditures	<u>91,276</u>	<u>879,301</u>	<u>138,468</u>	<u>4,601</u>	<u>52,525</u>	<u>1,166,171</u>
Other Financing Sources:						
Sale of capital assets	-	-	-	-	149,806	149,806
Total other financing sources	-	-	-	-	<u>149,806</u>	<u>149,806</u>
Fund balance, beginning of year	<u>639,648</u>	<u>9,147,333</u>	<u>426,317</u>	<u>184,341</u>	<u>257,909</u>	<u>10,655,548</u>
Fund balance, end of year	<u>\$ 730,924</u>	<u>\$ 10,026,634</u>	<u>\$ 564,785</u>	<u>\$ 188,942</u>	<u>\$ 460,240</u>	<u>\$ 11,971,525</u>

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STATISTICAL SECTION

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

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

- Net Assets by Components (unaudited)
- Changes in Net Assets (unaudited)
- Governmental Activities Tax Revenues by Source (unaudited)
- Fund Balance, Governmental Funds (unaudited)
- Changes in Fund Balance, Governmental Funds (unaudited)

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

- Assessed Value and Estimated Actual Value of Taxable Property (unaudited)
- Property Tax Rates-Direct and All Overlapping Governments (unaudited)
- Principal Property Taxpayers (unaudited)
- Property Tax Levies and Collections – General Fund (unaudited)

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

- Ratio of Outstanding Debt by Type (unaudited)
- Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita (unaudited)
- Direct and Underlying Governmental Activities Debt (unaudited)
- Legal Debt Margin Information (unaudited)
- Pledged-Revenue Coverage (unaudited)

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

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

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 1

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

	Fiscal Year (1)				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 53,185,729	\$ 48,903,970	\$ 37,137,060	\$ 54,279,043	\$ 67,118,730
Restricted	28,600,076	23,334,978	23,334,978	-	-
Unrestricted	(25,957,111)	(12,454,484)	(2,843,693)	13,102,857	12,669,940
Total governmental activities net assets	\$ 55,828,694	\$ 59,784,464	\$ 57,628,345	\$ 67,381,900	\$ 79,788,670
Business-type activities					
Invested in capital assets, net of related debt	\$ 76,595,678	\$ 80,543,952	\$ 39,904,058	\$ 93,748,105	\$ 114,088,014
Unrestricted	12,458,138	12,088,889	61,659,379	28,132,662	28,311,927
Total business-type activities net assets	\$ 89,053,816	\$ 92,632,841	\$ 101,563,437	\$ 121,880,767	\$ 142,399,941
Primary Government					
Invested in capital assets, net of related debt	\$ 129,781,407	\$ 129,447,922	\$ 77,041,118	\$ 148,027,148	\$ 181,206,744
Restricted	28,600,076	23,334,978	23,334,978	-	-
Unrestricted	(13,498,973)	(365,595)	58,815,686	41,235,519	40,981,867
Total primary government net assets	\$ 144,882,510	\$ 152,417,305	\$ 159,191,782	\$ 189,262,667	\$ 222,188,611

Notes:

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 2

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

	Fiscal Year (1)				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 8,763,176	\$ 9,126,904	\$ 12,265,609	\$ 11,650,297	\$ 14,898,739
Public safety	13,325,392	14,901,214	16,613,151	21,488,245	23,757,912
Central services	7,089,722	8,524,633	9,819,916	11,415,044	11,661,193
Human services	19,321,396	19,498,577	21,705,607	24,449,640	26,746,227
Transportation	2,443,617	3,046,258	860,256	1,553,193	1,005,751
Environmental protection	11,386,071	9,412,246	9,737,741	10,201,646	11,272,811
Cultural and recreation	2,663,326	2,446,057	3,094,606	2,932,943	1,060,589
Economic and physical development	5,541,528	5,261,136	5,800,337	5,888,020	6,879,523
Education	42,890,086	41,780,114	35,261,269	40,347,613	38,167,647
Revaluation Services	221,065	-	-	-	-
Interest on long-term debt	3,785,689	4,297,354	6,016,632	4,120,523	4,255,116
Total governmental activities	117,431,068	118,294,493	121,175,124	134,047,164	139,705,508
Business-type activities:					
Water	9,095,020	9,847,383	9,599,753	10,906,786	13,871,028
Wastewater	708,840	1,693,765	3,541,858	2,937,019	9,168,580
Total business-type activities	9,803,860	11,541,148	13,141,611	13,843,805	23,039,608
Total primary government expenses	\$ 127,234,928	\$ 129,835,641	\$ 134,316,735	\$ 147,890,969	\$ 162,745,116
Program Revenues					
Governmental activities					
Charges for services:					
General government	\$ 3,563,811	\$ 2,486,888	\$ 2,344,425	\$ 3,445,947	\$ 4,726,587
Public safety	1,448,782	2,855,570	4,496,621	4,610,690	4,034,126
Central services	788,960	758,966	1,304,404	1,133,005	1,320,217
Human services	551,612	935,055	2,199,295	1,450,075	2,770,323
Environmental protection	1,029,562	1,391,467	2,092,870	2,315,762	-
Cultural and recreation	138,818	-	285,906	717,351	2,631,302
Economic and physical development	94,929	105,907	997,435	-	-
Education	-	453,891	-	-	8,397
Operating grants and contributions:					
General government	58,747	510,279	84,566	-	-
Public safety	370,893	683,683	932,645	-	-
Central services	60,115	-	128,721	-	-
Human services	8,917,650	9,524,915	9,333,298	15,222,947	17,047,108
Transportation	2,960,927	1,985,015	-	-	-
Environmental protection	208,703	263,178	221,070	-	-
Cultural and recreation	158,421	131,359	138,984	-	-
Economic and physical development	2,430,821	2,486,436	2,584,521	-	-

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COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 2 (Continued)

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

	Fiscal Year (1)				
	2003	2004	2005	2006	2007
Capital grants and contributions:					
General government	-	421,823	-	-	1,337
Public safety	-	272,142	-	-	-
Transportation	4,035	-	-	-	-
Cultural and recreation	-	-	3,556,280	-	100,000
Economic and physical development	-	1,781,872	-	1,626,521	-
Education	-	331,223	-	548,439	-
Total governmental activities program revenues	22,788,789	27,381,673	30,703,046	31,072,743	32,639,397
Business-type activities:					
Charges for services:					
Water	14,000,842	13,461,240	12,729,168	15,985,038	18,085,844
Wastewater	714,571	1,527,189	4,196,991	8,406,018	13,187,399
Operating grants and contributions:					
Water	62,500	-	-	-	-
Wastewater	5,455,145	-	-	-	-
Capital grants and contributions:					
Water	1,522,630	1,708,819	1,206,673	4,058,527	3,056,007
Wastewater	-	2,531,517	1,318,004	4,355,512	7,963,239
Total business-type activities program revenues	21,755,688	19,228,765	19,450,836	32,805,095	42,292,489
Total primary government program revenues	\$ 44,544,477	\$ 46,610,438	\$ 50,153,882	\$ 63,877,838	\$ 74,931,886
Net (expense)/revenue					
Governmental activities	\$ (94,642,279)	\$ (90,912,820)	\$ (90,472,078)	\$ (102,974,421)	\$ (107,066,111)
Business-type activities	11,951,828	7,687,617	6,309,225	18,961,290	19,252,881
Total primary government net (expense)/revenue	\$ (82,690,451)	\$ (83,225,203)	\$ (84,162,853)	\$ (84,013,131)	\$ (87,813,230)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Ad Valorem taxes	\$ 63,283,441	\$ 67,717,315	\$ 73,327,947	\$ 78,767,616	\$ 84,223,342
Local option taxes	14,157,057	16,636,215	18,867,402	21,061,222	23,256,105
Other taxes	1,505,532	5,303,623	7,061,892	8,761,948	6,340,890
Unrestricted Grants and contributions	2,316,096	-	-	-	-
Investment earnings	976,947	921,742	1,832,774	4,199,756	5,200,749
Loss on disposal of capital assets	2,419,628	-	(10,909,492)	-	-
Transfers	(3,540,536)	4,291,705	(1,862,584)	(60,159)	451,795
Total governmental activities	81,118,165	94,870,600	88,317,939	112,730,383	119,472,881
Business-type activities:					
Investment earnings	128,951	183,113	758,787	1,295,870	1,718,088
Transfers	3,540,536	(4,291,705)	1,862,584	60,168	(451,795)
Total business-type activities	3,669,487	(4,108,592)	2,621,371	1,356,038	1,266,293
Total primary government	\$ 84,787,652	\$ 90,762,008	\$ 90,939,310	\$ 114,086,421	\$ 120,739,174

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

	Fiscal Year (1)				
	2003	2004	2005	2006	2007
Change in Net Assets					
Governmental activities	\$ (13,524,114)	\$ 3,957,780	\$ (2,154,139)	\$ 9,755,962	\$ 12,406,770
Business-type activities	15,621,315	3,579,025	8,930,596	20,317,328	20,519,174
Total primary government	\$ 2,097,201	\$ 7,536,805	\$ 6,776,457	\$ 30,073,290	\$ 32,925,944

Notes:

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

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
1998	\$ 44,837,765	\$ 10,153,856	\$ 119,538	\$ 171,285	\$ 55,282,444
1999	45,270,251	10,897,732	20,843	178,751	56,367,577
2000	52,822,490	11,664,082	138,503	186,928	64,812,003
2001	55,689,742	12,233,671	147,751	192,083	68,263,247
2002	60,982,737	12,645,932	42,579	-	73,671,248
2003	62,753,363	14,157,055	288,250	203,180	77,401,848
2004	68,478,690	16,636,215	194,982	209,433	85,519,320
2005	74,520,219	18,867,402	218,647	220,257	93,826,525
2006	79,137,087	21,061,222	331,736	227,627	100,757,672
2007	84,422,322	23,256,105	212,941	241,782	108,133,150

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COUNTY OF BRUNSWICK, NORTH CAROLINA

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

	Fiscal Year			
	1998	1999	2000	2001
General Fund				
Reserved for:				
Reserved by State statute	\$ 3,596,708	\$ 3,945,197	\$ 5,425,472	\$ 4,502,400
Reserved for prepaid expenditures	-	-	-	-
Reserved for encumbrances	248,036	236,201	112,826	86,778
Total Reserved	<u>3,844,744</u>	<u>4,181,398</u>	<u>5,538,298</u>	<u>4,589,178</u>
Unreserved	<u>34,068,856</u>	<u>31,393,824</u>	<u>35,645,042</u>	<u>37,006,211</u>
Total General fund	<u><u>\$ 37,913,600</u></u>	<u><u>\$ 35,575,222</u></u>	<u><u>\$ 41,183,340</u></u>	<u><u>\$ 41,595,389</u></u>
All Other Governmental Funds				
Reserved for:				
Reserved by State statute	\$ 167,877	\$ 955,026	\$ 1,395,790	\$ 982,852
Reserved for debt service	292,665	238,367	273,580	243,571
Reserved for encumbrances	5,405	18,500	3,500	-
Total Reserved	<u>465,947</u>	<u>1,211,893</u>	<u>1,672,870</u>	<u>1,226,423</u>
Unreserved:				
Special revenue funds	17,195,267	18,210,320	15,167,434	17,704,176
Capital project funds	1,072,612	4,754,849	13,069,032	54,060,090
Total all other governmental funds	<u><u>\$ 18,733,826</u></u>	<u><u>\$ 24,177,062</u></u>	<u><u>\$ 29,909,336</u></u>	<u><u>\$ 72,990,689</u></u>

Table 4

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 8,180,594	\$ 10,046,645	\$ 9,343,625	\$ 15,952,860	\$ 10,811,942	\$ 7,334,790
-	456,935	7,396	7,396	615,218	723,193
157,522	313,218	703,282	-	-	1,180,390
8,338,116	10,816,798	10,054,303	15,960,256	11,427,160	9,238,373
35,211,748	34,434,193	44,440,752	37,742,809	50,219,523	55,277,531
\$ 43,549,864	\$ 45,250,991	\$ 54,495,055	\$ 53,703,065	\$ 61,646,683	\$ 64,515,904
\$ 1,055,610	\$ 2,099,862	\$ 2,090,313	\$ 1,087,511	\$ 1,545,431	\$ 1,574,922
222,438	466	10,629	2,994	5,729	2,570
-	58,975	4,412	-	-	15,448,518
1,278,048	2,159,303	2,105,354	1,090,505	1,551,160	17,026,010
16,655,673	15,232,088	18,645,959	22,173,785	11,323,486	14,984,776
23,675,138	23,587,187	26,812,610	23,406,310	26,794,098	584,112
\$ 41,608,859	\$ 40,978,578	\$ 47,563,923	\$ 46,670,600	\$ 39,668,744	\$ 32,594,898

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

Last Ten Fiscal Years

	Fiscal Year			
	1998	1999	2000	2001
Revenues				
Ad Valorem taxes	\$ 44,837,765	\$ 45,270,251	\$ 52,822,490	\$ 55,689,742
Special assessments	149,830	98,550	613,622	195,141
Local option sales taxes	10,153,856	10,897,732	11,664,082	12,233,671
Other taxes and licenses	1,798,888	2,439,069	2,462,099	2,404,842
Unrestricted intergovernmental	1,473,246	1,467,873	1,453,454	1,443,569
Restricted intergovernmental	10,726,227	16,750,884	15,804,365	12,231,840
Permits and fees	1,018,612	2,128,904	2,618,547	2,566,947
Sales and services	1,585,460	1,692,387	1,524,456	1,557,769
Investment earnings	2,909,565	3,117,442	3,559,505	4,907,985
Other revenue	1,093,572	1,669,855	1,450,336	2,462,691
Total revenues	75,747,021	85,532,947	93,972,956	95,694,197
Expenditures				
General government	4,986,932	6,659,971	6,122,335	6,642,733
Public safety	8,889,465	9,446,771	11,594,574	11,734,944
Central services	4,710,342	5,388,536	5,772,999	6,403,783
Human services	13,099,567	13,969,975	17,604,712	17,689,885
Transportation	25,000	25,000	25,000	25,000
Environmental protection	4,377,978	8,075,668	7,894,033	8,676,632
Culture and recreation	2,050,548	2,102,362	2,201,201	2,674,561
Economic and physical development	2,824,152	3,577,267	4,034,151	3,975,640
Education	15,304,355	16,650,322	18,811,801	21,299,792
Capital Outlay	5,527,644	14,395,011	11,220,106	17,666,126
Debt Service:				
Principal retirement	2,736,626	3,725,837	3,598,194	4,101,264
Interest and fiscal charges	882,649	928,574	1,026,020	2,472,147
Total expenditures	65,415,258	84,945,294	89,905,126	103,362,507
Revenues over (under) expenditures	10,331,763	587,653	4,067,830	(7,668,310)
Other Financing Sources (Uses)				
Issuance of long-term debt	1,249,500	-	13,000,000	54,300,000
Payment to escrow agent-refunded debt	-	-	-	-
Proceeds from capital lease		8,200,000	-	-
Sale of capital assets	-	-	-	-
Transfer from other funds	8,340,165	11,849,428	12,337,147	11,769,864
Transfer to other funds	(15,288,736)	(17,532,223)	(18,064,585)	(14,908,152)
Total other financing sources (uses)	(5,699,071)	2,517,205	7,272,562	51,161,712
Net change in fund balances	\$ 4,632,692	\$ 3,104,858	\$ 11,340,392	\$ 43,493,402
Debt service as a percentage of noncapital expenditures	6.0%	6.6%	5.9%	7.7%

Table 5

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 60,982,737	\$ 62,753,365	\$ 68,478,690	\$ 74,520,219	\$ 79,137,087	\$ 84,422,322
133,020	126,715	81,718	123,739	64,430	-
12,645,932	14,157,057	16,636,215	18,867,402	21,061,222	23,256,105
3,113,877	3,635,749	5,303,623	7,149,284	8,889,952	6,340,890
858,933	203,180	239,433	244,257	251,627	265,782
13,576,626	17,271,304	17,022,785	15,562,908	17,655,444	18,597,043
2,736,242	3,622,045	5,654,018	6,279,187	7,550,776	7,591,795
2,139,248	2,321,659	3,367,844	4,045,435	4,921,912	5,217,986
2,355,520	976,947	921,742	1,832,774	4,199,756	5,200,749
1,831,837	2,227,232	1,129,707	572,923	548,246	853,493
<u>100,373,972</u>	<u>107,295,253</u>	<u>118,835,775</u>	<u>129,198,128</u>	<u>144,280,452</u>	<u>151,746,165</u>
7,255,635	8,235,688	8,586,235	11,199,360	10,869,890	15,444,424
12,347,137	13,248,649	15,906,193	19,068,489	20,976,344	30,944,748
6,580,556	7,282,407	9,219,309	10,022,451	12,348,752	11,276,503
18,835,128	19,113,587	19,444,080	21,478,307	24,451,543	26,466,751
25,000	85,000	85,000	85,000	85,000	1,005,751
8,814,119	9,262,908	9,563,180	9,932,288	10,163,812	11,069,839
2,667,069	2,804,605	3,375,151	3,256,502	4,339,985	4,455,447
5,687,237	5,457,347	5,823,286	5,678,048	5,765,438	6,802,351
20,913,994	22,117,450	23,088,975	24,540,416	25,624,225	38,160,050
33,997,817	24,341,937	24,587,868	16,552,848	18,667,947	-
4,851,485	4,815,084	5,451,171	6,609,797	6,372,162	6,697,377
4,061,178	3,785,689	4,360,746	6,116,632	4,620,523	4,255,116
<u>126,036,355</u>	<u>120,550,351</u>	<u>129,491,194</u>	<u>134,540,138</u>	<u>144,285,621</u>	<u>156,578,357</u>
<u>(25,662,383)</u>	<u>(13,255,098)</u>	<u>(10,655,419)</u>	<u>(5,342,010)</u>	<u>(5,169)</u>	<u>(4,832,192)</u>
-	18,320,000	25,348,765	22,674,694	1,007,492	175,770
-	-	(3,275,000)	(17,385,545)	-	-
-	-	-	-	-	-
-	-	119,366	230,106	-	-
11,581,677	15,197,821	20,162,719	24,449,183	34,901,277	24,969,412
<u>(15,346,649)</u>	<u>(19,191,877)</u>	<u>(15,871,016)</u>	<u>(26,311,766)</u>	<u>(34,961,447)</u>	<u>(24,517,617)</u>
<u>(3,764,972)</u>	<u>14,325,944</u>	<u>26,484,834</u>	<u>3,656,672</u>	<u>947,322</u>	<u>627,565</u>
<u>\$ (29,427,355)</u>	<u>\$ 1,070,846</u>	<u>\$ 15,829,415</u>	<u>\$ (1,685,338)</u>	<u>\$ 942,153</u>	<u>\$ (4,204,627)</u>
9.7%	8.9%	9.4%	10.8%	8.8%	7.0%

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Personal Property	
	Residential Property	Commercial Property	Motor Vehicles	Other
1998	3,683,933	703,295	483,299	1,754,976
1999	3,907,836	753,632	481,572	1,535,521
2000	6,189,908	1,271,311	523,451	1,748,103
2001	6,400,833	1,354,135	574,585	1,686,225
2002	6,750,348	1,471,673	606,949	1,691,520
2003	7,081,979	1,530,909	634,170	1,629,599
2004	8,917,420	1,872,343	670,135	1,682,987
2005	9,425,726	1,954,738	737,823	1,690,560
2006	10,131,558	2,063,869	828,607	1,706,215
2007	10,898,562	2,315,751	899,654	1,698,714

Source: Annual County Report of Valuation and Property Tax Levies

Note:

A revaluation of real property is required by the North Carolina General Statutes at least every eight years. Real property in Brunswick County is reassessed once every four years. The last revaluation was completed January 2007. The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.

Table 6

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
94,186	6,531,317	0.00685	7,837,894	83.33%
94,706	6,583,855	0.00550	8,897,101	74.00%
169,141	9,563,632	0.00565	9,563,632	100.00%
179,979	9,835,799	0.00593	10,552,300	93.21%
184,076	10,336,414	0.00593	12,051,316	85.77%
193,301	10,683,356	0.00520	13,153,603	81.22%
235,475	12,907,410	0.00540	12,907,410	100.00%
241,148	13,567,699	0.00540	15,527,236	87.38%
240,038	14,490,211	0.00540	18,112,764	80.00%
287,626	15,525,055	0.00540	24,840,088	62.50%

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
County:					
Brunswick	0.5400	0.5400	0.5400	0.5200	0.5925
Municipalities:					
Village of Bald Head Island	0.4650	0.4650	0.4650	0.4650	0.6350
Town of Belville	0.1500	0.1500	0.1500	0.1500	0.1500
Town of Boiling Spring Lakes	0.2500	0.2500	0.2500	0.2500	0.2500
Town of Bolivia	0.0600	0.0600	0.0600	0.0600	0.0600
Town of Calabash	0.1000	0.1000	0.1000	0.1000	0.0600
Town of Carolina Shores	0.0800	0.0800	0.0800	0.0800	0.0800
Town of Caswell Beach	0.2200	0.2100	0.2200	0.2100	0.2700
Town of Holden Beach	0.1800	0.1800	0.1800	0.1800	0.1900
Town of Leland	0.1800	0.1800	0.1800	0.1800	0.1800
Town of Long Beach	*	*	*	*	*
Town of Navassa	0.2700	0.2700	0.2700	0.2500	0.3000
Town of Northwest	0.2000	0.2000	0.2000	0.2000	0.2000
Town of Oak Island	0.3300	0.3300	0.3500	0.3650	0.3800
Town of Ocean Isle Beach	0.1400	0.1400	0.1500	0.1600	0.1600
Town of Sandy Creek	0.3500	0.3500	0.3500	0.3500	0.1000
Town of Shallotte	0.3200	0.3200	0.2900	0.2900	0.3100
Town of St. James Plantation	0.0500	0.0500	0.0500	0.0700	0.1000
Town of Southport	0.2700	0.2700	0.3000	0.3300	0.4000
Town of Sunset Beach	0.1450	0.1300	0.1300	0.1200	0.0900
Town of Varnamtown	0.0500	0.0500	0.0500	0.0500	0.0500
Town of Yaupon Beach	*	*	*	*	*
Other Districts: (3)					
North Brunswick Sanitary District	NA	NA	NA	NA	NA
Southeastern Sanitary District	0.0000	0.0000	0.0000	0.0000	0.0500
Smithville Township	0.0400	0.0400	0.0400	0.0400	0.0400

Notes:

- (1) Property was revalued in January 1999, January 2003 and January 2007.
 - (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, 2007.
 The Smithville Township is a hospital district. The levy collected is specific for debt retirement.
- *The Town of Long Beach and Yaupon Beach consolidated into the Town of Oak Island effective July 1, 1999.

Source: Brunswick County Tax Department.

Table 7

2002	2001	2000	1999	1998
0.5925	0.5650	0.5500	0.6850	0.6850
0.6350	0.6350	0.6350	0.8150	0.6750
0.1500	0.1500	0.1500	0.1500	0.1500
0.2500	0.2500	0.2500	0.3500	0.3500
0.0600	0.0600	0.0600	0.1500	0.2500
0.0600	0.0600	0.0600	0.0600	0.7000
0.0600	0.0600	0.0600	0.0600	
0.2400	0.2400	0.3800	0.2400	0.2100
0.1900	0.1900	0.1900	0.2000	0.2000
0.1800	0.1800	0.1800	0.1800	0.1500
*	*	*	0.4200	0.3900
0.3000	0.3000	0.3000	0.3000	0.3000
0.2000	0.1700	0.1700	0.2000	0.2000
0.3800	0.3400	0.3400		
0.1400	0.1400	0.1400	0.1700	0.1700
0.3500	0.2500	0.2000	0.3000	0.3000
0.3100	0.2700	0.2400	0.3450	0.3650
0.1000	0.1000	0.1000		
0.4000	0.4300	0.4900	0.5300	0.5300
0.0950	0.0950	0.0950	0.1350	0.1350
0.0500	0.0500	0.0500	0.0500	0.0500
*	*	*	0.3750	0.3750
NA	NA	NA	NA	NA
0.1500	0.2000	0.2250	0.3000	
0.0400	0.0400	0.0400	0.0400	0.0400

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 8

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2007			Fiscal Year 1998		
		2006 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	1997 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Progress Energy Carolinas, Inc.	Utility	\$ 845,471,613	1	5.78%	\$ 872,730,899	1	13.32%
N. C. Eastern Municipal Power Agency	Utility	159,054,371	2	1.09%	231,087,829	3	3.53%
Brunswick Electric Membership Corp.	Utility	125,301,489	3	0.86%	48,776,646	6	0.74%
DAK LLC	Chemicals	113,565,887	4	0.78%	271,832,837	2	4.15%
Archer Daniels Midland Company	Chemicals	92,419,355	5	0.63%	139,390,901	4	2.13%
MAS Properties LLC	Developer	65,731,300	6	0.45%			
Bald Head Island Ltd	Developer	62,696,660	7	0.43%	35,648,977	7	0.54%
Sea Trail Corporation	Developer	29,563,280	8	0.20%	32,845,596	8	0.50%
Odell Williamson	Developer	29,460,930	9	0.20%	49,485,453	5	0.76%
Wal-Mart Real Estate Business Trust	Developer	23,082,900	10	0.16%			
Primary Energy of NC, LLC	Utility				24,879,637	9	0.38%
Federal Paper Board	Timber				25,751,300	10	0.38%
Totals		\$ 1,546,347,785		10.57%	\$ 1,732,430,075		26.43%

Source: Brunswick County Tax Department

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 9

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

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
1998	44,745,412	42,806,888	95.7%	1,666,850	44,473,738	99.4%	5,048,431	11.3%
1999	45,090,191	43,055,915	95.5%	1,934,182	44,990,097	99.8%	5,148,526	11.4%
2000	52,963,804	50,565,486	95.5%	1,930,915	52,496,401	99.1%	5,616,929	10.6%
2001	55,576,580	53,047,566	95.4%	2,185,221	55,232,787	99.2%	5,959,722	10.7%
2002	61,214,433	58,085,913	94.9%	2,654,094	60,740,007	99.2%	6,434,148	10.5%
2003	63,391,002	59,851,207	94.4%	2,473,772	62,324,979	98.3%	7,500,173	11.8%
2004	67,177,741	64,507,758	96.0%	3,412,376	67,920,134	101.1%	6,757,810	10.1%
2005	72,980,743	70,810,206	97.0%	3,162,044	73,972,250	101.4%	5,771,568	7.9%
2006	77,993,000	75,849,114	97.3%	2,673,750	78,522,864	100.7%	5,241,705	6.7%
2007	83,653,780	81,622,970	97.6%	2,392,525	84,015,495	100.4%	4,879,989	5.8%

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			
	General Obligation Bonded	Certificates of Participation	Installment Loans	Capital Leases
1998	8,386,747	1,735,000	7,548,400	9,549
1999	7,125,842	1,390,000	13,633,615	-
2000	18,801,880	1,025,000	11,724,386	-
2001	53,674,628	15,420,000	7,803,890	-
2002	55,781,171	16,235,000	9,733,831	-
2003	69,922,714	14,600,000	5,880,721	-
2004	80,818,576	25,075,000	1,132,453	-
2005	81,484,694	23,935,000	285,687	-
2006	77,290,352	21,865,000	1,185,359	-
2007	73,080,454	19,755,000	983,650	-

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

- (1) State Data Center; estimate as of June 30, 2007
- (2) Bureau of Economic Analysis; amounts are for prior calendar year

Table 10

General Obligation Bonded	Business-Type Activities			Total Primary Government	(2) Ratio Debt to Personal Income	(1) Per Capita
	Certificates of Participation	Revenue Bonds	Installment Loans			
18,418,253	3,955,000	-	3,483,561	43,536,510	3.4%	639.55
16,269,158	3,255,000	-	2,968,403	44,642,018	3.2%	624.91
14,208,120	2,510,000	-	2,430,755	50,700,141	3.4%	688.00
9,210,372	1,725,000	-	1,865,876	89,699,766	5.4%	1,187.09
11,693,829	890,000	-	1,274,240	95,608,071	5.3%	1,212.96
6,802,286	-	-	654,613	97,860,334	5.3%	1,211.88
36,016,424	-	-	1,945,689	144,988,142	7.5%	1,730.44
2,525,306	-	39,447,389	25,622,555	173,300,631	7.8%	1,975.72
1,754,648	-	32,779,319	36,502,809	171,377,487	7.2%	1,849.01
1,009,546	-	38,084,416	34,223,830	167,136,896	n/a	1,669.58

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 11

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

Fiscal Year Ended June 30	Assessed Value (000 omitted)	Gross General Obligation Bonded Debt	Less Debt Payable from Enterprise Fund	Net General Obligation Bonded Debt	Ratio Net General Obligation Bonded Debt to Assessed Value	(1) Population	Net General Obligation Bonded Debt per Capita
1998	6,531,317	26,805,000	18,418,253	8,386,747	0.1%	68,074	123.20
1999	6,583,855	21,895,000	14,769,157	7,125,843	0.1%	71,437	99.75
2000	9,563,632	33,010,000	14,288,120	18,801,880	0.2%	73,692	255.14
2001	9,835,799	67,475,000	11,693,829	55,781,171	0.6%	75,563	738.21
2002	10,366,414	62,885,000	9,210,372	53,674,628	0.5%	78,822	680.96
2003	10,683,356	76,725,000	6,802,286	69,922,714	0.7%	80,751	865.91
2004	12,907,410	85,295,000	4,476,425	80,818,575	0.6%	83,787	964.57
2005	13,567,699	84,010,000	2,525,306	81,484,694	0.6%	87,715	928.97
2006	14,490,211	79,045,000	1,754,648	77,290,352	0.5%	92,686	833.89
2007	15,525,054	74,090,000	1,009,546	73,080,454	0.5%	100,107	730.02

Notes:

(1) State Data Center; estimate as of June 30, 2007

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 12

**Direct and Underlying Governmental Activities Debt
General Obligation Bonds
June 30, 2007**

	General Obligation Bonded Debt	Percent Applicable To County	Amount Applicable To County
Direct:			
Brunswick County	\$ 74,090,000	100%	\$ 74,090,000
Underlying Debt:			
City of Navassa	20,436	100%	20,436
City of Northwest	667,000	100%	667,000
City of Southport	180,500	100%	180,500
Southeast Brunswick Sanitary District	1,091,000	100%	1,091,000
North Brunswick Sanitary District	<u>147,700</u>	100%	<u>147,700</u>
Totals	<u><u>\$ 76,196,636</u></u>		<u><u>\$ 76,196,636</u></u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal Year			
	1998	1999	2000	2001
Debt limit	\$ 522,505,344	\$ 526,708,371	\$ 765,090,521	\$ 786,863,862
Total net debt applicable to limit	<u>17,671,147</u>	<u>22,149,459</u>	<u>31,551,266</u>	<u>81,750,002</u>
Legal margin	<u>\$ 504,834,197</u>	<u>\$ 504,558,912</u>	<u>\$ 733,539,255</u>	<u>\$ 705,113,860</u>
Total net debt applicable to the limit as a percentage of debt limit	3.5%	4.4%	4.3%	11.6%

Table 13

Fiscal Year					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 826,913,125	\$ 854,668,411	\$ 1,032,592,800	\$ 1,085,415,887	\$ 1,159,216,908	\$ 1,242,004,397
76,898,517	90,403,435	107,026,029	105,705,381	99,155,352	94,828,650
<u>\$ 750,014,608</u>	<u>\$ 764,264,976</u>	<u>\$ 925,566,771</u>	<u>\$ 979,710,506</u>	<u>\$ 1,060,061,556</u>	<u>\$ 1,147,175,747</u>
10.3%	11.8%	11.6%	10.8%	9.4%	8.3%

Calculation of Legal Debt Margin for Fiscal Year 2007:

Assessed value of taxable property	\$ 15,525,054,961
	x 0.08
Debt limit- 8 percent of assessed value	<u>\$ 1,242,004,397</u>
 Gross debt:	
Total bonded debt	\$ 112,174,416
Total certificates of participation	19,755,000
Total installment purchases	35,207,480
Gross debt	<u>167,136,896</u>
Less: water and wastewater revenue bonds & installment purchases	<u>72,308,246</u>
 Total amount of debt applicable to debt limit (net debt)	<u>\$ 94,828,650</u>
Legal debt margin	<u>\$ 1,147,175,747</u>

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

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water and Wastewater Revenue Bonds						Debt Service		Coverage
	Water and Sewer Charges	Other Non-Operating Revenues	Total Revenue	Less: Operating Expenses	Net Available Revenue	Principal	Interest		
1998	7,121,452	152,631	7,274,083	6,144,320	1,129,763	-	-	n/a	
1999	8,830,456	83,787	8,914,243	6,255,233	2,659,010	-	-	n/a	
2000	12,159,764	273,448	12,433,212	6,146,842	6,286,370	-	-	n/a	
2001	11,874,156	402,938	12,277,094	6,859,360	5,417,734	-	-	n/a	
2002	12,202,186	180,454	12,382,640	6,214,512	6,168,128	-	-	n/a	
2003	14,715,413	5,646,596	20,362,009	7,398,018	12,963,991	-	-	n/a	
2004	14,988,429	372,630	15,361,059	8,880,099	6,480,960	-	-	n/a	
2005	16,926,159	1,783,310	18,709,469	9,656,725	9,052,744	217,611	285,617	17.99	
2006	24,391,056	1,348,474	25,739,530	10,054,792	15,684,738	273,069	330,806	25.97	
2007	31,273,243	2,975,088	34,248,331	15,095,168	19,153,163	1,089,903	1,859,771	6.49	

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 15

Demographic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	(1) Population	(2) Personal Income (in thousands)	(2) Per Capita Income	(1) Median Age	(3) School Enrollment	(4) Unemployment Rate
1998	68,074	1,281,426	19,409	41.2	9,568	5.2%
1999	71,437	1,408,747	20,530	41.8	9,737	5.1%
2000	73,692	1,500,718	21,028	42.3	9,980	4.1%
2001	75,563	1,653,216	22,412	42.5	10,085	4.6%
2002	78,822	1,819,075	23,819	42.8	10,318	5.4%
2003	80,751	1,829,637	23,193	43.2	10,426	6.1%
2004	83,787	1,921,173	23,539	43.6	10,528	6.4%
2005	87,715	2,209,726	26,171	43.9	10,789	5.0%
2006	92,686	2,394,009	26,866	44.1	11,133	4.1%
2007	100,107	not available	not available	44.7	11,505	4.7%

Notes:

- (1) State Data Center; estimate as of June 30, 2007
- (2) Bureau of Economic Analysis; figures are for prior calendar year
- (3) Brunswick County School System (20th day ADM)
- (4) North Carolina Employment Security Commission

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 16

Principal Employers
Current Year and Nine Years Ago

Name of Employer	Type of Business	Fiscal Year 2007			Fiscal Year 1998		
		Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Brunswick County Board of Education	Education	1,650	1	3.44%	1,300	1	4.07%
Progress Energy Carolinas, Inc.	Utility	1,050	2	2.19%	1,000	3	3.13%
County of Brunswick	Local Government	903	3	1.89%	600	4	1.88%
Wal-Mart Associates Inc.	Retail Chain	750	4	1.57%			
Brunswick Community Hospital LLC	Medical Care Facility	426	5	0.89%	300	5	0.94%
DAK Americas	Dacron Polyester Fiber	377	6	0.79%	1,200	2	3.76%
Food Lion LLC	Grocery Chain	372	7	0.78%			
Rampage Sports Fishing Yachts	Yacht Manufacture	357	8	0.75%			
Victaulic Company of America	Pipe Fittings & Seals	343	9	0.72%	200	8	0.63%
Bald Head Island LP	Financial Activities	315	10	0.66%			
Sunny Point Military Terminal	Military				300	6	0.94%
Dosher Memorial Hospital	Medical Care Facility				185	9	0.58%
Exide Electronics	Power Supplies				285	7	0.89%
Armada, Inc.	Automobile Parts				175	10	0.55%
Totals		6,543		13.66%	5,545		17.36%

Source: NC Employment Security Commission; total county employment

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 17

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

Function:	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government	64	65	75	75	77	78	84	87	98	105.5
Public safety	162	164	175	175	196	193	201	221	224	275
Central services	71	79	68	68	70	75	80	79	83	88
Human services	195	198	210	210	198	246	253	234	264	244
Transportation	11	11	15	15	17	13	0	0	0	0
Environmental protection	11	10	9	9	9	9	9	10	12	10
Cultural and recreation	44	44	52	52	37	37	39	44	45	45
Economic and physical development	29	30	27	27	29	33	42	33	30	37
Utilities	61	61	55	55	59	61	66	78	86	98.5
Total	648	662	686	686	692	745	774	786	842	903

Source: County Finance Department

Note: This schedule represents the number of approved permanent FTE's as of June 30, 2007.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 18

Operating Indicators by Function/Program
Last Three Fiscal Years

	Fiscal Year		
	2005	2006	2007
Law enforcement:			
Civil papers issued	9,278	9,025	7,761
Criminal papers issued	12,058	11,346	15,285
Uniform mileage	1,501,832	1,801,864	2,092,423
Emergency Services:			
Fire Protection:			
Number of calls answered	7,018	7,893	8,879
Number of inspections conducted	1,224	1,272	1,424
Emergency Medical Services:			
Number of calls answered	10,049	13,492	15,254
Number of transports	4,389	7,667	12,265
Code enforcement/building permits:			
Number of code violations	760	873	2,114
Number of building permits:			
Single family residential	3,268	3,905	2,841
Commercial	280	410	561
Parks and Recreation:			
Number of athletic fields rented	60	75	71
Youth recreation:			
Certified coaches	665	695	705
Sports teams	46	49	61
Participants	675	735	975
Adult recreation:			
Sports teams	41	45	49
Participants	640	700	790
Fitness program participants	1,195	1,250	1,475
Solid waste:			
Waste received (tons per 1,000 population)	1,995	2,078	1,654
Ratio of recyclable to total waste received	5.4%	6.2%	5.5%
Public Utilities:			
Water customers	19,949	22,412	28,270
Water average daily treatment (in gallons)	12,350,000	12,910,000	13,750,000
Sewer customers	5,017	6,241	7,565
Sewer average daily treatment (in gallons)	1,210,000	1,322,000	2,080,000

Sources: Various government departments.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 19

Capital Asset Statistics by Function/Program
Last Three Fiscal Years

	Fiscal Year		
	2005	2006	2007
Law enforcement:			
Police stations	13	13	13
Police patrol units	30	33	44
Detention center capacity	196	196	196
Emergency services:			
Fire stations	22	22	22
Fire trucks	97	97	110
Rescue stations	14	15	15
EMS vehicles	27	28	28
Culture and recreational:			
Community centers	7	7	7
Parks	10	11	11
Golf courses	38	35	36
Museums	2	2	2
Planetarium	-	-	1
Libraries (branches)	5	5	5
Public Utilities:			
Miles of water mains	570.00	642.37	727.00
Maximum daily water capacity (in gallons)	30,000,000	30,000,000	30,000,000
Miles of Sewer mains	90.3	238.2	299.0
Maximum daily wastewater capacity (in gallons)	3,050,000	4,650,000	6,115,000
Miles of streets	815.46	818.35	818.35
Number of traffic lights	43	50	56
Hospitals:			
Number of hospitals	2	2	2
Number of patient beds	96	96	100
Education:			
Number of schools	16	16	17
Number of teachers	727	731	752
Number of students	10,789	11,133	11,505

Sources: Various government departments.

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COMPLIANCE



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 basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of County of Brunswick, North Carolina, as of and for the year ended June 30, 2007, and have issued our report thereon dated September 28, 2007. 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 County of Brunswick's internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this

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section and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings, responses, and questioned costs as 2007-01 and 2007-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Brunswick's financial statements are free of material misstatement, we performed tests of its compliance and other matters 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 and other matters 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*.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings, responses, and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, 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 28, 2007



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 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, 2007. County of Brunswick, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, responses, and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of County of Brunswick's management. Our responsibility is to express an opinion on 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; and 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 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 of County of Brunswick's compliance with those requirements.

As described in item 2007-03 in the accompanying schedule of findings, responses, and questioned costs, County of Brunswick did not comply with requirements regarding accuracy and maintenance of records that are applicable to its Housing Choice Voucher Program (HCVP) a program administered by the Department of Housing and Urban Development (HUD). Compliance with such requirements is necessary, in our opinion, for County of Brunswick to comply with the requirements applicable to that program.

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In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2007.

Internal Control Over Compliance

The management of County of Brunswick is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

A control deficiency in a County's internal control over compliance exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the control deficiency in internal control over compliance described in the accompanying schedule of findings, responses, and questioned costs to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings, responses, and questioned cost as item 2007-03 to be a material weakness.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings, responses, and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of 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 28, 2007



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 Applicable Sections
of 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 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, 2007. County of Brunswick's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings, responses, 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 County of Brunswick's management. Our responsibility is to express an opinion on County of Brunswick, North Carolina'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; applicable sections of OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of 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 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 of County of Brunswick's compliance with those requirements.

In our opinion, 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, 2007.

Internal Control Over Compliance

The management of County of Brunswick is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express and opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in a County's internal control over compliance exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis, A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of 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 28, 2007

COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
• Material weakness identified	No
• Significant deficiency identified that is not considered to be a material weakness	Yes
Noncompliance material to financial statements noted	No

Federal Awards

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Section I - Summary of Auditors' Results

Identification of major federal programs:

<u>CFDA Number</u>	<u>Federal Program/Cluster Name</u>
14.871	Housing Choice Voucher Program
93.575, 93.596, 93.667, 93.558	Subsidized Child Care Program (cluster)
93.778	Medicaid
10.551, 10.561	Food Stamp Cluster
93.767	State Childrens Insurance Program (CHIPS)
93.558	TANF

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

\$2,283,072

Auditee qualified as low-risk auditee?

No

State Awards

Internal control over major State programs:

- Material weakness identified No

- Significant deficiency identified that is not
considered to be a material weakness 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:

<u>Program Name</u>
NC Clean Water Management Trust Fund - Wastewater Infrastructure
State Airport Aid - 2005 Vision 100
State Airport Aid - Runway 5-23 and Land Acquisition

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Section II - Financial Statements Findings, Responses, and Questioned Costs

2007-01

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting and to safeguard County assets.

Condition: Internal controls over cash collections at the cafeteria are not sufficient to detect or prevent an understatement of revenues. Procedures to balance the drawer, consistently price food sales, and control access to the cash register are not adequate.

Recommendation: Require Cafeteria director to restrict access to the cash register, balance sales to the cash register tape, and account for cash short/over on a daily basis.

Name of contact person: Marty K. Lawing, County Manager

Management's response and corrective action: Management concurs and took corrective actions near the end of fiscal year 2007.

Proposed completion date: Already completed as of completion of audit.

2007-02

Criteria: Management should have a system in place to prevent Federal and State programs from being extended to citizens who do not qualify for the program.

Condition: Crisis Housing Assistance Fund (CHAF) is a State/federal program administered by the Housing Department of the County. During 2007 the Housing Department allowed individuals to receive benefits under the program that did not qualify. The County detected the problem, self reported, and did not submit expenditures for reimbursement. However, the County was forced to fund the program with local dollars due to the condition discussed herein.

Recommendation: Require strict supervision of the approval process for all federal/State programs. The County administers numerous federal/State assistance programs. Management oversight of the approval process should be of paramount importance.

Name of contact person: Steven T. Stone, Assistant County Manager

Management's response and corrective action: Management concurs with the finding. Management self-detected the condition. Board of Commissioners approved funding the "unqualifying" expenditures in the CHAF program. Management is reviewing the oversight function at the Housing Department.

Proposed completion date: Already completed as of completion of audit.

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

Section III - Federal Award Findings, Questioned Costs, and Responses 2007-03

Criteria: The Brunswick Housing Authority maintains records for participants that receive monies from the Housing Choice Voucher Program (HCVP) a program administered by the Department of Housing and Urban Development (HUD). The HCVP program provides rental assistance to help very low-income families afford decent, safe, and sanitary rental housing.

Condition: Of the approximately 455 HUD active participants in Brunswick County, we selected 25 files for testing and noted one instance where the Rent Reasonableness Certification contained falsified information.

Effect: Recipients may receive benefits that they are not entitled to.

Cause: Lack of completeness in application process.

Questioned Costs: The finding represents an issue with the integrity of the management of the Brunswick Housing Authority. As a result of the Rent Reasonableness Certification containing fraudulent information we determined that the questioned cost of the finding is \$97,080.

Recommendation: Recertification's need to be performed in a timely and complete manner. If any part of the recertification process is not performed at the time that the recertification is approved, the worker needs to document the instance in the case file and determine if other procedures were performed at the time of recertification to substantiate for the unperformed procedure. If no other procedures were performed that can substantiate for the unperformed procedure then the procedure should be performed and documented as of the date that it is actually performed. Requirement of supervisors to review all procedures for caseworkers during the application and recertification process is also acceptable.

Name of contact person: Steven T. Stone, Assistant County Manager

Management response and corrective action: Management concurs. Condition appears to be isolated and management will review any further actions necessary with Housing Department Director.

COUNTY OF BRUNSWICK, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

No prior year findings.

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
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		267,843		26,784
Passed-through the N.C. Department of Health and Human Resources:					
Division of Social Services:					
Administration:					
Temporary Assistance for Needy Families	93.558		682,124	-	731,388
Low-Income Home Energy Assistance Block Grant	93.568		75,503	-	-
Child Support Enforcement	93.563		655,203	-	337,444
Permanency Planning: Child Welfare Services	93.645		25,778	6,724	1,869
Child Care Development fund	93.596				
State Children's Insurance Program - NC Health Choice	93.767		62,412	4,662	16,156
Independent Living Initiative	93.674		8,799	2,200	-
Title IV-E Assistance Program:					
Foster Care	93.658		267,337	37,826	229,510
Adoption Assistance	93.659		133,849	62,864	39,085
Social Services Block Grant	93.667		195,922	19,561	68,995
Direct Benefit Payments:					
Temporary Assistance for Needy Families	93.558		866,164		
Temporary Assistance for Needy Families	93.560		(864)	(237)	(237)
Low-Income Home Energy Assistance Block Grant	93.568		194,308		
Title IV-B Adoption Guardianship	93.645		367	123	
Links Transitional Funds	93.674		5670		
Title IV-E Assistance Programs:					
Foster Care	93.658		202,111	55,816	56,404
Adoption Assistance	93.659		445,234	125,078	125,078
Division of Medical Assistance:					
Administration:					
Title XIX - Medicaid	93.778		1,055,196	35,388	1,018,817
Direct Benefit Payments					
Title XIX - Medicaid	93.778		53,080,785	26,090,453	4,626,954
Division of Child Development:					
Subsidized Child Care (Note 4)					
Child Care Development Fund Cluster					
Division of Social Services					
Child Care Development Fund-Administration	93.596		163,679	-	-
Division of Child Development					
Child Care and Development Fund -- Discretionary	93.575		1,804,126	-	-
Child Care and Development Fund -- Mandatory	93.596		755,176	-	-
Child Care and Development Fund -- Match	93.596		685,469	379,912	-
Total Child Care Fund Cluster			<u>3,408,450</u>	<u>379,912</u>	-
Social Services Block Grant					
Temporary Assistance for Needy Families	93.667		19,204	-	-
Smart Start	93.558		626,127	-	-
State Appropriations			-	30,456	-
TANF-MOE			-	127,194	-
Total Subsidized Child Care Cluster			<u>4,053,781</u>	<u>1,340,284</u>	-
Division of Public Health:					
Immunizations Program/Aid to County Funding	93.268		17,314		49,749
Statewide Health Promotion Program	93.991		19,150		3,737
MCH Block Grant	93.994		203,223		258,310
Temporary Assistance for Needy Families	93.558		8,021		
Family Planning Outreach	93.217		44,200		
Bioterrorism Grant	93.283		75,919		(7,704)
Prevention Investigations and Technical Assistance	93.283		31,500		6,627
Division of Facility Services					
HRSA Grant	93.889	092006-3134	26,928	-	-
Total U.S. Department of Health and Human Services					
			<u>62,703,778</u>	<u>27,780,744</u>	<u>7,588,966</u>
U.S. Department of Housing and Urban Development:					
Direct Benefits:					
Housing Choice Voucher Program	14.871		2,306,035	-	-
Passed-through N.C. Department of Commerce					
CDBG-2006 Scattered Site	14.228	06-C-1519	661	-	-
Total U.S. Department of Housing and Urban Development					
			<u>2,306,696</u>	-	-

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

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: (Continued)					
U.S. Department of Agriculture					
Passed-through N.C. Department of Social Services:					
Division of Social Services:					
Food Stamp Cluster:					
Administration:					
State Admin. Matching Grants for the Food Stamp Program	10.561		510,638	-	510,638
Direct Benefit Payments:					
Food Stamp Program	10.551		7,610,711		
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		306,902		188,257
Direct Benefit Payments:					
Special Supplemental Food Program for Women, Infants and Children	10.557		<u>1,505,050</u>		
Total U.S. Department of Agriculture			<u>9,933,301</u>	<u>-</u>	<u>698,895</u>
U.S. Department of Justice					
Community Oriented Policing Technology Grant (COPS)	16.710	2006CKWX0565	740,421		9,579
Mobile Data Terminal Expansion Project	16.738	2005-DJ-BX-1478	15,283		1,090
Passed-through N.C. Department of Crime Control And Public Safety:					
N.C. Redevelopment Center					
Crisis Housing Assistance Fund		010-0-04		143,082	
Total U.S. Department of Justice			<u>755,704</u>	<u>143,082</u>	<u>10,669</u>
U.S. Department of Homeland Security					
Passed-through N.C. Department of Crime Control And Public Safety:					
Homeland Security Grant	97.006	HS-TE-03-5115		35,000	
Homeland Security Buffer Zone Protection Grant	97.078	2005-GR-T5-0021-5010		48,445	
Homeland Security CERT Grant	97.004	2004-GE-T4-0014-4010		7,000	
Homeland Security	97.004	2005-GE-T5-0051-10004		120,193	
Emergency Management Performance Grant	97.042	EMPG-2006-37019		35,736	
Total U.S. Department of Homeland Security			<u>-</u>	<u>246,374</u>	<u>-</u>
Department of Transportation					
Pipeline & Hazardous Materials Safety Administration					
Passed-through N.C. Department of Crime Control And Public Safety:					
Hazardous Material Planning Grant	20.703	HMEP-2005-0006	5,000		
U.S. Department of Defense-Army Corps of Engineers:					
Mosquito Control Project (AIWW Contract)	12.107	W912PM-04-P-303	75,000	-	-
Mosquito Control Project (AIWW Contract)	12.107	W912PM-04-P-303	<u>50,000</u>	<u>-</u>	<u>-</u>
U.S. Environmental Protection Agency					
Wetlands Protection State Development	66.461		93,478	40,196	
Total Federal Assistance			<u>\$ 75,922,957</u>	<u>\$ 28,210,396</u>	<u>\$ 8,325,314</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
STATE GRANTS					
N.C. Department of Administration:					
Veterans Service		110904-0207		\$ 2,000	
N.C. Housing Finance Agency:					
Urgent Repair Grant		URP06		\$ 33,300	
N.C. Department of Human Resources					
Division of Social Services:					
Administration:					
Progress Energy Program				11,628	
State Aid to Counties				36,369	
AFDC Incent/Prog Integrity				120	
TANF Incent/Prog Integrity				4,006	
Direct Benefit Payments:					
SC/SA Domiciliary Care				449,053	449,053
CWS Adopt Subsidy & Vendor				271,335	67,724
State Foster Home				25,387	25,387
FC At Risk Maximization				2,469	1,393
Office of Juvenile Justice					
Juvenile Crime Prevention Council Programs			179,429		
N.C. Clean Water Management Trust Fund					
Wastewater Infrastructure- Brunswick County		2004B-503		1,357,000	10,937,000
N.C. Department of Insurance					
SHIIP Grant				3,100	
N.C. Department of Environment and Natural Resources:					
Soil and Water Technical Assistance				26,100	136,693
Soil and Water - State Aid			-	4,000	
DPPEA Grant		H07019	-	4,500	534
Scrap Tire Site Clean-Up			-	107,131	
White Goods Disposal			-	36,143	
Environmental Health - Environmental Health Service			-	6,000	744,143
Environmental Health - Food & Lodging			-	15,429	(4,495)
Environmental Health - Lead Prevention			-	1,600	-
N.C. Department of Health and Human Services					
Division of Public Health:					
General			-	27,230	15,595
Communicable Disease			-	13,292	6,423
TB Medical Services			-	1,529	
Tuberculosis			-	3,066	8,970
Risk Reduction/Health Promotion				10,599	
Smart Start Grant				43,600	136
Aids			-	500	
Women's Preventative Health			-	8,895	
N.C. Department of Commerce:					
The One North Carolina Fund - DAK Americas, LLC		2003-0025	-	67,500	67,500
N.C. Department of Correction:					
Criminal Justice Partnership Program		10-0706-I-A	-	89,840	160,138
N.C. Department of Transportation:					
Rural Operating Assistance Program (Formerly EDTAP)			-	190,260	
Work First Program - 2001				11,065	
State Airport Aid					
Runway Rehabilitation and Extension		36237.45.6.1		25,543	2,838
Air 21 - Land Acquisition		36237.45.6.2		9,436	1,048
Runway 5-23 and Land Acquisition		36237.45.6.4		851,540	94,616
2005 Vision 100		36237.45.7.1		1,020,403	113,378
NC Department of Cultural Resources:					
Division of State Library					
Aid to Public Libraries				152,505	
Administrative Office of the Courts					
Cape Fear Sentencing Services			-	57,501	13,049
Total State Assistance			<u>179,429</u>	<u>4,980,974</u>	<u>12,841,124</u>
Total Assistance			<u>\$ 76,102,386</u>	<u>\$ 33,191,369</u>	<u>\$ 21,166,438</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Notes to the Preceding Schedule:					
Note 1 - Federal and State Awards Which Have Passed Through to Subrecipients:					
<u>Subrecipient/Program Title</u>					
Brunswick Interagency Transportation ROAP (Formerly EDTAP)				190,260	
Intensive Family Preservation Changing Youth		610032		86,650	
Family Emergency Teen Shelter JJDP, Providence Home		610018		30,000	
Teen Court 13th District Teen Court		610021		<u>47,415</u>	
Brunswick County Airport State Airport Aid					
Runway Rehabilitation and Extension	36237.45.6.1			25,543	2,838
Air 21 - Land Acquisition	36237.45.6.2			9,436	1,048
Runway 5-23 and Land Acquisition	36237.45.6.4			851,540	94,616
2005 Vision 100	36237.45.7.1			1,020,403	113,378
Total Passed Through to Subrecipients			<u>\$ -</u>	<u>\$ 2,261,247</u>	<u>\$ 211,880</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.

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