

# **COUNTY OF BRUNSWICK NORTH CAROLINA**

***COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012***



**COUNTY OF BRUNSWICK  
NORTH CAROLINA**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2012**

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

**COUNTY OF BRUNSWICK, NORTH CAROLINA**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2012**

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# County of Brunswick

## Finance Department

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October 15, 2012

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, 2012.

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, 2012, 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, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the report.

The independent audit of the financial statements of Brunswick County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal 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 County's separately issued Compliance Letters.

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

### **Profile of the Government**

Brunswick County, founded in 1764 by the North Carolina General Assembly, is located in the southeastern corner of the State in the coastal plains region. As is typical of coastal plains, the topography is characterized by flatlands with soil composition of sand and sand loam. Forming a natural boundary on the southeast, the Atlantic Ocean gives the County approximately 47 miles of beachfront. It has an estimated population of 112,210, which is an increase of approximately 52% since 2000. It is the third largest county in the State, having a land area of 896 square miles.

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

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

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

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

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

The financial reporting entity includes all funds of the primary government (Brunswick County), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units, if applicable, are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations, and cash flows from those of the primary government. The Brunswick County 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 21 as part of the basic financial statements for the governmental funds. For annually budgeted special revenue funds, this comparison is presented in the non-major governmental fund subsection of this report, which starts on page 79. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e., capital project funds).

#### **Factors Affecting Financial Condition**

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

**Local economy.** Brunswick County in recent years has been one of the fastest growing counties in North Carolina and in the United States. The permanent population grew at an average rate of approximately 4 percent annually over the last ten years. Over the last three years Brunswick County has experienced a decline in building permits, excise taxes and new utility services. Tourism income slightly declined, as did some of the County's manufacturing facilities. Since 2004, Brunswick County has had forty-five plant announcements, creating 1,545 new jobs and over \$271 million in new capital investment. Brunswick County has four improved industrial parks and three planned industrial parks with great potential for future development.

Brunswick County is currently marketing two large industrial parks. The International Logistics Park of North Carolina and the Mid Atlantic Logistics Center are both located adjacent to US Highway 74/76 at the Brunswick/Columbus County line and have over 1,000 acres of land. The ILPNC, a State Tier 1 identified site, provides services for water, wastewater and fiber optics. The Mid Atlantic site provides natural gas and may be served by the CSXT rail mainline in addition to water and wastewater services.

Development of the North Carolina International Terminal on the Cape Fear River near Southport has been placed on indefinite hold by the North Carolina Ports Authority. The proposed terminal could handle between 2 and 3 million TEUs of cargo annually, which is in the size range of the major ports in Savannah, GA and Charleston, SC. The estimated cost of the project, including dredging of an expanded channel through the Frying Pan Shoals and the Cape Fear River, is between 2 and 3 billion dollars. The North Carolina State Ports Authority retains ownership of the 600 acre site and leadership of the Authority has suggested that the concept will be revisited as the global economic climate improves.

There are two hospitals located in the County. Brunswick Community Hospital, a 62-bed acute-care facility, is owned by Novant, a non-profit corporation. The hospital opened in November, 1977. In March 2006, the Authority leased the Brunswick Community Hospital to Novant Health. On April 29, 2007, Brunswick Community Hospital, affiliated with Novant Health received conditional State

approval to build a 74 bed replacement hospital with all private rooms and construction began in 2008. The cost of the replacement hospital is more than \$100 million with 200,000 square feet. The new hospital facility opened in July 2011 and is located approximately 3 miles from the prior facility on Hwy. 17 near Brunswick Community College. The replacement hospital contains 74 private rooms, 5 operating rooms, 1 GI endoscopy room, pharmacy, lab and emergency room.

The County'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. Retail trade is the largest employment sector in Brunswick County, accounting for 18% of employment, while accommodation and food services represent 13%, educational services 1%, health care and social assistance 12%, public administration 9%, arts, entertainment, and recreation 6%, administrative and waste services 5%, construction 6%, real estate 3%, utilities 4%, wholesale trade 4% and manufacturing 5%. Various other employment sectors make up the remaining 14%.

The County and State's unemployment rates at June 2012 were 10.8 and 9.4 (seasonally adjusted) percent, respectively. The County's high growth rate in prior recent years was due to many people moving to Brunswick County for its quality of life. As with the nation, the County's high growth rate, in residential and commercial development has recently subsided.

Brunswick County is becoming the golf capital of the State of North Carolina. Thirty-nine state of the art golf courses (with 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 2017 provides a plan, based on need, to fund and acquire various projects.

The Capital Improvement Plan for general government in FY 2013 is \$6.0 million for renovations to government complex facilities and \$0.2 million for design fees associated with the construction of a new cell at the county construction/demolition landfill which are funded from county general revenues. The general government plan includes \$3.9 million from performance bonds for developer infrastructure projects at various subdivisions within the county. Also included in the County Capital Improvement Plan are additional utility projects that total approximately \$49.8 million for fiscal year 2013. Water system improvements total over \$18.3 million and include waterline extensions and transmission improvements. Wastewater improvements for fiscal year 2013 total \$31.2 million and include the plant and transmission expansion of the Northeast Brunswick Regional Water Reclamation Facility of \$13.7 million, \$3.3 million for improvements to the Carolina Shores Wastewater Treatment Plant, \$7.0 million for the Boiling Spring Lakes Plant, Transmission and Collection systems, \$1.2 million for the Ocean Ridge Pump Station/Angel's Trace Force Main and \$4.5 million to complete the Sunset Beach collection system. The enterprise projects are anticipated to be funded with debt proceeds of approximately \$37.1 million with the remaining provided from enterprise system generated reserve funds.

The West Brunswick Regional Water Reclamation Facility Phase 1, completed in February of 2006 at a cost of \$60.5 million, provides for the effluent to be land-applied, either on tree farms or golf courses. There will not be any discharge of treated effluent to any surface water from the West Brunswick Regional Facility. The project is fully supported by user charges. Along with this effort,

the County revised its sewer use ordinance to enhance the effectiveness of the regional wastewater system concept. The county completed the expansion of the West Brunswick Regional Water Reclamation Facility Phase 2 from 3 mgd to 6 mgd in 2009 and provided a transmission line to serve the Town of Oak Island at a cost of \$54.0 million. The County acquired the Town of Shallotte Wastewater treatment plant July 1, 2007 incorporating that plant into the West Brunswick Regional Facility. The County issued revenue bonds in January of 2008 for \$52.8 million to fund the expansion of the West Brunswick Regional Water Reclamation Facility and the Southwest Area Pump Station and Force Main project. The West Brunswick Regional Water Reclamation Facility Phases 1 and 2 serves the Town of Holden Beach, Town of Oak Island, Town of Shallotte, City of Southport, large residential and commercial developments, and retail customers within the county residential service area.

The County acquired the City of Boiling Spring Lakes water system in 2010 and assumed the city's outstanding general obligation financing of \$4.6 million issued through the USDA. The County plans to construct a sewer collection system in the commercial area of the city financed with assessments to property owners. The County is responsible for constructing the transmission system to treat the wastewater and is currently assessing alternatives for treatment.

The County has begun the first phase of expansion and transmission improvements to the Northwest Water Plant. Projects are planned through 2017 for an estimated total cost of \$39.3 million.

The County operates the Northeast Brunswick Regional Water Reclamation Facility which serves the Town of Leland, Navassa, City of Northwest and the H2GO (formerly North Brunswick Sanitary District) and is fully supported by user charges. A preliminary engineering report has been issued, and construction is underway to expand the Northeast Facility and transmission systems in 2013 to accommodate growth in the northern part of the County. The current 1.65 mgd plant is planned for a 0.825 mgd expansion for a total capacity of 2.475 mgd. The cost of the plant expansion and transmission improvements has been estimated to be \$14.5 million with the debt to be serviced by the regional participant contributions and County retail water fees.

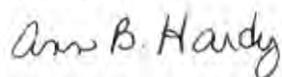
#### **Awards and Acknowledgements**

**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, 2011. This is the tenth 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, Bill Noland, Accountant, 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, 2011

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.



*Linda C. Sandson*

President

*Jeffrey R. Emen*

Executive Director

**County of Brunswick, North Carolina**  
**List of Principal Officials**  
**June 30, 2012**

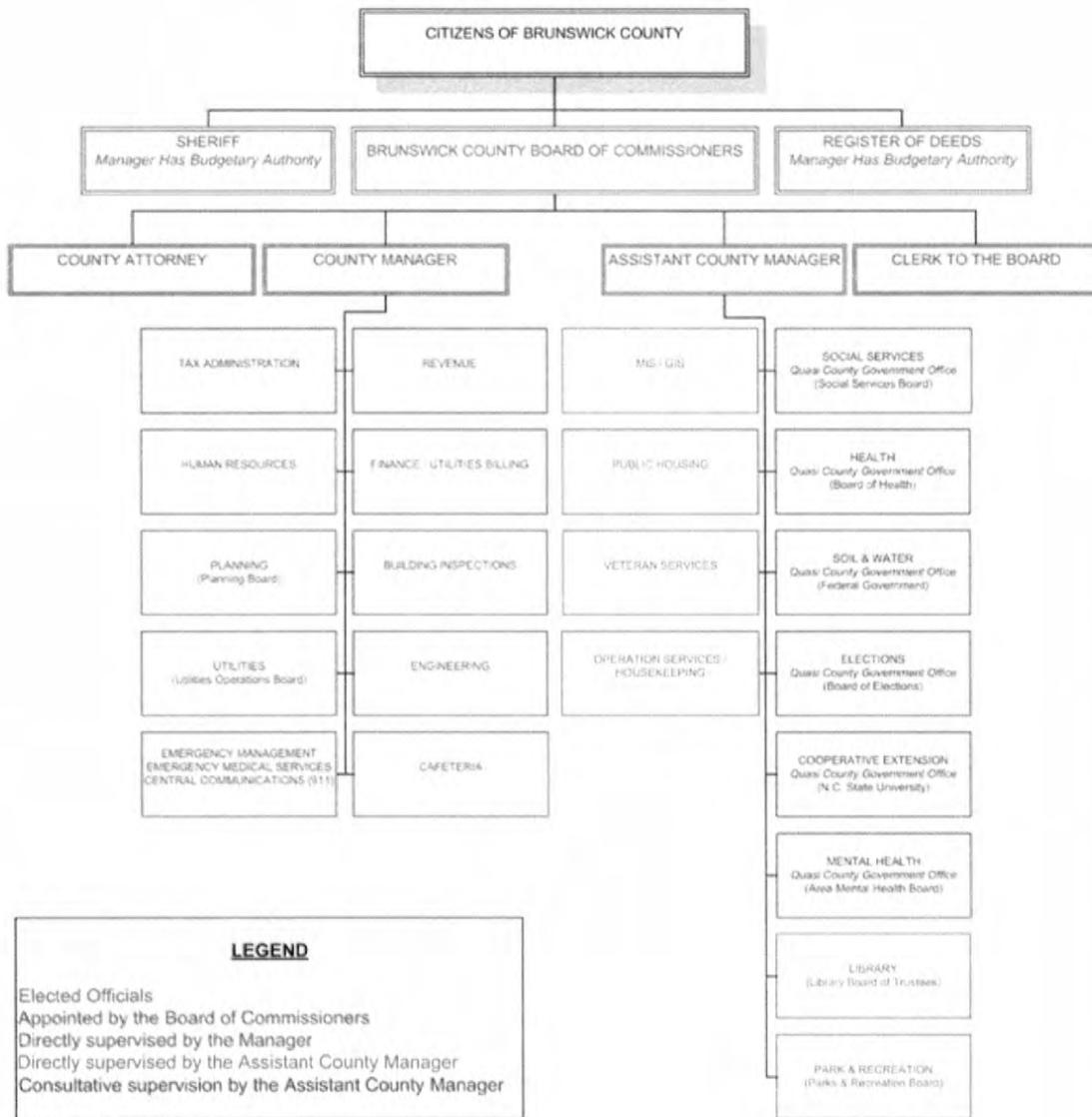
Board of County Commissioners

William M. Sue, Chairman  
J. Phillip Norris, Vice-Chairman  
J. Martin Cooke  
Charles Warren  
Scott Phillips

County Officials

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

## Brunswick County Organizational Chart



**LEGEND**

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

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

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

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Brunswick County  
Bolivia, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2012, 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 opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Brunswick County Board of Alcoholic Control or the Brunswick County Hospital Authority which represents 9.6 percent of assets and 7.0 percent of net assets, and 44.5 percent of the revenues, of the component unit columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for the Brunswick County Board of Alcoholic Control and the Brunswick County Hospital Authority 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, and the Brunswick County Hospital Authority 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 opinions.

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, 2012, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general 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 October 15, 2012 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 considered in assessing the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements of Brunswick County, North Carolina as a whole. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical tables 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 Organizations, and the State Single Audit Implementation Act, and is also not a required part of the basic financial statements. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and the schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subject to the auditing procedures applied 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.  
October 15, 2012

## 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, 2012. 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

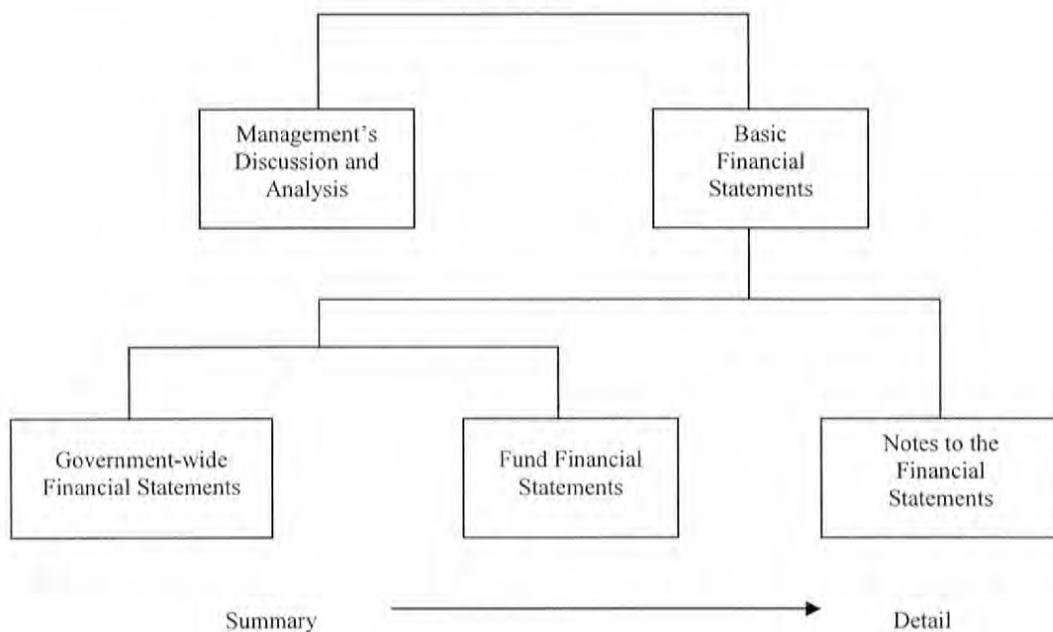
- The assets of Brunswick County's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$80.0 million (*net assets*). The County's net assets is impacted considerably by the general obligation debt the County has issued on the behalf of the school system and 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, general obligation debt, and installment debt. A portion of the assets funded by the County are owned, utilized, and maintained by the school system and community college. Since the County, as the issuing government, acquires no capital assets, the County incurred a liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of the education general obligation debt is approximately \$67.7 million dollars. Furthermore, the entire amount of education general obligation debt is collateralized by the full faith, credit and taxing power of the County. The County is authorized and required by State law to levy ad Valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due. Note F on page 51 further explains the effect of education debt on net assets.
- The County's net assets of governmental activities increased by \$8.5 million mainly due to a reduction in the outstanding principal on debt issues.
- As of the close of the 2012 fiscal year, the County's general fund reported amounts restricted for Stabilization by State statute of \$6.8 million and restrictions for public housing section 8 beneficiaries of \$0.2 million, and \$3.5 restricted for health programs totaling \$3.7 million. The unrestricted fund balance totals \$49.2 million of which \$0.2 million is committed for revaluation purposes, \$0.9 million is assigned to balance the FY 2012 annual budget leaving \$48.1 million available for spending. The FY 2012 County budget included a transfer from the County Capital Project Fund of \$3.15 million to the General Fund to balance the operating budget. The budgeting of fund balance and transfer from the Capital Project fund to balance the budget in FY 2012 were due to projections of a slight decline in the tax collection rate and a reduction of other revenues related to the economy. The actual results did not require the transfer from the Capital Project Fund nor the use of General Fund Balance.
- The County bond rating with Fitch is AA for general obligation bonds, AA- for limited obligation bonds and revenue bonds which were adjusted upward due to recalibration from the agency. Moody's Investor Services ratings were also recalibrated and improved to Aa2 for general obligation bonds, Aa3 for limited obligation and revenue bonds. The County maintained its general obligation bond rating of AA from Standard & Poor's bond rating agency, with limited obligation and revenue bonds both rated AA-.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Required Components of Annual Financial Report

Figure 1



## BASIC FINANCIAL STATEMENTS

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

The next statements are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government, providing more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the

governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary and agency fund statements.

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

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The two government-wide statements report the County's net 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 along with internal services funds for the County's self-insured workers' compensation program and the initial year of the employee health fund.

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

The government-wide financial statements can be found on pages 15-17 of this report.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance

(or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of The County can be divided into three categories: governmental funds, proprietary funds, and agency funds.

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

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

**Proprietary Funds** - The County maintains two types of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and wastewater activities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. The *Internal Service Funds* are used to report the activities for the financing of workers' compensation self-insurance cost incurred and the employee health insurance fund.

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

**Notes to the Basic Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-65 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its public safety employees and other post-employment health benefits to employees. Required supplemental information can be found on pages 66-67 of this report.

**Brunswick County's Net Assets**  
**Figure 2**

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 100,261,605	\$ 98,413,304	\$ 65,354,185	\$ 64,763,812	\$ 165,615,790	\$ 163,177,116
Capital asset (net)	<u>124,761,554</u>	<u>127,063,433</u>	<u>343,810,786</u>	<u>332,367,080</u>	<u>468,572,340</u>	<u>459,430,513</u>
Total assets	<u>225,023,159</u>	<u>225,476,737</u>	<u>409,164,971</u>	<u>397,130,892</u>	<u>634,188,130</u>	<u>622,607,629</u>
Noncurrent liabilities	130,757,441	138,692,412	156,211,779	156,392,889	286,969,220	295,085,301
Other liabilities	<u>14,236,086</u>	<u>15,222,538</u>	<u>13,342,753</u>	<u>12,937,962</u>	<u>27,578,839</u>	<u>28,160,500</u>
Total Liabilities	<u>144,993,527</u>	<u>153,914,950</u>	<u>169,554,532</u>	<u>169,330,851</u>	<u>314,548,059</u>	<u>323,245,801</u>
Net assets:						
Invested in capital assets, net of related debt	83,875,530	81,740,331	207,222,012	198,180,792	291,097,542	279,921,123
Restricted	14,349,327	10,900,768	-	-	14,349,327	10,900,768
Unrestricted	<u>(18,195,225)</u>	<u>(21,079,312)</u>	<u>32,388,427</u>	<u>29,619,249</u>	<u>14,193,202</u>	<u>8,539,937</u>
Total net assets	<u>\$ 80,029,632</u>	<u>\$ 71,561,787</u>	<u>\$ 239,610,439</u>	<u>\$ 227,800,041</u>	<u>\$ 319,640,071</u>	<u>\$ 299,361,828</u>

The assets of Brunswick County governmental activities exceeded its liabilities by \$80.0 million as of June 30, 2012. Net assets are reported as follows: invested in capital assets, net of related debt of \$83.9 million, restricted for stabilization by State statute \$8.0 million, restricted for other purposes \$6.3 million and unrestricted net assets of (\$18.2) 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.

Total capital assets	Amount (in millions)
	\$ 124.8
Less long-term debt	(106.4)
Less current maturities of long-term debt	(10.4)
Landfill closure included in long-term debt	6.3
Current portion of compensated absences	0.2
Education general obligation debt payable	67.7
Restricted cash from unexpended debt proceeds	<u>1.7</u>
Total invested in capital assets, net of related debt	<u>\$ 83.9</u>

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, 2012, the unrestricted net assets were (\$18.2) 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 impact of the inclusion of the education debt without the corresponding assets was offset by the continued low cost of debt due to Brunswick County's excellent bond ratings.

**Brunswick County Changes in Net Assets**  
**Figure 3**

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program revenues:</b>						
Changes for services	\$ 14,677,145	\$ 13,155,724	\$ 38,217,799	\$ 41,355,577	\$ 52,894,944	\$ 54,511,301
Operating grants and contributions	20,269,505	20,097,256	-	-	20,269,505	20,097,256
Capital grants and contributions	3,855,384	7,270,047	4,202,387	4,965,827	8,057,771	12,235,874
<b>General revenues:</b>						
Ad valorem taxes	106,878,322	102,020,809	-	-	106,878,322	102,020,809
Local option sales taxes	15,996,708	14,291,687	-	-	15,996,708	14,291,687
Other taxes	3,163,720	3,130,245	-	-	3,163,720	3,130,245
Sale of real property	-	-	-	-	-	-
Investment earnings	305,536	409,441	127,494	188,208	433,030	597,649
<b>Total revenues</b>	<b>165,146,320</b>	<b>160,375,209</b>	<b>42,547,680</b>	<b>46,509,612</b>	<b>207,694,000</b>	<b>206,884,821</b>
<b>Expenses:</b>						
General government	10,998,376	10,705,715	-	-	10,998,376	10,705,715
Public safety	34,715,586	33,595,275	-	-	34,715,586	33,595,275
Central services	13,455,405	11,085,289	-	-	13,455,405	11,085,289
Human services	26,325,541	26,318,669	-	-	26,325,541	26,318,669
Transportation	3,736,588	1,211,918	-	-	3,736,588	1,211,918
Environmental protection	13,876,612	13,400,997	-	-	13,876,612	13,400,997
Cultural and recreation	4,169,218	4,947,361	-	-	4,169,218	4,947,361
Economic and physical development	7,653,903	7,160,477	-	-	7,653,903	7,160,477
Education	39,852,618	38,360,518	-	-	39,852,618	38,360,518
Interest on long-term debt	1,894,630	5,367,812	-	-	1,894,630	5,367,812
Water and wastewater	-	-	30,737,286	30,822,606	30,737,286	30,822,606
<b>Total expenses</b>	<b>156,678,477</b>	<b>152,154,031</b>	<b>30,737,286</b>	<b>30,822,606</b>	<b>187,415,763</b>	<b>182,976,637</b>
Increase (decrease) in net assets before transfers	8,467,843	8,221,178	11,810,394	15,687,006	20,278,237	23,908,184
Transfers	-	-	-	-	-	-
Increase (decrease) in net assets						
Net assets, July 1	71,561,789	63,340,611	227,800,045	212,113,039	299,361,834	275,453,650
Net assets, June 30	\$ 80,029,632	\$ 71,561,789	\$ 239,610,439	\$ 227,800,045	\$ 319,640,071	\$ 299,361,834

**Governmental activities.** Governmental activities accounted for \$80.0 million, which is 25.0 percent of the total net assets. Governmental revenues increased mainly due to increases in ad valorem tax collections, local option sales taxes and service fees. Offsetting the increase was a

reduction in capital grant revenues. Operating grants funded \$20.3 million of the county's governmental activities. Governmental expenses increased due to airport capital projects which are not recorded as assets on the county's records, and capital costs associated with the expansion of the county landfill. Governmental net assets increased \$8.5 million mainly due to principal debt retirements associated with education facilities for which the county does not own the underlying assets.

**Business-type activities.** Business-type activities increased the County's net assets by \$11.8 million. Business-type revenues declined due to a municipal wastewater participant paying two years of capital service fees in fiscal year 2011 while fiscal year 2012 revenues reflect only the current fiscal year. Business-type expenses were relatively flat due to efforts to minimize costs. Business-type net assets increased by \$11.8 million due to the completion of capital projects and the principal retirement of the associated debt on the assets.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

**Governmental Funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned 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 \$85.1 million, which is the same as the prior year. Approximately \$14.3 million of the total fund balance is restricted by state stabilization or other restrictions and approximately \$70.8 million is unrestricted. Of the unrestricted fund balance of \$70.8 million at June 30, 2012, \$22.9 million or approximately 32.4 percent was committed for education and county capital projects and \$0.9 million was assigned for subsequent year expenditures leaving \$47.0 million of unassigned fund balance. The unassigned fund balance of \$47.0 million, which is approximately 55.2 percent of the total fund balance, is available for spending at the County's discretion.

The General Fund is the principal operating fund of the County. At the end of the current fiscal year, unassigned fund balance in the general fund was \$48.1 million, while total fund balance for the general fund increased from \$57.4 million to \$59.7 million mainly due to increased local option sales tax revenues and reductions in expenditures for salaries and employee benefits. Amounts in the General Fund balance assigned for subsequent year's expenditures totaled \$0.9 million. The amount of restricted general fund balance was \$6.8 million for stabilization by state statute and \$3.7 million for other restriction related to health and public housing section 8 programs. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned general fund balance represents 31.5% of total general fund expenditures, while total general fund balance represents 39.1% of that same amount. The County Capital Project fund balance decreased \$1.2 million due to planned capital project expenditures. The Education Capital Project Fund balance decreased \$0.8 million due to planned capital project expenditures. The Non-Major Governmental Funds balance decreased \$0.4 million due to planned grant expenditures.

**Enterprise Funds.** The Water Fund's net assets increased \$5.3 million to \$141.3 million. The Wastewater Fund's net assets increased \$6.6 million to \$98.4 million. The increases in the net assets of the enterprise funds are from completion of capital projects and capital contributions.

Internal service fund. The Health Insurance Internal service fund increased net assets from \$0.1 million to \$1.0 million during the first full year of operations due to user charges in excess of claims. The Workers' Compensation Internal service fund net assets increased from \$1.3 million to \$1.8 million due to users charges in excess of claims.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$6.8 million. The majority of the increase was comprised of \$1.1 million increase in local option sales tax and \$4.2 million increase in restricted intergovernmental revenues. Total actual revenues exceeded amended budgeted amounts by \$3.8 million. Total actual expenditures were \$7.0 million less than amended budgeted amounts, with the majority of that amount relating to expenditures lower than budgeted in public safety, human, and central services.

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

Unrestricted net assets of Water/Wastewater Funds at the end of the year totaled \$32.4 million. The primary factor affecting this amount was a net increase of \$11.4 million in the County's capital assets.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** Brunswick County's investment in capital assets for its governmental and business type activities as of June 30, 2012 amounts to \$468.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment.

Brunswick County has experienced significant development and population growth over the past ten years. Growth occurred due to tourism and people relocating to the County. The County completed the first of two regional water reclamation facilities on February 12, 2003, located in the northeastern region of the County (referred to as Northeastern Brunswick Regional Water Reclamation Facility). For this regional water reclamation facility, the Board of County Commissioners entered into service agreements with four other jurisdictions including the Town of Leland, Town of Navassa, H2GO (formerly North Brunswick Sanitary District) and the City of Northwest. The County owns and operates the reclamation facility, while the participants are responsible for their respective collection systems. Construction is underway to expand the treatment plant from a 1.65 to a 2.475 mgd plant to serve the growing population in the northern region of the county. This joint venture allowed existing, less effective package treatment plants to be taken off line, therefore reducing the number of wastewater discharges into the Cape Fear River. Through an agreement with a local golf course development and industry, much of the treated wastewater may be land applied or reused for industrial purposes further reducing the

discharge into the river. The reclamation facility is fully supported by user charges. The County's investment in the capital asset is approximately \$13.6 million as of June 30, 2012.

In addition to the Northeast Brunswick Regional Water Reclamation Facility, the County completed construction in February 2006 of the West Brunswick Regional Water Reclamation Facility. Participants in the system include Brunswick County, the Town of Holden Beach, Town of Oak Island and the Town of Shallotte. The treatment plant was expanded in 2011 from a 3 to 6 mgd plant. Construction of transmission lines to serve the Towns of Oak Island and Shallotte along with the southwest portions of the county was also completed in 2011. The treated effluent from the West Brunswick Regional Water Reclamation Facility will be land-applied, either on tree farms or golf courses. There will not be any discharge of treated effluent to any surface water from the West Brunswick Regional facility. The facility is fully supported by user charges. Along with this effort, the County revised its sewer use ordinance and adopted a countywide storm water management ordinance and program to enhance the effectiveness of regional facilities. The County's investment in the capital asset, including construction-in-progress, is approximately \$114.4 million as of June 30, 2012.

**Brunswick County's Capital Assets**

**Figure 4**

	Governmental Activities 2012	Governmental Activities 2011	Business-type Activities 2012	Business-type Activities 2011	Total 2012	Total 2011
Land	\$ 11,007,892	\$ 10,863,120	\$ 2,830,609	\$ 2,829,409	\$ 13,838,501	\$ 13,692,529
Operating plants, buildings & improvements	105,091,975	107,990,458	140,820,309	145,106,260	245,912,284	253,096,718
Equipment and vehicles	6,074,553	6,096,164	6,158,992	5,007,810	12,233,545	11,103,974
Distribution and collection systems	-	-	158,213,386	153,405,436	158,213,386	153,405,436
Construction in progress	<u>2,587,134</u>	<u>2,113,691</u>	<u>35,787,490</u>	<u>26,018,165</u>	<u>38,374,624</u>	<u>28,131,856</u>
Total capital assets, net	<u>\$ 124,761,554</u>	<u>\$ 127,063,433</u>	<u>\$ 343,810,786</u>	<u>\$ 332,367,080</u>	<u>\$ 468,572,340</u>	<u>\$ 459,430,513</u>

Additional information on Brunswick County's capital assets can be found in Note 4 on pages 41 and 42 of this report.

**Long-term Debt.** At the end of the current fiscal year, Brunswick County had total general obligation bonded debt outstanding of \$74.0 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	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 70,240,000	\$ 77,850,000	\$ 3,790,000	\$ 4,285,000	\$ 74,030,000	\$ 82,135,000
Limited obligation bonds	39,405,000	13,685,000	-	-	39,405,000	13,685,000
Installment purchases & revolving loans	575,000	31,065,834	50,565,728	43,925,517	51,140,728	74,991,351
Revenue bonds	-	-	102,529,141	107,100,902	102,529,141	107,100,902
Other	<u>30,676,767</u>	<u>26,347,225</u>	<u>3,150,774</u>	<u>2,543,795</u>	<u>33,827,541</u>	<u>28,891,020</u>
Total long-term debt	<u>\$ 140,896,767</u>	<u>\$ 148,948,059</u>	<u>\$ 160,035,643</u>	<u>\$ 157,855,214</u>	<u>\$ 300,932,410</u>	<u>\$ 306,803,273</u>

The legal debt limit is \$1.94 billion. The legal debt margin on June 30, 2012 was \$1.83 billion. This legal debt limit is determined by the Municipal Finance Law of North Carolina, which limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The ratio of debt service expenditures to total general governmental expenditures is 10.0% and to total general fund expenditures is 10.8%. The County's governmental general obligation debt per capita is \$626 as of June 30, 2012. The County's governmental activities gross debt per capita (excluding landfill closure/post closure, accrued compensated absences and pension benefit obligations) is \$982 made up of \$626 of general obligation debt per capita, \$351 in outstanding limited obligation bonds for construction and renovation of various county and education buildings and \$5 for county building installment purchases.

The County's total debt had a net decrease of \$5.9 million, 1.9 percent, during the current fiscal year. The key factor in this decrease was the retirement of debt through principal payments. Additional information on Brunswick County's long-term debt can be found in Note 7 on pages 45-52 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The unemployment rate for Brunswick County is currently 11.0 percent and was 10.8 percent at June 30, 2012, compared to the state's seasonally adjusted unemployment rate of 9.6 percent currently and 9.4 percent at June 30, 2012.
- Inflationary trends in the region are similar to national indices.
- Population estimation of 112,210 has grown nearly 52 percent since 2000.

All of these factors were considered in preparing Brunswick County's budget for fiscal year 2012-2013.

**BUDGET HIGHLIGHTS FOR FISCAL YEAR 2012-2013**

**Governmental activities.** The county maintained the tax rate of \$0.4425 cents. The last revaluation was for the 2011 levy. The next revaluation is scheduled for the 2015 levy. Budgeted operating expenditures in the General Fund are expected to increase 2.8 percent to \$147 million. The largest increase was \$1.9 million or 8.4% in human services.

Budgeted expenditures for education are expected to increase 1.3 percent or approximately \$0.6 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 general government debt service. The School System funds the majority of its local capital outlay needs from sales tax allocations, bond proceeds, lottery funds and ad valorem taxes. The County also includes an appropriation to the Brunswick Community College in its educational funding for current expense and capital outlay needs.

**Business-type activities.** The water and wastewater enterprise fund is anticipated to increase 3 percent due to normal growth and to cover increased costs associated with personnel, operation, and capital outlay.

### **REQUESTS FOR INFORMATION**

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

## COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Total
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents/investments	\$ 81,372,166	\$ 35,546,918	\$ 116,919,084	\$ 953,347
Restricted cash and investments	1,868,542	20,296,095	22,164,637	4,550
Interest receivable	131,301	47,295	178,596	-
Taxes receivable, net	8,050,911	-	8,050,911	-
Receivables and special assessments, net	1,487,085	6,063,953	7,551,038	18,192
Other governmental agencies	7,351,600	1,795,846	9,147,446	761,687
Inventories	-	1,604,078	1,604,078	222,097
Prepaid items	-	-	-	20,345
Total current assets	<u>100,261,605</u>	<u>65,354,185</u>	<u>165,615,790</u>	<u>1,980,218</u>
<b>Capital Assets:</b>				
Non-depreciable capital assets	13,595,026	38,618,099	52,213,125	-
Depreciable capital assets, net	<u>111,166,528</u>	<u>305,192,687</u>	<u>416,359,215</u>	<u>21,325,868</u>
Total capital assets	<u>124,761,554</u>	<u>343,810,786</u>	<u>468,572,340</u>	<u>21,325,868</u>
Total assets	<u>\$ 225,023,159</u>	<u>\$ 409,164,971</u>	<u>\$ 634,188,130</u>	<u>\$ 23,306,086</u>
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts payable and other liabilities	\$ 3,837,397	\$ 3,248,151	\$ 7,085,548	\$ 183,332
Current maturities of long-term debt	10,398,689	8,652,529	19,051,218	41,500
Due other governmental agencies	-	-	-	139,151
Deposits	-	1,442,073	1,442,073	-
Total current liabilities	<u>14,236,086</u>	<u>13,342,753</u>	<u>27,578,839</u>	<u>363,983</u>
<b>Noncurrent Liabilities:</b>				
Compensated absences	2,804,818	381,108	3,185,926	-
Law enforcement pension obligation	1,115,991	-	1,115,991	-
Other post employment benefits	20,166,030	2,737,666	22,903,696	-
Unearned revenues	259,363	4,828,665	5,088,028	-
Long-term debt	<u>106,411,239</u>	<u>148,264,340</u>	<u>254,675,579</u>	<u>415,743</u>
Total noncurrent liabilities	<u>130,757,441</u>	<u>156,211,779</u>	<u>286,969,220</u>	<u>415,743</u>
Total liabilities	<u>144,993,527</u>	<u>169,554,532</u>	<u>314,548,059</u>	<u>779,726</u>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	83,875,530	207,222,012	291,097,542	20,876,268
Restricted for Stabilization by State Statute	8,015,449	-	8,015,449	360,002
Restricted-other purposes	6,333,878	-	6,333,878	491,936
Unrestricted	<u>(18,195,225)</u>	<u>32,388,427</u>	<u>14,193,202</u>	<u>798,154</u>
Total net assets	<u>\$ 80,029,632</u>	<u>\$ 239,610,439</u>	<u>\$ 319,640,071</u>	<u>\$ 22,526,360</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Government Activities:</b>				
General government	\$ 10,998,376	\$ 1,481,028	\$ 1,077,537	\$ -
Public safety	34,715,586	6,707,376	743,632	-
Central services	13,455,405	444,294	-	-
Human services	26,325,541	2,670,338	18,392,791	-
Transportation	3,736,588	-	-	3,127,909
Environmental protection	13,876,612	2,044,804	-	-
Cultural and recreation	4,169,218	220,402	51,829	-
Economic and physical development	7,653,903	1,108,903	-	-
Education	39,852,618	-	3,716	727,475
Interest on long-term debt	1,894,630	-	-	-
Total governmental activities	<u>156,678,477</u>	<u>14,677,145</u>	<u>20,269,505</u>	<u>3,855,384</u>
<b>Business-type Activities:</b>				
Water	15,995,637	20,024,998	-	1,135,642
Wastewater	14,741,649	18,192,801	-	3,066,745
Total business-type activities	<u>30,737,286</u>	<u>38,217,799</u>	<u>-</u>	<u>4,202,387</u>
Total primary government	<u>\$ 187,415,763</u>	<u>\$ 52,894,944</u>	<u>\$ 20,269,505</u>	<u>\$ 8,057,771</u>
Discretely presented component units	<u>\$ 4,277,481</u>	<u>\$ 2,736,958</u>	<u>\$ 2,500</u>	<u>\$ 1,494,452</u>

**General Revenues:**

Ad valorem taxes  
Local option sales taxes  
Deed stamp excise taxes and other taxes  
Investment earnings  
Total general revenues  
Transfers  
Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	Total
\$ (8,439,811)	\$ -	\$ (8,439,811)	
(27,264,578)	-	(27,264,578)	
(13,011,111)	-	(13,011,111)	
(5,262,412)	-	(5,262,412)	
(608,679)	-	(608,679)	
(11,831,808)	-	(11,831,808)	
(3,896,987)	-	(3,896,987)	
(6,545,000)	-	(6,545,000)	
(39,121,427)	-	(39,121,427)	
(1,894,630)	-	(1,894,630)	
<u>(117,876,443)</u>	<u>-</u>	<u>(117,876,443)</u>	
-	5,165,003	5,165,003	
-	6,517,897	6,517,897	
<u>-</u>	<u>11,682,900</u>	<u>11,682,900</u>	
(117,876,443)	11,682,900	(106,193,543)	
			\$ (43,571)
106,878,322	-	106,878,322	-
15,996,708	-	15,996,708	-
3,163,720	-	3,163,720	1,112,853
305,536	127,494	433,030	3,593
<u>126,344,286</u>	<u>127,494</u>	<u>126,471,780</u>	<u>1,116,446</u>
-	-	-	-
<u>126,344,286</u>	<u>127,494</u>	<u>126,471,780</u>	<u>1,116,446</u>
8,467,843	11,810,394	20,278,237	1,072,875
<u>71,561,789</u>	<u>227,800,045</u>	<u>299,361,834</u>	<u>21,453,485</u>
<u>\$ 80,029,632</u>	<u>\$ 239,610,439</u>	<u>\$ 319,640,071</u>	<u>\$ 22,526,360</u>

## COUNTY OF BRUNSWICK, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2012

	Major Funds				Total Governmental Funds
	General	County Capital Project	Education Capital Project	Non Major Governmental Funds	
<b>Assets:</b>					
Cash and cash equivalents/investments	\$ 55,539,802	\$ 11,321,762	\$ 9,714,058	\$ 1,218,617	\$ 77,794,239
Restricted cash and investments	220,985	-	1,647,557	-	1,868,542
Interest receivable	96,249	17,138	12,425	1,895	127,707
Taxes receivable - net	8,050,911	-	-	-	8,050,911
Receivables - net	1,073,919	-	-	212,866	1,286,785
Other governmental agencies	5,118,278	1,262,901	-	970,421	7,351,600
Due from other funds	769,811	-	470,926	-	1,240,737
Total assets	<u>\$ 70,869,955</u>	<u>\$ 12,601,801</u>	<u>\$ 11,844,966</u>	<u>\$ 2,403,799</u>	<u>\$ 97,720,521</u>
<b>Liabilities, Equity, and Other Credits:</b>					
<b>Liabilities:</b>					
Accounts payable and other liabilities	\$ 2,257,072	\$ 120,282	\$ -	\$ 459,703	\$ 2,837,057
Due to other funds	470,926	-	-	769,811	1,240,737
Deferred revenues	8,429,630	-	-	108,634	8,538,264
Total liabilities	<u>11,157,628</u>	<u>120,282</u>	<u>-</u>	<u>1,338,148</u>	<u>12,616,058</u>
<b>Fund Balances:</b>					
Restricted:					
Stabilization by State Statute	6,830,267	-	-	1,185,182	8,015,449
Restricted - other	3,703,410	-	1,647,557	982,911	6,333,878
Committed	214,566	12,481,519	10,197,409	-	22,893,494
Assigned	897,261	-	-	-	897,261
Unassigned	48,066,823	-	-	(1,102,442)	46,964,381
Total fund balances	<u>59,712,327</u>	<u>12,481,519</u>	<u>11,844,966</u>	<u>1,065,651</u>	<u>85,104,463</u>
Total liabilities and fund balances	<u>\$ 70,869,955</u>	<u>\$ 12,601,801</u>	<u>\$ 11,844,966</u>	<u>\$ 2,403,799</u>	<u>\$ 97,720,521</u>
<b>Reconciliation of Fund Balance as Reported in the Balance Sheet - Governmental Funds with Net Assets - Governmental Activities:</b>					
Fund balance as reported in the balance sheet - governmental funds					\$ 85,104,463
Amounts reported for governmental activities in the statement of net assets are different because:					
Change in internal service net assets, attributed to governmental activities					1,400,954
Consolidation of internal service fund					1,380,527
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds					124,761,554
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds					8,278,901
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>(140,896,767)</u>
Net assets reported as governmental activities					<u>\$ 80,029,632</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, 2012

	Major Funds				Total Governmental Funds
	General	County Capital Project	Education Capital Project	Non Major Governmental Funds	
<b>Revenues:</b>					
Ad valorem taxes	\$ 105,460,118	\$ -	\$ -	\$ -	\$ 105,460,118
Local option sales taxes	15,996,708	-	-	-	15,996,708
Other taxes and licenses	2,016,455	-	-	1,147,265	3,163,720
Unrestricted intergovernmental revenues	1,658,455	-	-	-	1,658,455
Restricted intergovernmental revenues	17,856,947	3,127,909	727,475	1,694,262	23,406,593
Permits and fees	3,130,874	-	-	100,187	3,231,061
Sales and services	7,416,017	-	-	-	7,416,017
Investment earnings	217,748	42,938	31,075	4,149	295,910
Other	1,407,154	-	-	-	1,407,154
Total revenues	<u>155,160,476</u>	<u>3,170,847</u>	<u>758,550</u>	<u>2,945,863</u>	<u>162,035,736</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	9,598,222	-	-	78,465	9,676,687
Public safety	30,715,599	-	-	1,536,332	32,251,931
Central services	12,371,883	-	-	-	12,371,883
Human services	25,924,881	-	-	-	25,924,881
Transportation	344,699	3,391,889	-	-	3,736,588
Environmental protection	13,519,057	429,254	-	-	13,948,311
Culture and recreation	3,825,022	507,776	-	57,671	4,390,469
Economic and physical development	4,595,592	188,697	-	1,709,844	6,494,133
Education	35,488,626	-	3,479,094	-	38,967,720
<b>Debt Service:</b>					
Principal retirement	9,949,167	-	-	-	9,949,167
Interest and fiscal charges	6,487,455	-	-	-	6,487,455
Total expenditures	<u>152,820,203</u>	<u>4,517,616</u>	<u>3,479,094</u>	<u>3,382,312</u>	<u>164,199,225</u>
<b>Revenues over (under) expenditures</b>	<u>2,340,273</u>	<u>(1,346,769)</u>	<u>(2,720,544)</u>	<u>(436,449)</u>	<u>(2,163,489)</u>
<b>Other Financing Sources (Uses):</b>					
Payment to escrow agent for refunded debt	(48,226,667)	-	-	-	(48,226,667)
Transfers from other funds	160,000	334,960	1,960,049	36,586	2,491,595
Transfers to other funds	(2,331,595)	(160,000)	-	-	(2,491,595)
Premiums on bonds issued	4,789,688	-	-	-	4,789,688
Discounts on bonds issued	(196,863)	-	-	-	(196,863)
Debt financing issued	45,827,136	(32,136)	-	-	45,795,000
Total other financing sources (uses)	<u>21,699</u>	<u>142,824</u>	<u>1,960,049</u>	<u>36,586</u>	<u>2,161,158</u>
<b>Net change in fund balance</b>	<u>2,361,972</u>	<u>(1,203,945)</u>	<u>(760,495)</u>	<u>(399,863)</u>	<u>(2,331)</u>
<b>Fund balance, beginning of year</b>	<u>57,350,355</u>	<u>13,685,464</u>	<u>12,605,461</u>	<u>1,465,514</u>	<u>85,106,794</u>
<b>Fund balance, end of year</b>	<u>\$ 59,712,327</u>	<u>\$ 12,481,519</u>	<u>\$ 11,844,966</u>	<u>\$ 1,065,651</u>	<u>\$ 85,104,463</u>

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, 2012**

Net change in fund balances - total governmental funds (Exhibit D)	\$ (2,331)
<p>Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected or is expected to be collected within 60 days of year end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:</p>	
Property taxes	1,418,204
Emergency services revenues	7,404
Public Health revenues	(105,801)
Expenses related to other post-employment benefits, compensated absences and law enforcement officers separation allowance that do not require current financial resources are not reported as expenditures in the governmental fund statement.	(4,168,735)
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.	4,016,191
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.	1,752
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements.	(6,319,822)
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.	58,175,834
Change in closure/post closure liability estimate. Expenses are reported as incurred in the funds.	(160,807)
Change in internal service net assets, attributed to governmental activities	1,400,954
Proceeds from issuance of debt are reported as revenues in the governmental fund statement. However, in the statement of activities, it is not a revenue, rather it is an increase in liabilities.	<u>(45,795,000)</u>
Change in net assets of governmental activities per Exhibit B	<u>\$ 8,467,843</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>			<b>Variance Positive (Negative)</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Ad valorem taxes	\$ 102,585,336	\$ 103,378,319	\$105,460,118	\$ 2,081,799
Local option sales taxes	14,301,747	15,398,047	15,996,708	598,661
Other taxes and licenses	2,081,000	2,164,747	2,016,455	(148,292)
Unrestricted intergovernmental revenues	690,000	1,627,273	1,658,455	31,182
Restricted intergovernmental revenues	12,771,637	16,979,159	17,856,947	877,788
Permits and fees	2,798,485	2,871,010	3,130,874	259,864
Sales and services	7,913,238	7,232,266	7,416,017	183,751
Investment earnings	192,000	191,872	217,748	25,876
Other	1,194,650	1,493,181	1,407,154	(86,027)
Total revenues	<u>144,528,093</u>	<u>151,335,874</u>	<u>155,160,476</u>	<u>3,824,602</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	9,608,800	10,804,226	9,598,222	1,206,004
Central services	14,017,649	13,909,515	12,371,883	1,537,632
Public safety	28,932,181	32,718,842	30,715,599	2,003,243
Transportation	102,992	344,699	344,699	-
Environmental protection	14,062,904	13,716,455	13,519,057	197,398
Economic and physical development	4,755,979	4,989,735	4,595,592	394,143
Human services	22,528,027	27,322,406	25,924,881	1,397,525
Education	35,488,626	35,488,626	35,488,626	-
Culture and recreation	3,947,719	4,042,104	3,825,022	217,082
<b>Debt Service:</b>				
Principal retirement	9,949,167	9,949,167	9,949,167	-
Interest and fiscal charges	4,911,512	6,566,015	6,487,455	78,560
Total expenditures	<u>148,305,556</u>	<u>159,851,790</u>	<u>152,820,203</u>	<u>7,031,587</u>
Revenues over (under) expenditures	<u>(3,777,463)</u>	<u>(8,515,916)</u>	<u>2,340,273</u>	<u>10,856,189</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	-	45,827,135	45,827,136	1
Advance repayment of debt	-	(48,226,667)	(48,226,667)	-
Premiums on bonds	-	4,789,688	4,789,688	-
Discounts on bonds	-	(196,863)	(196,863)	-
Transfers from other funds	3,150,000	3,310,000	160,000	(3,150,000)
Transfers to other funds	(1,412,899)	(2,497,768)	(2,331,595)	166,173
Contingency	(400,000)	(54,830)	-	54,830
Appropriated fund balance	2,440,362	5,565,221	-	(5,565,221)
Total other financing sources (uses)	<u>3,777,463</u>	<u>8,515,916</u>	<u>21,699</u>	<u>(8,494,217)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>2,361,972</u>	<u>\$ 2,361,972</u>
<b>Fund balance, beginning of year</b>			<u>57,350,355</u>	
<b>Fund balance, end of year</b>			<u>\$ 59,712,327</u>	

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

## COUNTY OF BRUNSWICK, NORTH CAROLINA

## STATEMENT OF FUND NET ASSETS- PROPRIETARY FUNDS

JUNE 30, 2012

	Business-type Activities			
	Enterprise Funds			Internal Services
	Water	Wastewater	Total	
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents/investments	28,314,959	\$ 7,231,959	\$ 35,546,918	\$ 3,577,927
Restricted cash and investments	1,779,052	18,517,043	20,296,095	-
Interest receivable	37,259	10,036	47,295	3,594
Receivables and special assessments, net	2,413,074	3,650,879	6,063,953	200,300
Other governmental agencies	561,256	1,234,590	1,795,846	-
Inventories	1,340,165	263,913	1,604,078	-
Total current assets	<u>34,445,765</u>	<u>30,908,420</u>	<u>65,354,185</u>	<u>3,781,821</u>
<b>Capital Assets:</b>				
Non-depreciable capital assets	12,135,747	26,482,352	38,618,099	-
Depreciable capital assets, net	118,366,290	186,826,397	305,192,687	-
Total capital assets	<u>130,502,037</u>	<u>213,308,749</u>	<u>343,810,786</u>	<u>-</u>
Total assets	<u>\$ 164,947,802</u>	<u>\$ 244,217,169</u>	<u>\$ 409,164,971</u>	<u>\$ 3,781,821</u>
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 717,117	\$ 2,531,034	\$ 3,248,151	\$ 1,000,340
Current portion of debt	780,108	7,872,421	8,652,529	-
Deposits	1,442,073	-	1,442,073	-
Total current liabilities	<u>2,939,298</u>	<u>10,403,455</u>	<u>13,342,753</u>	<u>1,000,340</u>
<b>Noncurrent Liabilities:</b>				
Compensated absences	276,777	104,331	381,108	-
Other post employment benefits	1,926,820	810,846	2,737,666	-
Unearned revenues	311,312	4,517,353	4,828,665	-
Long-term debt	18,248,366	130,015,974	148,264,340	-
Total noncurrent liabilities	<u>20,763,275</u>	<u>135,448,504</u>	<u>156,211,779</u>	<u>-</u>
Total liabilities	<u>23,702,573</u>	<u>145,851,959</u>	<u>169,554,532</u>	<u>1,000,340</u>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	113,277,347	93,944,665	207,222,012	-
Unrestricted	27,967,882	4,420,545	32,388,427	2,781,481
Total net assets	<u>\$ 141,245,229</u>	<u>\$ 98,365,210</u>	<u>\$ 239,610,439</u>	<u>\$ 2,781,481</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, 2012**

	<b>Business-type Activities</b>			
	<b>Enterprise Funds</b>			<b>Internal Services</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Total</b>	
<b>Operating Revenues:</b>				
User charges	\$ 19,245,328	\$ 16,176,278	\$ 35,421,606	\$ 11,366,058
Assessments	19,045	686,408	705,453	-
Intergovernmental revenue	303,325	1,252,110	1,555,435	-
Other	457,300	78,005	535,305	-
Total operating revenues	<u>20,024,998</u>	<u>18,192,801</u>	<u>38,217,799</u>	<u>11,366,058</u>
<b>Operating Expenses:</b>				
Salaries and employee benefits	5,719,363	2,607,262	8,326,625	-
Operating expenses	5,233,766	2,504,274	7,738,040	9,974,730
Repairs and maintenance	840,611	703,999	1,544,610	-
Depreciation and amortization	3,852,580	5,020,409	8,872,989	-
Total operating expenses	<u>15,646,320</u>	<u>10,835,944</u>	<u>26,482,264</u>	<u>9,974,730</u>
Operating income (loss)	<u>4,378,678</u>	<u>7,356,857</u>	<u>11,735,535</u>	<u>1,391,328</u>
<b>Non-operating Revenues (Expenses):</b>				
Investment earnings	91,225	36,269	127,494	9,626
Interest expense	<u>(349,317)</u>	<u>(3,905,705)</u>	<u>(4,255,022)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(258,092)</u>	<u>(3,869,436)</u>	<u>(4,127,528)</u>	<u>9,626</u>
Income before transfers and capital contributions	4,120,586	3,487,421	7,608,007	1,400,954
Capital Contributions	-	738,763	738,763	-
Dedicated service lines	<u>1,135,642</u>	<u>2,327,982</u>	<u>3,463,624</u>	<u>-</u>
Total transfers and capital contributions	<u>1,135,642</u>	<u>3,066,745</u>	<u>4,202,387</u>	<u>-</u>
Increase (decrease) in net assets	5,256,228	6,554,166	11,810,394	1,400,954
<b>Net assets, beginning of year</b>	<u>135,989,001</u>	<u>91,811,044</u>	<u>227,800,045</u>	<u>1,380,527</u>
<b>Net assets, end of year</b>	<u>\$ 141,245,229</u>	<u>\$ 98,365,210</u>	<u>\$ 239,610,439</u>	<u>\$ 2,781,481</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, 2012

	Business-type Activities			
	Enterprise Funds			Internal Services
	Water	Wastewater	Total	
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers	\$20,369,642	\$ 19,940,396	\$ 40,310,038	\$ 11,366,058
Payments to suppliers for goods and services	(9,168,763)	(3,006,855)	(12,175,618)	(9,368,042)
Payments to or on behalf of employees	(5,297,783)	(2,421,863)	(7,719,646)	-
Net cash provided by (used in) operating activities	<u>5,903,096</u>	<u>14,511,678</u>	<u>20,414,774</u>	<u>1,998,016</u>
<b>Net Cash From Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(5,250,577)	(11,602,959)	(16,853,536)	-
Interest paid	(381,806)	(3,905,705)	(4,287,511)	-
Proceeds from issuance of long-term debt	3,790,000	32,825,000	36,615,000	-
Retirement of long-term debt	(4,285,000)	(24,185,000)	(28,470,000)	-
Principal payments on long-term debt	(715,528)	(5,856,022)	(6,571,550)	-
Capital contributions	-	738,763	738,763	-
Net cash provided (used) in capital and related financing activities	<u>(6,842,911)</u>	<u>(11,985,923)</u>	<u>(18,828,834)</u>	<u>-</u>
<b>Cash Flows From Investing Activities:</b>				
Interest on investments	<u>71,031</u>	<u>30,044</u>	<u>101,075</u>	<u>6,974</u>
Net increase (decrease) in cash and cash equivalents	(868,784)	2,555,799	1,687,015	2,004,990
Cash and cash equivalents, beginning of year	<u>30,962,795</u>	<u>23,193,203</u>	<u>54,155,998</u>	<u>1,572,937</u>
Cash and cash equivalents, end of year	<u>\$30,094,011</u>	<u>\$ 25,749,002</u>	<u>\$ 55,843,013</u>	<u>\$ 3,577,927</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 4,378,678	\$ 7,356,857	\$ 11,735,535	\$ 1,391,328
<b>Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>				
Depreciation and amortization	3,852,580	5,020,409	8,872,989	-
Loss on disposal of capital assets	-	464	464	-
<b>Changes in Assets and Liabilities:</b>				
(Increase) decrease in accounts receivable	(8,130)	2,298,979	2,290,849	-
(Increase) decrease in sales tax refund receivable	224,903	(256,953)	(32,050)	-
(Increase) decrease in inventories	(1,038,208)	(97,525)	(1,135,733)	-
Increase (decrease) in accounts payable/accrued expenses	(1,859,501)	740,831	(1,118,670)	606,688
Increase (decrease) in deferred revenue	311,312	(551,384)	(240,072)	-
Increase (decrease) in customer deposits	<u>41,462</u>	<u>-</u>	<u>41,462</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 5,903,096</u>	<u>\$ 14,511,678</u>	<u>\$ 20,414,774</u>	<u>\$ 1,998,016</u>
<b>Supplemental Disclosures of Noncash Transactions</b>				
Dedicated service lines	<u>\$ 1,135,642</u>	<u>\$ 2,327,982</u>	<u>\$ 3,463,624</u>	<u>\$ -</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, 2012**Assets:**

Cash and cash equivalents/investments	\$ 2,579,729
Interest receivable	3,469
Taxes receivable	<u>32,186</u>
Total assets	<u>\$ 2,615,384</u>

**Liabilities:**

Due to other governmental agencies	\$ 2,051,348
Other	<u>564,036</u>
Total liabilities	<u>\$ 2,615,384</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, 2012

#### 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 112,210, 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, education 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 and included in the General 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.

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

##### **Brunswick County Board of Alcoholic Control**

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

## COUNTY OF BRUNSWICK, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

#### **Brunswick County Economic Development Commission**

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

The EDC’s financial statements include its blended component unit, the Brunswick County Economic Development Corporation, which is a non-profit organization, established to acquire, improve and convey property. Appropriations for the EDC totaled \$386,714 for the fiscal year ended June 30, 2012. 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, 2012. The Airport, which also has a June 30 year-end, is presented as a governmental type fund.

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

#### **Other Component Unit**

##### **Brunswick County Industrial Facility and Pollution Control Financing Authority**

Brunswick County Industrial Facility and Pollution Control Financing Authority exist to issue revenue bond debt of private businesses for economic development purposes. A seven-member board, all of whom are appointed by the County, governs the Authority. The County

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012, 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 display information about the primary government (the County) and its component units. These statements include all of the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities except for interfund services provided and used which are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

## COUNTY OF BRUNSWICK, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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.

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

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

The County reports the following major enterprise funds:

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

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

The County reports the following internal service funds:

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

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

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

The County maintains eight Agency Funds: the Social Services Fund which accounts for monies deposited with the Social Services Department for the benefit of certain individuals; the Smithville Township Fund which accounts for the Township hospital district ad Valorem taxes collected, payment of bond debt service and payments to Doshier Hospital; the Intergovernmental Collections Fund which accounts for the proceeds of the motor vehicle and other ad Valorem taxes that are collected by the County on behalf of the municipalities within the County and fines and forfeitures collected and remitted to Brunswick County Schools; the

## COUNTY OF BRUNSWICK, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Sheriff Department Trust Fund which accounts for the proceeds of court ordered property sales necessary to satisfy a debt; the Brunswick County Hospital Authority which accounts for monies held by Brunswick County on behalf of the Brunswick County Hospital Authority; the Inlet Committee: Save Our Sands, an inter-local government lobbying entity for beach sediment management for which the County acts as fiscal agent; the Inmate Trust Fund which accounts for personal funds of the inmates in the detention center; and the 3% Interest Payable to the State Fund which accounts for motor vehicle tax interest fees collected by the County that are assessed by and remitted to the State.

**Measurement Focus and Basis of Accounting** – In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

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

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

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

## COUNTY OF BRUNSWICK, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered vehicles in North Carolina. Effective with this change, Brunswick County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered in Brunswick County from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes which were billed during this period are shown as receivables on these financial statements.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure driven grants are recognized as revenue if cash is received within 60 days of year-end.

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

#### **Budgetary Data**

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General, the Special Revenue (excluding the grant projects) and the Enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all capital project funds. All budgets are prepared using the modified accrual basis of accounting which is consistent with the accounting system used to record transactions.

Expenditures may not legally exceed appropriations at the departmental level for the General Fund, Special Revenue, Enterprise Funds, and Capital Projects Funds. The County budget officer is authorized by the budget ordinance to transfer appropriations between departmental areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change departmental appropriations by more than \$5,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary. As a result, appropriated fund balance increased in the General Fund by \$3,124,859 which was largely the result of employee bonus payments, the purchase of a

## COUNTY OF BRUNSWICK, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

building for senior citizen activities and the rollover of encumbrances from the prior fiscal year.

#### **Deposits and Investments**

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

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, certificates of participation issued by the County are classified as restricted assets because their use is restricted to that purpose for which the bonds and certificates were originally issued. The amount budgeted by the Board of Commissioners for revaluation included in the General Fund Balance-Assigned is restricted assets per North Carolina General Statute 153A-150.

#### **Ad Valorem Taxes Receivable**

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

#### **Allowances for Doubtful Accounts**

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

**Due To/From Other Funds and Internal Balances**

Amounts reported at June 30, 2012 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:

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

**Long-Term Debt**

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

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

The County's long-term debt for water and wastewater purposes is carried in the Water and Wastewater Funds. The debt service requirements for the water and wastewater debt are being

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

met by water and wastewater revenues. However, the taxing power was pledged to make general obligation payments in the water fund if water revenues were not sufficient. At the end of the fiscal year, there was \$3,790,000 water general obligation debt outstanding.

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Restricted for Stabilization of State Statute-portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].	\$ 6,830,267	\$ -	\$ 1,185,182	\$ 8,015,449
Restricted for Public Housing-portion of fund balance that is restricted by revenue source for section 8 expenditures.	\$ 213,563	\$ -	\$ -	\$ 213,563
Restricted for Human Services Health Program-portion of fund balance that is restricted by revenue source for health expenditures.	3,489,847	-	-	3,489,847
Restricted for Public Safety-portion of fund balance that is restricted by revenue source for E911 expenditures.	-	-	297,253	297,253
Restricted for Register of Deeds-portion of fund balance that is restricted by revenue source for technology for the Register of Deeds office.	-	-	685,658	685,658
Restricted for Education-portion of fund balance that is restricted by revenue source or unspent debt proceeds for Public School and Community College Capital needs.	-	1,647,557	-	1,647,557
Total restricted fund balance (Exhibit C)	<u>\$ 3,703,410</u>	<u>\$ 1,647,557</u>	<u>\$ 982,911</u>	<u>\$ 6,333,878</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
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Committed Fund Balance-portion of fund balance that can only be used for specific purpose imposed by majority vote of Brunswick County's governing body. Any changes or removal of specific purposes requires majority action by the governing body. Committed fund balance is summarized as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Committed for General Government-portion of fund balance that can only be used for general government	\$ -	\$ 3,150,000	\$ -	\$ 3,150,000
Restricted for General Government-portion of fund balance that is restricted for a legally budgeted Tax Revaluation	214,566	-	-	214,566
Committed for Environmental Protection-portion of fund balance that can only be used for environmental protection	-	3,858,400	-	3,858,400
Committed for Economic Development-portion of fund balance that can only be used for economic development	-	4,166,856	-	4,166,856
Committed for Culture & Recreation-portion of fund balance that can only be used for culture and recreation	-	10,643	-	10,643
Committed for Transportation-portion of fund balance that can only be used for transportation	-	1,295,620	-	1,295,620
Committed for Education-portion of fund balance that can only be used for education	-	10,197,409	-	10,197,409
Total committed fund balance	<u>\$ 214,566</u>	<u>\$ 22,678,928</u>	<u>\$ -</u>	<u>\$ 22,893,494</u>

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Subsequent year's expenditures-portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.	<u>\$ 897,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 897,261</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Unassigned portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds	\$48,066,823	\$ -	\$ (1,102,442)	\$ 46,964,381

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

Total fund balance-General Fund	\$59,712,327
Less:	
Stabilization by State Statute	(6,830,267)
Restricted	(3,703,410)
Committed	(214,566)
Assigned	<u>(897,261)</u>
Fund balance remaining	<u>\$48,066,823</u>

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

**Inter-fund Transfers**

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

**Other Resources**

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

**Compensated Absences**

The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. In the event of termination, an employee is reimbursed for accumulated vacation days up to a maximum of thirty days. All

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS  
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vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. Compensated absences are reported in governmental funds only if matured.

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

**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.

**Use of Estimates**

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

**2. Cash, Cash Equivalents and Investments**

Cash, cash equivalents and investments of the County as of June 30, 2012 include the following:

	<u>Reported at Fair Value</u>
Cash on Hand	\$ 4,372
Deposits - NOW, SuperNOW, MMDA and Certificates of Deposit	130,553,012
Investments: North Carolina Capital Management Trust	<u>11,106,066</u>
Total	<u>\$ 141,663,450</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.

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

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

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, 2012, the deposits of the County had a reported value of \$130,553,012 and bank balances of \$130,569,614. Of the bank balances, \$6,437,530 was covered by federal depository insurance and \$124,132,084 was covered by collateral held under the Pooling Method. Cash on hand at June 30, 2012 was \$4,372.

**B. Investments**

As of June 30, 2012, the County had the following investments and maturities:

Investment Type	Fair Value	Less Than		
		6 Months	6 - 12 Months	1 - 3 Years
North Carolina Capital Management Trust:				
Cash Portfolio	\$ 7,740,606	N/A	N/A	N/A
Term Portfolio*	<u>3,365,460</u>	<u>3,365,460</u>	<u>N/A</u>	<u>N/A</u>
Total	<u>\$ 11,106,066</u>	<u>\$ 3,365,460</u>	<u>\$ -</u>	<u>\$ -</u>

\*Because the NC Capital Management Trust Term Portfolio had duration of 0.17 years, it was presented as an investment with a maturity of less than 6 months.

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

*Credit Risk.* The County's investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to

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the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2012, the County had no investments in commercial paper. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2012. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County had no other separate investments in US Government Agencies at June 30, 2012.

*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 the prior month.

**3. Accounts Receivable**

**Disaggregate Information**

Type of Receivable	Amount (Net of Allowance)		
	Governmental Activities	Business-Type Activities	Total
Customer Billings	\$ 666,478	\$ 3,587,975	\$ 4,254,453
Assessments	-	2,475,978	2,475,978
Deposits receivable	200,300	-	200,300
Miscellaneous	620,307	-	620,307
	<u>\$ 1,487,085</u>	<u>\$ 6,063,953</u>	<u>\$ 7,551,038</u>

The County's accounts receivable as of June 30, 2012 are presented net of allowance for doubtful accounts as follows:

	Allowance for Doubtful Accounts		
	General Fund	Water Fund	Wastewater Fund
Taxes Receivable	\$ 5,380,315	\$ -	\$ -
EMS Fees	548,109	-	-
Health Fees	422,770	-	-
User Charges	-	250,000	150,000
	<u>\$ 6,351,194</u>	<u>\$ 250,000</u>	<u>\$ 150,000</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
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Due from other governments owed to the County consists of the following:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Local option sales tax	\$ 3,135,589	\$ -	\$ 3,135,589
Sales tax refunds	414,360	936,580	1,350,940
NC Department of Transportation grant reimbursements	-	769,528	769,528
Due from federal government for grant assistance	1,318,834	-	1,318,834
Due from State of North Carolina for grant assistance	2,432,204	-	2,432,204
Emergency telephone system	50,613	-	50,613
Lower Cape Fear Water & Sewer Authority reimbursement	-	14,738	14,738
City of Southport capital project reimbursements	-	75,000	75,000
<b>Total</b>	<u>\$ 7,351,600</u>	<u>\$ 1,795,846</u>	<u>\$ 9,147,446</u>

**Property Tax – Use Value Assessment on Certain Lands**

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 2,827,811	\$ 926,108	\$ 3,753,919
2009	2,936,707	697,468	3,634,175
2010	3,038,571	448,189	3,486,760
2011	<u>3,502,224</u>	<u>201,378</u>	<u>3,703,602</u>
<b>Total</b>	<u>\$ 12,305,313</u>	<u>\$ 2,273,143</u>	<u>\$ 14,578,456</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
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**4. Capital Assets**

Governmental capital assets at June 30, 2012 are summarized as follows:

	<u>June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2012</u>
<b>Non-Depreciable Assets:</b>				
Land	\$ 10,863,120	\$ 144,772	\$ -	\$ 11,007,892
Construction in Progress	<u>2,113,691</u>	<u>937,030</u>	<u>463,587</u>	<u>2,587,134</u>
Total non-depreciable assets	<u>12,976,811</u>	<u>1,081,802</u>	<u>463,587</u>	<u>13,595,026</u>
<b>Depreciable Assets</b>				
Buildings and improvements	134,852,045	1,143,200	76,613	135,918,632
Equipment and vehicles	<u>27,298,708</u>	<u>2,254,776</u>	<u>471,136</u>	<u>29,082,348</u>
Total depreciable assets	<u>162,150,753</u>	<u>3,397,976</u>	<u>547,749</u>	<u>165,000,980</u>
<b>Less accumulated depreciation</b>				
Buildings and improvements	26,861,587	4,007,989	42,919	30,826,657
Equipment and vehicles	<u>21,202,544</u>	<u>2,311,833</u>	<u>506,582</u>	<u>23,007,795</u>
Total accumulated depreciation	<u>48,064,131</u>	<u>6,319,822</u>	<u>549,501</u>	<u>53,834,452</u>
Total depreciable assets, net	<u>114,086,622</u>	<u>(2,921,846)</u>	<u>(1,752)</u>	<u>111,166,528</u>
Total Capital Assets	<u>\$ 127,063,433</u>	<u>\$ (1,840,044)</u>	<u>\$ 461,835</u>	<u>\$ 124,761,554</u>

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

Function	Depreciation Expense
General government	\$ 770,743
Public safety	2,786,804
Central services	363,755
Human services	185,943
Environmental protection	212,372
Economic and physical development	109,993
Cultural and recreation	1,005,314
Education	<u>884,898</u>
Total	<u>\$ 6,319,822</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
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Enterprise fund capital assets at June 30, 2012 are summarized as follows:

<b>Water Fund</b>	<b>June 30, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2012</b>
<b>Non-Depreciable Assets:</b>				
Land	\$ 760,138	\$ -	\$ -	\$ 760,138
Construction in Progress	<u>10,423,084</u>	<u>3,252,716</u>	<u>2,300,191</u>	<u>11,375,609</u>
Total non-depreciable assets	<u>11,183,222</u>	<u>3,252,716</u>	<u>2,300,191</u>	<u>12,135,747</u>
<b>Depreciable Assets</b>				
Operating Plants, buildings and improvements	34,680,985	9,739	-	34,690,724
Distribution system	119,168,293	3,603,556	-	122,771,849
Equipment and vehicles	<u>8,125,657</u>	<u>1,820,399</u>	<u>-</u>	<u>9,946,056</u>
Total depreciable assets	<u>161,974,935</u>	<u>5,433,694</u>	<u>-</u>	<u>167,408,629</u>
<b>Less accumulated depreciation</b>				
Operating Plants, buildings and improvements	15,145,521	852,799	-	15,998,320
Distribution system	26,272,572	2,389,262	-	28,661,834
Equipment and vehicles	<u>3,771,666</u>	<u>610,519</u>	<u>-</u>	<u>4,382,185</u>
Total accumulated depreciation	<u>45,189,759</u>	<u>3,852,580</u>	<u>-</u>	<u>49,042,339</u>
Total depreciable assets, net	<u>116,785,176</u>	<u>1,581,114</u>	<u>-</u>	<u>118,366,290</u>
Total capital Assets	<u>\$ 127,968,398</u>	<u>\$ 4,833,830</u>	<u>\$ 2,300,191</u>	<u>\$ 130,502,037</u>
<b>Wastewater Fund</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 2,069,271	\$ 1,200	\$ -	\$ 2,070,471
Construction in Progress	<u>15,595,081</u>	<u>10,986,240</u>	<u>2,169,440</u>	<u>24,411,881</u>
Total non-depreciable assets	<u>17,664,352</u>	<u>10,987,440</u>	<u>2,169,440</u>	<u>26,482,352</u>
<b>Depreciable Assets</b>				
Operating Plants, buildings and improvements	136,931,382	13,282	-	136,944,664
Collection system	64,474,539	4,941,449	-	69,415,988
Equipment and vehicles	<u>1,666,505</u>	<u>158,210</u>	<u>13,001</u>	<u>1,811,714</u>
Total depreciable assets	<u>203,072,426</u>	<u>5,112,941</u>	<u>13,001</u>	<u>208,172,366</u>
<b>Less accumulated depreciation</b>				
Operating Plants, buildings and improvements	11,360,586	3,456,173	-	14,816,759
Collection system	3,964,824	1,347,793	-	5,312,617
Equipment and vehicles	<u>1,012,686</u>	<u>216,443</u>	<u>12,536</u>	<u>1,216,593</u>
Total accumulated depreciation	<u>16,338,096</u>	<u>5,020,409</u>	<u>12,536</u>	<u>21,345,969</u>
Total depreciable assets, net	<u>186,734,330</u>	<u>92,532</u>	<u>465</u>	<u>186,826,397</u>
Total capital Assets	<u>\$ 204,398,682</u>	<u>\$ 11,079,972</u>	<u>\$ 2,169,905</u>	<u>\$ 213,308,749</u>
Total Enterprise Fund Assets, Net	<u>\$ 332,367,080</u>			<u>\$ 343,810,786</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**5. Accounts Payable and Inter-fund Balances**

**Accounts Payable Disaggregate Information**

<u>Type of Payable</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Trade Payables	\$ 2,253,003	\$ 757,881	\$ 3,010,884
Construction Costs Payable	120,282	2,434,177	2,554,459
Accrued Fringe Benefits	344,232	56,093	400,325
Future claims for workers' compensation and employee health benefits	1,000,340	-	1,000,340
Other deposits held by County	<u>119,540</u>	<u>-</u>	<u>119,540</u>
Total	<u>\$ 3,837,397</u>	<u>\$ 3,248,151</u>	<u>\$ 7,085,548</u>

**Inter-fund Receivables / Payables**

Inter-fund Balances as of June 30, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>		
	<u>General</u>	<u>Non-Major Governmental</u>	<u>Total</u>
General	\$ -	\$ 769,811	\$ 769,811
Education capital projects	<u>470,926</u>	<u>-</u>	<u>470,926</u>
Total	<u>\$ 470,926</u>	<u>\$ 769,811</u>	<u>\$ 1,240,737</u>

\$757,192 represents amounts due to the Education Capital Project Fund from the General Fund for local option sales tax receivable at fiscal year end. \$769,811 represents amounts advanced by the General Fund to Special Revenue funds for grant project expenditures made in advance of grantor reimbursements.

**Inter-fund Transfers**

The County's General Fund transferred funds during fiscal year 2012 to fund County and education capital improvements.

<u>From:</u>	<u>To: General Fund</u>	<u>County Capital Project Fund</u>	<u>Education Capital Project Fund</u>	<u>Non Major Governmental Fund</u>	<u>Total Governmental Funds</u>
General	\$ -	\$ 334,960	\$ 1,960,049	\$ 36,586	\$ 2,331,595
County Capital Project	<u>160,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,000</u>
Totals	<u>\$ 160,000</u>	<u>\$ 334,960</u>	<u>\$ 1,960,049</u>	<u>\$ 36,586</u>	<u>\$ 2,491,595</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**6. Deferred/Unearned Revenues**

The balance in deferred/unearned revenues at June 30, 2012 is composed of the following elements:

	Governmental Funds		Proprietary
	Deferred Revenue	Unearned Revenue	Unearned Revenue
Prepaid Taxes, not yet earned	\$ 150,729	\$ 150,729	\$ -
Taxes Receivable	8,050,911	-	-
EMS Receivable	109,622	-	-
Grant Receivable	108,634	108,634	-
Health Department Receivable	118,368	-	-
Special Assessments	-	-	2,777,672
Prepaid Wastewater Capacity	-	-	1,426,821
Other	-	-	624,172
<b>Total</b>	<b><u>\$ 8,538,264</u></b>	<b><u>\$ 259,363</u></b>	<b><u>\$ 4,828,665</u></b>

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**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, 2012:

Original Issue		Payment Information		Outstanding Balance	
				Governmental	Business-Type
Date	Rate	Period	Amount	Activities	Activities
2003	3.50%	Annual	\$1,000,000	\$ 1,000,000	\$ -
2004	3.25%	Annual	\$800,000	1,600,000	-
2005	3.00% - 4.00%	Annual	\$95,000 - \$1,040,000	6,190,000	-
2005	3.75% - 4.50%	Annual	\$125,000 - \$400,000	2,625,000	-
2007	4.00% - 5.00%	Annual	\$100,000 - \$280,000	2,560,000	-
2007	4.00% - 5.00%	Annual	\$1,110,000 - \$2,260,000	20,310,000	-
2009	3.00% - 5.00%	Annual	\$60,000 - \$2,465,000	21,170,000	-
2012	3.00%	Annual	\$1,660,000 - \$2,750,000	14,785,000	-
2012	2.00% - 4.00%	Annual	\$30,000 - \$285,000	-	3,790,000
Total General Obligation Bonds				<u>70,240,000</u>	<u>3,790,000</u>
<b>Revenue Bonds</b>					
2004	3.00% - 5.375%	Annual	\$1,010,000 - \$1,055,000	-	2,065,000
2004	4.25%	Monthly	\$19,188 - \$50,143	-	5,729,141
2008	3.50% - 5.00%	Monthly	\$1,395,000 - \$3,630,000	-	46,895,000
2010	1.60% - 6.10%	Annual	\$465,000 - \$1,930,000	-	24,695,000
2012	2.00% - 5.00%	Annual	\$80,000 - \$2,050,000	-	23,145,000
Total Revenue Bonds				<u>-</u>	<u>102,529,141</u>
				<u>\$ 70,240,000</u>	<u>\$ 106,319,141</u>

The County issued General Obligation Bonds for which the County does not hold title to the capital assets. The bonds were issued for public school and community college construction and renovation projects. The amount of outstanding debt at June 30, 2012 for which the County held no collateral totaled \$67,680,000 and was comprised of the following issues: school series 2003 \$1,000,000, series 2004 \$1,600,000, series 2005B refunding \$6,190,000, Series 2009 (2001) school refunding \$21,170,000, community

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS  
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college series 2005 \$2,625,000, series 2007 \$20,310,000 and series 2012 school refunding of 2003 and 2004 \$14,785,000.

The County has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay \$39.7 million in water and wastewater system revenue bonds issued in 2004, \$52.8 million in wastewater system revenue bonds issued in 2008, \$14.75 million in wastewater Build America revenue bonds issued in 2009, \$25.81 million in water and wastewater system revenue bond issued in 2010, \$23.15 million in wastewater 2004A refunding revenue bonds in 2012 and \$9.68 million series 2012B wastewater revenue bonds in 2012. Proceeds from the bonds provided financing for the West Brunswick Regional Water Reclamation Plant Phases 1 and 2 and associated transmission lines, the Sea Trail Wastewater Treatment Plant, Northwest Water Plant expansion, Sunset Beach Wastewater Collection System and utility service lines. Annual principal and interest payments on the bonds are expected to require less than 10 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$180,053,202. Principal and interest paid for the current year and total operating revenues were \$12,536,689 and \$38,357,293, respectively.

The County issued combined system enterprise revenue bonds for water and wastewater system improvements pursuant to a General Trust Indenture dated as of May 1, 2004 and a series indenture, Number 3, dated as of January 1, 2008 between the County and First-Citizens Bank & Trust Company, as trustee. The indentures authorize and secure all outstanding revenue bonds of the County's water and wastewater system and contain several financial and operating covenants governing such matters as rates, additional bonds, reserve funds, annual budgets, maintenance of the system and insurance. The County was in compliance with all such covenants during the fiscal year ended June 30, 2012.

The County has covenanted that it will maintain various debt service coverage ratios. The calculation for the various debt service coverage ratios for the year ended June 30, 2012 is as follows:

Operating revenues and investment earnings	\$ 38,345,293
Operating expense excluding OPEB (net of depreciation)	<u>17,030,681</u>
Net revenue available for debt service	21,314,612
Add: 20% surplus account (expendable net assets)	<u>7,062,297</u>
Adjusted net revenues	<u>\$ 28,376,909</u>
Senior debt service	\$ 12,536,689
Subordinate debt service	<u>2,636,514</u>
Total debt service	15,173,203
Add: 20% senior debt service	<u>2,507,338</u>
Adjusted debt service	<u>\$ 17,680,541</u>
Coverage Test 1	
Adjusted net revenues/adjusted debt service	<u>1.60</u>
Coverage Test 2	
Net revenues/total debt service	<u>1.40</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**B. Limited Obligation Bonds**

The County participates in various lease purchase agreements through the Brunswick County Leasing Corporation to finance certain public improvements. Limited Obligation Bonds are issued in connection with these agreements. Since the corporation is considered a blended component unit of the County, the lease obligations are classified as certificates of participation in the County's long-term debt. The County's Limited Obligation Bonds consisted of the following at June 30, 2012:

Issued	Payment Information			Balance		Purpose and Collateral
	Period	Amount	Rate	Governmental Activities		
2004	Annual	\$390,000	3.125% - 3.25%	\$	780,000	Construct law enforcement center
2006	Annual	\$75,000 - \$1,005,000	3.00% - 4.25%		7,615,000	Refund portion of 2000 LOBS; County Courthouse
2012	Annual	\$1,680,000 - \$2,110,000	2.00% - 5.00%		<u>31,010,000</u>	Refund 2004 LOBS; Law Enforcement Center Refund 2008 IP Schools
				\$	<u>39,405,000</u>	

**C. Installment Purchases and State Revolving Fund Loans**

The County's Installment Purchase notes payable consisted of the following at June 30, 2012:

Issued	Payment Information			Outstanding Balance		Collateral
	Period	Amount	Rate	Governmental Activities	Business-Type Activities	
2009	Annual	\$1,152,000 - \$1,846,000	5.38%	\$ -	\$ 13,598,000	Wastewater System
2010	Annual	\$70,000 - \$75,000	5.18%	575,000	-	Library
2010	Annual	\$100,000	0.00%	-	1,900,000	Wastewater System
2012	Annual	\$875,988 - \$1,065,008	2.183%	-	<u>9,680,000</u>	Wastewater System
				<u>\$ 575,000</u>	<u>\$ 25,178,000</u>	

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**NOTES TO FINANCIAL STATEMENTS  
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The County's State Revolving Fund Loans payable consisted of the following at June 30, 2012:

Issued	Period	Payment Information		Outstanding Balance		Collateral
		Amount	Rate	Governmental Activities	Business-Type Activities	
1997	Annual	\$75,160	3.04%	\$ -	\$ 450,960	Wastewater System
1997	Annual	\$39,541	2.95%	-	39,541	Wastewater System
2003	Annual	\$375,000	2.55%	-	3,010,728	Wastewater System
2006	Annual	\$511,525 - \$790,275	2.21%	-	7,000,000	Wastewater System
2005	Annual	\$806,645 - \$1,220,552	2.21%	-	14,886,499	Wastewater System
				<u>\$ -</u>	<u>\$ 25,387,728</u>	
		Total Installment Purchase & SRF Loans		<u>\$ 575,000</u>	<u>\$ 50,565,728</u>	

**D. Changes in Long-Term Debt**

The following is a summary of changes in governmental long-term debt for the year ended June 30, 2012 for the County:

Governmental Activities	June 30, 2011	Additions	Retirements	June 30, 2012	Current Maturities
General obligation bonds	\$ 77,850,000	\$ 14,785,000	\$ 22,395,000	\$ 70,240,000	\$ 6,670,000
Limited obligation bonds	13,685,000	31,010,000	5,290,000	39,405,000	3,165,000
Installment purchases	31,065,834	-	30,490,834	575,000	75,000
Compensated absences	3,147,324	3,008,082	3,075,588	3,079,818	275,000
Pension benefit obligation	962,705	153,286	-	1,115,991	-
Other post-employment benefits	16,083,075	4,082,955	-	20,166,030	-
Landfill closure & post-closure	<u>6,154,121</u>	<u>160,807</u>	<u>-</u>	<u>6,314,928</u>	<u>213,689</u>
Total	<u>\$ 148,948,059</u>	<u>\$ 53,200,130</u>	<u>\$ 61,251,422</u>	<u>\$ 140,896,767</u>	<u>\$ 10,398,689</u>

Note: The general fund is typically used to liquidate the compensated absences and pension liabilities. The total of other debt not issued for capital is \$30,676,767 which is comprised of compensated absences of \$3,079,818, pension benefit obligation of \$1,115,991, other post-employment benefits of \$20,166,030 and landfill closure and post-closure of \$6,314,928.

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
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The following is a summary of changes in business-type long-term debt for the year ended June 30, 2012 for the County:

<b>Business-Type Activities</b>	<b>June 30, 2011</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2012</b>	<b>Current Maturities</b>
Revenue bonds	\$ 107,100,902	\$ 23,145,000	\$ 27,716,761	\$ 102,529,141	\$ 4,592,919
General obligation bonds	4,285,000	3,790,000	4,285,000	3,790,000	30,000
Installment purchases	16,750,000	9,680,000	1,252,000	25,178,000	2,189,988
State Revolving Fund Loans	27,175,517	-	1,787,789	25,387,728	1,807,622
Compensated absences	384,723	521,671	493,286	413,108	32,000
Other post-employment benefits	<u>2,159,072</u>	<u>578,594</u>	<u>-</u>	<u>2,737,666</u>	<u>-</u>
Total	<u>\$ 157,855,214</u>	<u>\$ 37,715,265</u>	<u>\$ 35,534,836</u>	<u>\$ 160,035,643</u>	<u>\$ 8,652,529</u>

The total of other debt not issued for capital is \$3,150,774 which is comprised of compensated absences of \$413,108 and other post-employment benefits of \$2,737,666.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

**E. Maturities of Long-Term Debt**

The annual requirements to retire all debt outstanding, other than compensated absences, pension benefit obligation, and landfill closure costs, at June 30, 2012, including interest, are as follows:

Governmental Activities	General Obligation Bonds		Limited Obligation Bonds		Installment Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 6,670,000	\$ 2,804,769	\$ 3,165,000	\$ 1,430,634	\$ 75,000	\$ 29,785
2014	5,940,000	2,547,911	3,120,000	1,346,200	75,000	25,900
2015	7,175,000	2,292,611	3,085,000	1,259,325	75,000	22,015
2016	7,690,000	1,989,298	3,050,000	1,157,024	70,000	18,130
2017	7,595,000	1,718,198	3,010,000	1,055,925	70,000	14,504
2018-2022	33,630,000	4,098,575	13,040,000	3,540,700	210,000	21,756
2023-2027	1,540,000	81,950	9,255,000	1,206,456	-	-
2028-2032	-	-	1,680,000	58,725	-	-
Totals	\$ 70,240,000	\$ 15,533,312	\$ 39,405,000	\$ 11,054,989	\$ 575,000	\$ 132,090

Business-Type Activities	General Obligation Bonds		Revenue Bonds		State Revolving Loans		Installment Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 30,000	\$ 129,919	\$ 4,592,919	\$ 4,711,032	\$ 1,807,622	\$ 574,224	\$ 2,189,988	\$ 944,648
2014	155,000	137,775	4,813,414	4,453,822	1,788,349	532,503	2,273,988	858,451
2015	160,000	134,675	4,970,030	4,277,818	1,809,065	491,502	2,363,988	770,103
2016	165,000	129,875	5,127,025	4,095,839	1,830,237	450,044	2,456,998	677,585
2017	170,000	125,900	5,320,762	3,886,589	1,851,876	408,119	2,551,998	580,702
2018-2022	930,000	542,350	29,432,199	16,039,053	9,300,405	1,408,337	12,441,040	1,282,868
2023-2027	1,115,000	356,650	27,797,792	9,304,781	7,000,174	380,617	500,000	-
2028-2032	1,065,000	111,800	20,475,000	2,362,770	-	-	400,000	-
Totals	\$ 3,790,000	\$ 1,668,944	\$ 102,529,141	\$ 49,131,704	\$ 25,387,728	\$ 4,245,346	\$ 25,178,000	\$ 5,114,357

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**F. Invested in Capital Assets, Net of Debt**

The total invested in capital assets, net of related debt at June 30, 2012 is composed of the following elements:

	Governmental	Business-type	Total
Total capital assets (net of depreciation)	\$ 124,761,554	\$ 343,810,786	\$ 468,572,340
Total debt, gross	140,896,767	160,035,643	300,932,410
Less:			
Education debt for which the County does not hold title	67,680,000	-	67,680,000
Other debt not issued for capital	30,676,767	3,150,774	33,827,541
Unexpended proceeds	1,653,976	20,296,095	21,950,071
Total capital debt	40,886,024	136,588,774	177,474,798
Invested in capital assets, net of related debt	\$ 83,875,530	\$ 207,222,012	\$ 291,097,542

**G. Other Debt Disclosures**

At June 30, 2012, the County had a legal debt margin of \$1.83 billion.

**Advanced Refundings:** On February 23, 2012, the County issued \$14,785,000 series 2012 general obligation advance refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of providing general resources for all future debt service payments of \$16,888,550 of general obligation bonds. As a result, the refunded bonds are considered to be defeased. The liabilities for the debt were removed from the governmental activities column of the Statement of Net Assets in the fiscal year ending June 30, 2012. The reacquisition price was lower than the net carrying amount of the old debt by \$915,000. The amount was netted against the net debt and amortized over the life of the refunded debt, which is shorter than the life of the new issue. The advance refunding was undertaken to reduce total debt service payments over the next eleven years by \$1,156,451 in a net economic gain of \$1,144,469.

On February 23, 2012, the County issued \$23,145,000 series 2012A advance refunding revenue bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of providing general resources for all future debt service payments of \$34,459,996 of the 2004A revenue bonds. As a result, the refunded bonds are considered to be defeased. The liabilities for the debt were removed from the business activities column of the Statement of Net Assets in the fiscal year ending June 30, 2012. The reacquisition price was lower than the net carrying amount of the old debt by \$1,000,040. The amount was netted against the net debt and amortized over the life of the refunded debt, which is shorter than the life of the new issue. The advance refunding was undertaken to reduce total debt service payments over the next sixteen years by \$3,381,224 in a net economic gain of \$2,804,565.

On April 2, 2012, the County issued \$31,010,000 series 2012 limited obligation advance refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of providing general resources for all future

COUNTY OF BRUNSWICK, NORTH CAROLINA

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debt service payments of \$40,643,389 of the BB&T installment placement and 2004 certificate of participation bonds. As a result, the refunded bonds are considered to be defeased. The liabilities for the debt were removed from the business activities column of the Statement of Net Assets in the fiscal year ending June 30, 2012. The reacquisition price was lower than the net carrying amount of the old debt by \$1,516,667. The amount was netted against the net debt and amortized over the life of the refunded debt, which is shorter than the life of the new issue. The advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$2,105,241 in a net economic gain of \$1,721,363.

**Current Bond Refunding:** On February 23, 2012, the County issued series 2012 general obligation refunding water bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The par amount of the bonds equaled \$3,790,000 plus a net premium of \$533,590 for total bonds proceeds of \$4,323,590. The par amount is \$495,000 less than the carrying value of the old debt. The true interest cost of the refunding bonds is approximately 2.47%. The net present value of the savings realized by the County is approximately \$1,464,000. Installments are due annually through February 1, 2031, with interest payments due on August 1 and February 1. The Series 2012 General Obligation Refunding Bonds extinguished the Series 2005 USDA General Obligation Water Bonds. The term of the debt was reduced fifteen years from 2046 to 2031.

**8. Conduit Debt Obligations**

Brunswick County Industrial Facility and Pollution Control Authority issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2012, there are no industrial revenue bonds outstanding.

**9. Pension Plan Obligations**

**A. Local Governmental Employees' Retirement System**

**Plan Description**

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS  
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**Funding Policy**

Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute an actuarially determined rate. For the County the current rate for non-Social Service Department employees not engaged in law enforcement, for Social Services Department employees and for law enforcement officers is 6.96%, 6.95% and 7.05%, respectively, of annual covered payroll. The County's contributions to LGERS for the years ended June 30, 2012, 2011 and 2010 were \$2,950,533, \$2,831,593 and \$2,093,366 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, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits terminated plan members entitled to but not yet receiving benefits	4
Active plan members	<u>141</u>
Total	<u>145</u>

**Summary of Significant Accounting Policies**

**Basis of Accounting**

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

**Method Used to Value Investments**

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

**Contributions**

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

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The annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include postretirement benefit increases.

The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

**Annual Pension Costs and Net Pension Obligation**

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

Annual required contribution	\$	209,294
Interest on net pension obligation		48,135
Adjustment to annual required contribution		<u>(57,430)</u>
Annual pension cost		199,999
Contributions made		<u>46,713</u>
Increase in net pension, obligation		153,286
Net pension obligation, beginning of year		<u>962,705</u>
Net pension obligation, end of year	\$	<u>1,115,991</u>

**Funded Status and Funding Progress**

Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
2010	\$ 167,508	25.73%	\$ 791,578
2011	211,585	19.12%	962,705
2012	199,999	23.36%	1,115,991

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,635,125. The covered payroll (annual payroll of active employees covered by the plan) was \$7,029,630, and the ratio of the UAAL to the covered payroll was 23.26%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS  
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**C. Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description**

The County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy**

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2012 were \$469,473 which consisted of \$346,848 from the County and \$122,625 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, 2012 were \$2,577,658 which consisted of \$1,765,664 from the County and \$811,994 from the employees.

**E. Registers of Deeds' Supplemental Pension Fund**

**Plan Description**

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

**Funding Policy**

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 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

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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, 2012, the County's required and actual contributions were \$16,471.

**F. Other Employment Benefits**

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

For the fiscal year ended June 30, 2012, the County's contributions to the State for death benefits were \$38,030. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.08% and 0.14% 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.

**G. Other Post-Employment Benefits – Health Care Benefits**

**Plan Description**

In addition to providing pension benefits, the County has elected that an employee who retires from Brunswick County through regular retirement with at least ten years of creditable service with the North Carolina Local Governmental Employees' Retirement System or the North Carolina Law Enforcement Officers' Retirement System or who through disability retirement has five years of creditable service may continue health insurance coverage until age 65 at no cost to the retiree. Retired employees meeting the criteria discussed herein will be provided health and dental insurance in the same manner as the active County employees. Once a retiree reaches their sixty-fifth birthday, the retiree will be provided coverage in the form of a Medicare supplement policy purchased by the County. The County pays the full cost of coverage for these benefits. Retirees can purchase coverage for their dependents at the County's group rates until the retiree reaches age sixty-five. Currently, 187 retirees are eligible for post-retirement health benefits. The plan is a single-employer defined benefit plan. A separate report is not issued for the plan.

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Membership of the plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	187	N/A
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>841</u>	<u>127</u>
Total	<u>1,028</u>	<u>127</u>

**Funding Policy**

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

The current Annual Required Contribution rate is 15.61% of annual covered payroll. For the current fiscal year, the County contributed \$1,147,919 or 2.63% of annual covered payroll for retiree health premiums. The County is self-insured for pre-65 retirees and fully insured through a private Medicare and prescription supplement insurer for those retirees age 65 and above. There were no contributions made by retired employees, except for pre-65 retirees electing dependent coverage in the amount of \$74,875. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

**Summary of Significant Accounting Policies**

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

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

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

Annual required contribution	\$ 5,859,894
Interest on net pension obligation	547,104
Adjustment to annual required contribution	<u>(522,655)</u>
Annual pension cost	5,884,343
Contributions made	<u>(1,222,794)</u>
Increase in net pension, obligation	4,661,549
Net pension obligation, beginning of year	<u>18,242,147</u>
Net pension obligation, end of year	<u>\$ 22,903,696</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 5,150,934	15.8%	\$ 4,336,198
2009	5,648,091	17.0%	9,026,407
2010	5,648,091	17.7%	13,677,608
2011	5,884,343	22.4%	18,242,147
2012	5,884,343	20.8%	22,903,696

**Fund Status and Funding Progress**

As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$62,955,399. The covered payroll (annual payroll of active employees covered by the plan) was \$43,062,825, and the ratio of the UAAL to the covered payroll was 146.2%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and health care trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

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

In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. The rate included a 3.0 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2010, was 30 years.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

**10. Landfill Closure and Post-closure Costs**

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

**Municipal Solid Waste Landfill**

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

**Construction and Demolition Debris Landfill**

The County operates a multi-phase construction and demolition debris landfill. The North Carolina Department of Environment and Natural Resources ("NCDENR") has issued permits for 6 separate phases with a permit that extended to March 28, 2014. The final phases of the landfill, Phases 6A, 6B, and 6C, were permitted for 588,000 CY. It is estimated that approximately 74% of Phase 6 has been used. The total permitted capacity of the C&D debris landfill is 1,146,000 cubic yards (CY). As of June 30, 2012, the volume utilized has not exceeded the permitted capacity.

The C&D debris tonnages continue to decline and the County continues to divert a portion of the C&D debris waste stream to Sandlands Landfill. It is anticipated that the life of the C&D debris landfill will extend to at least FY 2015-2016 based on a tonnage of 25,000 tons/year, a flat growth rate, and no diversion of C&D debris.

The County received a report from an engineering firm of comprehensive planning, management, and design services for its C&D debris services. The County purchased 259 acres adjacent to the existing C&D landfill at a cost of \$1,650,000 on June 3, 2010 for the expansion of the C&D landfill. Included in the County's five year capital improvement plan are \$450,000 in FY 2011-12 for expansion design fees and \$7,228,893 in FY 2014-15 for construction costs of expanding the C&D landfill. In addition, on July 16, 2007 the County entered into an agreement for temporary hauling and disposal of C&D debris outside the County and began a sorting and recycling program as means to extend the life of the existing landfill.

**Closure and Post-closure Care Cost**

The closure and post-closure care liability is computed based on the cumulative, estimated capacity of the landfill utilized as of June 30, 2012 which is 74%. It is estimated that closure of the C&D debris landfill will not occur until sometime around 2016. The MSW landfill was closed in 1997. At June 30, 2012, the post-closure care cost for the MSW landfill is expected to be approximately \$104,000 annually. The post-closure care cost for the C&D debris landfill is expected to be approximately \$110,000 annually after closure. At June 30, 2012, the combined closure and post-closure care costs for both landfills are expected to total \$6,314,928 based on an escalation factor of 2%. Of that amount, \$6,314,928 has been accrued at June 30, 2012 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.

The County has elected to establish a reserve fund to accumulate resources for the payment of closure and post-closure care costs. A reserve for landfill closure and post-closure care costs is

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

included in the County Capital Project Fund in the amount of \$3,707,671. The County expects to budget annual transfers from the General Fund to the County Capital Reserve Fund based on the projected cost of closure and post-closure care costs. Future inflation costs are expected to be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate, additional costs may be covered by future user charges or tax revenues. Additionally, the County incurred \$429,254 of costs related to its landfill expansion during 2012.

**11. Risk Management**

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

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

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

Worker's compensation insurance is self-funded by the County with retention of \$450,000 per occurrence for employees. Specific excess and aggregate coverage up to the statutory limits is brokered through Wells Fargo Insurance Services with Safety National Casualty Corporation. The County contracts with a third party administrator to adjudicate claims and manage cost containment of medical billing.

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

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

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

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

	<u>2011</u>	<u>2012</u>
Unpaid claims, beginning	\$ 108,206	\$ 193,350
Incurred claims	581,691	632,565
Claim payments	<u>(496,547)</u>	<u>(568,590)</u>
Unpaid claims, ending	\$ <u>193,350</u>	\$ <u>257,325</u>

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

	<u>2012</u>
Unpaid claims, beginning	\$ -
Incurred claims	9,278,105
Claim payments	<u>(8,573,882)</u>
Unpaid claims, ending	\$ <u>704,223</u>

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

The Director of Finance, Revenue Collector, Sheriff and Register of Deeds are each individually bonded for \$250,000, \$500,000, \$25,000 and \$10,000 respectively. In accordance with G.S. 159-29, the County'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.

**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

## COUNTY OF BRUNSWICK, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012, the amount of general obligation bonds issued for this purpose that was still outstanding was \$22,935,000. The County made total debt service payments related to the bonds of \$2,460,448 during the fiscal year. Of that total, \$1,395,000 was for principal and \$1,065,448 was for interest. In addition, the County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$3,538,906 to the Community College for operating purposes during the fiscal year ended June 30, 2012.

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, 2012. Complete financial statements for the Brunswick County Community College may be obtained from the Community College's administrative offices at U.S. Hwy. 17 N., Supply, North Carolina.

#### **CoastalCare**

The County participates with Onslow, Carteret, Pender, and New Hanover Counties in a joint venture to operate the CoastalCare ("Center"), which is located in New Hanover County. The Center's Board consists of twenty members who are appointed under N.C. general statute. The Coastalcare Board is a County political subdivision of the State of North Carolina. Brunswick County contributed \$689,127 for operating purposes during the year ended June 30, 2012. In addition, the County makes available to the Center operating facilities for which no rent is charged. The participating counties do not have any equity interest in the joint venture. Complete financial statements for CoastalCare may be obtained from the Center's administrative offices at Wilmington, North Carolina.

#### **14. Jointly Governed Organizations**

##### **Cape Fear Council of Governments**

The County, in conjunction with three other counties and forty-one municipalities, established the Cape Fear Council of Governments ("Council"). The participating governments established the Council to coordinate certain funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$25,327 to the Council during the fiscal year ended June 30, 2012.

##### **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, 2012 was \$1,106,870.

In addition, the Authority made payments to the County during the fiscal year totaling \$237,965 pursuant to a maintenance contract.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

**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, City of Northwest, and the County have entered into wastewater service agreements for a portion of the treatment capacity in the plant. The County is constructing an expansion of the plant of 825,000 gpd to bring capacity to 2.475 mgd due to increased needs of the participants and incurred \$0.7 million for design in fiscal year 2012 and included an additional \$9.6 million as an estimated capital cost in the Capital Improvement Plan budget for fiscal year 2012-13. The planned sources of funding are revenue bonds, other debt proceeds that may be available to the County, and grants. Each participant is charged capacity service fees based on their share of the capacity in the plant. The County's share of capacity and related debt service is funded by the retail revenue of the County's customers. The participant capacity service fees are combined with the County's retail revenue to service the debt associated with the plant. Participants are also charged treatment service fees based on the metered flow they send to the plant. The participant fees and the costs allocation to the County for their customer flow are combined so that the operating and maintenance costs of the plant are recovered by County retail revenues and participant service fees on a proportional and break-even basis. The agreement and policies and regulations provide for an oversight committee to make budget and operating recommendations to the County Commissioners.

**West Brunswick Regional Water Reclamation Facility**

The Facility, which began operations in March of 2006 is owned, operated and maintained by the County. The County completed construction of the expansion of the West Brunswick Regional Water Reclamation Facility Phase 2 in January 2010 which increased the plant capacity from 3 mgd to 6 mgd and provided a transmission line to serve the Town of Oak Island. The total cost of the expanded facilities for both phases was \$114.4 million. The sources of funding are revenue bonds, construction grants and loans funds, and grants. Each participant is charged capacity service fees based on their share of the capacity in the plant. The County's share of capacity and related debt service is funded by the retail revenue of the County's customers. The participant capacity service fees are combined with the County's retail revenue to service the debt associated with the plant. Participants are also charged treatment service fees based on the metered flow they send to the plant. The participant fees and the costs allocation to the County for their customer flow are combined so that the operating and maintenance costs of the plant are recovered by County retail revenues and participant service fees on a proportional and breakeven basis. The 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 constructing force mains to serve the southwest portion of the County at a cost of \$6.1 million. The Southwest Force Mains were funded by revenue bonds. The revenue bonds will be serviced by County retail 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.

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**15. Benefit Payments issued by the State**

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

	Federal	State
Temporary Assistance for Needy Families	\$ 611,568	\$ -
Links Transitional Fund	5,581	-
Medicaid	69,104,529	39,798,891
Housing Assistance Program	2,029,366	-
Special Supplemental Food Program for Women, Infants, and Children	1,899,203	-
Foster Care and Adoption Programs	980,714	287,968
State/County Special Assistance for Adults	-	462,606
CWS Adoption Subsidy & Vendor	-	254,553
State Foster Home	-	52,341
SFHF Maximization	-	34,860
Foster Care At Risk Maximization	-	1,741
Foster Care Special Provision	-	845

**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, 2012. The projects are accounted for in the Government Capital Projects fund and Enterprise Capital Project Funds and are mainly funded by debt proceeds.

Project	Balance of Contracts
Sunset Beach Wastewater	\$ 1,164,067
Northeast Brunswick Wastewater Treatment Plant	<u>7,979,092</u>
Total	<u>\$ 9,143,159</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

**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, 2012, the County believes that any required refunds would be immaterial and therefore no provision has been made in the accompanying financial statements for the refund of grant money received.

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## REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2012

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				
12/31/2011	\$ -	\$ 1,635,125	\$ 1,635,125		0.00%	\$ 7,029,630	23.26%
12/31/2010	-	1,495,262	1,495,262		0.00%	6,654,662	22.47%
12/31/2009	-	1,518,510	1,518,510		0.00%	6,481,914	23.43%
12/31/2008	-	1,159,480	1,159,480		0.00%	6,513,142	17.80%
12/31/2007	-	961,761	961,761		0.00%	5,030,787	19.12%
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%

Schedule of Employer Contributions

Year Ended June 30	Annual		Percentage of ARC Contributed
	Required Contribution (ARC)	Amount Contributed By Employer	
2012	\$ 209,294	\$ 46,713	22.32%
2011	214,384	40,458	18.87%
2010	161,165	43,098	26.74%
2009	129,250	46,283	35.81%
2008	100,185	37,308	37.24%
2007	99,949	30,673	30.69%
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%

Notes to the Required Schedules:

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

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

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**OTHER POST EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued	Unfunded AAL (UAAL) B - A	Funded Ratio A / B	Covered Payroll C	UAAL as a Percentage
		Liability (AAL) -Projected Unit Credit B				Covered Payroll (B - A) / C
12/31/2010		\$ 62,955,399	\$ 62,955,399	0.00%	\$ 43,062,825	146.2%
12/31/2008	-	51,697,990	51,697,990	0.00%	33,371,151	154.9%
12/31/2006	-	49,458,857	49,458,857	0.00%	24,093,567	205.3%

**Schedule of Employer Contributions**

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

**Notes to the Required Schedules:**

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

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	10.50%-5.00%
Post-Medicare trend rate	8.50%-5.00%
Year of ultimate trend rate	2018

\*Includes inflation at 3.00%

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## MAJOR GOVERNMENTAL FUNDS

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

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND  
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Current year taxes	\$ 100,251,561	\$ 101,517,545	\$ 1,265,984	\$ 96,734,004
Prior year taxes	2,500,000	3,240,025	740,025	2,876,562
Penalties and interest	626,758	702,548	75,790	736,199
	<u>103,378,319</u>	<u>105,460,118</u>	<u>2,081,799</u>	<u>100,346,765</u>
<b>Local Option Sales Taxes:</b>				
Article 39 and 44 (1%)	6,297,066	6,683,940	386,874	5,788,970
Article 40 (1/2%)	4,998,588	4,862,026	(136,562)	4,505,897
Article 42 (1/2%)	4,102,393	4,450,742	348,349	3,996,820
	<u>15,398,047</u>	<u>15,996,708</u>	<u>598,661</u>	<u>14,291,687</u>
<b>Other Taxes and Licenses:</b>				
Scrap tire disposal fee	167,625	167,625	-	136,701
Deed stamp excise tax	1,900,000	1,751,708	(148,292)	1,836,620
Solid waste tax	47,124	47,124	-	45,889
White goods disposal tax	49,998	49,998	-	33,973
	<u>2,164,747</u>	<u>2,016,455</u>	<u>(148,292)</u>	<u>2,053,183</u>
<b>Unrestricted Intergovernmental:</b>				
Medicaid hold harmless	937,273	1,077,537	140,264	878,018
Beer and wine tax	248,000	248,109	109	248,907
Court facility fees	152,000	143,957	(8,043)	153,143
Jail fees	290,000	188,852	(101,148)	256,473
	<u>1,627,273</u>	<u>1,658,455</u>	<u>31,182</u>	<u>1,536,541</u>
<b>Restricted Intergovernmental:</b>				
State and federal grant	16,893,735	17,739,631	845,896	17,627,230
ARRA federal grant	43,375	67,626	24,251	161,848
Payments in lieu of taxes	3,000	3,716	716	3,641
ABC education requirement	-	1,656	1,656	1,087
ABC law enforcement services	2,000	1,183	(817)	1,512
State drug tax	37,049	43,135	6,086	89,542
	<u>16,979,159</u>	<u>17,856,947</u>	<u>877,788</u>	<u>17,884,860</u>
<b>Permits and Fees:</b>				
Building permits	690,300	812,456	122,156	726,300
Register of deeds	1,005,700	1,030,615	24,915	1,051,828
Inspection fees	105,800	139,595	33,795	127,241
Concealed handgun permit	78,810	87,260	8,450	62,820
Other permit and fees	990,400	1,060,948	70,548	972,219
	<u>2,871,010</u>	<u>3,130,874</u>	<u>259,864</u>	<u>2,940,408</u>
<b>Sales and Services:</b>				
Solid waste fees	1,078,000	1,211,065	133,065	1,225,984
School resource officer reimbursement	853,240	751,300	(101,940)	767,975
Rents	5,945	86,145	80,200	5,334
EMS Charges	2,806,902	2,713,409	(93,493)	2,791,839
Food Services	434,500	444,294	9,794	463,741

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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Positive (Negative)	2011
Public health user fees	738,506	835,939	97,433	805,105
Social services fees	59,000	53,248	(5,752)	57,216
Public housing fees	48,260	47,955	(305)	15,230
Tax collection fees	180,602	218,521	37,919	190,595
Other sales and services	810,727	833,739	23,012	731,050
Recreation services	216,584	220,402	3,818	209,857
	<u>7,232,266</u>	<u>7,416,017</u>	<u>183,751</u>	<u>7,263,926</u>
<b>Investment earnings</b>	191,872	217,748	25,876	296,024
<b>Other:</b>				
Tax refunds - sales and gas tax	500	1,099	599	540
ABC bottles taxes	42,000	47,471	5,471	46,531
County Board of Alcohol Control	24,000	24,000	-	24,000
Contributions	36,259	44,696	8,437	56,472
Other revenues	1,390,422	1,289,888	(100,534)	1,330,646
	<u>1,493,181</u>	<u>1,407,154</u>	<u>(86,027)</u>	<u>1,458,189</u>
Total revenues	<u>151,335,874</u>	<u>155,160,476</u>	<u>3,824,602</u>	<u>148,071,583</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries	271,785	267,850	3,935	265,007
Fringe benefits	98,480	73,870	24,610	70,553
Operating costs	66,750	44,643	22,107	53,552
	<u>437,015</u>	<u>386,363</u>	<u>50,652</u>	<u>389,112</u>
<b>County Administration:</b>				
Salaries	701,128	679,718	21,410	624,624
Fringe benefits	218,507	204,104	14,403	192,373
Operating costs	55,730	35,237	20,493	30,615
	<u>975,365</u>	<u>919,059</u>	<u>56,306</u>	<u>847,612</u>
<b>Finance:</b>				
Salaries	650,286	626,671	23,615	623,789
Fringe benefits	222,707	213,094	9,613	204,637
Operating costs	354,642	305,152	49,490	274,708
	<u>1,227,635</u>	<u>1,144,917</u>	<u>82,718</u>	<u>1,103,134</u>
<b>Tax Administration:</b>				
Salaries	1,380,655	1,323,889	56,766	1,293,701
Fringe benefits	541,419	517,414	24,005	494,791
Operating costs	1,018,840	436,508	582,332	379,556
	<u>2,940,914</u>	<u>2,277,811</u>	<u>663,103</u>	<u>2,168,048</u>
<b>Revenue Collector:</b>				
Salaries	418,291	397,185	21,106	440,195
Fringe benefits	183,147	170,082	13,065	184,357
Operating costs	77,750	52,947	24,803	62,217
	<u>679,188</u>	<u>620,214</u>	<u>58,974</u>	<u>686,769</u>
<b>Geographic Information:</b>				
Salaries	373,210	372,689	521	389,287
Fringe benefits	136,450	134,264	2,186	136,808
Operating costs	65,670	46,074	19,596	50,363
	<u>575,330</u>	<u>553,027</u>	<u>22,303</u>	<u>576,458</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>County Attorney:</b>				
Salaries	303,948	294,942	9,006	234,871
Fringe benefits	101,678	96,043	5,635	64,154
Operating costs	294,215	283,404	10,811	172,016
	<u>699,841</u>	<u>674,389</u>	<u>25,452</u>	<u>471,041</u>
<b>Court Facilities:</b>				
Salaries	106,929	102,619	4,310	118,370
Fringe benefits	39,694	35,750	3,944	37,359
Operating costs	175,490	117,933	57,557	98,507
	<u>322,113</u>	<u>256,302</u>	<u>65,811</u>	<u>254,236</u>
<b>Board of Elections:</b>				
Salaries	376,308	340,143	36,165	331,255
Fringe benefits	99,611	89,506	10,105	85,391
Operating costs	149,371	123,338	26,033	63,915
	<u>625,290</u>	<u>552,987</u>	<u>72,303</u>	<u>480,561</u>
<b>Register of Deeds:</b>				
Salaries	689,133	684,620	4,513	671,656
Fringe benefits	315,093	311,389	3,704	308,778
Operating costs	1,317,309	1,217,144	100,165	1,254,359
	<u>2,321,535</u>	<u>2,213,153</u>	<u>108,382</u>	<u>2,234,793</u>
Total general government	<u>10,804,226</u>	<u>9,598,222</u>	<u>1,206,004</u>	<u>9,211,764</u>
<b>Central Services:</b>				
<b>Management Information Systems:</b>				
Salaries	595,059	572,010	23,049	580,799
Fringe benefits	207,207	197,139	10,068	194,352
Operating costs	327,208	297,609	29,599	307,588
Capital outlay	8,651	8,651	-	23,382
	<u>1,138,125</u>	<u>1,075,409</u>	<u>62,716</u>	<u>1,106,121</u>
<b>Service Center:</b>				
Salaries	588,168	585,498	2,670	569,714
Fringe benefits	232,572	229,052	3,520	215,841
Operating costs	757,603	214,783	542,820	235,700
Capital outlay	31,100	23,790	7,310	-
	<u>1,609,443</u>	<u>1,053,123</u>	<u>556,320</u>	<u>1,021,255</u>
<b>Engineering:</b>				
Salaries	308,106	269,580	38,526	218,247
Fringe benefits	105,843	91,637	14,206	73,505
Operating costs	33,090	23,904	9,186	25,992
	<u>447,039</u>	<u>385,121</u>	<u>61,918</u>	<u>317,744</u>
<b>Operation Services:</b>				
Salaries	2,031,882	1,956,694	75,188	1,896,243
Fringe benefits	858,618	814,274	44,344	765,711
Operating costs	3,279,736	3,192,016	87,720	2,694,299
Capital outlay	33,000	32,055	945	47,671
	<u>6,203,236</u>	<u>5,995,039</u>	<u>208,197</u>	<u>5,403,924</u>
<b>Non-departmental:</b>				
Fringe benefits	1,660,761	1,586,785	73,976	1,898,307
Operating costs	2,183,499	1,731,869	451,630	483,559
Capital outlay	9,466	9,465	1	-
	<u>3,853,726</u>	<u>3,328,119</u>	<u>525,607</u>	<u>2,381,866</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Food Services:</b>				
Salaries	305,147	304,496	651	298,176
Fringe benefits	154,998	154,317	681	139,017
Operating costs	197,801	76,259	121,542	29,034
	<u>657,946</u>	<u>535,072</u>	<u>122,874</u>	<u>466,227</u>
Total central services	<u>13,909,515</u>	<u>12,371,883</u>	<u>1,537,632</u>	<u>10,697,137</u>
<b>Public Safety:</b>				
<b>District Attorney:</b>				
Salaries	117,658	117,625	33	131,153
Fringe benefits	63	62	1	26,640
Operating costs	97,204	85,084	12,120	95,876
	<u>214,925</u>	<u>202,771</u>	<u>12,154</u>	<u>253,669</u>
<b>Sheriff:</b>				
Salaries	6,534,344	6,377,372	156,972	6,361,170
Fringe benefits	2,386,050	2,304,298	81,752	2,164,116
Operating costs	2,263,592	2,174,419	89,173	1,929,174
Capital outlay	549,459	523,268	26,191	429,083
	<u>11,733,445</u>	<u>11,379,357</u>	<u>354,088</u>	<u>10,883,543</u>
<b>Resource Center:</b>				
Salaries	92,521	92,519	2	91,725
Fringe benefits	36,324	36,047	277	33,994
Operating costs	161,652	104,725	56,927	119,109
	<u>290,497</u>	<u>233,291</u>	<u>57,206</u>	<u>244,828</u>
<b>Detention Center:</b>				
Salaries	3,648,241	3,584,007	64,234	3,377,831
Fringe benefits	1,490,903	1,440,533	50,370	1,339,499
Operating costs	2,113,557	2,044,725	68,832	1,752,605
	<u>7,252,701</u>	<u>7,069,265</u>	<u>183,436</u>	<u>6,469,935</u>
<b>Emergency Medical:</b>				
Salaries	3,872,756	3,838,062	34,694	3,767,664
Fringe benefits	1,340,058	1,308,379	31,679	1,273,282
Operating costs	1,021,020	980,591	40,429	968,431
Capital outlay	379,066	242,818	136,248	149,042
	<u>6,612,900</u>	<u>6,369,850</u>	<u>243,050</u>	<u>6,158,419</u>
<b>Emergency Management:</b>				
Salaries	378,239	375,429	2,810	384,489
Fringe benefits	128,426	125,915	2,511	120,917
Operating costs	338,970	250,594	88,376	164,837
Capital outlay	357,126	18,996	338,130	-
	<u>1,202,761</u>	<u>770,934</u>	<u>431,827</u>	<u>670,243</u>
<b>Other Agencies:</b>				
Fire districts	300,000	244,250	55,750	304,135
Rescue Squads	262,200	224,454	37,746	237,475
	<u>562,200</u>	<u>468,704</u>	<u>93,496</u>	<u>541,610</u>
<b>Public Inspections:</b>				
Salaries	553,098	544,473	8,625	542,392
Fringe benefits	208,019	202,434	5,585	193,782
Operating costs	69,670	59,893	9,777	50,310
	<u>830,787</u>	<u>806,800</u>	<u>23,987</u>	<u>786,484</u>
<b>Coroner:</b>				
Operating costs	100,000	92,589	7,411	53,185

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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Central Communications:</b>				
Salaries	1,302,870	1,281,536	21,334	1,228,749
Fringe benefits	547,448	508,672	38,776	465,016
Operating costs	853,843	374,582	479,261	451,916
Capital outlay	405,948	396,948	9,000	-
	<u>3,110,109</u>	<u>2,561,738</u>	<u>548,371</u>	<u>2,145,681</u>
<b>Animal Protective Services:</b>				
Salaries	428,200	412,683	15,517	447,484
Fringe benefits	183,021	171,209	11,812	181,311
Operating costs	197,296	176,408	20,888	229,334
	<u>808,517</u>	<u>760,300</u>	<u>48,217</u>	<u>858,129</u>
Total public safety	<u>32,718,842</u>	<u>30,715,599</u>	<u>2,003,243</u>	<u>29,065,726</u>
<b>Transportation:</b>				
Cape Fear Regional Jetport	66,000	66,000	-	66,000
Odell Williamson Municipal Airport	27,500	27,500	-	27,500
Cape Fear Transportation Authority	9,492	9,492	-	7,458
Brunswick Transit System	241,707	241,707	-	160,972
Total transportation	<u>344,699</u>	<u>344,699</u>	<u>-</u>	<u>261,930</u>
<b>Environmental Protection:</b>				
<b>Solid Waste:</b>				
Salaries	356,934	339,519	17,415	353,007
Fringe benefits	142,004	122,855	19,149	132,136
Operating costs	12,902,582	12,750,939	151,643	12,363,210
Capital outlay	63,750	63,559	191	-
	<u>13,465,270</u>	<u>13,276,872</u>	<u>188,398</u>	<u>12,848,353</u>
<b>Other:</b>				
Forestry services	212,185	212,185	-	200,114
Brunswick County Beach Consortium	30,000	30,000	-	30,000
Cape Fear River Corridor	9,000	-	9,000	9,000
	<u>251,185</u>	<u>242,185</u>	<u>9,000</u>	<u>239,114</u>
Total environmental protection	<u>13,716,455</u>	<u>13,519,057</u>	<u>197,398</u>	<u>13,087,467</u>
<b>Economic Development:</b>				
<b>Code Enforcement:</b>				
Salaries	164,375	137,587	26,788	160,507
Fringe benefits	68,375	54,635	13,740	63,466
Operating costs	28,775	17,177	11,598	16,278
	<u>261,525</u>	<u>209,399</u>	<u>52,126</u>	<u>240,251</u>
<b>Planning:</b>				
Salaries	632,157	582,817	49,340	647,115
Fringe benefits	233,172	220,898	12,274	228,987
Operating costs	111,259	81,362	29,897	120,101
	<u>976,588</u>	<u>885,077</u>	<u>91,511</u>	<u>996,203</u>
<b>Cooperative Extension:</b>				
Salaries	243,047	229,167	13,880	268,821
Fringe benefits	91,736	74,639	17,097	575
Operating costs	110,463	99,123	11,340	92,258
	<u>445,246</u>	<u>402,929</u>	<u>42,317</u>	<u>361,654</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Soil and Water Conservation:</b>				
Salaries	130,032	129,966	66	125,314
Fringe benefits	52,503	52,448	55	49,009
Operating costs	15,770	10,507	5,263	15,975
	<u>198,305</u>	<u>192,921</u>	<u>5,384</u>	<u>190,298</u>
<b>Public Housing Section 8:</b>				
Salaries	183,268	182,829	439	181,649
Fringe benefits	71,638	71,383	255	67,683
Operating costs	2,268,992	2,260,883	8,109	2,279,873
	<u>2,523,898</u>	<u>2,515,095</u>	<u>8,803</u>	<u>2,529,205</u>
<b>Community Development:</b>				
Operating costs	81,228	3,457	77,771	5,687
<b>Economic Development:</b>				
Salaries	190,444	188,496	1,948	185,827
Fringe benefits	64,501	62,718	1,783	60,280
Operating costs	135,500	135,500	-	128,500
Capital outlay				
	<u>390,445</u>	<u>386,714</u>	<u>3,731</u>	<u>374,607</u>
<b>Other Economic Development:</b>				
Lockwood Folly & Shallotte Dredging	112,500	-	112,500	-
Total economic development	<u>4,989,735</u>	<u>4,595,592</u>	<u>394,143</u>	<u>4,697,905</u>
<b>Human Services:</b>				
<b>Health:</b>				
<b>Administration:</b>				
Salaries	2,288,950	2,256,841	32,109	2,315,331
Fringe benefits	892,985	833,412	59,573	849,621
Operating costs	241,919	203,567	38,352	61,426
Capital outlay	45,164	23,181	21,983	6,991
	<u>3,469,018</u>	<u>3,317,001</u>	<u>152,017</u>	<u>3,233,369</u>
<b>Communicable Diseases:</b>				
Operating costs	267,383	245,314	22,069	252,433
<b>Adult Health Maintenance:</b>				
Salaries	-	-	-	53,444
Fringe benefits	-	-	-	16,416
Operating costs	108,616	80,699	27,917	98,003
	<u>108,616</u>	<u>80,699</u>	<u>27,917</u>	<u>167,863</u>
<b>Senior Health</b>				
Salaries	179,522	179,507	15	175,170
Fringe benefits	54,787	53,201	1,586	50,202
Operating costs	225,163	218,616	6,547	211,552
	<u>459,472</u>	<u>451,324</u>	<u>8,148</u>	<u>436,924</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Maternal and Child Health:</b>				
Salaries	370,506	370,495	11	357,740
Fringe benefits	166,625	165,872	753	150,753
Operating costs	718,488	619,130	99,358	700,002
Capital outlay	-	-	-	14,757
	<u>1,255,619</u>	<u>1,155,497</u>	<u>100,122</u>	<u>1,223,252</u>
<b>Environmental Health:</b>				
Salaries	860,359	753,389	106,970	892,774
Fringe benefits	309,511	264,446	45,065	320,063
Operating costs	254,717	230,872	23,845	211,839
Capital outlay	25,585	10,194	15,391	8,471
	<u>1,450,172</u>	<u>1,258,901</u>	<u>191,271</u>	<u>1,433,147</u>
Total health	<u>7,010,280</u>	<u>6,508,736</u>	<u>501,544</u>	<u>6,746,988</u>
<b>Veterans' Services:</b>				
Salaries	91,066	89,779	1,287	87,783
Fringe benefits	35,439	34,285	1,154	33,089
Operating costs	11,896	9,926	1,970	9,337
Total veterans' services	<u>138,401</u>	<u>133,990</u>	<u>4,411</u>	<u>130,209</u>
<b>Social Services:</b>				
<b>Administration:</b>				
Salaries	5,227,052	5,166,551	60,501	5,418,322
Fringe benefits	2,203,451	2,012,514	190,937	1,932,624
Operating costs	1,922,829	1,745,061	177,768	1,424,171
	<u>9,353,332</u>	<u>8,924,126</u>	<u>429,206</u>	<u>8,775,117</u>
<b>Community Alternative Program:</b>				
Salaries	298,766	232,274	66,492	293,628
Fringe benefits	157,358	124,542	32,816	155,629
Operating costs	68,381	32,449	35,932	56,062
	<u>524,505</u>	<u>389,265</u>	<u>135,240</u>	<u>505,319</u>
<b>Title III-In Home Care:</b>				
Salaries	219,926	188,398	31,528	197,629
Fringe benefits	123,733	112,617	11,116	115,502
Operating costs	4,700	415	4,285	13,223
	<u>348,359</u>	<u>301,430</u>	<u>46,929</u>	<u>326,354</u>
<b>Other Operating Costs:</b>				
Medical assistance	15,000	13,723	1,277	39,783
Aid to the blind	6,700	6,082	618	4,772
Adoption assistance	280,000	264,592	15,408	252,216
Special assistance to aged	262,500	239,238	23,262	224,679
Special assistance to disabled	262,500	260,370	2,130	227,194
Foster care	391,000	386,094	4,906	349,390
State foster home	252,000	250,927	1,073	101,990
Special assistance	3,500	-	3,500	361
Day care	4,520,834	4,517,892	2,942	4,432,060
Special child adoption assistance	118,698	37,852	80,846	57,252
	<u>6,112,732</u>	<u>5,976,770</u>	<u>135,962</u>	<u>5,689,697</u>
Total social services	<u>16,338,928</u>	<u>15,591,591</u>	<u>747,337</u>	<u>15,296,487</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Other Human Services:</b>				
Southeastern Mental Health Center	690,000	689,127	873	696,531
Other human services	2,207,524	2,205,513	2,011	2,206,996
Capital outlay	937,273	795,924	141,349	-
	<u>3,834,797</u>	<u>3,690,564</u>	<u>144,233</u>	<u>2,903,527</u>
Total human services	<u>27,322,406</u>	<u>25,924,881</u>	<u>1,397,525</u>	<u>25,077,211</u>
<b>Education:</b>				
Public schools	31,293,219	31,293,219	-	29,515,717
Public schools - capital outlay	656,501	656,501	-	-
Community college	3,538,906	3,538,906	-	3,435,831
Total education	<u>35,488,626</u>	<u>35,488,626</u>	<u>-</u>	<u>32,951,548</u>
<b>Culture and Recreation:</b>				
<b>Parks and Recreation:</b>				
Salaries	1,179,221	1,159,301	19,920	1,131,928
Fringe benefits	413,493	405,522	7,971	377,274
Operating costs	921,817	829,427	92,390	850,208
Capital outlay	35,000	31,080	3,920	64,648
	<u>2,549,531</u>	<u>2,425,330</u>	<u>124,201</u>	<u>2,424,058</u>
<b>Brunswick County Library:</b>				
Salaries	668,728	632,440	36,288	665,431
Fringe benefits	286,495	259,499	26,996	267,031
Operating costs	287,350	257,753	29,597	211,946
	<u>1,242,573</u>	<u>1,149,692</u>	<u>92,881</u>	<u>1,144,408</u>
<b>Other Culture and Recreation:</b>				
Contributions	250,000	250,000	-	292,330
Total culture and recreation	<u>4,042,104</u>	<u>3,825,022</u>	<u>217,082</u>	<u>3,860,796</u>
<b>Debt Service:</b>				
Principal retirement	9,949,167	9,949,167	-	10,099,775
Interest and fees	6,566,015	6,487,455	78,560	5,367,812
Total debt service	<u>16,515,182</u>	<u>16,436,622</u>	<u>78,560</u>	<u>15,467,587</u>
Total expenditures	<u>159,851,790</u>	<u>152,820,203</u>	<u>7,031,587</u>	<u>144,379,071</u>
<b>Revenues over (under) expenditures</b>	<u>(8,515,916)</u>	<u>2,340,273</u>	<u>10,856,189</u>	<u>3,692,512</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of long-term debt	45,827,135	45,827,136	1	-
Premiums on bonds	4,789,688	4,789,688	-	-
Discounts on bonds	(196,863)	(196,863)	-	-
Payment to escrow agent for refunded debt	(48,226,667)	(48,226,667)	-	-
	<u>2,193,293</u>	<u>2,193,294</u>	<u>1</u>	<u>-</u>
<b>Transfers From Other Funds:</b>				
Transfer from school capital project fund	-	-	-	1,246,492
Transfer from county capital project fund	3,310,000	160,000	(3,150,000)	1,228,139
	<u>3,310,000</u>	<u>160,000</u>	<u>(3,150,000)</u>	<u>2,474,631</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Transfers To Other Funds:</b>				
Transfer to county capital project fund	(334,960)	(334,960)	-	-
Transfer to grant project funds	(36,586)	(36,586)	-	(85,052)
Transfer to register of deeds technology fund	-	-	-	(96,225)
Transfer to emergency telephone system fund	-	-	-	(31,090)
Transfer to school capital project funds	(2,126,222)	(1,960,049)	166,173	(2,750,906)
	<u>(2,497,768)</u>	<u>(2,331,595)</u>	<u>166,173</u>	<u>(2,963,273)</u>
<b>Budgetary Financing Sources (Uses):</b>				
Contingency	(54,830)	-	54,830	-
Appropriated fund balance	5,565,221	-	(5,565,221)	-
	<u>5,510,391</u>	<u>-</u>	<u>(5,510,391)</u>	<u>-</u>
Total other financing sources (uses)	<u>8,515,916</u>	<u>21,699</u>	<u>(8,494,217)</u>	<u>(488,642)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>2,361,972</u>	<u>\$ 2,361,972</u>	<u>3,203,870</u>
<b>Fund balance, beginning of year</b>		<u>57,350,355</u>		<u>54,146,485</u>
<b>Fund balance, end of year</b>		<u>\$ 59,712,327</u>		<u>\$ 57,350,355</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, 2012

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
<b>Revenues:</b>				
Restricted intergovernmental	\$ 12,878,007	\$ 9,206,446	\$ 3,127,909	\$ 12,334,355
Investment earnings	84,422	84,234	42,938	127,172
Performance bonds	4,368,251	4,368,251	-	4,368,251
Other	259,716	204,562	-	204,562
Total revenues	<u>17,590,396</u>	<u>13,863,493</u>	<u>3,170,847</u>	<u>17,034,340</u>
<b>Expenditures:</b>				
<b>Capital Improvements:</b>				
<b>Environmental protection:</b>				
C&D Landfill expansion	<u>2,658,713</u>	<u>2,113,690</u>	<u>429,254</u>	<u>2,542,944</u>
<b>Economic Development:</b>				
Avalon	3,922,845	251,986	34,167	286,153
Goose Marsh	170,821	-	154,530	154,530
Springlake at Maritime Shores	274,585	-	-	-
	<u>4,368,251</u>	<u>251,986</u>	<u>188,697</u>	<u>440,683</u>
<b>Cultural and recreation:</b>				
Ocean Isle Beach Park	3,145,850	2,960,713	185,038	3,145,751
Cedar Grove Park	5,779,761	5,501,211	278,550	5,779,761
Leland Library	693,452	693,451	-	693,451
Town Creek Park Improvements	37,350	-	37,350	37,350
Brunswick River boat ramp	10,300	-	6,838	6,838
	<u>9,666,713</u>	<u>9,155,375</u>	<u>507,776</u>	<u>9,663,151</u>
<b>Transportation:</b>				
Airport Improvements	<u>15,056,758</u>	<u>10,469,249</u>	<u>3,391,889</u>	<u>13,861,138</u>
Total expenditures	<u>31,750,435</u>	<u>21,990,300</u>	<u>4,517,616</u>	<u>26,507,916</u>
<b>Revenues over (under) expenditures</b>	<b>(14,160,039)</b>	<b>(8,126,807)</b>	<b>(1,346,769)</b>	<b>(9,473,576)</b>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	8,620,593	-	-	-
Contingency for future capital projects	(4,626,194)	-	-	-
Transfer from general fund	12,418,812	12,083,853	334,960	12,418,813
Transfer to general fund	(4,538,139)	(1,228,139)	(160,000)	(1,388,139)
Debt financing issued	2,242,865	2,275,000	(32,136)	2,242,864
Premium on bonds issued	42,102	42,102	-	42,102
Total other financing sources (uses)	<u>14,160,039</u>	<u>13,172,816</u>	<u>142,824</u>	<u>13,315,640</u>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 5,046,009</b>	<b>(1,203,945)</b>	<b>\$ 3,842,064</b>
<b>Fund balance, beginning of year</b>			<u>13,685,464</u>	
<b>Fund balance, end of year</b>			<u>\$ 12,481,519</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, 2012

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
<b>Revenues:</b>				
NC Public Education Lottery	\$ 4,772,520	\$ 2,494,462	\$ 727,475	\$ 3,221,937
Investment earnings	1,199,342	1,254,977	31,075	1,286,052
Total revenues	<u>5,971,862</u>	<u>3,749,439</u>	<u>758,550</u>	<u>4,507,989</u>
<b>Expenditures:</b>				
Brunswick County Schools capital projects	34,035,413	19,179,114	3,016,252	22,195,366
Brunswick Community College	31,665,911	29,578,013	462,842	30,040,855
Total expenditures	<u>65,701,324</u>	<u>48,757,127</u>	<u>3,479,094</u>	<u>52,236,221</u>
<b>Revenues over (under) expenditures</b>	(59,729,462)	(45,007,688)	(2,720,544)	(47,728,232)
<b>Other Financing Sources (Uses):</b>				
Transfer from general fund	22,710,480	20,584,258	1,960,049	22,544,307
Premium on bonds issued	476,476	476,476	-	476,476
Debt financing issued	30,000,000	30,000,000	-	30,000,000
Appropriated fund balance	6,542,506	-	-	-
Total other financing sources (uses)	<u>59,729,462</u>	<u>51,060,735</u>	<u>1,960,049</u>	<u>53,020,783</u>
<b>Net change in fund balance</b>	\$ <u>-</u>	\$ <u>6,053,047</u>	(760,495)	\$ <u>5,292,551</u>
<b>Fund balance, beginning of year</b>			<u>12,605,461</u>	
<b>Fund balance, end of year</b>			<u>\$ 11,844,966</u>	

## NON MAJOR GOVERNMENTAL FUNDS

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

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

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

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

COMBINING BALANCE SHEET - NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
 JUNE 30, 2012

	<u>Special Revenue Funds</u>				
	<u>Occupancy Tax Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Grant Project</u>	<u>ROD- Technology Enhancement Fund</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents/investments	\$ 80,589	\$ 449,338	\$ -	\$ 688,690	\$ 1,218,617
Interest receivable	-	960	-	935	1,895
Receivables, net	212,866	-	-	-	212,866
Other governmental agencies	-	50,613	919,808	-	970,421
Total assets	<u>\$ 293,455</u>	<u>\$ 500,911</u>	<u>\$ 919,808</u>	<u>\$ 689,625</u>	<u>\$ 2,403,799</u>
<b>Liabilities and Fund Balance:</b>					
<b>Liabilities:</b>					
Accounts payable and other liabilities	\$ 293,455	\$ 152,085	\$ 11,131	\$ 3,032	\$ 459,703
Due to other funds	-	-	769,811	-	769,811
Deferred revenue	-	-	108,634	-	108,634
Total liabilities	<u>293,455</u>	<u>152,085</u>	<u>889,576</u>	<u>3,032</u>	<u>1,338,148</u>
<b>Fund Balance:</b>					
Stabilization by State Statute	212,866	51,573	919,808	935	1,185,182
Restricted - other	-	297,253	-	685,658	982,911
Assigned	-	-	-	-	-
Unassigned	(212,866)	-	(889,576)	-	(1,102,442)
Total fund balances	<u>-</u>	<u>348,826</u>	<u>30,232</u>	<u>686,593</u>	<u>1,065,651</u>
Total liabilities and fund balances	<u>\$ 293,455</u>	<u>\$ 500,911</u>	<u>\$ 919,808</u>	<u>\$ 689,625</u>	<u>\$ 2,403,799</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

Special Revenue Funds

	Occupancy Tax Fund	Emergency Telephone System Fund	Grant Project	ROD- Technology Enhancement Fund	Total
<b>Revenues:</b>					
Other taxes and licenses	\$ 1,147,265	\$ -	\$ -	\$ -	\$ 1,147,265
Restricted intergovernmental	-	607,350	1,086,912	-	1,694,262
Permits and fees	-	-	-	100,187	100,187
Investment earnings	-	1,931	-	2,218	4,149
Total revenues	<u>1,147,265</u>	<u>609,281</u>	<u>1,086,912</u>	<u>102,405</u>	<u>2,945,863</u>
<b>Expenditures:</b>					
General government	-	-	-	78,465	78,465
Public safety	-	1,036,560	499,772	-	1,536,332
Cultural and recreation	-	-	57,671	-	57,671
Economic and physical development	1,147,266	-	562,578	-	1,709,844
Total expenditures	<u>1,147,266</u>	<u>1,036,560</u>	<u>1,120,021</u>	<u>78,465</u>	<u>3,382,312</u>
<b>Revenues over (under) expenditures</b>	(1)	(427,279)	(33,109)	23,940	(436,449)
<b>Other Financing Sources:</b>					
Transfers from general fund	-	-	36,586	-	36,586
<b>Net change in fund balances</b>	(1)	(427,279)	3,477	23,940	(399,863)
<b>Fund balance, beginning of year</b>	<u>1</u>	<u>776,105</u>	<u>26,755</u>	<u>662,653</u>	<u>1,465,514</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ 348,826</u>	<u>\$ 30,232</u>	<u>\$ 686,593</u>	<u>\$ 1,065,651</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, 2012  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Revenues:</b>				
Other taxes and licenses	\$ 1,098,747	\$ 1,147,265	\$ 48,518	\$ 1,077,062
<b>Expenditures:</b>				
Economic and physical development	<u>1,098,747</u>	<u>1,147,266</u>	<u>(48,519)</u>	<u>1,077,061</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	(1)	<u>\$ (1)</u>	1
<b>Fund balance, beginning of year</b>		<u>1</u>		<u>-</u>
<b>Fund balance, end of year</b>		<u>\$ -</u>		<u>\$ 1</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, 2012  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 882,350	\$ 607,350	\$ (275,000)	\$ 930,750
Investment earnings	690	1,931	1,241	4,540
Total revenues	<u>883,040</u>	<u>609,281</u>	<u>(273,759)</u>	<u>935,290</u>
<b>Expenditures:</b>				
Telephone and furniture	980,092	614,967	365,125	302,184
Computer software	118,226	50,155	68,071	85,627
Computer hardware	245,000	233,563	11,437	181,557
Staff training	12,000	5,162	6,838	5,822
Implemental functions	66,905	66,905	-	65,813
S.L. 2010-158 expenditures	65,909	65,808	101	350,000
Total expenditures	<u>1,488,132</u>	<u>1,036,560</u>	<u>451,572</u>	<u>991,003</u>
<b>Revenues over (under) expenditures</b>	(605,092)	(427,279)	177,813	(55,713)
<b>Other Financing Sources (Uses):</b>				
Transfers from general fund	-	-	-	31,090
Appropriated fund balance	605,092	-	(605,092)	-
Total other financing sources (uses)	<u>605,092</u>	<u>-</u>	<u>(605,092)</u>	<u>31,090</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>(427,279)</u>	<u>\$ (427,279)</u>	<u>(24,623)</u>
<b>Fund balance, beginning of year</b>		<u>776,105</u>		<u>800,728</u>
<b>Fund balance, end of year</b>		<u>\$ 348,826</u>		<u>\$ 776,105</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, 2012

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
<b>Revenues:</b>				
Restricted intergovernmental - CDBG-Scattered Site 2009	\$ 400,000	\$ -	\$ 400,000	\$ 400,000
Restricted intergovernmental - CHAF	741,541	734,642	6,898	741,540
Restricted intergovernmental - Urgent Repair 2010	75,000	37,500	37,500	75,000
Restricted intergovernmental - Urgent Repair 2011	75,000	-	37,500	37,500
Restricted intergovernmental - USDA Housing Preservation 2010	90,000	34,740	55,260	90,000
Restricted intergovernmental - Single Family Rehab 2011	160,000	-	46,720	46,720
Restricted intergovernmental - Sheriff's	543,284	236,292	98,083	334,375
Restricted intergovernmental - ARRA Sheriff's	99,555	84,491	7,159	91,650
Restricted intergovernmental - Emergency Services Grants	1,887,960	1,306,043	345,963	1,652,006
Restricted intergovernmental - Culture and Recreation	75,000	-	51,829	51,829
Restricted intergovernmental - Economic and Physical Development	127,138	47,138	-	47,138
Restricted intergovernmental - Environmental Protection	11,658	11,658	-	11,658
Investment earnings	-	72	-	72
Total revenues	<u>4,286,136</u>	<u>2,492,576</u>	<u>1,086,912</u>	<u>3,579,488</u>
<b>Expenditures:</b>				
CDBG - Scattered Site 2009	400,000	9,032	390,968	400,000
CHAF	788,724	786,897	1,827	788,724
Urgent Repair - 2010	91,600	69,140	20,020	89,160
Urgent Repair - 2011	90,000	-	40,238	40,238
USDA Housing Preservation (HPG) 2010	135,000	71,596	63,405	135,001
Single Family Rehabilitation - 2011	160,000	600	46,120	46,720
ARRA Sheriff's Department	99,555	87,491	4,159	91,650
Sheriff's Department	543,284	236,292	98,083	334,375
Emergency Services - Public Safety	1,887,960	1,239,867	397,530	1,637,397
Culture and Recreation	95,000	3,665	57,671	61,336
General Economic and Physical Development	127,138	47,138	-	47,138
Environmental Protection	14,408	14,408	-	14,408
Total expenditures	<u>4,432,669</u>	<u>2,566,126</u>	<u>1,120,021</u>	<u>3,686,147</u>
<b>Revenues over (under) expenditures</b>	(146,533)	(73,550)	(33,109)	(106,659)
<b>Other Financing Sources (Uses):</b>				
Transfers from general fund	146,533	100,305	36,586	136,891
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>146,533</u>	<u>100,305</u>	<u>36,586</u>	<u>136,891</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 26,755</u>	3,477	<u>\$ 30,232</u>
<b>Fund balance, beginning of year</b>			<u>26,755</u>	
<b>Fund balance, end of year</b>			<u>\$ 30,232</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, 2012  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Revenues:</b>				
Permits and fees	\$ 113,000	\$ 100,187	\$ (12,813)	\$ 96,225
Investment earnings	3,000	2,218	(782)	3,345
Total revenues	<u>116,000</u>	<u>102,405</u>	<u>(13,595)</u>	<u>99,570</u>
<b>Expenditures:</b>				
General government	<u>160,379</u>	<u>78,465</u>	<u>81,914</u>	<u>90,399</u>
<b>Revenues over (under) expenditures</b>	(44,379)	23,940	68,319	9,171
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>44,379</u>	<u>-</u>	<u>(44,379)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>23,940</u>	<u>\$ 23,940</u>	<u>9,171</u>
<b>Fund balance, beginning of year</b>		<u>662,653</u>		<u>653,482</u>
<b>Fund balance, end of year</b>		<u>\$ 686,593</u>		<u>\$ 662,653</u>

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## ENTERPRISE FUNDS

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

### **MAJOR ENTERPRISE FUNDS:**

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

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

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

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

## COUNTY OF BRUNSWICK, NORTH CAROLINA

## COMBINING BALANCE SHEET - WATER FUND (NON-GAAP)

JUNE 30, 2012

	<u>Water Fund</u>	<u>Water Capital Projects</u>	<u>Total</u>
<b>Current Assets:</b>			
Cash, cash equivalents and investments	\$ 23,529,270	\$ 4,785,689	\$ 28,314,959
Restricted cash	1,373,001	406,051	1,779,052
Interest receivable	30,743	6,516	37,259
Receivables and special assessments, net	2,399,622	13,452	2,413,074
Due from other governmental agencies	302,675	258,581	561,256
Inventories	1,340,165	-	1,340,165
Total current assets	<u>28,975,476</u>	<u>5,470,289</u>	<u>34,445,765</u>
<b>Current Liabilities:</b>			
Accounts payable and other liabilities	587,780	129,337	717,117
Customer deposits	1,442,073	-	1,442,073
Current portion of debt	780,108	-	780,108
Total current liabilities	<u>2,809,961</u>	<u>129,337</u>	<u>2,939,298</u>
<b>Expendable net assets</b>	<b>26,165,515</b>	<b>5,340,952</b>	<b>31,506,467</b>
<b>Noncurrent Items:</b>			
Non-depreciable capital assets	12,135,747	-	12,135,747
Depreciable capital assets, net	118,366,290	-	118,366,290
Compensated absences	(276,777)	-	(276,777)
Other post-employment benefits	(1,926,820)	-	(1,926,820)
Deferred revenue	(297,860)	(13,452)	(311,312)
Non-current portion of debt	(18,248,366)	-	(18,248,366)
Total net assets	<u>\$ 135,917,729</u>	<u>\$ 5,327,500</u>	<u>\$ 141,245,229</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - WATER SYSTEM  
 OPERATING FUND (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2012  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Revenues:</b>				
User charges	\$ 18,662,130	\$ 19,245,328	\$ 583,198	\$ 18,444,629
ARRA interest subsidy	303,324	303,325	1	219,627
Investment earnings	65,000	74,185	9,185	104,950
Other	429,439	451,650	22,211	428,768
Total revenues	<u>19,459,893</u>	<u>20,074,488</u>	<u>614,595</u>	<u>19,197,974</u>
<b>Expenditures:</b>				
Salaries	3,889,287	3,753,990	135,297	3,734,175
Fringe benefits	1,629,869	1,543,793	86,076	1,479,986
Operating expenditures	6,687,940	6,289,454	398,486	6,306,613
Repairs and maintenance	930,162	840,611	89,551	645,493
Capital outlay	2,330,851	1,980,380	350,471	1,946,775
<b>Debt Service:</b>				
Principal	775,529	715,528	60,001	593,278
Interest	931,804	882,907	48,897	752,480
Total expenditures	<u>17,175,442</u>	<u>16,006,663</u>	<u>1,168,779</u>	<u>15,458,800</u>
<b>Revenues over (under) expenditures</b>	2,284,451	4,067,825	1,783,374	3,739,174
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	3,790,000	3,790,000	-	1,370,688
Premiums on debt issued	533,590	533,590	-	-
Retirement of long term debt	(4,285,000)	(4,285,000)	-	-
Transfer to water capital project fund	(2,668,183)	(2,668,183)	-	(700,000)
Transfer from water capital project fund	254,000	254,000	-	-
Appropriated net assets	91,142	-	(91,142)	-
Total other financing sources (uses)	<u>(2,284,451)</u>	<u>(2,375,593)</u>	<u>(91,142)</u>	<u>670,688</u>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>\$ -</u>	<u>1,692,232</u>	<u>\$ 1,692,232</u>	<u>\$ 4,409,862</u>
<b>Reconciliation From Budgetary Basis</b>				
<b>To Full Accrual Basis:</b>				
<b>Capital Project Related Items:</b>				
Revenues from water capital projects		41,735		
Transfer from water fund to water capital project fund		2,668,183		
Transfer to water fund from water capital project fund		(254,000)		
Capital project expenditures		(3,252,716)		
<b>Other Reconciling Items:</b>				
Proceeds from debt		495,000		
CIP additions from capital projects		3,252,716		
Capitalized capital outlay and CIP adjustment		1,997,861		
Change in vacation accrual		(16,543)		
Change in other post-employment benefits		(405,037)		
Change in inventory		1,038,207		
Retirement of long-term debt		715,528		
Contributed capital assets-Deeds of Dedication		1,135,642		
Depreciation		(3,852,580)		
Change in net assets - GAAP basis		<u>\$ 5,256,228</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, 2012

	Project Budget	Actual		
		Prior Year	Current Year	Total to Date
<b>Revenues:</b>				
Investment earnings	\$ 862	\$ 25,979	\$ 17,040	\$ 43,019
Assessments	-	6,998	19,045	26,043
Penalties and interest assessments	-	1,861	5,650	7,511
Total revenues	<u>862</u>	<u>34,838</u>	<u>41,735</u>	<u>76,573</u>
<b>Expenditures:</b>				
Utility operations center	5,438,210	5,428,630	8,974	5,437,604
Northwest water plant expansion	11,146,392	10,160,105	533,119	10,693,224
Ocean Forest, Sea Castle line extension	406,160	24,449	361,001	385,450
2010 Recovery Zone (Randolphville, Zion, Shingletree line extensions)	1,027,204	1,027,139	65	1,027,204
Roger Bacon, Calabash line extensions	694,514	42,334	652,181	694,515
Brunswick Community College water main	508,555	28,708	405,084	433,792
Ash, Little River, Etheridge Rd. water extension	1,211,189	89,915	1,121,273	1,211,188
Mulligan's Way, Cox Landing, Smith, Old Ferry lines	129,404	18,390	98,933	117,323
Stanley Road 2nd interconnect water extension	19,300	2,136	1,489	3,625
Old Shallotte Rd. water extension	596,295	57,047	5,997	63,044
Oak Island 2nd feed water line	80,000	-	64,600	64,600
Sunny Point water line	38,500	-	-	-
Total expenditures	<u>21,295,723</u>	<u>16,878,853</u>	<u>3,252,716</u>	<u>20,131,569</u>
<b>Revenues over (under) expenditures</b>	(21,294,861)	(16,844,015)	(3,210,981)	(20,054,996)
<b>Other Financing Sources (Uses):</b>				
Long term debt issued	12,172,734	12,172,734	-	12,172,734
Transfers from water fund	11,676,283	9,008,100	2,668,183	11,676,283
Transfers to water fund	(254,000)	-	(254,000)	(254,000)
Contingency for future projects	(4,083,653)	-	-	-
Appropriated fund balance	1,783,497	-	-	-
Total other financing sources (uses)	<u>21,294,861</u>	<u>21,180,834</u>	<u>2,414,183</u>	<u>23,595,017</u>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ 4,336,819</u>	<u>\$ (796,798)</u>	<u>\$ 3,540,021</u>

## COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - WASTEWATER FUND (NON-GAAP)  
JUNE 30, 2012

	<u>Wastewater Fund</u>	<u>Wastewater Capital Projects</u>	<u>Total</u>
<b>Current Assets:</b>			
Cash and cash equivalents/investments	\$ 231,795	\$ 7,000,164	\$ 7,231,959
Restricted cash	2,402,259	16,114,784	18,517,043
Interest receivable	1,562	8,474	10,036
Receivables and special assessments, net	3,475,072	175,807	3,650,879
Due from other governmental agencies	96,525	1,138,065	1,234,590
Inventories	263,913	-	263,913
Total current assets	<u>6,471,126</u>	<u>24,437,294</u>	<u>30,908,420</u>
<b>Current Liabilities:</b>			
Accounts payable and other liabilities	226,194	2,304,840	2,531,034
Current portion of debt	7,872,421	-	7,872,421
Total current liabilities	<u>8,098,615</u>	<u>2,304,840</u>	<u>10,403,455</u>
<b>Expendable net assets</b>	<b>(1,627,489)</b>	<b>22,132,454</b>	<b>20,504,965</b>
<b>Noncurrent Items:</b>			
Non-depreciable capital assets	26,482,352	-	26,482,352
Depreciable capital assets, net	186,826,397	-	186,826,397
Compensated absences	(104,331)	-	(104,331)
Other post-employment benefits	(810,846)	-	(810,846)
Deferred revenues	(4,341,546)	(175,807)	(4,517,353)
Non-current portion of debt	(130,015,974)	-	(130,015,974)
Total net assets	<u>\$ 76,408,563</u>	<u>\$ 21,956,647</u>	<u>\$ 98,365,210</u>

## COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND  
 ACTUAL - WASTEWATER FUND (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2012  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Revenues:</b>				
User charges	\$ 15,440,698	\$ 16,176,278	\$ 735,580	17,824,348
ARRA interest subsidy	298,206	298,206	-	52,142
Special assessments	1,667,807	402,215	(1,265,592)	1,339,444
Investment earnings	6,700	6,135	(565)	-
Restricted intergovernmental revenues	-	-	-	2,963
Other	32,939	71,096	38,157	107,602
Total revenues	<u>17,446,350</u>	<u>16,953,930</u>	<u>(492,420)</u>	<u>19,326,499</u>
<b>Expenditures:</b>				
Salaries	1,778,363	1,713,958	64,405	1,571,993
Fringe benefits	740,958	707,905	33,053	617,530
Operating expenditures	2,834,802	2,601,334	233,468	1,986,923
Repairs and maintenance	732,140	703,999	28,141	640,727
Capital outlay	763,102	616,719	146,383	415,644
<b>Debt Service:</b>				
Principal	5,856,026	5,856,022	4	4,464,702
Interest	7,718,748	7,718,746	2	4,706,856
Total expenditures	<u>20,424,139</u>	<u>19,918,683</u>	<u>505,456</u>	<u>14,404,375</u>
<b>Revenues over (under) expenditures</b>	<b>(2,977,789)</b>	<b>(2,964,753)</b>	<b>13,036</b>	<b>4,922,124</b>
<b>Other Financing Sources (Uses):</b>				
ARRA debt proceeds	-	-	-	1,062,425
Issuance of long-term debt	23,145,000	23,145,000	-	-
Premiums on bonds issued	3,813,041	3,813,041	-	-
Payments to escrow agent for refunded bonds	(24,185,000)	(24,185,000)	-	-
Transfer to wastewater capital project fund	(2,567,408)	(2,567,408)	-	(240,223)
Transfer from wastewater capital project fund	161,640	161,640	-	41,101
Appropriated net assets	2,610,516	-	(2,610,516)	-
Total other financing sources (uses)	<u>2,977,789</u>	<u>367,273</u>	<u>(2,610,516)</u>	<u>863,303</u>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>(2,597,480)</b>	<b>\$ (2,597,480)</b>	<b>\$ 5,785,427</b>
<b>Reconciliation From Budgetary Basis</b>				
<b>To Full Accrual Basis:</b>				
<b>Capital Project Activities:</b>				
Revenues from wastewater capital projects		2,013,903		
Proceeds from issuance of long-term debt		9,680,000		
Transfer from wastewater fund to wastewater capital projects		2,567,408		
Transfer from wastewater capital projects to wastewater fund		(161,640)		
Capital project expenditures		(10,986,240)		
<b>Other Reconciling Items:</b>				
CIP additions from capital projects		10,986,240		
Capitalized capital outlay and CIP adjustment		616,719		
Change in vacation accrual		(11,842)		
Change in other post-employment benefits		(173,557)		
Contributed assets-Deeds of Dedication		2,327,982		
Change in inventory		97,525		
Loss on disposal of capital assets		(465)		
Retirement of long-term debt		(2,783,978)		
Depreciation		(5,020,409)		
Change in net assets - GAAP basis		<u>\$ 6,554,166</u>		

## COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
WASTEWATER CAPITAL PROJECT FUNDS (NON-GAAP)  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
<b>Revenues:</b>				
Restricted intergovernmental revenue	\$ 2,372,934	\$ 2,372,934	\$ -	\$ 2,372,934
Capital contributions	12,488,604	11,749,841	738,763	12,488,604
Assessments	17,847	82,717	284,193	366,910
SAD interest and penalties	1,134,650	1,149,925	6,909	1,156,834
ARRA grant	2,000,000	1,230,472	769,528	2,000,000
ARRA interest subsidies	751,773	516,830	184,376	701,206
Investment earnings	2,134,219	2,151,236	30,134	2,181,370
Total revenues	<u>20,900,027</u>	<u>19,253,955</u>	<u>2,013,903</u>	<u>21,267,858</u>
<b>Expenditures:</b>				
West Brunswick Regional Water Reclamation Ph 1	60,454,329	60,453,579	750	60,454,329
West Brunswick Regional Water Reclamation Ph 2	53,994,574	53,982,041	12,532	53,994,573
Sunset Beach Wastewater Collection System	24,828,580	12,884,299	9,033,119	21,917,418
Calabash Wastewater Collection System	4,572,198	4,547,248	24,950	4,572,198
Northeast Brunswick Wastewater Treatment Plant Ph 2	10,347,850	684,293	817,239	1,501,532
Sea Aire Canal SAD	453,136	445,444	7,692	453,136
Highway 74/76 Industrial Park Line	873,352	873,256	95	873,351
Carolina Shore Wastewater Treatment Plant Upgrade	3,300,000	147,744	217,876	365,620
Boiling Springs Lake Transmission	694,306	46,882	223,616	270,498
Boiling Springs Lake Collection System SAD	422,495	136,659	72,238	208,897
Ocean Ridge Pump Station/Angel Trace Force Main	375,000	78,650	69,267	147,917
Bricklanding SAD	805,066	297,853	506,866	804,719
Total expenditures	<u>161,120,886</u>	<u>134,577,948</u>	<u>10,986,240</u>	<u>145,564,188</u>
<b>Revenues over (under) expenditures</b>	<b>(140,220,859)</b>	<b>(115,323,993)</b>	<b>(8,972,337)</b>	<b>(124,296,330)</b>
<b>Other Financing Sources (Uses):</b>				
Long term debt issued	133,238,684	123,558,684	9,680,000	133,238,684
Bond premium	2,634,429	2,634,429	-	2,634,429
ARRA debt proceeds	2,000,000	2,000,000	-	2,000,000
Gain on sale of real property	131,600	131,600	-	131,600
Transfer from wastewater fund	4,270,716	1,357,271	2,567,408	3,924,679
Transfer to wastewater fund	(202,741)	(41,101)	(161,640)	(202,741)
Contingency for future projects	(6,032,425)	-	-	-
Appropriated fund balance	4,180,596	-	-	-
Total other financing sources (uses)	<u>140,220,859</u>	<u>129,640,883</u>	<u>12,085,768</u>	<u>141,726,651</u>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ 14,316,890</b>	<b>\$ 3,113,431</b>	<b>\$ 17,430,321</b>

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## INTERNAL SERVICE FUNDS

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

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

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

## COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND  
 ACTUAL AND CHANGES IN NET ASSETS - WORKERS' COMPENSATION INTERNAL SERVICE FUND (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2012  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Revenues:</b>				
Charges for services	\$ 1,041,988	\$ 1,041,998	\$ 10	\$ 1,041,998
Investment earnings	-	5,757	5,757	6,297
Total revenues	<u>1,041,988</u>	<u>1,047,755</u>	<u>5,767</u>	<u>1,048,295</u>
<b>Expenditures:</b>				
Premiums	<u>1,041,988</u>	<u>568,590</u>	<u>473,398</u>	<u>496,547</u>
<b>Revenues over (under) expenditures</b>	<u>\$ -</u>	<u>479,165</u>	<u>\$ 479,165</u>	<u>551,748</u>
<b>Net assets, beginning of year</b>		<u>1,266,419</u>		<u>714,671</u>
<b>Net assets, end of year</b>		<u>\$ 1,745,584</u>		<u>\$ 1,266,419</u>

## COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND  
 ACTUAL AND CHANGES IN NET ASSETS - HEALTH INTERNAL SERVICE FUND (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2012  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Financial Plan</u>	<u>Actual Year To Date</u>	<u>Variance Positive (Negative)</u>	<u>2011</u>
<b>Revenues:</b>				
Charges for services	\$ 10,636,200	\$ 10,324,060	\$ (312,140)	\$ -
Federal revenue-restricted	-	-	-	114,026
Investment earnings	-	3,869	3,869	82
Total revenues	<u>10,636,200</u>	<u>10,327,929</u>	<u>(308,271)</u>	<u>114,108</u>
<b>Expenditures:</b>				
Premiums	9,667,748	8,573,882	1,093,866	-
Administration fees	968,452	832,258	136,194	-
Total expenditures	<u>10,636,200</u>	<u>9,406,140</u>	<u>1,230,060</u>	<u>-</u>
<b>Revenues and other financing sources over</b>				
<b>Revenues over (under) expenditures</b>	<u>\$ -</u>	921,789	<u>\$ 921,789</u>	114,108
Net assets, beginning of year		<u>114,108</u>		<u>-</u>
Net assets, end of year		<u>\$ 1,035,897</u>		<u>\$ 114,108</u>

## COUNTY OF BRUNSWICK, NORTH CAROLINA

## COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS

JUNE 30, 2012

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
<b>Current Assets:</b>			
Cash, cash equivalents and investments	\$ 2,039,365	\$ 1,538,562	\$ 3,577,927
Deposit receivable	-	200,300	200,300
Interest receivable	2,334	1,260	3,594
Total current assets	<u>2,041,699</u>	<u>1,740,122</u>	<u>3,781,821</u>
<b>Current Liabilities:</b>			
Accounts payable and other liabilities	296,115	704,225	1,000,340
Total current liabilities	<u>296,115</u>	<u>704,225</u>	<u>1,000,340</u>
<b>Net Assets:</b>			
Unrestricted	1,745,584	1,035,897	2,781,481
Total net assets	<u>\$ 1,745,584</u>	<u>\$ 1,035,897</u>	<u>\$ 2,781,481</u>

## COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
<b>Operating Revenues:</b>			
User charges	1,041,998	10,324,060	11,366,058
Total operating revenues	<u>1,041,998</u>	<u>10,324,060</u>	<u>11,366,058</u>
<b>Operating Expenses:</b>			
Premiums	568,590	8,573,882	9,142,472
Administration fees	-	832,258	832,258
Total operating expenses	<u>568,590</u>	<u>9,406,140</u>	<u>9,974,730</u>
Operating income (loss)	<u>473,408</u>	<u>917,920</u>	<u>1,391,328</u>
<b>Non-operating Revenues:</b>			
Investment earnings	5,757	3,869	9,626
Total non-operating revenues	<u>5,757</u>	<u>3,869</u>	<u>9,626</u>
<b>Increase (decrease) in net assets</b>	479,165	921,789	1,400,954
<b>Net assets, beginning of year</b>	<u>1,266,419</u>	<u>114,108</u>	<u>1,380,527</u>
<b>Net assets, end of year</b>	<u>\$ 1,745,584</u>	<u>\$ 1,035,897</u>	<u>\$ 2,781,481</u>

## COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Receipts from chargers to users	\$ 1,041,998	\$ 10,324,060	\$ 11,366,058
Premiums	<u>(465,825)</u>	<u>(8,902,217)</u>	<u>(9,368,042)</u>
Net cash provided by (used in) operating activities	<u>576,173</u>	<u>1,421,843</u>	<u>1,998,016</u>
<b>Cash Flows From Investing Activities:</b>			
Interest on investments	<u>4,335</u>	<u>2,639</u>	<u>6,974</u>
Net increase (decrease) in cash and cash equivalents	580,508	1,424,482	2,004,990
Cash and cash equivalents, beginning of year	<u>1,458,857</u>	<u>114,080</u>	<u>1,572,937</u>
Cash and cash equivalents, end of year	<u>\$ 2,039,365</u>	<u>\$ 1,538,562</u>	<u>\$ 3,577,927</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 473,408	\$ 917,920	\$ 1,391,328
<b>Changes in Assets and Liabilities:</b>			
Increase (decrease) in accounts payable/accrued expenses	<u>102,765</u>	<u>503,923</u>	<u>606,688</u>
Net cash provided by (used in) operating activities	<u>\$ 576,173</u>	<u>\$ 1,421,843</u>	<u>\$ 1,998,016</u>

## AGENCY FUNDS

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

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

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

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

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

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

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

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

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 2012</u>
<b>SOCIAL SERVICES FUND</b>				
<b>Assets:</b>				
Cash, cash equivalents and investments	\$ 56,820	\$ 116,558	\$ 128,100	\$ 45,278
Interest receivable	35	71	41	65
Total assets	<u>\$ 56,855</u>	<u>\$ 116,629</u>	<u>\$ 128,141</u>	<u>\$ 45,343</u>
<b>Liabilities:</b>				
Other	<u>\$ 56,855</u>	<u>\$ 230,691</u>	<u>\$ 242,203</u>	<u>\$ 45,343</u>
<b>SMITHVILLE TOWNSHIP FUND</b>				
<b>Assets:</b>				
Cash, cash equivalents and investments	\$ 1,093,957	\$ 2,676,770	\$ 2,666,477	\$ 1,104,250
Interest receivable	1,359	2,598	1,406	2,551
Taxes receivable,net	44,880	2,829,057	2,873,937	-
Total assets	<u>\$ 1,140,196</u>	<u>\$ 5,508,425</u>	<u>\$ 5,541,820</u>	<u>\$ 1,106,801</u>
<b>Liabilities:</b>				
Due to other governmental agencies	1,140,196	5,156,799	5,190,194	1,106,801
Total liabilities	<u>\$ 1,140,196</u>	<u>\$ 5,156,799</u>	<u>\$ 5,190,194</u>	<u>\$ 1,106,801</u>
<b>INTERGOVERNMENTAL COLLECTIONS FUND</b>				
<b>Assets:</b>				
Cash, cash equivalents and investments	\$ 373,952	\$ 29,557,231	\$ 29,018,822	\$ 912,361
Taxes receivable,net	29,309	32,086	29,209	32,186
Total assets	<u>\$ 403,261</u>	<u>\$ 29,589,317</u>	<u>\$ 29,048,031</u>	<u>\$ 944,547</u>
<b>Liabilities:</b>				
Due to other governmental agencies	<u>\$ 403,261</u>	<u>\$ 29,589,317</u>	<u>\$ 29,048,031</u>	<u>\$ 944,547</u>
<b>SHERIFF DEPARTMENT TRUST FUND</b>				
<b>Assets:</b>				
Cash, cash equivalents and investments	<u>\$ 6,701</u>	<u>\$ 228,856</u>	<u>\$ 231,852</u>	<u>\$ 3,705</u>
<b>Liabilities:</b>				
Other	<u>\$ 6,701</u>	<u>\$ 228,856</u>	<u>\$ 231,852</u>	<u>\$ 3,705</u>
<b>BRUNSWICK HOSPITAL AUTHORITY</b>				
<b>Assets:</b>				
Cash, cash equivalents and investments	\$ 650,036	\$ 30,881	\$ 216,509	\$ 464,408
Interest Receivable	444	949	540	853
Total assets	<u>\$ 650,480</u>	<u>\$ 31,830</u>	<u>\$ 217,049</u>	<u>\$ 465,261</u>
<b>Liabilities:</b>				
Other	<u>\$ 650,480</u>	<u>\$ 31,830</u>	<u>\$ 217,049</u>	<u>\$ 465,261</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 2012</u>
<b>INLET COMMITTEE SAVE OUR SANDS</b>				
<b>Assets:</b>				
Cash, cash equivalents and investments	\$ 1,451	\$ -	\$ 281	\$ 1,170
<b>Liabilities:</b>				
Other	\$ 1,451	\$ -	\$ 281	\$ 1,170
<b>INMATE TRUST FUND</b>				
<b>Assets:</b>				
Cash, cash equivalents and investments	\$ 30,697	\$ 331,597	\$ 316,004	\$ 46,290
<b>Liabilities:</b>				
Other	\$ 30,697	\$ 331,597	\$ 316,004	\$ 46,290
<b>3% INTEREST PAYABLE TO STATE</b>				
<b>Assets:</b>				
Cash, cash equivalents and investments	\$ 1,430	\$ 27,990	\$ 27,153	\$ 2,267
<b>Liabilities:</b>				
Other	\$ 1,430	\$ 27,990	\$ 27,153	\$ 2,267
<b>COMBINING TOTALS</b>				
<b>Assets:</b>				
Cash, cash equivalents and investments	\$ 2,215,044	\$ 32,969,883	\$ 32,605,198	\$ 2,579,729
Interest receivable	1,838	3,618	1,987	3,469
Taxes receivable, net	74,189	2,861,143	2,903,146	32,186
Total assets	<u>\$ 2,291,071</u>	<u>\$ 35,834,644</u>	<u>\$ 35,510,331</u>	<u>\$ 2,615,384</u>
<b>Liabilities:</b>				
Due to other governmental agencies	\$ 1,543,457	\$ 34,746,116	\$ 34,238,225	\$ 2,051,348
Other	747,614	850,964	1,034,542	564,036
Total liabilities	<u>\$ 2,291,071</u>	<u>\$ 35,597,080</u>	<u>\$ 35,272,767</u>	<u>\$ 2,615,384</u>

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## SUPPLEMENTAL FINANCIAL DATA

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This section includes additional information on property taxes.

**Schedule of Ad Valorem Taxes Receivable - General Fund**

**Analysis of Current Tax Levy - County-Wide Levy**

## COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND  
JUNE 30, 2012

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2011</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2012</u>
2011-12	\$ -	\$ 107,167,357	\$ 101,521,400	\$ 5,645,957
2010-11	5,761,064	-	2,292,678	3,468,386
2009-10	2,702,816	-	675,706	2,027,110
2008-09	1,223,160	-	187,177	1,035,983
2007-08	368,067	-	56,377	311,690
2006-07	262,497	-	19,026	243,471
2005-06	222,093	-	10,992	211,101
2004-05	174,694	-	7,352	167,342
2003-04	150,081	-	6,191	143,890
2002-03	179,901	-	3,605	176,296
2001-02	198,286	-	198,286	-
	<u>\$ 11,242,659</u>	<u>\$ 107,167,357</u>	<u>\$ 104,978,790</u>	13,431,226
Less: Allowance for uncollected taxes receivable General Fund				<u>5,380,315</u>
Ad valorem taxes receivable (net)				<u>\$ 8,050,911</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				\$ 105,460,118
<b>Reconciling Items:</b>				
Interest collected and penalties				(702,548)
Releases on prior year tax				220,512
Reimbursement of prior year's taxes collected				3,854
Collection of taxes previously written off				<u>(3,146)</u>
Total collections and credits				<u>\$ 104,978,790</u>

## COUNTY OF BRUNSWICK, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2012

	County-Wide		Property Excluding Registered Vehicles	Registered Motor Vehicles
	Property Valuation	Rate		
Original levy:				
Property taxed at current year's rate	\$ 23,958,278,853	\$ 0.4425	\$ 106,015,384	\$ 103,308,659
Motor vehicles taxed at prior year's rate	321,303,657	\$ 0.3050	979,976	-
Penalties	-		22,663	22,663
Total	<u>24,279,582,510</u>		<u>107,018,023</u>	<u>103,331,322</u>
Discoveries:				
Current and prior years' taxes	248,995,126		873,574	873,574
Penalties	-		12,666	12,666
Total	<u>248,995,126</u>		<u>886,240</u>	<u>886,240</u>
Abatements	<u>(166,532,520)</u>		<u>(736,906)</u>	<u>(707,798)</u>
Total property valuation	<u>\$ 24,362,045,116</u>			
Net levy			107,167,357	103,509,764
Less uncollected taxes at June 30, 2012			<u>5,645,957</u>	<u>5,129,450</u>
Current year's taxes collected			<u>\$ 101,521,400</u>	<u>\$ 98,380,314</u>
Current levy collection percentage			<u>94.73%</u>	<u>95.04%</u>
Prior year levy collection percentage			<u>94.38%</u>	<u>86.62%</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, 2012

	<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>
<b>Assets:</b>						
<b>Current Assets:</b>						
Cash, cash equivalents and investments	\$ 189,319	\$ 135,582	\$ 508,877	\$ 119,569	\$ -	\$ 953,347
Restricted cash and investments	-	4,550	-	-	-	4,550
Receivables, net	-	18,192	-	-	-	18,192
Due from primary government	-	-	295,074	-	-	295,074
Due from other governments	-	1,351	-	-	465,262	466,613
Inventory	161,430	60,667	-	-	-	222,097
Prepaid items	12,164	-	8,181	-	-	20,345
Total current assets	<u>362,913</u>	<u>220,342</u>	<u>812,132</u>	<u>119,569</u>	<u>465,262</u>	<u>1,980,218</u>
Capital assets, net	1,417,328	19,890,880	4,053	13,607	-	21,325,868
Total assets	<u>\$ 1,780,241</u>	<u>\$ 20,111,222</u>	<u>\$ 816,185</u>	<u>\$ 133,176</u>	<u>\$ 465,262</u>	<u>\$ 23,306,086</u>
<b>Liabilities and Net Assets:</b>						
<b>Liabilities:</b>						
<b>Current Liabilities:</b>						
Debt obligation - current portion	\$ 41,200	\$ -	\$ 300	\$ -	\$ -	\$ 41,500
Accounts payable and accrued expenses	145,496	19,819	17,479	538	-	183,332
Due to other governments	82,536	56,615	-	-	-	139,151
Total current liabilities	<u>269,232</u>	<u>76,434</u>	<u>17,779</u>	<u>538</u>	<u>-</u>	<u>363,983</u>
<b>Noncurrent Liabilities:</b>						
Debt obligation - long-term portion	408,400	-	7,343	-	-	415,743
Total noncurrent liabilities	<u>408,400</u>	<u>-</u>	<u>7,343</u>	<u>-</u>	<u>-</u>	<u>415,743</u>
Total liabilities	<u>677,632</u>	<u>76,434</u>	<u>25,122</u>	<u>538</u>	<u>-</u>	<u>779,726</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	967,728	19,890,880	4,053	13,607	-	20,876,268
<b>Restricted:</b>						
Stablization by State Statute	64,928	-	295,074	-	-	360,002
For Tourism Promotion	-	-	491,936	-	-	491,936
Unrestricted	69,953	143,908	-	119,031	465,262	798,154
Total net assets	<u>\$ 1,102,609</u>	<u>\$ 20,034,788</u>	<u>\$ 791,063</u>	<u>\$ 132,638</u>	<u>\$ 465,262</u>	<u>\$ 22,526,360</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, 2012

	<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>
<b>Revenues</b>						
Sales and services	\$ 1,754,655	\$ 821,113	\$ 20,300	\$ 1,696	\$ -	\$ 2,597,764
Room occupancy taxes	-	-	1,112,853	-	-	1,112,853
Unrestricted intergovernmental	-	73,500	-	-	-	73,500
Operating grants	-	-	-	2,500	-	2,500
Capital grants	-	-	-	162,920	-	162,920
Other revenue	204	28,850	7,355	-	29,285	65,694
Investment earnings	114	102	829	3	2,545	3,593
Total revenues	<u>1,754,973</u>	<u>923,565</u>	<u>1,141,337</u>	<u>167,119</u>	<u>31,830</u>	<u>4,018,824</u>
<b>Expenses</b>						
Operating expenses	<u>1,679,615</u>	<u>1,155,051</u>	<u>1,034,414</u>	<u>191,353</u>	<u>217,048</u>	<u>4,277,481</u>
Capital contributions	<u>-</u>	<u>1,331,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,331,532</u>
<b>Change in net assets</b>	75,358	1,100,046	106,923	(24,234)	(185,218)	1,072,875
<b>Net assets, beginning of year</b>	<u>1,027,251</u>	<u>18,934,742</u>	<u>684,140</u>	<u>156,872</u>	<u>650,480</u>	<u>21,453,485</u>
<b>Net assets, end of year</b>	<u>\$ 1,102,609</u>	<u>\$ 20,034,788</u>	<u>\$ 791,063</u>	<u>\$ 132,638</u>	<u>\$ 465,262</u>	<u>\$ 22,526,360</u>

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## STATISTICAL SECTION

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

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

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

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

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

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

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

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

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

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

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

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

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

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

Table 1

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 67,118,730	\$ 37,377,510	\$ 80,832,411	\$ 84,644,800	\$ 87,280,988	\$ 83,875,530
-	-	-	-	8,043,571	14,349,327
<u>12,669,940</u>	<u>31,112,731</u>	<u>(19,213,539)</u>	<u>(21,304,189)</u>	<u>(14,326,518)</u>	<u>(18,195,225)</u>
<u>\$ 79,788,670</u>	<u>\$ 68,490,241</u>	<u>\$ 61,618,872</u>	<u>\$ 63,340,611</u>	<u>\$ 80,998,041</u>	<u>\$ 80,029,632</u>
\$ 114,088,014	\$ 104,963,579	\$ 161,945,932	\$ 187,205,988	\$ 195,778,306	\$ 207,222,012
28,311,927	65,985,290	34,144,461	24,907,050	32,047,202	32,388,427
<u>\$ 142,399,941</u>	<u>\$ 170,948,869</u>	<u>\$ 196,090,393</u>	<u>\$ 212,113,038</u>	<u>\$ 227,825,508</u>	<u>\$ 239,610,439</u>
\$ 181,206,744	\$ 142,341,089	\$ 242,778,343	\$ 271,850,788	\$ 283,059,294	\$ 291,097,542
-	-	-	-	8,043,571	14,349,327
<u>40,981,867</u>	<u>97,098,021</u>	<u>14,930,922</u>	<u>3,602,861</u>	<u>17,720,684</u>	<u>14,193,202</u>
<u>\$ 222,188,611</u>	<u>\$ 239,439,110</u>	<u>\$ 257,709,265</u>	<u>\$ 275,453,649</u>	<u>\$ 308,823,549</u>	<u>\$ 319,640,071</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
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	<u>117,431,068</u>	<u>118,294,493</u>	<u>121,175,124</u>	<u>134,047,164</u>	<u>139,705,508</u>
Business-type activities:					
Water	9,095,020	9,847,383	9,599,753	10,906,786	13,871,031
Wastewater	708,840	1,693,765	3,541,858	2,937,019	9,168,580
Total business-type activities	<u>9,803,860</u>	<u>11,541,148</u>	<u>13,141,611</u>	<u>13,843,805</u>	<u>23,039,611</u>
Total primary government expenses	<u>\$ 127,234,928</u>	<u>\$ 129,835,641</u>	<u>\$ 134,316,735</u>	<u>\$ 147,890,969</u>	<u>\$ 162,745,119</u>
<b>Program Revenues</b>					
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	-	8,397
Education	-	453,891	-	-	-
Operating grants and contributions:					
General government	58,747	510,279	84,566	-	-
Public safety	370,893	683,683	932,645	-	-
Central services	60,115	-	128,721	-	-
Human services	8,917,650	9,524,915	9,333,298	15,222,947	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	-	-
Education	-	-	-	-	-

Table 2

Fiscal Year				
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 25,786,285	\$ 10,824,875	\$ 10,891,485	\$ 10,525,533	\$ 10,998,376
28,704,704	32,475,041	32,431,363	33,465,622	34,715,586
12,491,337	12,874,270	12,032,434	4,316,359	13,455,405
30,203,435	29,448,343	31,201,132	26,128,245	26,325,541
2,258,368	2,315,776	4,292,392	3,742,434	3,736,588
12,551,871	14,390,242	7,362,499	13,812,863	13,876,612
4,449,488	4,578,694	1,908,173	4,214,605	4,169,218
7,213,679	6,844,987	7,614,811	6,913,420	7,653,903
47,784,629	50,907,860	42,391,583	39,853,517	39,852,618
-	-	-	-	-
4,294,959	6,439,614	6,372,620	28,264	1,894,630
<u>175,738,755</u>	<u>171,099,702</u>	<u>156,498,492</u>	<u>143,000,862</u>	<u>156,678,477</u>
16,426,295	14,967,806	15,977,572	16,289,895	15,995,637
7,926,725	9,775,273	11,656,776	4,145,162	14,741,649
<u>24,353,020</u>	<u>24,743,079</u>	<u>27,634,348</u>	<u>20,435,057</u>	<u>30,737,286</u>
<u>\$ 200,091,775</u>	<u>\$ 195,842,781</u>	<u>\$ 184,132,840</u>	<u>\$ 163,435,919</u>	<u>\$ 187,415,763</u>
\$ 1,480,767	\$ 1,832,978	\$ 1,387,017	\$ 1,475,142	\$ 1,481,028
5,309,134	5,228,230	5,635,307	6,702,142	6,707,376
2,163,366	2,139,967	1,535,716	444,294	444,294
1,124,272	918,087	1,335,443	1,060,041	2,670,338
1,928,085	1,546,722	1,275,381	2,044,307	2,044,804
224,367	194,681	188,117	220,402	220,402
1,224,383	1,147,627	1,254,385	1,108,423	1,108,903
76,459	-	-	-	-
-	-	1,077,537	937,273	1,077,537
710,170	1,405,174	1,088,201	365,583	743,632
-	-	-	-	-
17,158,192	18,693,712	19,082,231	17,471,434	18,392,791
-	-	-	-	-
-	-	-	-	-
1,228	-	51,829	-	51,829
139,731	1,530,140	946,912	-	-
2,146	4,833	3,610	3,716	3,716

Continued on next page

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

	Fiscal Year				
	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	<u>22,786,786</u>	<u>27,379,669</u>	<u>30,701,041</u>	<u>31,070,737</u>	<u>32,639,397</u>
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	<u>21,755,688</u>	<u>19,228,765</u>	<u>19,450,836</u>	<u>32,805,095</u>	<u>42,292,489</u>
Total primary government program revenues	<u>\$ 44,542,474</u>	<u>\$ 46,608,434</u>	<u>\$ 50,151,877</u>	<u>\$ 63,875,832</u>	<u>\$ 74,931,886</u>
Net (expense)/revenue					
Governmental activities	\$ (94,644,282)	\$ (90,914,824)	\$ (90,474,083)	\$ (102,976,427)	\$ (107,066,111)
Business-type activities	<u>11,951,828</u>	<u>7,687,617</u>	<u>6,309,225</u>	<u>18,961,290</u>	<u>19,252,878</u>
Total primary government net (expense)/revenue	<u>\$ (82,692,454)</u>	<u>\$ (83,227,207)</u>	<u>\$ (84,164,858)</u>	<u>\$ (84,015,137)</u>	<u>\$ (87,813,233)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
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)	(60,169)	451,795
Total governmental activities	<u>81,118,165</u>	<u>94,870,600</u>	<u>88,317,939</u>	<u>112,730,373</u>	<u>119,472,881</u>
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	<u>3,669,487</u>	<u>(4,108,592)</u>	<u>2,621,371</u>	<u>1,356,038</u>	<u>1,266,293</u>
Total primary government	<u>\$ 84,787,652</u>	<u>\$ 90,762,008</u>	<u>\$ 90,939,310</u>	<u>\$ 114,086,411</u>	<u>\$ 120,739,174</u>

Table 2 (Continued)

Fiscal Year				
2008	2009	2010	2011	2012
-	-	-	-	-
-	-	-	-	-
1,568,395	2,362,035	3,400,594	2,881,715	3,127,909
(55,153)	713,193	-	-	-
574,128	416,223	-	-	-
-	-	189,138	727,475	727,475
<u>33,629,670</u>	<u>38,133,602</u>	<u>38,451,418</u>	<u>35,441,947</u>	<u>38,802,034</u>
19,502,863	18,692,965	17,591,342	20,233,912	20,024,998
12,161,118	10,914,375	12,044,395	17,332,864	18,192,801
-	-	-	-	-
-	-	-	-	-
9,101,531	4,890,763	3,448,505	2,026,810	1,135,642
<u>9,994,682</u>	<u>13,980,711</u>	<u>10,217,775</u>	<u>1,995,448</u>	<u>3,066,745</u>
<u>50,760,194</u>	<u>48,478,814</u>	<u>43,302,017</u>	<u>41,589,034</u>	<u>42,420,186</u>
\$ <u>84,389,864</u>	\$ <u>86,612,416</u>	\$ <u>81,753,435</u>	\$ <u>77,030,981</u>	\$ <u>81,222,220</u>
\$(142,109,085)	\$(132,966,100)	\$(118,047,074)	\$(107,558,915)	\$ (117,876,443)
<u>26,407,174</u>	<u>23,735,735</u>	<u>15,667,669</u>	<u>21,153,977</u>	<u>11,682,900</u>
<u>\$(115,701,911)</u>	<u>\$(109,230,365)</u>	<u>\$(102,379,405)</u>	<u>\$(86,404,938)</u>	<u>\$(106,193,543)</u>
\$ 97,218,426	\$ 101,088,129	\$ 101,876,707	\$ 106,878,322	\$ 106,878,322
23,061,392	19,741,137	15,061,747	14,871,122	15,996,708
4,942,000	3,054,525	3,249,224	3,161,359	3,163,720
-	-	-	-	-
5,155,748	2,210,940	713,501	305,543	305,536
489,997	-	-	-	-
(56,907)	-	(1)	(1)	-
<u>130,810,656</u>	<u>126,094,731</u>	<u>120,901,178</u>	<u>125,216,345</u>	<u>126,344,286</u>
2,084,847	1,405,789	354,975	128,414	127,494
56,907	-	-	-	-
<u>2,141,754</u>	<u>1,405,789</u>	<u>354,975</u>	<u>128,414</u>	<u>127,494</u>
\$ <u>132,952,410</u>	\$ <u>127,500,520</u>	\$ <u>121,256,153</u>	\$ <u>125,344,759</u>	\$ <u>126,471,780</u>

Continued on next page

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ (13,526,117)	\$ 3,955,776	\$ (2,156,144)	\$ 9,753,946	\$ 12,406,770
Business-type activities	<u>15,621,315</u>	<u>3,579,025</u>	<u>8,930,596</u>	<u>20,317,328</u>	<u>20,519,171</u>
Total primary government	<u>\$ 2,095,198</u>	<u>\$ 7,534,801</u>	<u>\$ 6,774,452</u>	<u>\$ 30,071,274</u>	<u>\$ 32,925,941</u>

Table 2 (Continued)

<b>Fiscal Year</b>				
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ (11,298,429)	\$ (6,871,369)	\$ 2,854,104	\$ 17,657,430	\$ 8,467,843
<u>28,548,928</u>	<u>25,141,524</u>	<u>16,022,644</u>	<u>21,282,391</u>	<u>11,810,394</u>
<u>\$ 17,250,499</u>	<u>\$ 18,270,155</u>	<u>\$ 18,876,748</u>	<u>\$ 38,939,821</u>	<u>\$ 20,278,237</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

Table 3

**Governmental Activities Tax Revenues By Source**  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Video Programming Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
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
2008	96,940,721	23,061,392	4,785	424,364	240,565	120,671,827
2009	98,948,961	19,741,137	6,768	451,989	244,224	119,393,079
2010	100,529,188	15,061,747	73,409	445,398	77,229	116,186,971
2011	100,346,765	14,291,687	-	436,749	248,907	115,324,108
2012	105,460,118	15,996,708	-	438,980	248,109	122,143,915

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

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COUNTY OF BRUNSWICK, NORTH CAROLINA

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

	<b>Fiscal Year</b>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Fund</b>				
Reserved	\$ 10,816,798	\$ 10,054,303	\$ 15,960,256	\$ 11,427,160
Unreserved	34,434,193	44,440,752	37,742,809	50,219,523
Restricted	-	-	-	-
Assigned	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General fund	<u>\$ 45,250,991</u>	<u>\$ 54,495,055</u>	<u>\$ 53,703,065</u>	<u>\$ 61,646,683</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ 2,159,303	\$ 2,105,354	\$ 1,090,505	\$ 1,551,160
Unreserved, reported in:				
Special revenue funds	15,232,088	18,645,959	22,173,785	11,323,483
Capital Project Funds, Designated for Subsequent years	23,587,187	26,812,610	23,406,310	26,794,098
Restricted in Special Revenue Funds	-	-	-	-
Restricted in Capital Project Funds	-	-	-	-
Committed in Capital Project Funds	-	-	-	-
Assigned in Special Revenue Funds	-	-	-	-
Unassigned in Special Revenue Funds	-	-	-	-
Total all other governmental funds	<u>\$ 40,978,578</u>	<u>\$ 47,563,923</u>	<u>\$ 46,670,600</u>	<u>\$ 39,668,741</u>

**Table 4**

<b>Fiscal Year</b>					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 9,238,373	\$ 10,255,753	\$ 7,460,930	\$ 7,125,195	\$ -	\$ -
55,277,531	53,893,857	47,868,262	47,021,290	-	-
-	-	-	-	4,365,639	10,533,677
-	-	-	-	2,440,362	897,261
-	-	-	-	-	214,566
-	-	-	-	51,160,940	48,066,823
<u>\$ 64,515,904</u>	<u>\$ 64,149,610</u>	<u>\$ 55,329,192</u>	<u>\$ 54,146,485</u>	<u>\$ 57,966,941</u>	<u>\$ 59,712,327</u>
\$ 17,026,010	\$ 29,199,790	\$ 7,742,400	\$ 97,309	\$ -	\$ -
14,984,776	14,553,588	19,527,193	16,571,212	-	-
584,112	584,112	14,170,398	10,277,992	-	-
-	-	-	-	1,401,061	2,168,093
-	-	-	-	2,276,871	1,647,557
-	-	-	-	23,513,880	22,678,928
-	-	-	-	43,183	-
-	-	-	-	(783,568)	(1,102,442)
<u>\$ 32,594,898</u>	<u>\$ 44,337,490</u>	<u>\$ 41,439,991</u>	<u>\$ 26,946,513</u>	<u>\$ 26,451,427</u>	<u>\$ 25,392,136</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

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

Last Ten Fiscal Years

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>					
Ad Valorem taxes	\$ 62,753,365	\$ 68,478,690	\$ 74,520,219	\$ 79,137,087	\$ 84,422,322
Special assessments	126,715	81,718	123,739	64,430	-
Local option sales taxes	14,157,057	16,636,215	18,867,402	21,061,222	23,256,105
Other taxes and licenses	3,635,749	5,303,623	7,149,284	8,889,952	6,340,890
Unrestricted intergovernmental	203,180	239,433	244,257	251,627	265,782
Restricted intergovernmental	17,271,304	17,022,785	15,562,908	17,655,444	18,597,043
Permits and fees	3,622,045	5,654,018	6,279,187	7,550,776	7,591,795
Sales and services	2,321,659	3,367,844	4,045,435	4,921,912	5,217,986
Investment earnings	976,947	921,742	1,832,774	4,199,756	5,200,749
Other revenue	2,227,232	1,129,707	572,923	548,246	853,493
Total revenues	<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>
<b>Expenditures</b>					
General government	8,235,688	8,586,235	11,199,360	10,869,890	11,168,979
Public safety	13,248,649	15,906,193	19,068,489	20,976,344	23,070,557
Central services	7,282,407	9,219,309	10,022,451	12,348,752	11,276,503
Human services	19,113,587	19,444,080	21,478,307	24,451,543	26,466,751
Transportation	85,000	85,000	85,000	85,000	93,500
Environmental protection	9,262,908	9,563,180	9,932,288	10,163,812	11,069,839
Culture and recreation	2,804,605	3,375,151	3,256,502	4,339,985	4,363,027
Economic and physical development	5,457,347	5,823,286	5,678,048	5,765,438	6,802,351
Education	22,117,450	23,088,975	24,540,416	25,624,225	27,987,072
Capital Outlay	3,295,447	17,039,722	6,323,301	10,903,742	7,742,736
Intergovernmental expenditures	21,046,490	7,548,146	10,229,547	7,764,205	15,584,549
Debt Service:					
Principal retirement	4,815,084	5,451,171	6,609,797	6,372,162	6,697,377
Interest and fiscal charges	3,785,689	4,360,746	6,116,632	4,620,523	4,255,116
Total expenditures	<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>
Revenues over (under) expenditures	<u>(13,255,098)</u>	<u>(10,655,419)</u>	<u>(5,342,010)</u>	<u>(5,169)</u>	<u>(4,832,192)</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of long-term debt	18,320,000	25,348,765	22,674,694	1,007,492	175,770
Premium on Bonds Issued	-	-	-	-	-
Discounts on Bonds Issued	-	-	-	-	-
Payment to escrow agent-refunded debt	-	(3,275,000)	(17,385,545)	-	-
Sale of capital assets	-	119,366	230,106	-	-
Transfer from other funds	15,197,821	20,162,719	24,449,183	34,901,277	24,969,412
Transfer to other funds	(19,191,877)	(15,871,016)	(26,311,766)	(34,961,447)	(24,517,617)
Total other financing sources (uses)	<u>14,325,944</u>	<u>26,484,834</u>	<u>3,656,672</u>	<u>947,322</u>	<u>627,565</u>
Net change in fund balances	<u>\$ 1,070,846</u>	<u>\$ 15,829,415</u>	<u>\$ (1,685,338)</u>	<u>\$ 942,153</u>	<u>\$ (4,204,627)</u>
Debt service as a percentage of noncapital expenditures	7.3%	8.7%	9.9%	8.2%	7.4%

Table 5

Fiscal Year				
2008	2009	2010	2011	2012
\$ 96,940,721	\$ 98,948,961	\$ 100,529,188	\$ 100,346,765	\$ 105,460,118
-	-	-	-	-
23,061,392	19,741,137	15,061,747	14,291,687	15,996,708
4,942,000	3,054,525	3,249,224	3,130,245	3,163,720
701,489	735,680	549,711	1,536,541	1,658,455
19,912,197	24,167,893	24,368,907	22,912,749	23,406,593
4,127,984	3,389,913	3,261,887	2,940,408	3,231,061
8,379,989	8,133,848	7,559,876	7,263,926	7,416,017
5,155,748	2,210,940	712,175	403,061	295,910
924,338	1,750,675	972,567	5,602,806	1,407,154
<u>164,145,858</u>	<u>162,133,572</u>	<u>156,265,282</u>	<u>158,428,188</u>	<u>162,035,736</u>
9,864,403	9,826,801	9,613,675	9,302,160	9,676,687
27,575,360	30,369,412	29,332,960	30,056,729	32,251,931
11,867,248	12,100,908	11,699,222	10,697,137	12,371,883
28,631,664	28,070,006	26,668,707	25,077,211	25,924,881
270,929	256,739	280,466	261,930	344,699
12,522,556	13,326,293	12,455,131	13,087,467	13,519,057
5,558,766	4,033,904	3,831,067	3,860,796	3,882,693
6,947,615	6,479,048	6,699,963	6,827,513	6,305,436
32,098,564	35,390,424	34,451,976	32,951,548	35,488,626
12,344,540	14,918,421	10,416,650	4,453,015	3,980,519
22,710,479	38,863,518	11,495,398	2,371,301	4,016,191
7,975,512	9,616,456	10,041,528	10,099,775	9,949,167
4,861,013	6,439,614	8,162,795	5,367,812	6,487,455
<u>183,228,649</u>	<u>209,691,544</u>	<u>175,149,538</u>	<u>154,414,394</u>	<u>164,199,225</u>
<u>(19,082,791)</u>	<u>(47,557,972)</u>	<u>(18,884,256)</u>	<u>4,013,794</u>	<u>(2,163,489)</u>
65,300,000	-	24,715,000	-	45,795,000
566,054	-	1,790,175	-	4,789,688
-	-	-	-	(196,863)
-	-	(23,500,000)	-	(48,226,667)
489,997	-	202,895	-	-
21,600,857	17,059,900	9,653,933	5,437,904	2,491,595
<u>(21,657,764)</u>	<u>(17,059,900)</u>	<u>(9,653,933)</u>	<u>(5,437,904)</u>	<u>(2,491,595)</u>
<u>66,299,144</u>	<u>-</u>	<u>3,208,070</u>	<u>-</u>	<u>2,161,158</u>
<u>\$ 47,216,353</u>	<u>\$(47,557,972)</u>	<u>\$ (15,676,186)</u>	<u>\$ 4,013,794</u>	<u>\$ (2,331)</u>
7.5%	8.2%	11.1%	10.3%	10.3%

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**Assessed Value and Estimated Actual Value of Taxable Property**  
**(amounts expressed in thousands)**  
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Personal Property	
	Residential Property	Commercial Property	Motor Vehicles	Other
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
2008	24,137,625	5,539,507	954,681	1,785,364
2009	25,171,023	6,030,188	933,239	1,958,369
2010	25,611,680	6,135,756	872,773	1,982,727
2011	25,956,004	6,088,445	877,835	1,813,228
2012	18,204,062	4,270,088	933,011	2,005,369

Source: Annual County Report of Valuation and Property Tax Levies

Note:

A revaluation of real property is required by the North Carolina General Statutes at least every eight years. Real property in Brunswick County is reassessed once every four years. The last revaluation was completed January 2011. The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.

Table 6

<u>Less:</u>		<u>Total Taxable</u>	<u>Total</u>	<u>Estimated</u>	<u>Assessed</u>
<u>Tax Exempt</u>		<u>Assessed</u>	<u>Direct</u>	<u>Actual</u>	<u>Value as a</u>
<u>Real Property</u>		<u>Value</u>	<u>Tax</u>	<u>Taxable</u>	<u>Percentage of</u>
			<u>Rate</u>	<u>Value</u>	<u>Actual Value</u>
\$ 193,301	\$	10,683,356	0.005200	\$ 13,153,603	81.22%
235,475		12,907,410	0.005400	12,907,410	100.00%
241,148		13,567,699	0.005400	15,527,236	87.38%
240,038		14,490,211	0.005400	18,112,764	80.00%
287,626		15,525,055	0.005400	24,840,088	62.50%
992,640		31,424,537	0.003050	31,649,247	99.29%
1,007,602		33,085,217	0.003050	33,736,328	98.07%
1,056,335		33,546,600	0.003050	32,911,410	101.93%
1,127,037		33,608,475	0.003050	29,587,530	113.59%
883,952		24,528,578	0.004425	21,593,959	113.59%

## COUNTY OF BRUNSWICK, NORTH CAROLINA

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

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

#### Notes:

- (1) Property was revalued in January 2003, January 2007 and January 2011.
- (2) The property tax rates for each of the governments listed above are based on unit-wide tax rates. For each government, certain motor vehicles were taxed at the preceding year's rate.
- (3) The North Brunswick Sanitary District has not enacted property taxes as of June 30, 2009.  
The Smithville Township is a hospital district. The levy collected is specific for debt retirement and capital improvements.
- (4) Municipal Service Districts created to fund beach re-nourishment.

Source: Brunswick County Tax Department.

Table 7

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$	0.3050	\$ 0.3050	\$ 0.5400	\$ 0.5400	\$ 0.5400	\$ 0.5200	\$ 0.5925
	0.2600	0.2600	0.4650	0.4650	0.4650	0.4650	0.6350
*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*
	0.0911	0.0911	0.1500	0.1500	0.1500	0.1500	0.1500
	0.1200	0.1200	0.2500	0.2500	0.2500	0.2500	0.2500
	0.0500	0.0500	0.0600	0.0600	0.0600	0.0600	0.0600
	0.0700	0.0700	0.1000	0.1000	0.1000	0.1000	0.0600
	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
	0.1500	0.1500	0.2200	0.2100	0.2200	0.2100	0.2700
	0.0690	0.0690	0.1800	0.1800	0.1800	0.1800	0.1900
	0.1166	0.1166	0.1800	0.1800	0.1800	0.1800	0.1800
	0.2000	0.2000	0.2700	0.2700	0.2700	0.2500	0.3000
	0.1700	0.1500	0.2000	0.2000	0.2000	0.2000	0.2000
	0.1400	0.1245	0.3300	0.3300	0.3500	0.3650	0.3800
	0.0900	0.0800	0.1400	0.1400	0.1500	0.1600	0.1600
	0.3000	0.3000	0.3500	0.3500	0.3500	0.3500	0.1000
	0.2700	0.2700	0.3200	0.3200	0.2900	0.2900	0.3100
	0.0500	0.0500	0.0500	0.0500	0.0500	0.0700	0.1000
	0.1800	0.1500	0.2700	0.2700	0.3000	0.3300	0.4000
	0.0900	0.1150	0.1450	0.1300	0.1300	0.1200	0.0900
	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
	NA						
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0500
	0.0225	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400

**Principal Property Taxpayers**  
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2012			Fiscal Year 2003		
		2011 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2002 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy (formerly Progress Energy Carolinas, Inc.)	Utility	\$ 833,973,033	1	3.43%	\$ 872,861,522	1	8.87%
DAK of America, LLC	Chemicals	165,608,153	2	0.68%	132,107,463	5	1.24%
N. C. Eastern Municipal Power Agency	Utility	163,029,142	3	0.67%	185,834,794	3	1.74%
Brunswick Electric Membership Corp.	Utility	160,968,113	4	0.66%	90,780,548	7	0.85%
Archer Daniels Midland Company	Chemicals	117,143,928	5	0.48%	93,455,202	6	0.87%
Bald Head Island Club	Tourism	128,723,913	6	0.53%		n/a	n/a
Bald Head Island Ltd	Developer	103,717,840	7	0.43%	134,866,440	4	1.26%
Red Mountain Timberco LLC	Forestry	91,793,302	8	0.38%		n/a	n/a
Funston Land & Timber LLC	Timber	73,213,580	9	0.30%		n/a	n/a
Wal-Mart Real Estate Business Trust	Retail	52,648,187	10	0.22%		n/a	n/a
Odell Williamson	Developer	n/a	n/a	n/a	48,509,030	9	0.45%
Ocean Ridge	Developer	n/a	n/a	n/a	68,623,830	8	0.64%
Sea Trail Corporation	Developer	n/a	n/a	n/a	40,116,130	10	0.38%
Ocean Isle Development Company	Developer	n/a	n/a	n/a	214,689,720	2	2.01%
Totals		<u>\$ 1,890,819,191</u>		<u>7.79%</u>	<u>\$ 1,881,844,679</u>		<u>17.61%</u>

Source: Brunswick County Tax Department

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

<u>Fiscal Year Ended June 30</u>	<u>Total Net Tax Levy</u>	<u>Collection Within Fiscal Year of Levy</u>	<u>Percent of Levy Collected</u>	<u>Collections in Subsequent Years</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Tax Levy</u>
2003	\$ 63,391,002	\$ 59,851,207	94.42%	\$ 3,363,499	\$ 63,214,706	99.7%	\$ 176,296	0.3%
2004	67,177,740	64,507,758	96.03%	2,526,092	67,033,850	99.8%	143,890	0.2%
2005	72,980,743	70,810,206	97.03%	2,003,195	72,813,401	99.8%	167,342	0.2%
2006	77,993,000	75,874,328	97.28%	1,907,571	77,781,899	99.7%	211,101	0.3%
2007	83,653,779	81,622,970	97.57%	1,787,338	83,410,308	99.7%	243,471	0.3%
2008	96,591,590	94,153,697	97.48%	2,126,203	96,279,900	99.7%	311,690	0.3%
2009	100,905,188	96,284,992	95.42%	3,584,213	99,869,205	99.0%	1,035,983	1.0%
2010	101,769,536	96,713,452	95.03%	3,028,974	99,742,426	98.0%	2,027,110	2.0%
2011	102,495,067	96,734,004	94.38%	2,292,677	99,026,681	96.6%	3,468,386	3.4%
2012	107,167,357	101,521,400	94.73%	-	101,521,400	94.7%	5,645,957	5.3%

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

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**Ratio of Outstanding Debt by Type**  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities		
	General Obligation Bonded	Limited Obligation Bonded	Installment Loans
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
2008	97,465,000	17,625,000	36,053,592
2009	91,020,000	16,355,000	34,152,136
2010	84,560,000	15,080,000	33,060,608
2011	77,850,000	13,685,000	31,065,833
2012	70,240,000	39,405,000	575,000

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

(1) State Data Center; projection as of June 30, 2012; annual estimates previous nine years

(2) Bureau of Economic Analysis; amounts are for prior calendar year

Table 10

General Obligation Bonded	Business-Type Activities			SRF Debt & Installment Loans	Total Primary Government	(2) Ratio Debt to Personal Income	(1) Per Capita
	Limited Obligation Bonded	Revenue Bonds					
\$ 6,802,286	\$ -	\$ -	\$ 654,613	\$ 97,860,334	5.4%	\$ 1,201	
36,016,424	-	-	1,945,689	144,988,142	7.9%	1,713	
2,525,306	-	39,447,389	25,622,555	173,300,631	8.9%	1,947	
1,754,648	-	32,779,319	36,502,809	171,377,487	7.8%	1,816	
1,009,546	-	38,084,416	34,223,830	167,136,896	6.8%	1,696	
295,000	-	89,757,733	32,468,604	273,664,929	8.8%	2,676	
-	-	87,192,068	30,693,306	259,412,510	7.6%	2,465	
4,342,000	-	84,523,497	44,131,981	265,698,086	7.9%	2,459	
4,285,000	-	107,100,902	43,925,518	277,912,253	8.0%	2,523	
3,790,000	-	102,529,141	50,565,728	267,104,869	n/a	2,380	

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

<b>Fiscal Year Ended June 30</b>	<b>Assessed Value (000 omitted)</b>	<b>Gross General Obligation Bonded Debt</b>	<b>Less Debt Payable from Enterprise Fund</b>	<b>Net General Obligation Bonded Debt</b>	<b>Ratio Net General Obligation Bonded Debt to Assessed Value</b>	<b>(1) Population</b>	<b>Net General Obligation Bonded Debt per Capita</b>
2003	10,683,356	76,725,000	6,802,286	69,922,714	0.7%	81,472	858.24
2004	12,907,410	85,295,000	4,476,425	80,818,575	0.6%	84,653	954.70
2005	13,567,699	84,010,000	2,525,306	81,484,694	0.6%	89,009	915.47
2006	14,490,211	79,045,000	1,754,648	77,290,352	0.5%	94,350	819.19
2007	15,525,054	74,090,000	1,009,546	73,080,454	0.5%	98,557	741.50
2008	31,424,537	97,760,000	295,000	97,465,000	0.3%	102,275	952.97
2009	33,085,217	91,020,000	-	91,020,000	0.3%	105,226	865.00
2010	33,546,600	88,902,000	4,342,000	84,560,000	0.3%	108,071	782.45
2011	33,608,476	82,135,000	4,285,000	77,850,000	0.2%	110,140	706.83
2012	24,279,583	74,030,000	3,790,000	70,240,000	0.3%	112,210	625.97

Notes:

(1) State Data Center; projection as of June 30, 2012; annual estimates previous nine years

**Direct and Underlying Governmental Activities Debt**  
**General Obligation Bonds**  
 June 30, 2012

	General Obligation Bonded Debt	Percent Applicable To County	Amount Applicable To County
Direct:			
Brunswick County	\$ 74,030,000	100%	\$ 74,030,000
Underlying Debt:			
Village of Bald Head Island	10,375,946	100%	10,375,946
City of Navassa	436	100%	436
City of Northwest	618,000	100%	618,000
Town of Sandy Creek	272,000	100%	272,000
City of Southport	35,500	100%	35,500
Smithville Township	8,800,000	100%	8,800,000
Southeast Brunswick Sanitary District	<u>988,500</u>	100%	<u>988,500</u>
Total Underlying Debt	<u>21,090,382</u>		<u>21,090,382</u>
Total Direct and Underlying Debt	<u>\$ 95,120,382</u>		<u>\$ 95,120,382</u>

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

**COUNTY OF BRUNSWICK, NORTH CAROLINA**

**Legal Debt Margin Information**

Last Ten Fiscal Years

	<u>Fiscal Year</u>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 854,668,411	\$ 1,032,592,800	\$ 1,085,415,887	\$ 1,159,216,908
Total net debt applicable to limit	<u>90,403,435</u>	<u>107,026,029</u>	<u>105,705,381</u>	<u>99,155,352</u>
Legal margin	<u>\$ 764,264,976</u>	<u>\$ 925,566,771</u>	<u>\$ 979,710,506</u>	<u>\$ 1,060,061,556</u>
Total net debt applicable to the limit as a percentage of debt limit	10.6%	10.4%	9.7%	8.6%

Table 13

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 1,242,004,397	\$2,513,962,929	\$ 2,646,817,341	\$2,683,728,040	\$2,688,678,046	\$ 1,942,366,601
<u>94,828,650</u>	<u>151,143,592</u>	<u>141,527,136</u>	<u>137,042,608</u>	<u>126,885,833</u>	<u>114,010,000</u>
<u>\$ 1,147,175,747</u>	<u>\$2,362,819,337</u>	<u>\$ 2,505,290,205</u>	<u>\$2,546,685,432</u>	<u>\$2,561,792,213</u>	<u>\$ 1,828,356,601</u>
7.6%	6.0%	5.3%	5.1%	4.7%	5.9%

**Calculation of Legal Debt Margin for Fiscal Year 2012:**

Assessed value of taxable property	\$24,279,582,510
	<u>          x 0.08</u>
Debt limit- 8 percent of assessed value	1,942,366,601
Gross debt:	
Total bonded debt	176,559,141
Total limited obligation bonds	39,405,000
Total installment purchases	<u>51,140,728</u>
Gross debt	267,104,869
Less: Water and wastewater revenue bonds & installment purchases	<u>153,094,869</u>
Total amount of debt applicable to debt limit (net debt)	<u>114,010,000</u>
Legal debt margin	<u>\$ 1,828,356,601</u>

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

**Pledged-Revenue Coverage**  
Last Ten Fiscal Years

**Net Coverage:**

<u>Fiscal Year Ended June 30</u>	<u>Enterprise Funds</u>			<u>All Enterprise Fund Debt Service</u>			<u>Enterprise Fund Parity Debt Service</u>			<u>Net Coverage</u>
	<u>Operating Revenue Plus Interest</u>	<u>Operating Expenses Excluding OPEB (Net of Depreciation)</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2003	\$ 14,844,364	\$ 7,398,018	\$ 7,446,346	\$ 3,918,735	\$ 549,000	\$ 4,467,735	\$ -	\$ -	\$ -	1.67
2004	15,171,542	8,880,099	6,291,443	2,980,475	356,550	3,337,025	-	-	-	1.89
2005	17,684,946	9,656,725	8,028,221	2,376,969	1,405,014	3,781,983	217,611	285,617	503,228	2.12
2006	25,686,926	10,054,792	15,632,134	1,457,752	2,833,230	4,290,982	273,069	1,871,606	2,144,675	3.64
2007	32,991,331	15,095,168	17,896,163	3,557,232	2,951,486	6,508,718	1,089,903	1,859,771	2,949,674	2.75
2008	33,748,828	15,774,804	17,974,024	3,553,881	2,657,871	6,211,752	1,126,683	1,823,841	2,950,524	2.89
2009	31,013,129	15,775,304	15,237,825	4,635,963	2,530,870	7,166,833	2,565,666	1,782,885	4,348,551	2.13
2010	29,990,712	17,063,506	12,927,206	4,644,997	4,017,764	8,662,761	2,668,571	3,306,116	5,974,687	1.49
2011	41,543,785	16,909,934	24,633,851	5,057,980	5,459,336	10,517,316	3,232,594	4,618,438	7,851,032	2.34
2012	38,345,293	17,030,681	21,314,612	6,571,550	8,601,653	15,173,203	4,683,761	7,852,928	12,536,689	1.40

**Required Coverage:**

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

Notes:

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

**Demographic Statistics**

Last Ten Fiscal Years

<b>Fiscal Year Ended June 30</b>	<b>(1) Population</b>	<b>(2) Personal Income (in thousands)</b>	<b>(2) Per Capita Income</b>	<b>(1) Median Age</b>	<b>(3) School Enrollment</b>	<b>(4) Unemployment Rate</b>
2003	81,472	\$ 1,819,075	\$ 22,328	43.2	10,426	6.1%
2004	84,653	1,829,637	21,613	43.6	10,528	6.4%
2005	89,009	1,942,639	21,825	43.9	10,789	5.0%
2006	94,350	2,195,457	23,269	44.1	11,133	4.1%
2007	98,557	2,440,703	24,764	44.7	11,505	4.7%
2008	102,275	3,101,372	30,324	45.0	11,599	6.1%
2009	105,226	3,394,034	32,255	47.7	11,841	11.0%
2010	108,071	3,347,269	30,973	47.7	11,739	10.2%
2011	110,140	3,482,031	31,615	48.0	11,899	10.3%
2012	112,210	not available	not available	not available	11,957	10.3%

Notes:

- (1) State Data Center; projection as of June 30, 2012; annual estimates previous nine years
- (2) Bureau of Economic Analysis; figures are for prior calendar year
- (3) Brunswick County School System (20th day ADM)
- (4) North Carolina Employment Security Commission

**Principal Employers**  
Current Year and Nine Years Ago

Name of Employer	Type of Business	Fiscal Year 2012			Fiscal Year 2003		
		Employees	Rank	% Total County Employment	Employees	Rank	% Total County Employment
Brunswick County Board of Education	Education	1,955	1	4.49%	1,791	1	4.81%
County of Brunswick	Local Government	1,029	2	2.37%	800	3	2.15%
Wal-Mart Associates Inc.	Retail Chain	883	3	2.03%	N/A	N/A	N/A
Duke Energy (Formerly Progress Energy)	Utility	798	4	1.83%	1,000	2	2.68%
Food Lion LLC	Grocery Chain	455	5	1.05%	N/A	N/A	N/A
Brunswick Community Hospital LLC	Medical Care Facility	450	6	1.03%	350	5	0.94%
DAK Americas	Dacron Polyester Fiber	365	7	0.84%	750	4	2.01%
Dosher Memorial Hospital	Medical Care Facility	362	8	0.83%	300	6	0.81%
Brunswick Community College	Education	358	9	0.82%	N/A	N/A	N/A
Ports America/Marine Terminals Corp.	Trade/Transportation	325	10	0.75%	N/A	N/A	N/A
Sunny Point Military Terminal	Military	N/A	N/A	N/A	227	7	0.61%
Rampage	Yacht Manufacture	N/A	N/A	N/A	225	8	0.60%
Victaulic Company of America	Pipe Fittings & Seals	N/A	N/A	N/A	200	9	0.54%
Archer Daniels Midland Company	Citric Acid	N/A	N/A	N/A	150	10	0.40%
Totals		<u>6,980</u>		<u>16.05%</u>	<u>5,793</u>		<u>15.55%</u>

Source: NC Employment Security Commission; total county employment

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

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Function:</b>										
General government	78	84	87	98	105.5	111.5	110.5	106.5	104.5	100.5
Public safety	193	201	221	224	275	340	340	340	336	338
Central services	75	80	79	83	88	94	94	93	91	90
Human services	246	253	234	264	244	253	244	232	230	220
Transportation	13	-	-	-	-	-	-	-	-	-
Environmental protection	9	9	10	12	10	9	9	9	8	8
Cultural and recreation	37	39	44	45	45	46	46	46	42	39
Economic and physical development	33	42	33	30	37	41	41	37	34	32
Utilities	61	66	78	86	98.5	109.5	109.5	116.5	115.5	117.5
<b>Total</b>	<u>745</u>	<u>774</u>	<u>786</u>	<u>842</u>	<u>903</u>	<u>1,004</u>	<u>994</u>	<u>980</u>	<u>961</u>	<u>945</u>

Source: County Finance Department

Note: This schedule represents the number of approved permanent FTE's as of June 30, 2012.

**Operating Indicators by Function/Program**  
Last Eight Fiscal Years

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

Sources: Various government departments.

Note: Data not collected prior to 2005

N/A: Data not available

Capital Asset Statistics by Function/Program  
Last Eight Fiscal Years

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

Sources: Various government departments.

Note: Data not collected prior to 2005

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

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

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

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

Board of Commissioners  
County of Brunswick  
Bolivia, North Carolina

We have audited the 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 the County of Brunswick, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 15, 2012. Our report includes a reference to 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. Other auditors audited the financial statements of the Brunswick County Board of Alcoholic Control and the Brunswick County Hospital Authority, as described in our report on the County of Brunswick, North Carolina's financial statements. The financial statements of the Brunswick County Board of Alcoholic Control, Brunswick County Economic Development Commission and the Brunswick County Hospital Authority were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

Management of the County of Brunswick, North Carolina is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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.

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

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

### **Compliance and Other Matters**

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

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.

October 15, 2012

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

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

## **Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Federal Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act**

### **INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
County of Brunswick  
Bolivia, North Carolina

#### **Compliance**

We have audited the County of Brunswick, North Carolina's compliance 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The 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 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 the County of Brunswick's management. Our responsibility is to express an opinion on the County of Brunswick's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Brunswick's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Brunswick's compliance with those requirements.

In our opinion, the County of Brunswick complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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## Internal Control Over Compliance

Management of the County of Brunswick, North Carolina, 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 the County of Brunswick, North Carolina's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 of Brunswick, North Carolina's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 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.  
October 15, 2012

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## **Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major State Program And On Internal Control Over Compliance In Accordance With Applicable Sections Of OMB Circular A-133 And The State Single Audit Implementation Act**

### **INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
County of Brunswick  
Bolivia, North Carolina

#### **Compliance**

We have audited the County of Brunswick, North Carolina's compliance with the types of compliance requirements described in applicable sections of 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 could have a direct and material effect on each of its major State programs for the year ended June 30, 2012. The County of Brunswick, North Carolina's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of the County of Brunswick's management. Our responsibility is to express an opinion on the County of Brunswick's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the County of Brunswick's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Brunswick's compliance with those requirements.

In our opinion, the County of Brunswick complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012.

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## Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 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.  
October 15, 2012

**COUNTY OF BRUNSWICK, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**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	No
Noncompliance material to financial statements noted	No

**Federal Awards**

Internal control over major federal programs:	
• Material weakness identified	No
• Significant deficiency identified	No
Type of auditors' report issued on compliance for major federal programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133	No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Federal Program/Cluster Name</u>
14.871, 14.879, 14.880	Housing Voucher Cluster
93.575, 93.596, 93.713	Child Care Development Fund Cluster
93.778, 93.777, 93, 775, 93.720	Medicaid Cluster
93.659	Adoption Assistance
10.557	Special Supplemental Nutrition Program For Women, Infants and Children

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$2,598,838</u>
Auditee qualified as low-risk auditee?	No

**COUNTY OF BRUNSWICK, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**State Awards**

Internal control over major State programs:	
• Material weakness identified	No
• Significant deficiency identified	No
Type of auditors' report issued on compliance for major State programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	No
Identification of major State programs:	

**Program Name**

---

Subsidized Child Care Cluster  
Foster Care and Adoption Cluster  
Medicaid  
Public School Building Capital Fund

**Section II - Financial Statements Findings**

None reported

**Section III - Federal and State Award Findings**

None reported.

**COUNTY OF BRUNSWICK, NORTH CAROLINA**  
**SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Not applicable.

COUNTY OF BRUNSWICK, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures
<b>Federal Awards:</b>				
<u>U.S. Department of Agriculture</u>				
Rural Development Housing Preservation Grant	10.433	2010	\$ 55,260	\$ -
Passed-through N.C. Department of Health and Human Services Division of Social Services				
<u>SNAP Cluster</u>				
Supplemental Nutrition Assistance Program Administration	10.561		667,463	-
Supplemental Nutrition Assistance Fraud Administration	10.561		106,849	-
Total SNAP Cluster:			774,312	-
Division of Public Health				
Administration				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		483,505	-
<u>Child Nutrition Cluster</u>				
AGRI-SFP Food Program Meal	10.559		191	-
Total Child Nutrition Cluster			191	-
Direct Benefit Payments				
Special Supplemental Food Program for Women, Infants and Children	10.557		1,899,203	-
Total U.S. Department of Agriculture			3,212,471	-
<u>Department of Interior</u>				
Bureau of Land Management				
Payment in Lieu of Taxes	15.226		3,716	-
<u>U.S. Department of Health and Human Services</u>				
<u>Administration on Aging</u>				
Passed-through Cape Fear Council of Governments				
Passed-through Brunswick Senior Resources				
<u>Aging Cluster</u>				
Home and Community Care Block Grant	93.044		284,879	-
Total Aging Cluster			284,879	-
<u>Administration for Children and Families</u>				
Passed-through the N.C. Department of Health and Human Services				
Division of Social Services				
<u>Temporary Assistance for Needy Families (TANF) Cluster</u>				
Temporary Assistance for Needy Families (TANF)	93.558		8,021	-
TANF-Domestic Violence	93.558		18,023	-
Work First Administration	93.558		93,932	-
Work First Service	93.558		564,986	-
Special Children Adoption-Direct Benefit Payments	93.558		44,400	-
TANF Payments and Penalties-Direct Benefit Payments	93.558		567,591	3,629
TANF UP-Direct Benefit Payments	93.558		(423)	-
Total TANF Cluster			1,296,530	3,629
Division of Social Services				
Family Preservation	93.556		6,289	-
IV-D Administration	93.563		830,468	-
Low Income Home Energy Assistance	93.568		162,355	-
Low Income Energy Administration	93.568		76,651	-
Crisis Intervention Payments	93.568		651,405	-
Permanency Planning-Special	93.645		24,319	6,575
Social Services Block Grant	93.667		-	500
SSBG Other Services and Training	93.667		189,689	19,672
In-Home Services over 60	93.667		5,636	-
In-Home Services	93.667		9,892	-
Links	93.674		8,104	2,026

COUNTY OF BRUNSWICK, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures
<b>Federal Awards:</b>				
<u>Foster Care and Adoption Cluster: (Note 4)</u>				
Administration				
IV-E Optional Adoption Training	93.659		\$ 16,684	\$ -
IV-E Child Protective Services	93.658		283,321	48,538
IV-E Foster Care/Off Training	93.658		165,238	-
Direct Benefit Payments				
IV-E Adoption Subsidy and Vendor Payment	93.659		647,897	173,367
Retro Adoption and Vendor Payment	93.659		-	(1,066)
IV-E Administration County Paid to CCI	93.658		69,171	34,585
IV-E Foster Care	93.658		158,968	42,527
IV-E Foster Care In Excess	93.658		9,339	2,491
IV-E Max Level III	93.658		8,684	-
Adoption/Foster Care	N/A		86,655	36,064
Total Foster Care and Adoption Cluster			1,445,957	336,506
Direct Benefit Payments				
Independent Living Transitional	93.674		5,581	-
AFDC Payments and Penalties	93.560		(189)	(52)
AFDC Unemployed Parents	93.560		(45)	(13)
<u>Administration of Children and Families</u>				
Passed-through the N.C. Department of Health and Human Services				
<u>Subsidized Child Care (Note 4)</u>				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services				
Child Care Development Fund-Administration	93.596		176,391	-
Division of Child Development				
Child Care and Development Fund -- Discretionary	93.575		1,561,161	-
Child Care and Development Fund -- Mandatory	93.596		629,519	-
Child Care and Development Fund -- Match	93.596		707,873	251,844
Total Child Care Fund Cluster			3,074,944	251,844
Temporary Assistance for Needy Families	93.558		704,411	-
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families State Programs	93.714		38,874	-
Foster Care Title IV-E	93.658		15,925	-
Smart Start			-	17,880
State Appropriations			-	192,269
TANF-MOE			-	392,558
Total Subsidized Child Care Cluster			3,834,154	854,551
<u>Centers for Medicare and Medicaid Services</u>				
Passed-through the N.C. Department of Health and Human Services				
Division of Medical Assistance				
<u>Medicaid Cluster:</u>				
Administration:				
Medical Assistance Assistance Program	93.778		128,345	49,517
Adult Care Home Case Management Special	93.778		48,323	15,171
Medical Assistance Expansion	93.778		17,941	17,941
Medical Assistance Administration	93.778		972,277	-
Medical Transportation Administration	93.778		86,424	-
Medical Transportation Service	93.778		27,529	14,773
Direct Benefit Payments				
Title XIX -- Medicaid	93.778		69,104,529	39,798,891
Total Medicaid Cluster			70,385,368	39,896,293
Children's Health Insurance Program-N.C. Health Choice	93.767		59,634	4,118
<u>Centers for Disease Control and Prevention</u>				
Passed-through the N.C. Department of Health and Human Services				
Division of Public Health				
<u>Immunization Cluster</u>				
Immunization Grants	93.268		21,102	-
Total Immunization Cluster			21,102	-

COUNTY OF BRUNSWICK, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures
<b>Federal Awards:</b>				
Public Health Emergency Preparedness	93.069		\$ 46,456	\$ -
Prevention Investigations and Technical Assistance	93.283		2,311	-
ARRA-Preventing Healthcare-Associated Infections	93.717		2,220	-
Comprehensive Breast and Cervical Cancer Early Detection Program	93.919		34,701	29,070
<u>Health Resources and Service Administration</u>				
Passed-through N.C. Department of Health and Human Services Division of Public Health				
Maternal and Child Health Services Block Grant	93.994		108,642	227,385
<u>Office of Population Affairs</u>				
Passed-through N.C. Department of Health and Human Services Division of Public Health				
Family Planning Services	93.217		49,786	-
Total U.S. Department of Health and Human Services			<u>79,541,895</u>	<u>41,380,260</u>
<u>U.S. Department of Housing and Urban Development</u>				
<u>CDBG-State Administered CDBG Cluster</u>				
CDBG-2009 Scattered Site	14.228	09-C-1984	400,000	-
Total CDBG-State Administered CDBG Cluster			400,000	-
<u>Housing Voucher Cluster</u>				
<u>Administration</u>				
Housing Choice Voucher Program	14.871		209,005	-
<u>Direct Benefits</u>				
Housing Choice Voucher Program	14.871		2,029,366	-
Total Housing Voucher Cluster			2,238,371	-
<u>Passed-through North Carolina Housing Finance Agency</u>				
Stewart B. McKinney Homeless Assistance Act	14.000	2010 Urgent Repair	37,500	-
Home Investment Partnerships Program-SFR 2011	14.239	2011 Single Family Rehab	37,713	-
Total U.S. Department of Housing and Urban Development			<u>2,713,584</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
State Criminal Alien Assistance Program	16.606	SCAAP	21,982	-
<u>JAG Program Cluster</u>				
ARRA FY2009 Edward Byrne Memorial JAG Program	16.738	2009-DJ-BX-1088	7,159	-
FY2010 Edward Byrne Memorial JAG Program	16.738	2010-DJ-BX-0132	19,619	-
FY2011 Edward Byrne Memorial JAG Program	16.738	2011-DJ-BX-2813	16,950	-
<u>Passed-through N.C. Department of Crime Control And Public Safety</u>				
<u>Passed-through Governor's Crime Commission</u>				
ARRA Gang Awareness & Education JAG Program	16.803	010-1-09-R06-RJ-085	29,357	-
<u>Passed-through Dept. of Juvenile Justice and Delinquency Prevention</u>				
ARRA Gang Awareness & Education JAG Program	16.803	610652	13,177	-
ARRA Gang Awareness & Education JAG Program	16.803	610651	9,307	-
Total JAG Program Cluster			95,569	-
<u>Passed-through Governor's Crime Commission</u>				
ARRA STOP Violence against Women-Filling the Gap	16.588	010-1-08-3VA-AW-344	63,002	-
Total U.S. Department of Justice			<u>180,553</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
<u>Passed-through N.C. Department of Crime Control And Public Safety</u>				
<u>Division of Emergency Management</u>				
Disaster Grants- Public Assistance	97.036	Hurricane Irene	218,801	-
2008 Port Security Grant Program-Back-up Generators	97.056	2008-GB-T8-K076-7024	18,220	-
2009 Port Security Grant Program-Helicopter FLIR	97.056	2009-PU-T9-K038-7002	16,234	-
Total U.S. Department of Homeland Security			<u>253,255</u>	<u>-</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures
<b>Federal Awards:</b>				
<u>Department of Transportation</u>				
Passed-through N.C. Department of Transportation				
<u>Highway Safety Cluster</u>				
GHSP-Highway Safety Project	20.600	K8-2012-02-36	\$ 145,542	\$ -
GHSP-Highway Safety Project	20.600	PT-2011-03-04-01	60,446	-
Total Highway Safety Cluster			205,988	-
Passed-through N.C. Department of Transportation				
Runway Ext, Wetlands Mitigation, Land Acquisition	20.106	36237.45.10.1	18,529	-
Runway Extension	20.106	36237.45.10.2	11,612	-
Parallel Taxiway Land Acquisition	20.106	36237.45.10.4	164,763	-
Runway Approach Survey, Cert. and West Terminal Design	20.106	36237.45.11.1	46,855	-
Design and Bid Parallel Runway	20.106	36237.45.13.1	92,685	-
Passed-through N.C. Department of Crime Control And Public Safety:				
Division of Emergency Management				
Hazardous Materials Emergency Planning Grant	20.703	2011 HMEP	5,300	-
Total U.S. Department of Transportation			545,732	-
<u>U.S. Department of Defense-Army Corps of Engineers</u>				
Mosquito Control Project (AIWW Contract)	12.107	W912PM-11-P-0042	82,876	-
Mosquito Control Project (AIWW Contract)	12.107	W912PM-11-P-0047	93,846	-
Total U.S. Department of Defense			176,722	-
Total Federal Assistance			86,627,928	41,380,260
<b>State Grants:</b>				
<u>N.C. Department of Administration</u>				
Veterans Service		FY2011-2012	-	1,452
<u>N.C. Department Crime Control and Public Safety</u>				
Passed-through N.C. Redevelopment Center				
Crisis Housing Assistance Fund		010-0-04	-	6,899
<u>N.C. Housing Trust Fund</u>				
Passed thru N.C. Housing Finance Agency				
Urgent Repair Grant		2011 Urgent Repair	-	37,500
<u>N.C. Department of Health and Human Services</u>				
Division of Social Services				
Administration				
Energy Assist Private Grants			-	77,661
Direct Benefit Payments				
CWS Adopt Subsidy & Vendor			-	254,553
FC At Risk Maximization			-	1,741
Foster Care Special Provision			-	845
SC/SA Domiciliary Care			-	462,606
SFHF Maximization			-	34,860
State Foster Home			-	52,341
Division of Public Health				
Food and Lodging Fees			-	12,220
Environmental Health			-	3,400
Lead Prevention Aid to County Funds			-	1,312
Mosquito-Public Health Pesticide			-	22,222
General Aid to Counties			-	90,230
General Communicable Disease Control			-	13,292
Risk Reduction/Health Promotion			-	8,036
WHSF			-	10,269
Tuberculosis			-	3,066
TB Medical Services			-	1,529
General Aid-to-County			-	11,464
Total N.C. Department of Health and Human Services			-	1,061,647

COUNTY OF BRUNSWICK, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures
<b>State Grants:</b>				
<u>N.C. Department of Environment and Natural Resources</u>				
Soil and Water Technical Assistance			\$ -	\$ 26,490
Soil and Water - State Aid			-	3,600
Recycling Grant		4094	-	5,760
Scrap Tire Site Clean-Up			-	131,287
Solid Waste Disposal			-	47,124
White Goods Disposal			-	33,802
Electronics Management Program Reimbursement			-	8,382
Total N.C. Department of Environment and Natural Resources			-	256,445
<u>Dept. of Juvenile Justice and Delinquency Prevention</u>				
Juvenile Crime Prevention Council Programs			-	177,403
<u>N.C. Attorney General Enhancement Fund</u>				
passed through the NC Coastal Federation				
passed through NC Department of Agriculture				
SWCD-Environmental Enhancement Grant		EEG-15	-	1,000
<u>N.C. Dept. of Public Instruction</u>				
Public School Building Capital Fund (Lottery)			-	727,475
STATE GRANTS: (Continued)				
<u>N.C. Department of Correction</u>				
Criminal Justice Partnership Program		10-0706-I-A	-	80,741
<u>N.C. Governor's Highway Safety Program</u>				
N.C. Department of Insurance				
Office of the Fire Marshal				
2012 NC Safe Kids Grant		2012 Safe Kids Seat Check	-	1,980
<u>N.C. Department of Transportation</u>				
Rural Operating Assistance Program ( EDTAP)			-	100,751
Rural Operating Assistance Program (RGP)			-	94,483
Work First Program			-	46,473
State to Airports Project				
State Aid-Aircraft Apron Expansion, Access Road and Taxiways		36244.58.6.1	-	2,547,271
Total N.C. Department of Transportation			-	2,788,978
<u>N.C. Department of Cultural Resources</u>				
Division of State Library				
Aid to Public Libraries			-	125,460
Library Services and Technology Act Grant			-	20,000
Total N.C. Department of Cultural Resources			-	145,460
Total State Assistance			-	5,286,980
Total Assistance			\$ 86,627,928	\$ 46,667,240

**COUNTY OF BRUNSWICK, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Brunswick County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the basic financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

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

Brunswick County Schools Public School Building Capital Fund			\$ -	\$ 727,475
Brunswick Interagency Transportation ROAP			-	195,234
Coastal Horizons ARRA Community Based Gang Awareness & Education Grant	16.803	610652	13,177	-
Strengthening Families		510-11097	-	23,500
Coastal Challenges		510-10677	-	56,500
Family Emergency Teen Shelter JJDP, Providence Home		510-11329	-	26,500
Teen Court 13th District Teen Court		510-10418	-	46,500
ARRA Community Based Gang Awareness & Education Grant	16.803	610651	9,307	-
Brunswick County Airport State Aid-Aircraft Apron Expansion, Access Road and Taxiways		36244.58.6.1	-	2,547,271
Runway Ext, Wetlands Mitigation, Land Acquisition	20.106	36237.45.10.1	18,529	-
Runway Extension	20.106	36237.45.10.2	11,612	-
Parallel Taxiway Land Acquisition	20.106	36237.45.10.4	164,763	-
Runway Approach Survey, Cert. and West Terminal Design	20.106	36237.45.11.1	46,855	-
Design and Bid Parallel Runway	20.106	36237.45.13.1	92,685	-
Total Passed Through to Sub recipients			<u>\$ 356,928</u>	<u>\$ 3,622,980</u>

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

4. The following are clustered by the NC Department of Health and Human Services and are treated separately for State audit requirement purposes:  
Subsidized Child Care, Foster Care and Adoption.

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