



County of Brunswick

Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2014

**COUNTY OF BRUNSWICK
NORTH CAROLINA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended
June 30, 2014**

Prepared by the Brunswick County Finance Office

COUNTY OF BRUNSWICK, NORTH CAROLINA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

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County of Brunswick Finance Department

Post Office Box 249
Bolivia, North Carolina 28422

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

October 31, 2014

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, 2014.

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, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Brunswick County's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the report.

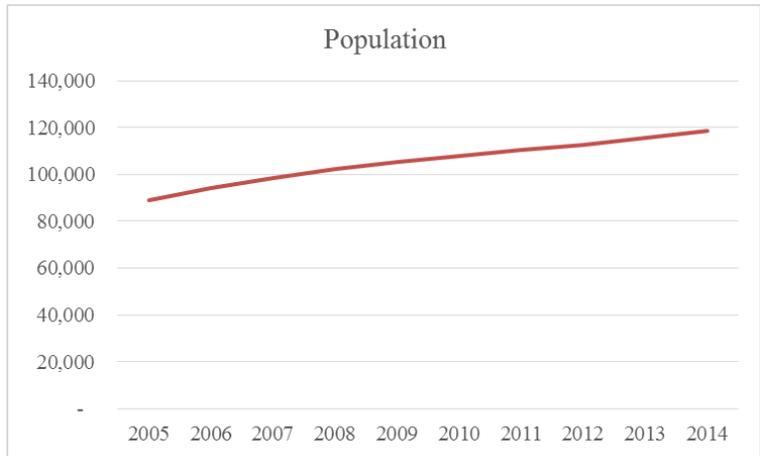
The independent audit of the financial statements of Brunswick County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This

letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Brunswick County's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

Brunswick County, founded in 1764 by the North Carolina General Assembly, is located in the southeastern corner of the State in the coastal plains region. As is typical of coastal plains, the topography is characterized by flatlands with soil composition of sand and sand loam. Forming a natural boundary on the southeast, the Atlantic Ocean gives the County approximately 47 miles of beachfront. It has an estimated population of 118,634, which is an increase of approximately 33% since 2005. It is the third largest county in the State, having a land area of 896 square miles.



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

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

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

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

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

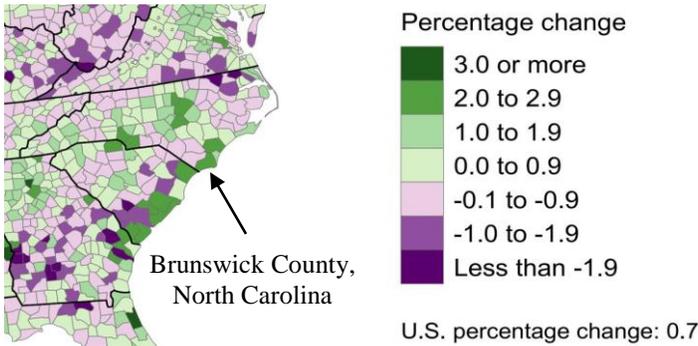
The financial reporting entity includes all funds of the primary government (Brunswick County), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units, if applicable, are reported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

Beverage Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority and the Brunswick County Airport Commission are reported as discretely presented component units in the financial statements. The Brunswick County Industrial Facility and Pollution Control Financing Authority is also a component unit of Brunswick County however, this Authority has no financial transactions or account balances and is therefore not reported in the financial statements.

The annual budget serves as the foundation for Brunswick County’s financial planning and control. Each year all County departments are required to submit requests for appropriation to the County Manager, who then compiles a proposed budget and presents it to the Board of Commissioners for review. The board is required to hold public hearings on the proposed budget and to adopt a final budget by July 1 of the fiscal year, or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The annual ordinance includes appropriations for the General, the Special Revenue (excluding the grant projects) and the Enterprise funds. Note 1 provides additional information on budgetary data. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 21 as part of the basic financial statements for the governmental funds. For annually budgeted special revenue funds, this comparison is presented in the non-major governmental fund subsection of this report, which starts on page 80. 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).

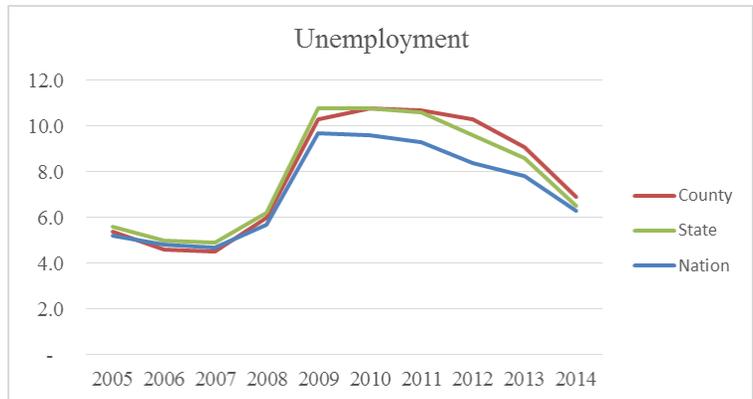
Factors Affecting Financial Condition

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 the United States. As of March 27, 2014, per the U.S. Department of Commerce, Brunswick County is the fastest growing county in North Carolina. The permanent population grew at an average rate of approximately 4 percent annually over the last ten years.

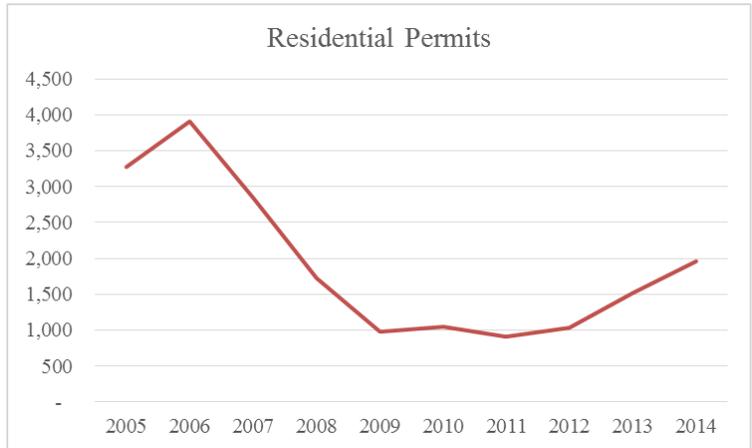
The County and State’s unemployment rates at June 2014 were 6.9 and 6.5 percent, respectively. The State’s seasonally adjusted unemployment rate at June 2014 is 6.4. The County’s growth rate continues to increase mainly due to many people moving to Brunswick County for its quality of life. As with the nation, the County’s high growth rate in residential and commercial development has subsided in more recent years but has begun to experience an economic comeback.



In the past year Brunswick County has experienced an increase in retail sales and tourism dollars as the economy improved. Since 2005, Brunswick County has had forty-five plant announcements, creating 1,665 new jobs and over \$277 million in new capital investment. Brunswick County has four improved industrial parks and three planned industrial parks with great potential for future development.

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

The County’s diversified economy is based primarily upon tourism, manufacturing, retail, and construction. Our existing industries continue to expand as they have added 40 new jobs in the last nine months. In the past year, there have been two industrial announcements which will add at least 120 new jobs to Brunswick County. Tourism contributions include permanent, as well as secondary housing development, increased retail sales, increased employment opportunities and increased demand for potable water and wastewater collection and treatment services. Retail development has picked up again with new shopping centers planned near St. James, Supply, and Leland and the infill of stores within centers in the southern part of the county. In the past year, residential construction has increased to levels experienced prior to the real estate bubble with hundreds of new homes now under construction.



Retail trade is the largest employment sector in Brunswick County, accounting for 16% of employment, while accommodation and food services represent 14%, government 8%, health care and social assistance 12%, public administration 8%, arts, entertainment, and recreation 6%, administrative and waste services 5%, construction 6%, real estate 3%, utilities 4%, wholesale trade 4% and manufacturing 5%. Various other employment sectors make up the remaining 9%.

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



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

Cape Fear Regional Jetport also known as the “Little Airport with the Big Heart” is located in Oak Island, NC drawing both business and recreation planes. The ideal location with 60 miles of beach, 36 golf courses and charming communities combined with the airport itself boasting 19 businesses including two aircraft maintenance shops, one large paint shop, the largest flight school on the coast, bait and tackle shop, and an aircraft interior shop just to name a few. All of this is key in attracting the 82 aircrafts based at the airport with a 10 year waiting list for hangers. The airport is 11th in General Aviation Airport economic engines in the State of North Carolina out of 67 other airports.



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

Long-term financial planning. The County’s Capital Improvement Plan through the year 2019 provides a plan, based on need, to fund and acquire various projects.

The Capital Improvement Plan for general government in FY 2015 totals \$6.4 million. General government projects include \$0.8 million for C&D Landfill Closure, \$2.7 million in park improvements, \$2.7 million for the Leland Senior Center, \$0.2 million for sheriff’s firing range, and which are funded from county general revenues and the governmental reserve funds. Also included in the County Capital Improvement Plan are additional utility projects that total approximately \$21.5 million for fiscal year 2015. Water system improvements total \$16.2 million and include waterline extensions, transmission improvements, 211 plant improvements and the Northwest Water Plant expansion. Wastewater improvements for fiscal year 2015 total \$5.3 million and include construction of the Ocean Isle Beach pump station, capacity improvements, main upgrades and extensions. The enterprise projects are anticipated to be funded with debt proceeds in 2015 of approximately \$15.0 million with the remaining provided from enterprise system generated reserve funds.

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



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

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

The Ocean Isle Beach Water Reclamation Facility was acquired from the Town of Ocean Isle Beach in 2012 through a Sewer Service Agreement. The Facility has a permitted treatment capacity of 1.05 mgd and effluent from the facility is sprayed on a 320 acre site adjacent to the plant. The Facility serves the Town of Ocean Isle Beach and the nearby portion of the County Sewer Service Area including Ocean Isle Palms and Ocean Ridge.

The County plans to make water transmission improvements over the next few years and expand the Northwest Water Treatment Plant with the first phase in 2015. These will provide potable water to meet the county's growing demands for an estimated total cost of \$23.3 million.

Awards and Acknowledgements

Awards. The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This is the twelfth consecutive year that the County has received the prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. The report also must satisfy both generally accepted accounting principles and applicable legal requirements.



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

Acknowledgements. We appreciate the efforts of the entire staff of the Finance Department throughout the year, especially during the preparation of this annual financial report with the assistance of Martin Starnes & Associates, CPAs, P.A. We would like to recognize the members of the finance staff for their dedication and ongoing efforts in the preparation of the 2014 CAFR:

Jackie Gibson
Yvette Glenn
Bill Noland

Ingrid Oliver
Debra Ormand
Ventzie Penev

Tiffany Rogers
Tanya Simpson
Aaron Smith, CPA

We would like to commend each County department for their cooperation and assistance in carrying out the activities comprised in this report. Recognition and appreciation is also extended to the County Manager and the Board of Commissioners for their continual support in maintaining the highest standards of professionalism in the management of the Brunswick County's finances.

Respectfully submitted,

A handwritten signature in black ink that reads 'Julie A. Miller'.

Julie A. Miller, CPA
Director of Fiscal Operations



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Brunswick
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

County of Brunswick, North Carolina
List of Principal Officials
June 30, 2014

Board of County Commissioners

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

County Officials

Ann B. Hardy, MPA, CPA
Steve Stone, MPA
John W. Ingram, V
Charlie Miller
Brenda M. Clemmons
Debby Gore
Huey Marshall, Esq.
Bryan W. Batton, Esq.
Julie A. Miller, CPA
Aaron C. Smith, CPA
Vacant
Greg Bellamy
Mark Blevins
Brian Watts

David M. Stanley, III

Mike Hargett

Reggie Hucks
Pamela Cheers
Jeff Niebauer

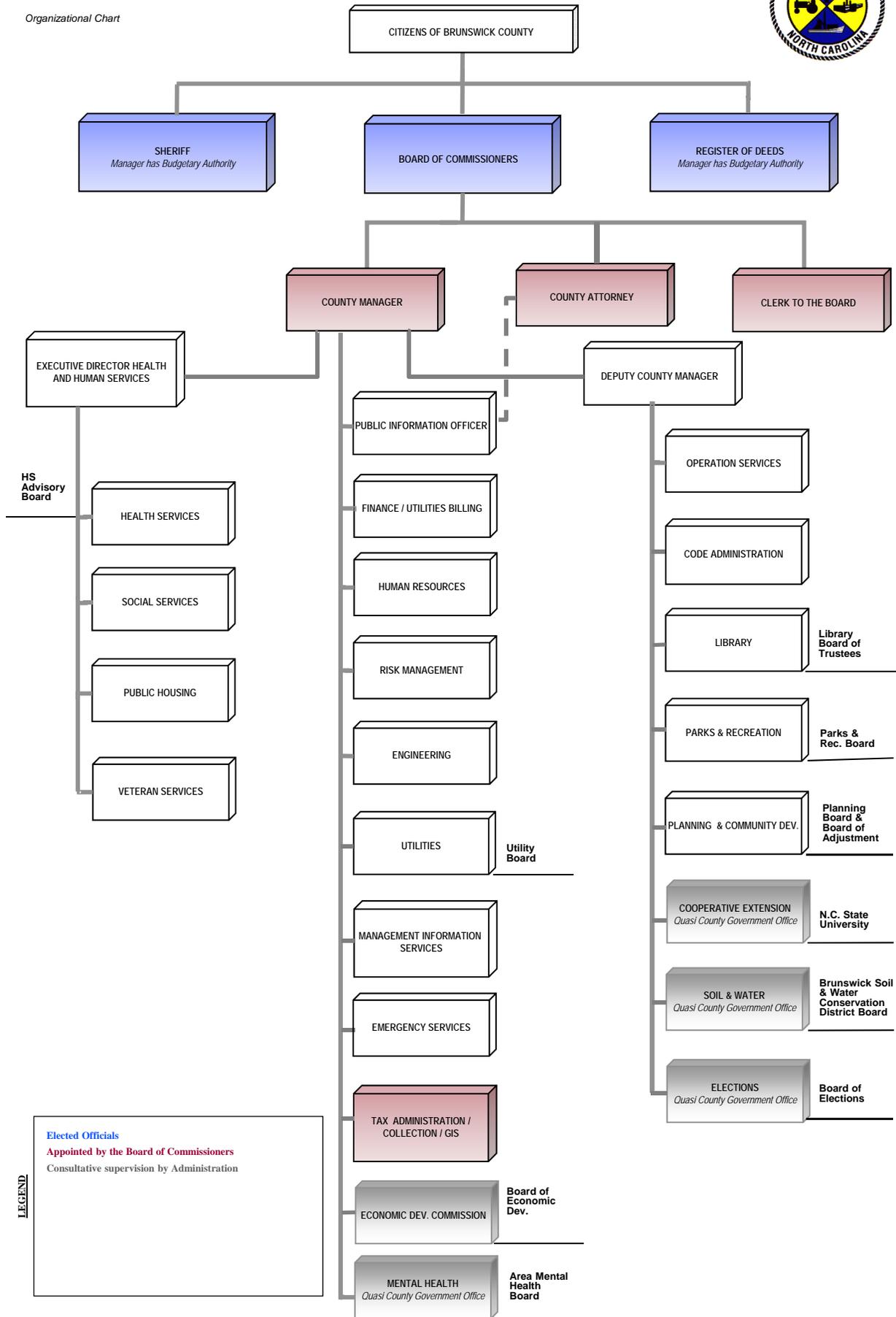
Catherine Lytch
Jerry Pierce, PE
John Nichols, PE

Anita Hartsell
Maurice Tate
T. James Pryor
Stephanie Lewis
Mamie Caison
Steve Randone
William L. Pinnix, PE

County Manager
Deputy County Manager
Sheriff
Sheriff's Chief Deputy
Register of Deeds
Clerk to the Board
County Attorney
Assistant County Attorney
Director of Fiscal Operations
Deputy Director of Fiscal Operations
Director of Human Resources
Director of Elections
Director of Cooperative Extension
Director of Emergency
Management and Services
Director of Health and Human
Services
Director Planning and Community
Development
Code Administration
Public Housing-Section 8 Manager
Tax Administrator/Revenue
Collector and GIS
Director of Social Services
Director of Public Utilities
Assistant Director of Public
Utilities
Senior Veteran Services Officer
Director of Libraries
Director of Parks & Recreation
Director of Operation Services
Director of Soil & Water
Director of MIS
Director of Engineering Services



Organizational Chart



Elected Officials
 Appointed by the Board of Commissioners
 Consultative supervision by Administration

LEGEND

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

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Brunswick County
Bolvia, North Carolina

Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County, North Carolina, as of and for the year ended June 30, 2014, and the related Notes to the Financial Statements, which collectively comprise Brunswick County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Brunswick County Board of Alcoholic Control were not audited in accordance with *Government Auditing Standards*.

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

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

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County, North Carolina, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Brunswick County, North Carolina. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2014 on our consideration of Brunswick County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brunswick County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 31, 2014

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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, 2014. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

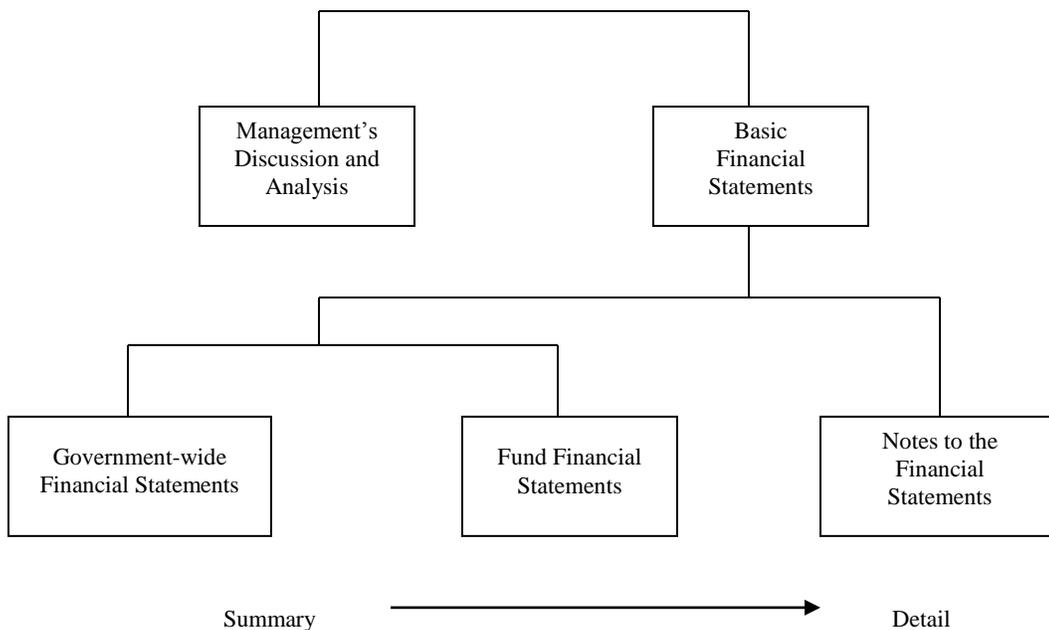
- The assets and deferred outflows of resources of Brunswick County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$91.6 million (*net position*). The County's net position is impacted considerably by the general obligation debt the County has issued on the behalf of the school system and community college to fund capital outlay. Under North Carolina law, the County is responsible for providing capital funding for the school system and college. The County has chosen to meet its legal obligation to provide education capital funding by using a mixture of sales taxes, general obligation debt, and installment debt. A portion of the assets funded by the County are owned, utilized, and maintained by the school system and community college. Since the County, as the issuing government, acquires no capital assets, the County incurred a liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of the education general obligation debt is approximately \$57.1 million dollars. Furthermore, the entire amount of education general obligation debt is collateralized by the full faith, credit and taxing power of the County. The County is authorized and required by State law to levy ad Valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due. Note 7F on page 51 further explains the effect of education debt on net assets.
- The County's net position of governmental activities increased by \$3.2 million mainly due to increased revenues in the General Fund.
- As of the close of the 2014 fiscal year, the County's general fund reported amounts restricted for Stabilization by State statute of \$8.2 million, restrictions for public housing section 8 beneficiaries of \$0.2 million, and \$3.3 restricted for health and wellness programs totaling \$3.5 million. The unrestricted fund balance totals \$54.8 million of which \$0.2 million is committed for revaluation purposes, \$1.1 million is assigned to balance the FY 2015 annual budget leaving \$53.5 million available for spending.
- The County bond rating with Fitch is AA for general obligation bonds, AA- for limited obligation bonds and revenue bonds which were adjusted upward due to recalibration from the agency. Moody's Investor Services ratings were also recalibrated and improved to Aa2 for general obligation bonds, Aa3 for limited obligation and revenue bonds. The County maintained its general obligation bond rating of AA from Standard & Poor's bond rating agency, with limited obligation and revenue bonds both rated AA-.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Components of Annual Financial Report

Figure 1



BASIC FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Brunswick County include general government, public safety, public education, economic development, and general administration. The business-type activities of Brunswick County are water and wastewater services offered by the County along with internal services funds for the County's self-insured workers' compensation program and the employee health fund.

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-64 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its public safety employees and other post-employment health benefits to employees. Required supplemental information can be found on pages 65-66 of this report.

Brunswick County's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 111,478,715	\$ 107,522,927	\$ 68,083,717	\$ 74,383,331	\$ 179,562,432	\$ 181,906,258
Capital asset (net)	120,123,902	121,382,046	365,402,944	361,301,252	485,526,846	482,683,298
Total assets	<u>231,602,617</u>	<u>228,904,973</u>	<u>433,486,661</u>	<u>435,684,583</u>	<u>665,089,278</u>	<u>664,589,556</u>
Deferred Outflows of Resources:	656,634	742,770	-	-	656,634	742,770
Noncurrent liabilities	123,591,270	126,604,439	140,017,760	149,169,584	263,609,030	275,774,023
Other liabilities	16,988,193	14,538,843	16,118,466	15,664,407	33,106,659	30,203,250
Total Liabilities	<u>140,579,463</u>	<u>141,143,282</u>	<u>156,136,226</u>	<u>164,833,991</u>	<u>296,715,689</u>	<u>305,977,273</u>
Deferred Inflows of Resources:	81,171	92,077	-	-	81,171	92,077
Net position:						
Net investment in capital assets	85,033,340	82,982,620	220,347,412	215,460,422	305,380,752	298,443,042
Restricted	13,683,095	12,788,396	-	-	13,683,095	12,788,396
Unrestricted	<u>(7,117,818)</u>	<u>(7,358,632)</u>	<u>57,003,023</u>	<u>55,390,170</u>	<u>49,885,205</u>	<u>48,031,538</u>
Total net position	<u>\$ 91,598,617</u>	<u>\$ 88,412,384</u>	<u>\$ 277,350,435</u>	<u>\$ 270,850,592</u>	<u>\$ 368,949,052</u>	<u>\$ 359,262,976</u>

The assets and deferred outflows of resources of Brunswick County governmental activities exceeded its liabilities and deferred outflows of resources by \$91.6 million as of June 30, 2014. Net position is reported as follows: net investment in capital assets of \$85.0 million, restricted for stabilization by State statute \$8.2 million, restricted for other purposes \$5.5 million and unrestricted net assets of (\$7.1) million.

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

	Amount (in millions)
Total capital assets	\$ 120.1
Less long-term debt	(89.5)
Capital related deferred outflows of resources	0.7
Less current maturities of long-term debt	(10.9)
Landfill closure included in long-term debt	8.6
Current portion of compensated absences	0.3
Education general obligation debt payable	<u>55.7</u>
Total invested in capital assets, net of related debt	<u>\$ 85.0</u>

The final category of net position is unrestricted resources. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2014, the unrestricted resources were (\$7.1) million. Even though the debt issued has been issued to finance capital outlay, construction and renovation for the school system and the community college, the Governmental Accounting Standards Board has determined that it is not capital debt for the County since it is not financing assets owned by the County. As a result the education debt is reportable within the unrestricted category of the net position rather than as part of the category invested in capital asset net of related debt.

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

Brunswick County Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Changes for services	\$ 17,407,961	\$ 16,142,527	\$ 43,906,639	\$ 62,287,665	\$ 61,314,600	\$ 78,430,192
Operating grants and contributions	21,251,589	19,487,824	-	-	21,251,589	19,487,824
Capital grants and contributions	3,311,384	3,413,712	1,204,063	2,521,233	4,515,447	5,934,945
General revenues:						
Ad valorem taxes	112,080,219	109,152,892	-	-	112,080,219	109,152,892
Local option sales taxes	17,832,031	16,941,795	-	-	17,832,031	16,941,795
Other taxes	3,766,292	3,484,388	-	-	3,766,292	3,484,388
Sale of real property	-	-	-	751,218	-	751,218
Investment earnings	140,616	168,330	72,390	83,874	213,006	252,204
Total revenues	<u>175,790,092</u>	<u>168,791,468</u>	<u>45,183,092</u>	<u>65,643,990</u>	<u>220,973,184</u>	<u>234,435,458</u>
Expenses:						
General government	12,254,383	10,934,466	-	-	12,254,383	10,934,466
Public safety	39,375,729	35,303,805	-	-	39,375,729	35,303,805
Central services	14,123,067	12,644,064	-	-	14,123,067	12,644,064
Human services	28,293,768	26,348,700	-	-	28,293,768	26,348,700
Transportation	2,006,314	2,616,195	-	-	2,006,314	2,616,195
Environmental protection	16,242,909	13,394,236	-	-	16,242,909	13,394,236
Cultural and recreation	4,084,737	3,951,742	-	-	4,084,737	3,951,742
Economic and physical development	7,270,311	7,616,623	-	-	7,270,311	7,616,623
Education	44,441,846	42,982,116	-	-	44,441,846	42,982,116
Interest on long-term debt	4,510,795	4,616,769	-	-	4,510,795	4,616,769
Water and wastewater	-	-	38,683,249	34,403,837	38,683,249	34,403,837
Total expenses	<u>172,603,859</u>	<u>160,408,716</u>	<u>38,683,249</u>	<u>34,403,837</u>	<u>211,287,108</u>	<u>194,812,553</u>
Increase (decrease) in net position	<u>3,186,233</u>	<u>8,382,752</u>	<u>6,499,843</u>	<u>31,240,153</u>	<u>9,686,076</u>	<u>39,622,905</u>
Net position, July 1	<u>88,412,384</u>	<u>80,029,632</u>	<u>270,850,592</u>	<u>239,610,439</u>	<u>359,262,976</u>	<u>319,640,071</u>
Net position, June 30	<u>\$ 91,598,617</u>	<u>\$ 88,412,384</u>	<u>\$ 277,350,435</u>	<u>\$ 270,850,592</u>	<u>\$ 368,949,052</u>	<u>\$ 359,262,976</u>

Governmental activities. Governmental activities accounted for \$91.6 million, which is 24.8 percent of the total net position. Governmental revenues increased mainly due to increases in ad valorem tax collections, local option sales taxes and service fees. Operating grants funded \$21.3 million of the county's governmental activities. Governmental expenses increased due to park improvement projects and operational increases in Public Safety and Human Services. Governmental net position increased \$3.2 million mainly due to principal debt retirements associated with education facilities for which the county does not own the underlying assets.

Business-type activities. Business-type activities increased the County's net position by \$6.5 million. Business-type revenues decreased mainly due to a decrease in wastewater assessment revenues. Business-type expenses increased slightly mainly due to increased expenditures associated with the new meter reading system. Business-type net position increased by \$6.5 million due to the completion of capital projects and the principal retirement of the associated debt on the assets.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$94.5 million, which is an increase of \$4.4 million over the prior year. Approximately \$14.0 million of the total fund balance is restricted by state stabilization or other restrictions and approximately \$80.5 million is unrestricted. Of the unrestricted fund balance of \$80.5 million at June 30, 2014, \$26.0 million or approximately 32.3 percent was committed for education and county capital projects and \$1.1 million was assigned for subsequent year expenditures leaving \$54.8 million of unassigned fund balance. The unassigned fund balance of \$53.5 million, which is approximately 56.6 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 \$53.5 million, while total fund balance for the general fund decreased from \$66.7 million to \$66.3 million mainly due to increased transfers to County and Education Capital Projects Funds. Amounts in the General Fund balance assigned for subsequent year's expenditures totaled \$1.1 million. The amount of restricted general fund balance was \$8.0 million for stabilization by state statute and \$3.5 million for other restriction related to health and wellness and public housing section 8 programs. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned general fund balance represents 33.7% of total general fund expenditures, while total general fund balance represents 41.8% of that same amount. The County Capital Project fund balance increased \$4.0 million due to transfers from the General Fund. The Education Capital Project Fund balance decreased \$0.1 million due to planned capital project expenditures. The Non-Major Governmental Funds balance increased \$0.8 million due to an increase in revenues.

Enterprise Funds. The Water Fund's net position increased \$2.1 million to \$147.8 million. The Wastewater Fund's net position increased \$4.3 million to \$129.5 million. The increases in the net position of the enterprise funds are from the completion of capital projects and the associated wastewater assessments charges and capital contributions.

Internal service fund. The Health Insurance Internal service fund decreased net position from \$1.7 million to \$1.0 million due to user claims in excess of charges. The Workers' Compensation Internal service fund net position increased from \$2.2 million to \$2.7 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 \$8.6 million. The majority of the increase was comprised of \$2.0 million increase in ad valorem taxes and \$4.1 million increase in restricted intergovernmental revenues. Total actual revenues exceeded amended budgeted amounts by \$5.9 million. Total actual expenditures were \$5.0 million less than amended budgeted amounts, with the majority of that amount relating to expenditures lower than budgeted in general government, central services, and human services.

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

Unrestricted net position of Water/Wastewater Funds at the end of the year totaled \$57.0 million. The primary factor affecting this amount was a net increase of \$4.1 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, 2014 amounts to \$485.5 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. Recently completed is the expansion of the treatment plant from a 1.65 to a 2.475 mgd plant to serve the growing population in the northern region of the county. This joint venture allowed existing, less effective package treatment plants to be taken off line, therefore reducing the number of wastewater discharges into the Cape Fear River. Through an agreement with a local golf course development and industry, much of the treated wastewater may be land applied or reused for industrial purposes further reducing the discharge into the river. The reclamation facility is fully supported by user charges. The County's investment in the capital asset is approximately \$25.5 million as of June 30, 2014.

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, City of Southport 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 is approximately \$114.7 million as of June 30, 2014.

Brunswick County's Capital Assets
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 12,731,432	\$ 11,009,242	\$ 2,830,609	\$ 2,830,609	\$ 15,562,041	\$ 13,839,851
Operating plants, buildings & improvements	97,300,320	101,140,281	149,607,458	137,200,047	246,907,778	238,340,328
Equipment and vehicles	6,431,105	6,409,779	10,316,473	8,314,041	16,747,578	14,723,820
Distribution and collection systems	-	-	187,247,231	181,391,103	187,247,231	181,391,103
Construction in progress	3,661,045	2,822,744	15,401,173	31,565,452	19,062,218	34,388,196
Total capital assets, net	<u>\$ 120,123,902</u>	<u>\$ 121,382,046</u>	<u>\$ 365,402,944</u>	<u>\$ 361,301,252</u>	<u>\$ 485,526,846</u>	<u>\$ 482,683,298</u>

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

Long-term Debt. At the end of the current fiscal year, Brunswick County had total general obligation bonded debt outstanding of \$61.5 million, which is backed by the full faith and credit of the County.

General Obligation, Capital Leases and Installment Notes Payable
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 57,895,000	\$ 63,915,000	\$ 3,605,000	\$ 3,760,000	\$ 61,500,000	\$ 67,675,000
Limited obligation bonds	33,120,000	36,240,000	-	-	33,120,000	36,240,000
Installment purchases & revolving loans	425,000	500,000	48,586,282	52,895,869	49,011,282	53,395,869
Revenue bonds	-	-	93,122,808	97,936,222	93,122,808	97,936,222
Other	43,095,425	35,655,001	4,632,723	3,887,494	47,728,148	39,542,495
Total long-term debt	<u>\$ 134,535,425</u>	<u>\$ 136,310,001</u>	<u>\$ 149,946,813</u>	<u>\$ 158,479,585</u>	<u>\$ 284,482,238</u>	<u>\$ 294,789,586</u>

The legal debt limit is \$2.02 billion. The legal debt margin on June 30, 2014 was \$1.93 billion.

This legal debt limit is determined by the Municipal Finance Law of North Carolina, which limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The ratio of debt service expenditures to total general governmental expenditures is 10.0% and to total general fund expenditures is 10.7%. The County's governmental general obligation debt per capita is \$556 as of June 30, 2014. The County's governmental activities gross debt per capita (excluding landfill closure/post closure, accrued compensated absences and pension benefit obligations) is \$771 made up of \$488 of general obligation debt per capita, \$279 in outstanding limited obligation bonds for construction and renovation of various county and education buildings and \$4 for county building installment purchases.

The County's debt had a net decrease of \$1.8 million in governmental and \$8.5 in enterprise funds, for a total 3.5 percent decrease during the current fiscal year. The key factor in this decrease was the retirement of debt through principal payments. Additional information on Brunswick County's long-term debt can be found in Note 7 on pages 46-51 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Brunswick County is currently 7.3 percent and was 6.9 percent at June 30, 2014, compared to the state's seasonally adjusted unemployment rate of 6.8 percent currently and 6.4 percent at June 30, 2014.
- Inflationary trends in the region are similar to national indices.
- Population estimation of 118,634 has grown nearly 56 percent since 2000.

All of these factors were considered in preparing Brunswick County's budget for fiscal year 2014-2015.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2014-2015

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 3.7 percent to \$160.9 million. The largest increase was \$2.6 million or 18.0% in social services.

Budgeted expenditures for education are expected to decrease 0.4 percent or approximately \$137 thousand. Education funding includes a current expense appropriation to the Brunswick County School System that represents 36.5 percent of the ad Valorem tax base excluding any amount needed for annual general government debt service. The School System funds the majority of its local capital outlay needs from sales tax allocations, bond proceeds, lottery funds and ad valorem taxes. The County also includes an appropriation to the Brunswick Community College in its educational funding for current expense and capital outlay needs.

Business-type activities. The water and wastewater enterprise fund is anticipated to increase 4.0 percent due to normal growth and to cover increased costs associated with personnel, operation, and capital outlay.

REQUESTS FOR INFORMATION

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

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

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COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
Assets:				
Current Assets:				
Cash and cash equivalents/investments	\$ 94,228,431	\$ 46,108,138	\$ 140,336,569	\$ 1,130,312
Restricted cash and investments	666,643	5,589,504	6,256,147	10,275
Interest receivable	22,298	9,387	31,685	-
Taxes receivable, net	7,338,820	-	7,338,820	-
Receivables and special assessments, net	2,428,795	14,018,093	16,446,888	336,446
Other governmental agencies	6,793,728	703,518	7,497,246	1,789
Inventories	-	1,655,077	1,655,077	271,462
Prepaid items	-	-	-	23,207
Total current assets	<u>111,478,715</u>	<u>68,083,717</u>	<u>179,562,432</u>	<u>1,773,491</u>
Capital Assets:				
Non-depreciable capital assets	16,392,477	18,231,782	34,624,259	-
Depreciable capital assets, net	<u>103,731,425</u>	<u>347,171,162</u>	<u>450,902,587</u>	<u>24,039,714</u>
Total capital assets	<u>120,123,902</u>	<u>365,402,944</u>	<u>485,526,846</u>	<u>24,039,714</u>
Total assets	<u>231,602,617</u>	<u>433,486,661</u>	<u>665,089,278</u>	<u>25,813,205</u>
Deferred Outflows of Resources:	<u>656,634</u>	<u>\$ -</u>	<u>\$ 656,634</u>	<u>\$ -</u>
Liabilities:				
Current Liabilities:				
Accounts payable and other liabilities	\$ 5,296,154	\$ 1,577,855	\$ 6,874,009	\$ 268,583
Prepaid fees	-	1,678,087	1,678,087	-
Accrued interest payable	747,884	1,389,595	2,137,479	-
Current maturities of long-term debt	10,944,155	9,929,053	20,873,208	67,573
Due to other governments	-	-	-	136,260
Payable From Restricted Assets:	-	1,543,876	1,543,876	-
Customer Deposits	-	1,543,876	1,543,876	-
Total current liabilities	<u>16,988,193</u>	<u>16,118,466</u>	<u>33,106,659</u>	<u>472,416</u>
Noncurrent Liabilities:				
Compensated absences	3,155,767	461,921	3,617,688	-
Law enforcement pension obligation	1,452,923	-	1,452,923	-
Other post employment benefits	29,581,944	4,138,802	33,720,746	-
Long-term debt	<u>89,400,636</u>	<u>135,417,037</u>	<u>224,817,673</u>	<u>201,215</u>
Total noncurrent liabilities	<u>123,591,270</u>	<u>140,017,760</u>	<u>263,609,030</u>	<u>201,215</u>
Total liabilities	<u>140,579,463</u>	<u>156,136,226</u>	<u>296,715,689</u>	<u>673,631</u>
Deferred Inflows of Resources:	<u>81,171</u>	<u>-</u>	<u>81,171</u>	<u>-</u>
Net Position:				
Net investment in capital assets	85,033,340	220,347,412	305,380,752	23,779,114
Restricted for Stabilization by State Statute	8,207,333	-	8,207,333	396,116
Restricted for Public Housing	154,248	-	154,248	-
Restricted for Human Services Health Program	3,311,562	-	3,311,562	-
Restricted for Public Safety	1,237,103	-	1,237,103	-
Restricted for Register of Deeds	772,849	-	772,849	-
Restricted for Tourism Promotion	-	-	-	449,553
Unrestricted	<u>(7,117,818)</u>	<u>57,003,023</u>	<u>49,885,205</u>	<u>514,791</u>
Total net position	<u>\$ 91,598,617</u>	<u>\$ 277,350,435</u>	<u>\$ 368,949,052</u>	<u>\$ 25,139,574</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, 2014

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Government Activities:				
General government	\$ 12,254,383	\$ 1,912,777	\$ 775,551	\$ -
Public safety	39,375,729	9,155,944	2,403,013	-
Central services	14,123,067	-	225,469	-
Human services	28,293,768	2,386,613	15,115,863	-
Transportation	2,006,314	-	217,571	1,870,448
Environmental protection	16,242,909	2,655,010	17,721	-
Cultural and recreation	4,084,737	230,952	131,243	-
Economic and physical development	7,270,311	1,066,665	2,365,158	-
Education	44,441,846	-	-	1,440,936
Interest on long-term debt	4,510,795	-	-	-
Total governmental activities	<u>172,603,859</u>	<u>17,407,961</u>	<u>21,251,589</u>	<u>3,311,384</u>
Business-type Activities:				
Water	18,819,605	20,418,106	-	512,097
Wastewater	19,863,644	23,488,533	-	691,966
Total business-type activities	<u>38,683,249</u>	<u>43,906,639</u>	<u>-</u>	<u>1,204,063</u>
Total primary government	<u>\$ 211,287,108</u>	<u>\$ 61,314,600</u>	<u>\$ 21,251,589</u>	<u>\$ 4,515,447</u>
Discretely presented component units	<u>\$ 4,600,891</u>	<u>\$ 2,994,520</u>	<u>\$ -</u>	<u>\$ 196,533</u>

General Revenues:

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

Change in net position

Net position, beginning of year

Prior period adjustment

Net position, as restated

Net position, end of year

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	Total
\$ (9,566,055)	\$ -	\$ (9,566,055)	
(27,816,772)	-	(27,816,772)	
(13,897,598)	-	(13,897,598)	
(10,791,292)	-	(10,791,292)	
81,705	-	81,705	
(13,570,178)	-	(13,570,178)	
(3,722,542)	-	(3,722,542)	
(3,838,488)	-	(3,838,488)	
(43,000,910)	-	(43,000,910)	
(4,510,795)	-	(4,510,795)	
<u>(130,632,925)</u>	<u>-</u>	<u>(130,632,925)</u>	
-	2,110,598	2,110,598	
-	4,316,855	4,316,855	
<u>-</u>	<u>6,427,453</u>	<u>6,427,453</u>	
<u>(130,632,925)</u>	<u>6,427,453</u>	<u>(124,205,472)</u>	
			<u>\$ (1,409,838)</u>
112,080,219	-	112,080,219	-
17,832,031	-	17,832,031	-
3,766,292	-	3,766,292	1,267,794
140,616	72,390	213,006	1,182
<u>133,819,158</u>	<u>72,390</u>	<u>133,891,548</u>	<u>1,268,976</u>
<u>3,186,233</u>	<u>6,499,843</u>	<u>9,686,076</u>	<u>(140,862)</u>
88,412,384	270,850,592	359,262,976	25,166,887
-	-	-	113,549
<u>88,412,384</u>	<u>270,850,592</u>	<u>359,262,976</u>	<u>25,280,436</u>
<u>\$ 91,598,617</u>	<u>\$ 277,350,435</u>	<u>\$ 368,949,052</u>	<u>\$ 25,139,574</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Major Funds</u>				
	<u>General</u>	<u>County Capital Project</u>	<u>Education Capital Project</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents/investments	\$ 62,581,608	\$15,607,832	\$ 9,415,874	\$ 2,041,360	\$ 89,646,674
Restricted cash and investments	368,848	-	297,795	-	666,643
Interest receivable	16,112	3,367	1,589	333	21,401
Taxes receivable - net	7,338,820	-	-	-	7,338,820
Receivables - net	2,215,383	13,011	-	-	2,228,394
Other governmental agencies	6,272,049	349,720	-	171,959	6,793,728
Due from other funds	29,784	-	723,851	-	753,635
Total assets	<u>\$ 78,822,604</u>	<u>\$15,973,930</u>	<u>\$10,439,109</u>	<u>\$ 2,213,652</u>	<u>\$ 107,449,295</u>
Liabilities:					
Accounts payable and other liabilities	\$ 3,881,396	\$ 336,735	\$ -	\$ 49,730	\$ 4,267,861
Due to other funds	723,851	-	-	29,784	753,635
Total liabilities	<u>4,605,247</u>	<u>336,735</u>	<u>-</u>	<u>79,514</u>	<u>5,021,496</u>
Deferred Inflows of Resources:	<u>7,918,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,918,278</u>
Fund Balances:					
Restricted:					
Stabilization by State Statute	8,035,041	-	-	172,292	8,207,333
Restricted - other	3,465,810	-	297,795	2,009,952	5,773,557
Committed	214,566	15,637,195	10,141,314	-	25,993,075
Assigned	1,080,269	-	-	-	1,080,269
Unassigned	53,503,393	-	-	(48,106)	53,455,287
Total fund balances	<u>66,299,079</u>	<u>15,637,195</u>	<u>10,439,109</u>	<u>2,134,138</u>	<u>94,509,521</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 78,822,604</u>	<u>\$15,973,930</u>	<u>\$10,439,109</u>	<u>\$ 2,213,652</u>	<u>107,449,295</u>

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

Fund balance as reported in the balance sheet - governmental funds	94,509,521
Amounts reported for governmental activities in the statement of net position are different because:	
Change in internal service net position, attributed to governmental activities	(174,149)
Consolidation of internal service fund	3,928,911
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	120,123,902
Accrual of interest payable for debt does not require the use of current financial resources and, therefore, is not reported in the funds	(747,884)
Other assets are not available to pay for current period expenditures and, therefore, are deferred inflows	7,837,107
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	(133,878,791)
Net position reported as governmental activities	<u>\$ 91,598,617</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, 2014

	Major Funds				Total Governmental Funds
	General	County Capital Project	Education Capital Project	Non Major Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 112,999,386	\$ -	\$ -	\$ -	\$ 112,999,386
Local option sales taxes	17,832,031	-	-	-	17,832,031
Other taxes and licenses	3,766,292	-	-	-	3,766,292
Unrestricted intergovernmental revenues	1,229,149	-	-	-	1,229,149
Restricted intergovernmental revenues	18,592,520	1,870,448	1,440,936	1,530,262	23,434,166
Permits and fees	3,308,103	-	-	132,395	3,440,498
Sales and services	10,129,821	-	-	-	10,129,821
Investment earnings	96,904	24,538	9,929	2,646	134,017
Other	1,536,388	47,944	-	292,459	1,876,791
Total revenues	<u>169,490,594</u>	<u>1,942,930</u>	<u>1,450,865</u>	<u>1,957,762</u>	<u>174,842,151</u>
Expenditures:					
Current:					
General government	9,852,902	-	-	94,150	9,947,052
Public safety	35,325,094	204,301	-	829,854	36,359,249
Central services	11,846,684	-	-	-	11,846,684
Human services	27,045,142	-	-	-	27,045,142
Transportation	371,421	1,634,893	-	-	2,006,314
Environmental protection	13,687,085	-	-	-	13,687,085
Culture and recreation	3,841,553	3,211,601	-	-	7,053,154
Economic and physical development	5,825,084	-	-	273,610	6,098,694
Education	37,920,810	-	5,550,002	-	43,470,812
Debt Service:					
Principal retirement	9,215,000	-	-	-	9,215,000
Interest and fiscal charges	3,762,911	-	-	-	3,762,911
Total expenditures	<u>158,693,686</u>	<u>5,050,795</u>	<u>5,550,002</u>	<u>1,197,614</u>	<u>170,492,097</u>
Revenues over (under) expenditures	<u>10,796,908</u>	<u>(3,107,865)</u>	<u>(4,099,137)</u>	<u>760,148</u>	<u>4,350,054</u>
Other Financing Sources (Uses):					
Transfers from other funds	-	7,118,470	4,036,671	21,145	11,176,286
Transfers to other funds	<u>(11,176,286)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,176,286)</u>
Total other financing sources (uses)	<u>(11,176,286)</u>	<u>7,118,470</u>	<u>4,036,671</u>	<u>21,145</u>	<u>-</u>
Net change in fund balance	<u>(379,378)</u>	<u>4,010,605</u>	<u>(62,466)</u>	<u>781,293</u>	<u>4,350,054</u>
Fund balance, beginning of year	<u>66,678,457</u>	<u>11,626,590</u>	<u>10,501,575</u>	<u>1,352,845</u>	<u>90,159,467</u>
Fund balance, end of year	<u>\$ 66,299,079</u>	<u>\$ 15,637,195</u>	<u>\$ 10,439,109</u>	<u>\$ 2,134,138</u>	<u>\$ 94,509,521</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, 2014

Net change in fund balances - total governmental funds (Exhibit D) \$ 4,350,054

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:

Property taxes	(919,167)
Emergency services revenues	53,432
Grant receivable	(28,309)
Public Health revenues	221,960

Expenses related to other post-employment benefits, compensated absences and law enforcement officers separation allowance that do not require current financial resources are not reported as expenditures in the governmental fund statement. (5,093,892)

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. 5,858,111

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. (938,433)

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements. (6,177,822)

Unamortized outflow of resources related to refunding of debt. (86,136)

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. 9,215,000

Change in closure/post closure liability estimate. Expenses are reported as incurred in the funds. (2,346,532)

Change in interest payable for governmental activity long-term debt. Interest expense is recorded as incurred in the fund statements. (747,884)

Change in internal service net position, attributed to governmental activities (174,149)

Change in net position of governmental activities per Exhibit B \$ 3,186,233

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 -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 107,087,740	\$ 109,131,414	\$ 112,999,386	\$ 3,867,972
Local option sales taxes	18,044,972	17,728,714	17,832,031	103,317
Other taxes and licenses	2,095,000	3,760,000	3,766,292	6,292
Unrestricted intergovernmental revenues	1,118,209	1,118,209	1,229,149	110,940
Restricted intergovernmental revenues	14,258,582	18,344,349	18,592,520	248,171
Permits and fees	2,902,371	2,883,771	3,308,103	424,332
Sales and services	8,581,115	9,189,492	10,129,821	940,329
Investment earnings	85,000	85,000	96,904	11,904
Other	840,046	1,355,996	1,536,388	180,392
Total revenues	<u>155,013,035</u>	<u>163,596,945</u>	<u>169,490,594</u>	<u>5,893,649</u>
Expenditures:				
Current:				
General government	10,149,992	10,463,786	9,852,902	610,884
Central services	13,212,954	13,284,875	11,846,684	1,438,191
Public safety	33,008,876	35,764,145	35,325,094	439,051
Transportation	158,163	424,365	371,421	52,944
Environmental protection	13,572,098	13,887,098	13,687,085	200,013
Economic and physical development	4,393,777	6,260,572	5,825,084	435,488
Human services	24,656,161	28,652,262	27,045,142	1,607,120
Education	37,920,810	37,920,810	37,920,810	-
Culture and recreation	4,030,410	4,054,815	3,841,553	213,262
Debt Service:				
Principal retirement	9,215,000	9,215,000	9,215,000	-
Interest and fiscal charges	3,768,877	3,768,877	3,762,911	5,966
Total expenditures	<u>154,087,118</u>	<u>163,696,605</u>	<u>158,693,686</u>	<u>5,002,919</u>
Revenues over (under) expenditures	<u>925,917</u>	<u>(99,660)</u>	<u>10,796,908</u>	<u>10,896,568</u>
Other Financing Sources (Uses):				
Transfers to other funds	(4,515,436)	(11,176,286)	(11,176,286)	-
Contingency	(400,000)	(16,850)	-	16,850
Appropriated fund balance	3,989,519	11,292,796	-	(11,292,796)
Total other financing sources (uses)	<u>(925,917)</u>	<u>99,660</u>	<u>(11,176,286)</u>	<u>(11,275,946)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(379,378)</u>	<u>\$ (379,378)</u>
Fund balance, beginning of year			<u>66,678,457</u>	
Fund balance, end of year			<u>\$ 66,299,079</u>	

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF FUND NET POSITION- PROPRIETARY FUNDS
JUNE 30, 2014

	Business-type Activities			
	Enterprise Funds			Internal Services
	Water	Wastewater	Total	
Assets:				
Current Assets:				
Cash and cash equivalents/investments	\$ 26,252,176	\$ 19,855,962	\$ 46,108,138	\$ 4,581,757
Restricted cash and investments	3,167,087	2,422,417	5,589,504	-
Interest receivable	5,738	3,649	9,387	897
Receivables and special assessments, net	2,879,157	11,138,936	14,018,093	200,401
Other governmental agencies	456,902	246,616	703,518	-
Inventories	1,366,646	288,431	1,655,077	-
Total current assets	<u>34,127,706</u>	<u>33,956,011</u>	<u>68,083,717</u>	<u>4,783,055</u>
Capital Assets:				
Non-depreciable capital assets	15,269,436	2,962,346	18,231,782	-
Depreciable capital assets, net	<u>121,685,751</u>	<u>225,485,411</u>	<u>347,171,162</u>	-
Total capital assets	<u>136,955,187</u>	<u>228,447,757</u>	<u>365,402,944</u>	-
Total assets	<u>171,082,893</u>	<u>262,403,768</u>	<u>433,486,661</u>	<u>4,783,055</u>
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	937,350	640,505	1,577,855	1,028,293
Prepaid fees	-	1,678,087	1,678,087	-
Accrued interest payable	215,750	1,173,845	1,389,595	-
Current portion of debt	934,741	8,994,312	9,929,053	-
Payable From Restricted Assets:				
Customer Deposits	<u>1,543,876</u>	-	<u>1,543,876</u>	-
Total current liabilities	<u>3,631,717</u>	<u>12,486,749</u>	<u>16,118,466</u>	<u>1,028,293</u>
Noncurrent Liabilities:				
Compensated absences	317,573	144,348	461,921	-
Other post employment benefits	2,856,259	1,282,543	4,138,802	-
Long-term debt	<u>16,443,333</u>	<u>118,973,704</u>	<u>135,417,037</u>	-
Total noncurrent liabilities	<u>19,617,165</u>	<u>120,400,595</u>	<u>140,017,760</u>	-
Total liabilities	<u>23,248,882</u>	<u>132,887,344</u>	<u>156,136,226</u>	<u>1,028,293</u>
Net Position:				
Net investment in capital assets	119,851,234	100,496,178	220,347,412	-
Unrestricted	<u>27,982,777</u>	<u>29,020,246</u>	<u>57,003,023</u>	<u>3,754,762</u>
Total net position	<u>\$ 147,834,011</u>	<u>\$ 129,516,424</u>	<u>\$ 277,350,435</u>	<u>\$ 3,754,762</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities			
	Enterprise Funds			Internal Services
	Water	Wastewater	Total	
Operating Revenues:				
User charges	\$ 19,757,895	\$ 20,258,628	\$ 40,016,523	\$ 11,314,555
Assessments	-	2,787,123	2,787,123	-
Intergovernmental revenue	268,423	393,304	661,727	-
Other	391,788	49,478	441,266	-
Total operating revenues	<u>20,418,106</u>	<u>23,488,533</u>	<u>43,906,639</u>	<u>11,314,555</u>
Operating Expenses:				
Salaries and employee benefits	6,024,651	3,212,890	9,237,541	-
Operating expenses	6,571,005	2,904,111	9,475,116	11,495,303
Repairs and maintenance	840,906	1,149,891	1,990,797	-
Depreciation and amortization	4,313,908	6,197,003	10,510,911	-
Total operating expenses	<u>17,750,470</u>	<u>13,463,895</u>	<u>31,214,365</u>	<u>11,495,303</u>
Operating income (loss)	<u>2,667,636</u>	<u>10,024,638</u>	<u>12,692,274</u>	<u>(180,748)</u>
Non-operating Revenues (Expenses):				
Investment earnings	35,971	36,419	72,390	6,599
Interest expense	(1,069,135)	(6,399,749)	(7,468,884)	-
Total nonoperating revenues (expenses)	<u>(1,033,164)</u>	<u>(6,363,330)</u>	<u>(7,396,494)</u>	<u>6,599</u>
Income before transfers and capital contributions	1,634,472	3,661,308	5,295,780	(174,149)
Dedicated service lines	512,097	691,966	1,204,063	-
Total transfers and capital contributions	<u>512,097</u>	<u>691,966</u>	<u>1,204,063</u>	<u>-</u>
Increase (decrease) in net position	2,146,569	4,353,274	6,499,843	(174,149)
Net position, beginning of year	<u>145,687,442</u>	<u>125,163,150</u>	<u>270,850,592</u>	<u>3,928,911</u>
Net position, end of year	<u>\$ 147,834,011</u>	<u>\$ 129,516,424</u>	<u>\$ 277,350,435</u>	<u>\$ 3,754,762</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, 2014

	Business-type Activities			
	Enterprise Funds			Internal Services
	Water	Wastewater	Total	
Cash Flows From Operating Activities:				
Receipts from customers	\$20,131,350	24,267,720	\$ 44,399,070	\$ 11,314,555
Payments to suppliers for goods and services	(7,387,616)	(4,835,497)	(12,223,113)	(11,376,533)
Payments to or on behalf of employees	(5,546,732)	(2,945,580)	(8,492,312)	-
Net cash provided by (used in) operating activities	<u>7,197,002</u>	<u>16,486,643</u>	<u>23,683,645</u>	<u>(61,978)</u>
Net Cash From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(7,689,661)	(5,750,059)	(13,439,720)	-
Interest paid	(853,385)	(5,225,904)	(6,079,289)	-
Principal payments on long-term debt	(895,024)	(8,382,977)	(9,278,001)	-
Net cash provided (used) in capital and related financing activities	<u>(9,438,070)</u>	<u>(19,358,940)</u>	<u>(28,797,010)</u>	<u>-</u>
Cash Flows From Investing Activities:				
Interest on investments	<u>69,454</u>	<u>43,082</u>	<u>112,536</u>	<u>10,793</u>
Net increase (decrease) in cash and cash equivalents	(2,171,614)	(2,829,215)	(5,000,829)	(51,185)
Cash and cash equivalents, beginning of year	<u>31,590,877</u>	<u>25,107,594</u>	<u>56,698,471</u>	<u>4,632,942</u>
Cash and cash equivalents, end of year	<u>\$29,419,263</u>	<u>\$ 22,278,379</u>	<u>\$ 51,697,642</u>	<u>\$ 4,581,757</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 2,667,636	10,024,638	\$ 12,692,274	\$ (180,748)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	4,313,908	6,197,003	10,510,911	-
Loss on disposal of capital assets	-	31,180	31,180	-
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	(345,274)	965,640	620,366	-
(Increase) decrease in sales tax refund receivable	(61,147)	430,194	369,047	-
(Increase) decrease in inventories	269,384	(158)	269,226	-
Increase (decrease) in accounts payable/accrued expense:	293,977	(975,401)	(681,424)	118,770
Increase (decrease) in deferred revenue	-	(186,453)	(186,453)	-
Increase (decrease) in customer deposits	<u>58,518</u>	<u>-</u>	<u>58,518</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 7,197,002</u>	<u>\$ 16,486,643</u>	<u>\$ 23,683,645</u>	<u>\$ (61,978)</u>
Supplemental Disclosures of Noncash Transactions				
Dedicated service lines	<u>\$ 512,097</u>	<u>\$ 691,966</u>	<u>\$ 1,204,063</u>	<u>\$ -</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS
JUNE 30, 2014**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents/investments	\$ 1,587,671
Interest receivable	426
Taxes receivable	28,821
Due from other governments	<u>90,087</u>
Total assets	<u>\$ 1,707,005</u>
Liabilities:	
Due to other governmental agencies	\$ 1,588,173
Other	<u>118,832</u>
Total liabilities	<u>\$ 1,707,005</u>

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

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COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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 118,634, operates under a Commissioner-Manager form of government.

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

B. Component Units

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

Discretely Presented Component Units

Brunswick County Board of Alcoholic Control

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

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

Brunswick County Economic Development Commission

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

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 \$401,994 for the fiscal year ended June 30, 2014.

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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Brunswick County Tourism Development Authority

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

Complete financial statements for the Brunswick County Tourism Development Authority may be obtained at their administrative offices at P.O. Box 1186, Shallotte, North Carolina 28459.

Brunswick County Airport Commission

The County participates in the Brunswick County Airport Commission (“Airport”) in conjunction with the municipalities adjoining the airport. The County appoints four members of the seven-member board. Appropriations to the Airport totaled \$97,000 for the fiscal year ended June 30, 2014. The Airport, which also has a June 30 year-end, is presented as a governmental type fund.

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

Other Component Unit

Brunswick County Industrial Facility and Pollution Control Financing Authority

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

C. Summary of Significant Account Policies

Basis of Reporting

The accounting policies of Brunswick County and its component units, as reflected in the financial statements for the year ended June 30, 2014, conform to generally accepted accounting principles applicable to governments.

Basis of Presentation – Government-wide and Fund Financial Statements

Government-wide Statements - The statement of net position and the statement of activities display information about the primary government (the County) and its component units. These statements include all of the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities except for interfund services provided and used which are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The County reports the following major governmental funds:

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

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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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 six 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, but are not revenues to the County; the Sheriff Department Trust Fund which accounts for the proceeds of court ordered property sales necessary to satisfy a debt; 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.

Non-Major Funds – The County maintains three legally budgeted funds. The Emergency Telephone System Fund, the Grant Project Fund, and the Register of Deeds-Technology Enhancement Fund are reported as non-major special revenue funds.

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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

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

Expenditures are generally recorded when the related fund liability is incurred, except for principal and interest on general long-term debt; accrued compensated absences; pension benefit obligations; and accrued landfill closures and post closure costs which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with the change in the law, the State of North Carolina is responsible for billing and collection the property taxes on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources. Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure driven grants are recognized as revenue if cash is received within 60 days of year-end.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General, the Special Revenue (excluding the grant projects) and the Enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all capital project funds. All budgets are prepared using the modified accrual basis of accounting which is consistent with the accounting system used to record transactions. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Expenditures may not legally exceed appropriations at the departmental level for the General Fund, Special Revenue, Enterprise Funds, and Capital Projects Funds. The County budget officer is authorized by the budget ordinance to transfer appropriations between departmental areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change departmental appropriations by more than \$5,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary. As a result, appropriated fund balance increased in the General Fund by \$7,303,277 which was largely the result of prior year commitments to the current fiscal year, the transfer of funds to the County Capital Reserve for designation in the Waccamaw Park and Leland Senior Center Projects and to provide upgrades to a central communications tower to increase radio coverage for public safety.

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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Cash and Cash Equivalents

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

Restricted Assets

The unexpended proceeds of general obligation bonds, revenue bonds and certificates of participation issued by the County are classified as restricted assets because their use is restricted to that purpose for which the bonds and certificates were originally issued. Funds in debt service accounts are classified as restricted assets because their use is restricted to future payments of principal and interest as designated by the trustee in the General Trust and Series Indentures. Housing Assistance Payments Net Restricted Assets held by the County are restricted by the U.S. Department of Housing and Urban Development. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. The amount budgeted by the Board of Commissioners for revaluation included in the General Fund Balance-Committed is restricted assets per North Carolina General Statute 153A-150.

Brunswick County Restricted Cash			
<hr/>			
Governmental Activities			
General Fund	Tax Revaluation	\$	214,566
	Section 8 Expenditures		154,248
	Reserve for Debt Service		34
Education Capital Project Fund	Unexpended Debt Proceeds		<u>297,795</u>
	Total Governmental Activities	\$	<u>666,643</u>
Business-Type Activities			
Water Fund	Unexpended Debt Proceeds	\$	249,389
	Reserve for Debt Service		1,373,822
	Customer Deposits		1,543,876
Sewer Fund	Unexpended Debt Proceeds		9,169
	Reserve for Debt Service		<u>2,413,248</u>
	Total Business-type Activities	\$	<u>5,589,504</u>
Total Restricted Cash		\$	<u><u>6,256,147</u></u>

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, 2014**

Due To/From Other Funds and Internal Balances

Amounts reported at June 30, 2014 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, operating plants, land improvements, water tanks, water and wastewater lines, wells, taps, pumping stations, equipment and vehicles, are reported in the County's government-wide and proprietary financial statements. The County's capitalization threshold for capital outlay items is \$5,000.

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

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

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

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

Building, Operating Plants and improvements	20-40 years
Enterprise Distribution and Collection Systems	40-60 years
Equipment and vehicles	4-15 years

Deferred Outflows/Inflows of Resources

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Long-Term Debt

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bond issuance cost, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

For governmental fund types, bond issuance costs, bond premiums and discounts, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The County's long-term debt for water and wastewater purposes is carried in the Water and Wastewater Funds. The debt service requirements for the water and wastewater debt are being met by water and wastewater revenues. However, the taxing power was pledged to make general obligation payments in the water fund if water revenues were not sufficient. At the end of the fiscal year, there was \$ 3,605,000 water general obligation debt outstanding.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Restricted for Stabilization of State Statute- portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].	<u>\$ 8,035,041</u>	<u>\$ -</u>	<u>\$ 172,292</u>	<u>\$ 8,207,333</u>
Restricted for Public Housing-portion of fund balance that is restricted by revenue source for section 8 expenditures.	\$ 154,248	\$ -	\$ -	\$ 154,248
Restricted for Human Services Health Program- portion of fund balance that is restricted by revenue source for health expenditures.	3,311,562	-	-	3,311,562
Restricted for Public Safety-portion of fund balance that is restricted by revenue source for E911 expenditures.	-	-	1,237,103	1,237,103
Restricted for Register of Deeds-portion of fund balance that is restricted by revenue source for technology for the Register of Deeds office.	-	-	772,849	772,849
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.*	-	297,795	-	297,795
Total restricted fund balance (Exhibit C)	<u>\$ 3,465,810</u>	<u>\$ 297,795</u>	<u>\$ 2,009,952</u>	<u>\$ 5,773,557</u>

*Unspent debt proceeds are not included in net assets for full accrual accounting and therefore will not be restricted on the Statement of Net Position (Exhibit A)

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u>	<u>Special</u> <u>Revenue</u>	<u>Total</u>
Committed for General Government-portion of fund balance that can only be used for general government	\$ -	\$ 809,199	\$ -	\$ 809,199
Committed for General Government-portion of fund balance that is restricted for a legally budgeted Tax Revaluation	214,566	-	-	214,566
Committed for Public Safety-portion of fund balance that can only be used for environmental protection	-	251,853	-	251,853
Committed for Environmental Protection-portion of fund balance that can only be used for environmental protection	-	3,707,671	-	3,707,671
Committed for Economic Development-portion of fund balance that can only be used for economic development	-	3,901,062	-	3,901,062
Committed for Culture & Recreation-portion of fund balance that can only be used for culture and recreation	-	6,932,687	-	6,932,687
Committed for Transportation-portion of fund balance that can only be used for transportation	-	34,723	-	34,723
Committed for Education-portion of fund balance that can only be used for education	-	10,141,314	-	10,141,314
Total committed fund balance	<u>\$ 214,566</u>	<u>\$ 25,778,509</u>	<u>\$ -</u>	<u>\$ 25,993,075</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</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u>	<u>Special</u> <u>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>\$ 1,080,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,080,269</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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	<u>\$53,503,393</u>	<u>\$ -</u>	<u>\$ (48,106)</u>	<u>\$ 53,455,287</u>

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

Total fund balance-General Fund	\$66,299,079
Less:	
Stabilization by State Statute	(8,035,041)
Restricted	(3,465,810)
Committed	(214,566)
Assigned	<u>(1,080,269)</u>
Fund balance remaining	<u>\$53,503,393</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 shall be paid for the annual leave balance to the date of separation. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. Compensated absences are reported in governmental funds only if matured.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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

Use of Estimates

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

2. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments of the County as of June 30, 2014 include the following:

	Reported at Fair Value
Cash on Hand	4,550
Deposits - NOW, SuperNOW, MMDA and Certificates of Deposit	139,839,227
Investments: North Carolina Capital Management Trust	<u>8,336,610</u>
Total	<u>\$ 148,180,387</u>

A. Deposits

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014, the deposits of the County had a reported value of \$139,839,227 and bank balances of \$139,938,549. Of the bank balances, \$5,838,741 was covered by federal depository insurance and \$134,099,808 was covered by collateral held under the Pooling Method. Cash on hand at June 30, 2014 was \$4,550.

B. Investments

As of June 30, 2014, 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	\$ 4,961,569	n/a	n/a	n/a
Term Portfolio*	<u>3,375,041</u>	<u>3,375,041</u>	<u>n/a</u>	<u>n/a</u>
Total	<u>\$ 8,336,610</u>	<u>\$ 3,375,041</u>	<u>\$ -</u>	<u>\$ -</u>

*Because the NC Capital Management Trust Term Portfolio had a duration of 0.23 years, it was presented as an investment with a maturity of less than 6 months.

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

Credit Risk. The County’s investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). 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, 2014. 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.

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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	Governmental Activities	Business-Type Activities	Total
Customer Billings	\$ 1,461,041	\$ 4,292,561	\$ 5,753,602
Assessments	-	9,725,532	9,725,532
Deposits receivable	200,300	-	200,300
Miscellaneous	767,454	-	767,454
	<u>\$ 2,428,795</u>	<u>\$ 14,018,093</u>	<u>\$ 16,446,888</u>

The County's accounts receivable as of June 30, 2014 are presented net of allowance for doubtful accounts as follows:

	General Fund	Water Fund	Wastewater Fund
Taxes Receivable	\$ 6,219,387	\$ -	\$ -
EMS Fees	515,760	-	-
Health Fees	105,288	-	-
Assessments	-	-	200,000
User Charges	-	110,000	75,000
	<u>\$ 6,840,435</u>	<u>\$ 110,000</u>	<u>\$ 275,000</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Local option sales tax	\$ 3,177,755	\$ -	\$ 3,177,755
Sales tax refunds	441,893	667,786	1,109,679
Due from federal government for grant assistance	144,750	-	144,750
Due from State of North Carolina for grant assistance	2,965,854	-	2,965,854
Emergency telephone system	63,476	-	63,476
Lower Cape Fear Water & Sewer Authority reimbursement	-	35,732	35,732
Total	<u>\$ 6,793,728</u>	<u>\$ 703,518</u>	<u>\$ 7,497,246</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>
2010	\$ 3,041,638	\$ 996,136	\$ 4,037,774
2011	3,339,695	793,178	4,132,873
2012	3,356,543	495,090	3,851,633
2013	3,404,457	195,756	3,600,213
Total	<u>\$ 13,142,333</u>	<u>\$ 2,480,160</u>	<u>\$ 15,622,493</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

4. Capital Assets

Governmental capital assets at June 30, 2014 are summarized as follows:

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

	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
Non-Depreciable Assets:				
Land	\$ 11,009,242	\$ 1,722,190	\$ -	\$ 12,731,432
Construction in Progress	<u>2,822,744</u>	<u>3,415,901</u>	<u>2,577,600</u>	<u>3,661,045</u>
Total non-depreciable assets	<u>13,831,986</u>	<u>5,138,091</u>	<u>2,577,600</u>	<u>16,392,477</u>
Depreciable Assets				
Buildings and improvements	136,016,518	196,364	-	136,212,882
Equipment and vehicles	<u>30,658,707</u>	<u>2,175,634</u>	<u>329,256</u>	<u>32,505,085</u>
Total depreciable assets	<u>166,675,225</u>	<u>2,371,998</u>	<u>329,256</u>	<u>168,717,967</u>
Less accumulated depreciation				
Buildings and improvements	34,876,237	4,036,944	619	38,912,562
Equipment and vehicles	<u>24,248,928</u>	<u>2,140,878</u>	<u>315,826</u>	<u>26,073,980</u>
Total accumulated depreciation	<u>59,125,165</u>	<u>6,177,822</u>	<u>316,445</u>	<u>64,986,542</u>
 Total depreciable assets, net	 <u>107,550,060</u>	 <u>(3,805,824)</u>	 <u>12,811</u>	 <u>103,731,425</u>
 Total Capital Assets	 <u>\$ 121,382,046</u>	 <u>\$ 1,332,267</u>	 <u>\$ 2,590,411</u>	 <u>\$ 120,123,902</u>

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

<u>Function</u>	<u>Depreciation Expense</u>
General government	\$ 722,240
Public safety	2,778,104
Central services	343,159
Human services	144,850
Environmental protection	221,957
Economic and physical development	100,617
Cultural and recreation	981,997
Education	<u>884,898</u>
Total	<u>\$ 6,177,822</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Enterprise fund capital assets at June 30, 2014 are summarized as follows:

Water Fund	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
Non-Depreciable Assets:				
Land	\$ 760,138	\$ -	\$ -	\$ 760,138
Construction in Progress	<u>13,130,336</u>	<u>4,083,509</u>	<u>2,704,547</u>	<u>14,509,298</u>
Total non-depreciable assets	<u>13,890,474</u>	<u>4,083,509</u>	<u>2,704,547</u>	<u>15,269,436</u>
Depreciable Assets				
Operating Plants, buildings and improvements	34,653,584	125,424	-	34,779,008
Distribution system	124,989,371	3,929,031	-	128,918,402
Equipment and vehicles	<u>12,578,140</u>	<u>2,768,341</u>	<u>200,026</u>	<u>15,146,455</u>
Total depreciable assets	<u>172,221,095</u>	<u>6,822,796</u>	<u>200,026</u>	<u>178,843,865</u>
Less accumulated depreciation				
Operating Plants, buildings and improvements	16,851,686	851,228	-	17,702,914
Distribution system	31,104,267	2,569,300	-	33,673,567
Equipment and vehicles	<u>5,088,279</u>	<u>893,380</u>	<u>200,026</u>	<u>5,781,633</u>
Total accumulated depreciation	<u>53,044,232</u>	<u>4,313,908</u>	<u>200,026</u>	<u>57,158,114</u>
Total depreciable assets, net	<u>119,176,863</u>	<u>2,508,888</u>	<u>-</u>	<u>121,685,751</u>
Total capital Assets	<u>\$ 133,067,337</u>	<u>\$ 6,592,397</u>	<u>\$ 2,704,547</u>	<u>\$ 136,955,187</u>
Wastewater Fund	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
Non-Depreciable Assets:				
Land	\$ 2,070,471	\$ -	\$ -	\$ 2,070,471
Construction in Progress	<u>18,435,116</u>	<u>4,483,482</u>	<u>22,026,723</u>	<u>891,875</u>
Total non-depreciable assets	<u>20,505,587</u>	<u>4,483,482</u>	<u>22,026,723</u>	<u>2,962,346</u>
Depreciable Assets				
Operating Plants, buildings and improvements	137,684,238	17,152,374	-	154,836,612
Collection system	94,462,544	6,462,911	-	100,925,455
Equipment and vehicles	<u>2,073,792</u>	<u>369,981</u>	<u>38,180</u>	<u>2,405,593</u>
Total depreciable assets	<u>234,220,574</u>	<u>23,985,266</u>	<u>38,180</u>	<u>258,167,660</u>
Less accumulated depreciation				
Operating Plants, buildings and improvements	18,286,089	4,019,159	-	22,305,248
Collection system	6,956,545	1,966,514	-	8,923,059
Equipment and vehicles	<u>1,249,612</u>	<u>211,330</u>	<u>7,000</u>	<u>1,453,942</u>
Total accumulated depreciation	<u>26,492,246</u>	<u>6,197,003</u>	<u>7,000</u>	<u>32,682,249</u>
Total depreciable assets, net	<u>207,728,328</u>	<u>17,788,263</u>	<u>31,180</u>	<u>225,485,411</u>
Total capital Assets	<u>\$ 228,233,915</u>	<u>\$22,271,745</u>	<u>\$22,057,903</u>	<u>\$ 228,447,757</u>
Total Enterprise Fund Assets, Net	<u>\$ 361,301,252</u>			<u>\$ 365,402,944</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

5. Accounts Payable and Inter-fund Balances

Accounts Payable Disaggregate Information

<u>Type of Payable</u>	<u>Governmental Business-Type</u>		<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Trade Payables	\$ 2,786,991	\$ 992,567	\$ 3,779,558
Construction Costs Payable	336,735	435,231	771,966
Accrued Salaries Fringe Benefits	1,011,016	150,057	1,161,073
Future claims for workers' compensation and employee health benefits	1,028,293	-	1,028,293
Other Payables	133,119	-	133,119
Total	\$ 5,296,154	\$ 1,577,855	\$ 6,874,009

Inter-fund Receivables / Payables

Inter-fund Balances as of June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>		
	<u>General</u>	<u>Non-Major</u>	
		<u>Governmental</u>	<u>Total</u>
General	\$ -	\$ 29,784	\$ 29,784
Education capital projects	723,851	-	723,851
Total	\$ 723,851	\$ 29,784	\$ 753,635

\$723,851 represents amounts due to the Education Capital Project Fund from the General Fund for local option sales tax receivable at fiscal year-end.

\$29,784 represents amounts due to the General Fund from the Grant Project Fund for governmental agency receivables at fiscal year-end.

Inter-fund Transfers

The County's General Fund transferred funds during fiscal year 2014 to fund County and education capital improvements, grant projects and reimbursement of expenditures in the Emergency Telephone System Fund.

<u>From:</u>	County	Capital	Non Major	Total
	Capital	Project	Governmental	Governmental
<u>To:</u>	<u>Project Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
General	\$ 7,118,470	\$4,036,671	\$ 21,145	\$ 11,176,286
Totals	\$ 7,118,470	\$4,036,671	\$ 21,145	\$ 11,176,286

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

6. Deferred Outflows and Inflows of Resources

The amount of deferred outflows of resources is a change on refunding of debt of \$656,634 for governmental activities.

The balance in deferred inflows of resources at June 30, 2014 is composed of the following elements:

	<u>Governmental Funds</u>		
	<u>Unavailable</u>	<u>Unearned</u>	
	<u>Revenue</u>	<u>Revenue</u>	<u>Total</u>
Prepaid Taxes, not yet earned	\$ -	\$ 81,171	\$ 81,171
Taxes Receivable	7,338,820	-	7,338,820
EMS Receivable	240,687	-	240,687
Health Department Receivable	<u>257,600</u>	-	<u>257,600</u>
Total	<u>\$ 7,837,107</u>	<u>\$ 81,171</u>	<u>\$ 7,918,278</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014:

<u>Original Issue</u>		<u>Payment Information</u>		<u>Outstanding Balance</u>	
<u>Date</u>	<u>Rate</u>	<u>Period</u>	<u>Amount</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Obligation Bonds					
2005	3.00% - 4.00%	Annual	\$845,000 - \$870,000	\$ 845,000	\$ -
2005	3.75% - 4.50%	Annual	\$125,000	125,000	-
2007	4.00% - 5.00%	Annual	\$160,000 - \$280,000	810,000	-
2007	4.00% - 5.00%	Annual	\$1,270,000 - \$2,260,000	8,520,000	-
2009	3.00% - 5.00%	Annual	\$60,000 - \$2,465,000	16,270,000	-
2012	3.00%	Annual	\$1,660,000 - \$2,750,000	14,785,000	-
2012	2.00% - 4.00%	Annual	\$30,000 - \$285,000	-	3,605,000
2013	0.33% - 4.00%	Annual	\$80,000 - \$3,475,000	<u>16,540,000</u>	<u>-</u>
Total General Obligation Bonds				<u>57,895,000</u>	<u>3,605,000</u>
Revenue Bonds					
2004	4.25%	Monthly	\$19,188 - \$50,143	-	4,977,808
2008	3.50% - 5.00%	Monthly	\$1,395,000 - \$3,630,000	-	43,610,000
2010	1.60% - 6.10%	Annual	\$465,000 - \$1,930,000	-	21,470,000
2012	2.00% - 5.00%	Annual	\$80,000 - \$2,050,000	<u>-</u>	<u>23,065,000</u>
Total Revenue Bonds				<u>-</u>	<u>93,122,808</u>
				<u>\$ 57,895,000</u>	<u>\$ 96,727,808</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, 2014 for which the County held no collateral totaled \$55,692,804 and was comprised of the following issues: series 2005B refunding \$845,000, Series 2009 (2001) school refunding \$16,270,000, community college series 2005 \$125,000, series 2007 \$8,520,000, series 2012 school refunding of 2003 and 2004 \$14,785,000, and series 2013A school and community college refunding \$15,147,804.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

The County has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay \$39.7 million in water and wastewater system revenue bonds issued in 2004, \$52.8 million in wastewater system revenue bonds issued in 2008, \$14.75 million in wastewater Build America revenue bonds issued in 2009, \$25.81 million in water and wastewater system revenue bond issued in 2010, \$23.15 million in wastewater 2004A refunding revenue bonds in 2012 and \$9.68 million series 2012B wastewater revenue bonds in 2012, and \$6.33 million in 2012C revenue bonds in 2012. Proceeds from the bonds provided financing for the West Brunswick Regional Water Reclamation Plant Phases 1 and 2 and associated transmission lines, the Sea Trail Wastewater Treatment Plant, Northwest Water Plant expansion, Sunset Beach Wastewater Collection System and utility service lines. Annual principal and interest payments on the bonds are expected to require less than 10 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$162,032,413. Principal and interest paid for the current year and total operating revenues were \$15,013,303 and \$43,906,639, respectively.

The County issued combined system enterprise revenue bonds for water and wastewater system improvements pursuant to a General Trust Indenture dated May 1, 2004, as amended effective August 20, 2013, and a series indenture, Number 3, dated 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, 2014.

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, 2014 is as follows:

Operating revenues and investment earnings	\$ 43,879,271
Operating expense excluding OPEB (net of depreciation)	<u>20,009,476</u>
Net revenue available for debt service *	23,869,795
Add: 20% surplus account (expendable net position)	<u>9,833,780</u>
Adjusted net revenues	<u><u>\$ 33,703,575</u></u>
Senior debt service	\$ 12,623,679
Subordinate debt service	<u>2,713,627</u>
Total debt service	15,337,306
Add: 20% senior debt service	<u>2,524,736</u>
Adjusted debt service	<u><u>\$ 17,862,042</u></u>
Coverage Test 1	
Adjusted net revenues/adjusted debt service	<u><u>1.89</u></u>
Coverage Test 2	
Net revenues/total debt service	<u><u>1.56</u></u>

* In accordance with the rate covenants, assessment revenues of \$2,744,862 are used to offset the associated debt service. Certain agreements have allowed for the collection of these assessment revenues over a period of 10 years. Therefore, the amortized annual portion of these certain assessments are included in the calculation of net revenues and not the gross assessment in the year assessed.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

B. Limited Obligation Bonds

The County's Limited Obligation Bonds consisted of the following at June 30, 2014:

Issued	Payment Information			Balance		Purpose and Collateral
	Period	Amount	Rate	Governmental Activities		
2006	Annual	\$75,000 - \$1,005,000	3.00% - 4.25%	5,645,000		Refund portion of 2000 LOBS; County Courthouse
2012	Annual	\$1,680,000 - \$2,110,000	2.00% - 5.00%	27,475,000		Refund 2004 LOBS; Law Enforcement Center Refund 2008 IP Schools
				<u>\$</u>	<u>33,120,000</u>	

C. Installment Purchases and State Revolving Fund Loans

The County's Installment Purchase notes payable consisted of the following at June 30, 2014:

Issued	Payment Information			Outstanding Balance		
	Period	Amount	Rate	Governmental Activities	Business-Type Activities	Collateral
2009	Annual	\$1,152,000 - \$1,846,000	5.38%	\$ -	\$ 11,105,000	Wastewater System
2010	Annual	\$70,000 - \$75,000	5.18%	425,000	-	Library
2010	Annual	\$100,000	0.00%	-	1,700,000	Wastewater System
2012	Annual	\$875,988 - \$1,065,008	2.18%	-	7,909,024	Wastewater System
2012	Annual	\$247,250 - \$687,250	1.840%	-	6,080,500	Wastewater System
				<u>\$</u>	<u>425,000</u>	
					<u>\$</u>	<u>26,794,524</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

The County's State Revolving Fund Loans payable consisted of the following at June 30, 2014:

Issued	Payment Information			Outstanding Balance		Collateral
	Period	Amount	Rate	Governmental Activities	Business-Type Activities	
1997	Annual	\$75,160	3.04%	\$ -	\$ 300,640	Wastewater System
2003	Annual	\$375,000	2.55%	-	2,463,323	Wastewater System
2006	Annual	\$511,525 - \$790,275	2.21%	-	6,000,000	Wastewater System
2005	Annual	\$806,645 - \$1,220,552	2.21%	-	13,027,795	Wastewater System
				<u>\$ -</u>	<u>\$ 21,791,758</u>	
		Total Installment Purchase & SRF Loans		<u>\$ 425,000</u>	<u>\$ 48,586,282</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, 2014 for the County:

Governmental Activities	June 30, 2013	Additions	Retirements	June 30, 2014	Current
					Maturities
General obligation bonds	\$ 63,915,000	\$ -	\$ 6,020,000	\$ 57,895,000	\$ 7,280,000
Limited obligation bonds	36,240,000	-	3,120,000	33,120,000	3,085,000
Installment purchases	500,000	-	75,000	425,000	75,000
Compensated absences	3,149,683	3,480,566	3,199,482	3,430,767	275,000
Pension benefit obligation	1,298,804	154,119	-	1,452,923	-
Other post-employment benefits	24,923,255	4,658,689	-	29,581,944	-
Landfill closure & post-closure	6,283,259	2,346,532	-	8,629,791	229,155
Total	<u>\$ 136,310,001</u>	<u>\$ 10,639,906</u>	<u>\$ 12,414,482</u>	<u>\$ 134,535,425</u>	<u>\$ 10,944,155</u>

Note: The general fund is typically used to liquidate other long-term liabilities including OPEB liability, landfill closure and postclosure liability, and the compensated absences and pension liabilities recorded in the governmental funds. The total of other debt not issued for capital is \$43,095,425 which is comprised of compensated absences of \$3,430,767, pension benefit obligation of \$1,452,923, other post-employment benefits of \$29,581,944 and landfill closure and post-closure of \$8,629,791.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

The following is a summary of changes in business-type long-term debt for the year ended June 30, 2014 for the County:

Business-Type Activities	June 30, 2013	Additions	Retirements	June 30, 2014	Current Maturities
Revenue bonds	\$ 97,936,222	\$ -	\$ 4,813,414	\$ 93,122,808	\$ 4,970,030
General obligation bonds	3,760,000	-	155,000	3,605,000	160,000
Installment purchases	29,315,762	-	2,521,238	26,794,524	2,957,958
State Revolving Fund Loans	23,580,107	-	1,788,349	21,791,758	1,809,065
Compensated absences	442,670	588,696	537,445	493,921	32,000
Other post-employment benefits	3,444,824	693,978	-	4,138,802	-
Total	\$ 158,479,585	\$ 1,282,674	\$ 9,815,446	\$ 149,946,813	\$ 9,929,053

The total of other debt not issued for capital is \$4,632,723 which is comprised of compensated absences of \$493,921 and other post-employment benefits of \$4,138,802.

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, 2014, including interest, are as follows:

Governmental Activities

	General Obligation Bonds		Limited Obligation Bonds		Installment Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 7,280,000	\$ 2,108,184	\$ 3,085,000	\$ 1,259,325	\$ 75,000	\$ 22,015
2016	7,800,000	1,803,988	3,050,000	1,157,024	70,000	18,130
2017	7,675,000	1,559,707	3,010,000	1,055,925	70,000	14,504
2018	7,615,000	1,270,074	3,000,000	935,525	70,000	10,878
2019	7,515,000	1,008,365	2,980,000	816,356	70,000	7,252
2020-2024	20,010,000	1,508,675	11,230,000	2,474,631	70,000	3,626
2025-2029	-	-	6,765,000	579,370	-	-
Totals	\$ 57,895,000	\$ 9,258,993	\$ 33,120,000	\$ 8,278,156	\$ 425,000	\$ 76,405

Business-Type Activities

	General Obligation Bonds		Revenue Bonds		State Revolving Loans		Installment Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 160,000	\$ 134,675	\$ 4,970,030	\$ 4,277,818	\$ 1,809,065	\$ 491,502	\$ 2,957,958	\$ 867,356
2016	165,000	129,875	5,127,025	4,095,839	1,830,237	450,044	3,061,908	772,972
2017	170,000	125,900	5,320,762	3,886,589	1,851,876	408,119	3,168,028	664,856
2018	175,000	120,150	5,469,324	3,694,727	1,873,993	365,717	3,281,378	552,031
2019	180,000	115,450	5,654,014	3,476,197	1,821,437	322,828	3,399,898	434,179
2020-2024	995,000	475,350	29,416,537	13,352,743	9,190,379	987,176	10,225,354	556,836
2025-2029	1,205,000	265,250	29,065,116	6,593,398	3,414,771	113,234	500,000	-
2030-2034	555,000	34,600	8,100,000	589,539	-	-	200,000	-
Totals	\$ 3,605,000	\$ 1,401,250	\$93,122,808	\$39,966,850	\$21,791,758	\$ 3,138,620	\$26,794,524	\$ 3,848,230

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

F. Net Investment in Capital Assets

The total invested in capital assets, net of related debt at June 30, 2014 is composed of the following elements:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Total capital assets (net of depreciation)	\$ 120,123,902	\$ 365,402,944	\$ 485,526,846
Total debt, gross	134,535,425	149,946,813	284,482,238
Less:			
Capital related deferred outflows of resources	656,634	-	656,634
Education debt for which the			
County does not hold title	55,692,804	-	55,692,804
Other debt not issued for capital	43,095,425	4,632,723	47,728,148
Unexpended proceeds*	-	258,558	258,558
Total capital debt	<u>35,090,562</u>	<u>145,055,532</u>	<u>180,146,094</u>
Net Investment in Capital Assets	<u>\$ 85,033,340</u>	<u>\$ 220,347,412</u>	<u>\$ 305,380,752</u>

*Unexpended debt proceeds related to education debt in the amount of \$297,795 is not included in the calculation of governmental Net Investment in Capital Assets

G. Other Debt Disclosures

At June 30, 2014, the County had a legal debt margin of \$1.93 billion.

Advanced Refundings: On April 18, 2013, the County issued \$12,680,000 series 2013A general obligation advance refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of providing general resources for all future debt service payments of \$14,890,792 of general obligation bonds. As a result, the refunded bonds are considered to be defeased. The liabilities for the debt were removed from the governmental activities column of the statement of net position in the fiscal year ending June 30, 2013. The reacquisition price was higher than the net carrying amount of the old debt by \$20,000. The amount was netted against the net debt and amortized over the life of the refunded debt, which is same as the life of the new issue. The advance refunding was undertaken to reduce total debt service payments over the next ten years by \$550,091 in a net economic gain of \$504,590.

On April 18, 2013, the County issued \$3,940,000 series 2013B general obligation advance refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of providing general resources for all future debt service payments of \$3,976,500 of general obligation bonds. As a result, the refunded bonds are considered to be defeased. The liabilities for the debt were removed from the governmental activities column of the statement of net position in the fiscal year ending June 30, 2013. The reacquisition price was higher than the net carrying amount of the old debt by \$325,000. The amount was netted against the net debt and amortized over the life of the refunded debt, which is same as the life of the new issue. The advance refunding was undertaken to reduce total debt service payments over the next six years by \$106,543 in a net economic gain of \$100,683.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014, there are no industrial revenue bonds outstanding.

9. Pension Plan Obligations

A. Local Governmental Employees' Retirement System

Plan Description

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

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute an actuarially determined rate. For the County the current rate for non-Social Service Department employees not engaged in law enforcement, for Social Services Department employees and for law enforcement officers is 7.07%, 7.07% and 7.28%, respectively, of annual covered payroll. The contribution requirements of members and of Brunswick County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013 and 2012 were \$3,175,088, \$2,827,370 and \$2,950,533 respectively. The contributions made by the County equaled the required contributions for each year.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Active plan member	<u>170</u>
Total	<u><u>175</u></u>

Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

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

Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2012 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 post-retirement 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, 2012 was 18 years.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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	\$ 244,166
Interest on net pension obligation	64,940
Adjustment to annual required contribution	<u>(105,817)</u>
Annual pension cost	203,289
Contributions made	<u>49,170</u>
Increase in net pension, obligation	154,119
Net pension obligation, beginning of year	<u>1,298,804</u>
Net pension obligation, end of year	<u><u>\$ 1,452,923</u></u>

Funded Status and Funding Progress

Three Year Trend Information			
<hr/>			
	Annual		
Fiscal Year	Pension	% of APC	Net Pension
<u>Ended</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
2012	\$ 199,999	23.36%	\$ 1,115,991
2013	217,280	15.86%	1,298,804
2014	203,289	24.19%	1,452,923

As of December 31, 2013, 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 \$1,979,238. The covered payroll (annual payroll of active employees covered by the plan) was \$8,514,062, and the ratio of the UAAL to the covered payroll was 23.25%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 were \$562,175 which consisted of \$423,815 from the County and \$138,360 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, 2014 were \$2,584,996 which consisted of \$1,808,744 from the County and \$776,252 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 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$17,144.

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 OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

No. Years Contributing	Years Relief	FY Contributions Resume
Less than 10	1	2014
10 – 20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. Brunswick County will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

G. Other Post-Employment Benefits – Health Care Benefits

Plan Description

In addition to providing pension benefits, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of January 1, 2012, this plan provides post-employment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System), the North Carolina Law Enforcement Officers' Retirement System or are in disability retirement or have at least ten years of creditable service with the County. Retirees hired prior to January 1, 2012 receive the same benefits as active employees after a minimum of five years of creditable service with the County. The HCB Plan is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. The County pays the full cost of coverage for these benefits. Employees hired on or after January 1, 2012 with a minimum of 10 years of service also have the option of purchasing, net of a County contribution, coverage for themselves at the County's group rate. The County's contribution is dependent on the employee's number of years of creditable service. The Board of County Commissioners may amend the benefit provisions. A separate report was not issued for either plan.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

County Contributions based on Years of Creditable Service		
<u>Years of Creditable Service</u>	<u>Date Hired</u>	
	<u>Pre-January 1, 2012</u>	<u>On or after January 1, 2012</u>
Less than 10 years	0%	0%
10-14	100%	50%
15-24	100%	75%
25+	100%	100%

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

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	207	n/a
Active plan members	<u>756</u>	<u>135</u>
Total	<u><u>963</u></u>	<u><u>135</u></u>

Funding Policy

The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The County has chosen to fund the health care benefits on a pay-as-you-go basis.

The current Annual Required Contribution rate is 16.39% of annual covered payroll. For the current fiscal year, the County contributed \$1,327,037 or 3.28% 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 \$84,558. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

Summary of Significant Accounting Policies

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

Annual required contribution	\$	6,628,993
Interest on net pension obligation		1,134,724
Adjustment to annual required contribution		<u>(1,084,013)</u>
Annual pension cost		6,679,704
Contributions made		<u>(1,327,037)</u>
Increase in net pension, obligation		5,352,667
Net pension obligation, beginning of year		<u>28,368,079</u>
Net pension obligation, end of year	\$	<u><u>33,720,746</u></u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of	
		Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 5,884,343	20.9%	\$ 22,903,696
2013	6,669,935	18.2%	28,368,079
2014	6,679,704	19.9%	33,720,746

Fund Status and Funding Progress

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Actuarial Methods and Assumptions

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

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

10. Landfill Closure and Post-closure Costs

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

Municipal Solid Waste Landfill

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

Construction and Demolition Debris Landfill

The County operates a multi-phase construction and demolition debris landfill. The North Carolina Department of Environment and Natural Resources ("NCDENR") has issued permits for 6 separate phases with a permit that extends to March 28, 2019. The final phases of the landfill, Phases 6A, 6B, and 6C, were permitted for 588,000 CY. It is estimated that approximately 79% 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, 2014, the volume utilized has not exceeded the permitted capacity.

Using the results of the annual survey it is estimated that approximately 154,500 cubic yards of useable airspace remain in the C&D debris landfill. The tonnage of C&D debris received at the landfill during FY 2013-2014 increased approximately 13% from FY 2012-2013. The tonnage of C&D debris disposed in the landfill during FY 2013-2014 increased approximately 46% from FY 2012-2013. The increase in C&D debris received represents an increase for the second consecutive year, although the County continues to divert a portion of the C&D debris waste stream through the MSW Transfer Station. The County diverted approximately 10% less C&D debris during FY 2013-

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

2014 than in FY 2012-2013. This is likely attributed to operational changes and hours that C&D debris is diverted through the MSW Transfer Station. It is anticipated that the life of the C&D debris landfill will extend to at least FY 2016-2017 based on a tonnage of 25,000 tons/year, a flat growth rate, and no diversion of C&D debris.

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, 2014 which is 79%. It is estimated that closure of the C&D debris landfill will not occur until sometime around 2017. The MSW landfill was closed in 1997. At June 30, 2014, the post-closure care cost for the MSW landfill is expected to be approximately \$107,000 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, 2014, the combined closure and post-closure care costs for both landfills are expected to total \$8,629,791 based on an escalation factor of 2%. Of that amount, \$8,629,791 has been accrued at June 30, 2014 and is included in the Long-Term Debt reported on the statement of net position.

Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County has elected to establish a reserve fund to accumulate resources for the payment of closure and post-closure care costs. A reserve for landfill closure and post-closure care costs is included in the County Capital Project Fund in the amount of \$3,707,671. The County expects to budget annual transfers from the General Fund to the County Capital Reserve Fund based on the projected cost of closure and post-closure care costs. Future inflation costs are expected to be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate, additional costs may be covered by future user charges or tax revenues.

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 two self-funded risk-financing pool administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$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 pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property, and auto physical damage.

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

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

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

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

	Workers' Compensation	
	<u>2013</u>	<u>2014</u>
Unpaid claims, beginning	\$ 257,325	\$ 185,488
Incurred claims	477,679	602,895
Claim payments	<u>(549,516)</u>	<u>(559,668)</u>
Unpaid claims, ending	<u>\$ 185,488</u>	<u>\$ 228,715</u>

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

	Employee Health	
	<u>2013</u>	<u>2014</u>
Unpaid claims, beginning	\$ 704,226	\$ 711,758
Incurred claims	8,529,381	9,978,342
Claim payments	<u>(8,521,849)</u>	<u>(9,902,259)</u>
Unpaid claims, ending	<u>\$ 711,758</u>	<u>\$ 787,841</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

12. Claims and Judgments

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

13. Joint Ventures

Brunswick County Community College

The County in conjunction with the State of North Carolina and the Brunswick County Board of Education participates in a joint venture to operate the Brunswick County Community College ("Community College"). Each of the three participants appoints four members of the thirteen-member board of trustees of the Community College. The president of the Community College's student government serves as an ex officio nonvoting member of the Community College's board of trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. As of June 30, 2014, the amount of general obligation bonds issued for this purpose that was still outstanding was \$19,932,804. The County made total debt service payments related to the bonds of \$2,510,062 during the fiscal year. Of that total, \$1,625,000 was for principal and \$885,062 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 \$3,781,447 to the Community College for operating purposes during the fiscal year ended June 30, 2014.

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, 2014. 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 \$707,375 for operating purposes during the year ended June 30, 2014. 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, 2014.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 was \$1,069,226.

In addition, the Authority made payments to the County during the fiscal year totaling \$211,727 pursuant to a maintenance contract.

Northeast Brunswick Water Reclamation Facility

The Facility is owned, operated and maintained by the County. The Town of Leland, Town of Navassa, H2GO, City of Northwest, and the County have entered into wastewater service agreements for a portion of the treatment capacity in the plant. The County has recently completed an expansion of the plant of 825,000 gpd to bring capacity to 2.475 mgd due to increased needs of the participants. Expansion costs to date are \$13.2 million. Each participant is charged capacity service fees based on their share of the capacity in the plant. The County’s share of capacity and related debt service is funded by the retail revenue of the County’s customers. The participant capacity service fees are combined with the County’s retail revenue to service the debt associated with the plant. Participants are also charged treatment service fees based on the metered flow they send to the plant. The participant fees and the costs allocation to the County for their customer flow are combined so that the operating and maintenance costs of the plant are recovered by County retail revenues and participant service fees on a proportional and break-even basis. The agreement and policies and regulations provide for an oversight committee to make budget and operating recommendations to the County Commissioners.

West Brunswick Regional Water Reclamation Facility

The Facility, which began operations in March of 2006 is owned, operated and maintained by the County. As part of the West Brunswick Regional Area, in 2007 the Shallotte Water Reclamation Facility was acquired from the Town of Shallotte through a Sewer Service Agreement. The Facility has a permitted treatment capacity of 0.500 mgd and effluent from the facility is sprayed on a 200 acre site adjacent to the plant. The Facility serves the Town of Shallotte. The County completed construction of the expansion of the West Brunswick Regional Water Reclamation Facility Phase 2 in January 2010 which increased the plant capacity from 3 mgd to 6 mgd and provided a transmission line to serve the Town of Oak Island. The total cost of the expanded facilities for both phases was \$114.4 million. The sources of funding are revenue bonds, construction grants and loans funds, and grants. Each participant is charged capacity service fees based on their share of the capacity in the plant. The County’s share of capacity and related debt service is funded by the retail revenue of the County’s customers. The participant capacity service fees are combined with the County’s retail revenue to service the debt associated with the plant. Participants are also charged treatment service fees based on the metered flow they send to the plant. The participant fees and the costs allocation to the County for their customer flow are combined so that the operating and maintenance costs of the plant are recovered by County retail revenues and participant service fees on a proportional and breakeven basis. The County also constructed a Southwest force main and pump station designed to transmit flow from County retail sewer customers located in Southwest Brunswick County. The Southwest sewer force Main and Pump station was funded by revenue bonds. The revenue bonds will

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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.

Ocean Isle Beach Water Reclamation Facility

The Facility was acquired from the Town of Ocean Isle Beach in 2012 through a Sewer Service Agreement. The Facility has a permitted treatment capacity of 1.05 mgd and effluent from the facility is sprayed on a 320 acre site adjacent to the plant. The Facility serves the Town of Ocean Isle Beach and the nearby portion of the County Sewer Service Area including Ocean Isle Palms and Ocean Ridge.

15. Benefit Payments issued by the State

Certain amounts 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. This additional aid to County recipients does not appear in the basic financial statements because it does not represent revenues and expenditures of the County.

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, 2014. 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
Town Creek Park Improvements	\$ 1,623,270
Ocean Ridge Pump Station	<u>329,075</u>
Total	<u>\$ 1,952,345</u>

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, 2014, the County believes that any required refunds would be immaterial and therefore no provision has been made in the accompanying financial statements for the refund of grant money received.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

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COUNTY OF BRUNSWICK, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Liability (AAL) - Projected Unit Credit B	Unfunded AAL (UAAL) B - A	Funded Ratio A / B	Covered Payroll C	UAAL as a Percentage Covered Payroll (B - A) / C
12/30/2013	\$ -	\$ 1,979,238	\$ 1,979,238	0.00%	\$ 8,514,062	23.25%
12/31/2012	-	1,713,666	1,713,666	0.00%	7,141,765	23.99%
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%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2014	\$ 244,166	\$ 49,170	20.14%
2013	230,929	34,467	14.93%
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%

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	12/31/2013	
Actuarial cost method	Projected unit credit	
Amortization method	Level dollar closed	
Remaining amortization period	17 years	
Asset valuation method	Market value	
Actuarial Assumptions:		
Investment rate of return *	5.00%	* Includes inflation at 3.0%
Projected salary increases *	4.25-7.85%	
Cost of living adjustments	N/A	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**OTHER POST EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL) -Projected Unit Credit B	Unfunded AAL (UAAL) B - A	Funded Ratio A / B	Covered Payroll C	UAAL as a Percentage Covered Payroll (B - A) / C
12/31/2012	-	\$ 66,633,440	\$ 66,633,440	0.00%	\$ 40,456,870	164.7%
12/31/2010	-	62,955,399	62,955,399	0.00%	43,062,825	146.2%
12/31/2008	-	51,697,990	51,697,990	0.00%	33,371,151	154.9%
12/31/2006	-	49,458,857	49,458,857	0.00%	24,093,567	205.3%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed	Percentage of ARC Contributed
2014	\$ 6,628,993	\$ 1,327,037	20.0%
2013	6,628,993	1,205,552	18.2%
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%

Notes to the Required Schedules:

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

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

*Includes inflation at 3.00%

MAJOR GOVERNMENTAL FUNDS

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

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

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

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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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Revenues:				
Ad Valorem Taxes:				
Current year taxes		\$ 106,495,697		\$ 102,992,488
Prior year taxes		5,183,642		4,799,975
Penalties and interest		1,320,047		1,153,354
	<u>\$ 109,131,414</u>	<u>112,999,386</u>	<u>\$ 3,867,972</u>	<u>108,945,817</u>
Local Option Sales Taxes:				
Article 39 and 44 (1%)		7,547,126		7,174,799
Article 40 (1/2%)		5,274,487		5,034,320
Article 42 (1/2%)		5,010,418		4,732,676
	<u>17,728,714</u>	<u>17,832,031</u>	<u>103,317</u>	<u>16,941,795</u>
Other Taxes and Licenses:				
Scrap tire disposal fee		155,729		162,271
Deed stamp excise tax		2,224,696		2,003,104
Solid waste tax		40,119		43,976
White goods disposal tax		38,696		53,390
1% Occupancy Tax		1,307,052		-
	<u>3,760,000</u>	<u>3,766,292</u>	<u>6,292</u>	<u>2,262,741</u>
Unrestricted Intergovernmental:				
Medicaid hold harmless		759,953		692,275
Beer and wine tax		258,749		234,872
Jail fees		210,447		206,041
	<u>1,118,209</u>	<u>1,229,149</u>	<u>110,940</u>	<u>1,133,188</u>
Restricted Intergovernmental:				
State and federal grant		18,399,838		17,359,943
ARRA federal grant		10,728		13,903
Court facility fees		145,386		143,156
Payments in lieu of taxes		-		3,627
ABC education requirement		7,062		5,691
ABC law enforcement services		4,870		4,239
State drug tax		24,636		61,820
	<u>18,344,349</u>	<u>18,592,520</u>	<u>248,171</u>	<u>17,592,379</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Permits and Fees:				
Building permits		1,306,960		1,023,864
Recording Fees		702,243		783,126
Inspection fees		154,873		163,787
Concealed handgun permit		151,215		143,595
Other permit and fees		992,812		1,041,643
	<u>2,883,771</u>	<u>3,308,103</u>	<u>424,332</u>	<u>3,156,015</u>
Sales and Services:				
Solid waste fees		1,542,335		1,402,235
School resource officer reimbursement		1,343,539		979,704
Rents		87,381		127,624
EMS Charges		4,279,913		3,758,241
Public health user fees		743,589		798,130
Sheriff animal protective services fees		88,097		99,067
Social services fees		57,507		56,777
Public housing fees		73,853		11,047
Tax collection fees		228,815		227,149
Other sales and services		1,112,675		1,327,746
Register of deeds		289,161		291,430
Marriage licenses		52,004		49,781
Recreation services		230,952		223,030
	<u>9,189,492</u>	<u>10,129,821</u>	<u>940,329</u>	<u>9,351,961</u>
Investment earnings	<u>85,000</u>	<u>96,904</u>	<u>11,904</u>	<u>113,344</u>
Other:				
Tax refunds - sales and gas tax		946		33,518
ABC bottles taxes		50,313		47,692
County Board of Alcohol Control		24,000		24,000
Contributions		62,554		44,735
Other revenues		1,398,575		1,407,560
	<u>1,355,996</u>	<u>1,536,388</u>	<u>180,392</u>	<u>1,557,505</u>
Total revenues	<u>163,596,945</u>	<u>169,490,594</u>	<u>5,893,649</u>	<u>161,054,745</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries		244,933		237,555
Fringe benefits		52,312		60,224
Operating costs		44,408		56,418
	<u>373,443</u>	<u>341,653</u>	<u>31,790</u>	<u>354,197</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
County Administration:				
Salaries		725,484		695,399
Fringe benefits		224,152		206,530
Operating costs		<u>33,968</u>		<u>39,021</u>
	<u>1,017,183</u>	<u>983,604</u>	<u>33,579</u>	<u>940,950</u>
Finance:				
Salaries		619,572		584,717
Fringe benefits		206,801		196,856
Operating costs		<u>364,835</u>		<u>325,476</u>
	<u>1,260,577</u>	<u>1,191,208</u>	<u>69,369</u>	<u>1,107,049</u>
Tax Administration:				
Salaries		2,063,029		2,021,849
Fringe benefits		800,300		807,361
Operating costs		578,570		957,707
Capital outlay		<u>7,971</u>		<u>-</u>
	<u>3,711,190</u>	<u>3,449,870</u>	<u>261,320</u>	<u>3,786,917</u>
County Attorney:				
Salaries		368,496		289,001
Fringe benefits		102,550		82,829
Operating costs		<u>162,265</u>		<u>272,684</u>
	<u>698,189</u>	<u>633,311</u>	<u>64,878</u>	<u>644,514</u>
Court Facilities:				
Salaries		19,503		100,195
Fringe benefits		6,560		36,570
Operating costs		246,535		161,625
Capital outlay		<u>-</u>		<u>164,485</u>
	<u>345,267</u>	<u>272,598</u>	<u>72,669</u>	<u>462,875</u>
Board of Elections:				
Salaries		371,707		372,016
Fringe benefits		88,062		93,110
Operating costs		<u>150,804</u>		<u>83,972</u>
	<u>651,880</u>	<u>610,573</u>	<u>41,307</u>	<u>549,098</u>
Register of Deeds:				
Salaries		639,616		623,212
Fringe benefits		276,956		281,703
Operating costs		<u>1,453,513</u>		<u>1,356,626</u>
	<u>2,406,057</u>	<u>2,370,085</u>	<u>35,972</u>	<u>2,261,541</u>
Total general government	<u>10,463,786</u>	<u>9,852,902</u>	<u>610,884</u>	<u>10,107,141</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Central Services:				
Management Information Systems:				
Salaries		734,701		551,004
Fringe benefits		257,964		189,771
Operating costs		786,042		684,351
Capital outlay		129,089		73,895
	<u>2,081,440</u>	<u>1,907,796</u>	<u>173,644</u>	<u>1,499,021</u>
Service Center:				
Salaries		609,039		581,260
Fringe benefits		230,609		228,368
Operating costs		148,065		423,798
Capital outlay		83,333		32,012
	<u>1,330,902</u>	<u>1,071,046</u>	<u>259,856</u>	<u>1,265,438</u>
Engineering:				
Salaries		323,831		267,586
Fringe benefits		106,608		89,907
Operating costs		19,080		37,942
	<u>468,994</u>	<u>449,519</u>	<u>19,475</u>	<u>395,435</u>
Operation Services:				
Salaries		1,897,141		1,838,316
Fringe benefits		799,178		810,196
Operating costs		2,704,705		2,662,227
Capital outlay		134,783		99,031
	<u>6,106,583</u>	<u>5,535,807</u>	<u>570,776</u>	<u>5,409,770</u>
Non-departmental:				
Salaries		-		10,220
Fringe benefits		2,296,780		2,011,394
Operating costs		554,419		1,072,825
Capital outlay		31,317		-
	<u>3,296,956</u>	<u>2,882,516</u>	<u>414,440</u>	<u>3,094,439</u>
Total central services	<u>13,284,875</u>	<u>11,846,684</u>	<u>1,438,191</u>	<u>11,664,103</u>
Public Safety:				
District Attorney:				
Salaries		-		1,532
Operating costs		78,816		77,953
	<u>83,000</u>	<u>78,816</u>	<u>4,184</u>	<u>79,485</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Sheriff:				
Salaries		7,706,558		6,647,264
Fringe benefits		2,747,597		2,398,962
Operating costs		2,503,246		2,254,865
Capital outlay		564,324		741,644
	<u>13,590,628</u>	<u>13,521,725</u>	<u>68,903</u>	<u>12,042,735</u>
Detention Center:				
Salaries		3,856,773		3,707,784
Fringe benefits		1,454,132		1,565,651
Operating costs		2,260,524		1,770,194
Capital outlay		37,586		34,690
	<u>7,610,188</u>	<u>7,609,015</u>	<u>1,173</u>	<u>7,078,319</u>
Emergency Medical:				
Salaries		4,540,766		3,921,175
Fringe benefits		1,501,588		1,392,468
Operating costs		1,331,911		1,124,519
Capital outlay		453,372		511,403
	<u>7,829,840</u>	<u>7,827,637</u>	<u>2,203</u>	<u>6,949,565</u>
Emergency Management:				
Salaries		407,260		358,594
Fringe benefits		130,260		119,680
Operating costs		237,581		201,539
Capital outlay		31,374		360,759
	<u>971,601</u>	<u>806,475</u>	<u>165,126</u>	<u>1,040,572</u>
Other Agencies:				
Fire districts		321,989		648,988
Rescue Squads		312,838		325,660
	<u>718,255</u>	<u>634,827</u>	<u>83,428</u>	<u>974,648</u>
Code Administration:				
Salaries		893,377		780,317
Fringe benefits		316,962		291,488
Operating costs		104,027		92,518
Capital outlay		22,879		-
	<u>1,397,652</u>	<u>1,337,245</u>	<u>60,407</u>	<u>1,164,323</u>
Central Communications:				
Salaries		1,371,894		1,217,747
Fringe benefits		535,690		489,627
Operating costs		162,396		268,141
Capital outlay		397,295		139,712
	<u>2,509,789</u>	<u>2,467,275</u>	<u>42,514</u>	<u>2,115,227</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Animal Protective Services:				
Salaries		527,816		393,252
Fringe benefits		210,372		159,225
Operating costs		272,091		240,781
Capital outlay		31,800		-
	<u>1,053,192</u>	<u>1,042,079</u>	11,113	<u>793,258</u>
Total public safety	<u>35,764,145</u>	<u>35,325,094</u>	439,051	<u>32,238,132</u>
Transportation:				
Cape Fear Regional Jetport		97,000		97,000
Odell Williamson Municipal Airport		27,500		27,500
Cape Fear Transportation Authority		29,350		13,890
Brunswick Transit System		217,571		235,060
Total transportation	<u>424,365</u>	<u>371,421</u>	52,944	<u>373,450</u>
Environmental Protection:				
Solid Waste:				
Salaries		294,494		329,267
Fringe benefits		108,669		125,422
Operating costs		12,988,533		12,436,395
Capital outlay		62,063		283,908
	<u>13,618,226</u>	<u>13,453,759</u>	164,467	<u>13,174,992</u>
Other:				
Forestry services		203,326		215,541
Brunswick County Beach Consortium		30,000		30,000
	<u>268,872</u>	<u>233,326</u>	35,546	<u>245,541</u>
Total environmental protection	<u>13,887,098</u>	<u>13,687,085</u>	200,013	<u>13,420,533</u>
Economic Development:				
Planning/Community Development				
Salaries		445,442		454,215
Fringe benefits		158,206		158,323
Operating costs		153,450		229,954
Capital outlay		7,971		-
	<u>921,431</u>	<u>765,069</u>	156,362	<u>842,492</u>
Cooperative Extension:				
Salaries		253,798		203,664
Fringe benefits		95,944		69,533
Operating costs		125,430		122,613
	<u>535,795</u>	<u>475,172</u>	60,623	<u>395,810</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Soil and Water Conservation:				
Salaries		138,088		129,194
Fringe benefits		54,102		52,020
Operating costs		13,978		13,970
	<u>206,963</u>	<u>206,168</u>	<u>795</u>	<u>195,184</u>
Public Housing Section 8:				
Salaries		197,726		185,156
Fringe benefits		74,395		71,471
Operating costs		2,194,982		2,207,724
	<u>2,479,772</u>	<u>2,467,103</u>	<u>12,669</u>	<u>2,464,351</u>
Economic Development:				
Salaries		204,892		200,951
Fringe benefits		73,791		62,726
Operating costs		128,500		128,500
	<u>407,461</u>	<u>407,183</u>	<u>278</u>	<u>392,177</u>
1% Occupancy Tax:				
Operating costs	<u>1,340,000</u>	<u>1,307,052</u>	<u>32,948</u>	<u>-</u>
Other Economic Development:				
Lockwood Folly & Shallotte Dredging		-		112,500
Lockwood Folly River Aquatic Restoration		182,322		-
Dredging		-		3,975
Lee Controls		15,015		-
	<u>369,150</u>	<u>197,337</u>	<u>171,813</u>	<u>116,475</u>
Total economic development	<u>6,260,572</u>	<u>5,825,084</u>	<u>435,488</u>	<u>4,406,489</u>
Human Services:				
Health:				
Administration:				
Salaries		2,284,670		2,150,640
Fringe benefits		871,763		850,557
Operating costs		410,460		199,022
Capital outlay		31,230		-
	<u>3,989,853</u>	<u>3,598,123</u>	<u>391,730</u>	<u>3,200,219</u>
Communicable Diseases:				
Operating costs	<u>275,875</u>	<u>228,481</u>	<u>47,394</u>	<u>296,317</u>
Adult Health Maintenance:				
Operating costs		91,453		163,148
	<u>118,207</u>	<u>91,453</u>	<u>26,754</u>	<u>163,148</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Senior Health				
Salaries		182,600		171,917
Fringe benefits		55,191		52,752
Operating costs		211,520		195,654
	<u>506,568</u>	<u>449,311</u>	<u>57,257</u>	<u>420,323</u>
Maternal and Child Health:				
Salaries		385,133		366,216
Fringe benefits		162,435		160,066
Operating costs		573,126		565,083
	<u>1,210,238</u>	<u>1,120,694</u>	<u>89,544</u>	<u>1,091,365</u>
Environmental Health:				
Salaries		833,101		767,028
Fringe benefits		287,211		275,569
Operating costs		176,836		225,314
Capital outlay		-		18,887
	<u>1,308,076</u>	<u>1,297,148</u>	<u>10,928</u>	<u>1,286,798</u>
Employee Wellness:				
Salaries		92,830		-
Fringe benefits		31,178		-
Operating costs		53,205		-
	<u>223,700</u>	<u>177,213</u>	<u>46,487</u>	<u>-</u>
Total health	<u>7,632,517</u>	<u>6,962,423</u>	<u>670,094</u>	<u>6,458,170</u>
Veterans' Services:				
Salaries		117,171		88,459
Fringe benefits		42,884		34,403
Operating costs		9,761		11,729
Total veterans' services	<u>186,519</u>	<u>169,816</u>	<u>16,703</u>	<u>134,591</u>
Social Services:				
Administration:				
Salaries		5,667,728		5,523,166
Fringe benefits		2,168,262		2,197,622
Operating costs		1,894,130		1,758,555
Capital outlay		73,863		-
	<u>10,291,474</u>	<u>9,803,983</u>	<u>487,491</u>	<u>9,479,343</u>
Title III-In Home Care:				
Salaries		240,650		167,893
Fringe benefits		143,920		103,220
Operating costs		79,850		30,309
	<u>510,553</u>	<u>464,420</u>	<u>46,133</u>	<u>301,422</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Other Operating Costs:				
Medical assistance		5,464		8,518
Aid to the blind		5,909		5,857
Adoption assistance		256,761		266,856
Foster care		627,976		697,393
State foster home		333,639		363,231
Special assistance		410,421		476,548
Day care		4,649,529		3,892,357
Special child adoption assistance		16,324		28,723
	<u>6,692,635</u>	<u>6,306,023</u>	<u>386,612</u>	<u>5,739,483</u>
Total social services	<u>17,494,662</u>	<u>16,574,426</u>	<u>920,236</u>	<u>15,520,248</u>
Other Human Services:				
CoastalCare		707,375		703,383
Brunswick Senior Resources, Inc.		1,550,000		1,550,000
Other human services		1,002,820		585,855
Capital outlay		78,282		99,236
	<u>3,338,564</u>	<u>3,338,477</u>	<u>87</u>	<u>2,938,474</u>
Total human services	<u>28,652,262</u>	<u>27,045,142</u>	<u>1,607,120</u>	<u>25,051,483</u>
Education:				
Public schools		33,437,869		32,339,596
Public schools - capital outlay		701,494		678,453
Community college		3,781,447		3,657,105
Total education	<u>37,920,810</u>	<u>37,920,810</u>	<u>-</u>	<u>36,675,154</u>
Culture and Recreation:				
Parks and Recreation:				
Salaries		1,221,593		1,164,120
Fringe benefits		413,648		401,268
Operating costs		867,883		834,640
Capital outlay		104,423		67,763
	<u>2,779,414</u>	<u>2,607,547</u>	<u>171,867</u>	<u>2,467,791</u>
Brunswick County Library:				
Salaries		686,048		640,040
Fringe benefits		291,352		274,509
Operating costs		256,606		238,802
	<u>1,275,401</u>	<u>1,234,006</u>	<u>41,395</u>	<u>1,153,351</u>
Total culture and recreation	<u>4,054,815</u>	<u>3,841,553</u>	<u>213,262</u>	<u>3,621,142</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Debt Service:				
Principal retirement	9,215,000	9,215,000	-	9,910,000
Interest and fees	3,768,877	3,762,911	5,966	6,492,027
Total debt service	<u>12,983,877</u>	<u>12,977,911</u>	<u>5,966</u>	<u>16,402,027</u>
Total expenditures	<u>163,696,605</u>	<u>158,693,686</u>	<u>5,002,919</u>	<u>153,959,654</u>
Revenues over (under) expenditures	<u>(99,660)</u>	<u>10,796,908</u>	<u>10,896,568</u>	<u>7,095,091</u>
Other Financing Sources (Uses):				
Issuance of long-term debt	-	-	-	16,620,000
Premiums on bonds	-	-	-	1,875,258
Payment to escrow agent for refunded debt	-	-	-	(16,275,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,220,258</u>
Transfers From Other Funds:				
Transfer from school capital project fund	-	-	-	314,013
Transfer from county capital project fund	-	-	-	513,300
	<u>-</u>	<u>-</u>	<u>-</u>	<u>827,313</u>
Transfers To Other Funds:				
Transfer to county capital project fund	(7,118,470)	(7,118,470)	-	(100,000)
Transfer to grant project funds	(18,988)	(18,988)	-	(60,000)
Transfer to emergency telephone system fund	(2,157)	(2,157)	-	(31,493)
Transfer to school capital project funds	(4,036,671)	(4,036,671)	-	(2,985,039)
	<u>(11,176,286)</u>	<u>(11,176,286)</u>	<u>-</u>	<u>(3,176,532)</u>
Budgetary Financing Sources (Uses):				
Contingency	(16,850)	-	16,850	-
Appropriated fund balance	11,292,796	-	(11,292,796)	-
	<u>11,275,946</u>	<u>-</u>	<u>(11,275,946)</u>	<u>-</u>
Total other financing sources (uses)	<u>99,660</u>	<u>(11,176,286)</u>	<u>(11,275,946)</u>	<u>(128,961)</u>
Net change in fund balance	<u>\$ -</u>	<u>(379,378)</u>	<u>(379,378)</u>	6,966,130
Fund balance, beginning of year		<u>66,678,457</u>		<u>59,712,327</u>
Fund balance, end of year		<u>\$ 66,299,079</u>		<u>\$ 66,678,457</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - COUNTY CAPITAL PROJECTS FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted Intergovernmental:				
NC Department of Transportation	\$ 16,893,797	\$ 12,550,043	\$ 1,870,448	\$ 14,420,491
NC Parks & Recreation Trust Fund	859,354	500,000	-	500,000
	<u>17,753,151</u>	<u>13,050,043</u>	<u>1,870,448</u>	<u>14,920,491</u>
Investment earnings	<u>70,000</u>	<u>115,876</u>	<u>24,538</u>	<u>140,414</u>
Other:				
Performance bonds	4,213,721	4,213,721	-	4,213,721
Other revenues	329,716	204,563	47,944	252,507
	<u>4,543,437</u>	<u>4,418,284</u>	<u>47,944</u>	<u>4,466,228</u>
Total revenues	<u>22,366,588</u>	<u>17,584,203</u>	<u>1,942,930</u>	<u>19,527,133</u>
Expenditures:				
Capital Improvements:				
Public Safety:				
Sheriff's Firing Range	280,000	1,789	204,301	206,090
Environmental protection:				
C&D Landfill expansion	2,549,291	2,549,291	-	2,549,291
Economic Development:				
Avalon	3,922,845	299,370	-	299,370
Springlake at Maritime Shores	274,585	-	-	-
	<u>4,197,430</u>	<u>299,370</u>	<u>-</u>	<u>299,370</u>
Cultural and recreation:				
Town Creek Park Improvements	5,323,178	216,056	3,043,206	3,259,262
Waccamaw Park Improvements	645,000	20,000	162,138	182,138
Brunswick River boat ramp	10,300	7,298	-	7,298
Leland Senior Center	351,000	-	6,257	6,257
	<u>6,329,478</u>	<u>243,354</u>	<u>3,211,601</u>	<u>3,454,955</u>
Transportation:				
Airport Improvements	19,012,335	15,314,261	1,634,893	16,949,154
Total expenditures	<u>32,368,534</u>	<u>18,408,065</u>	<u>5,050,795</u>	<u>23,458,860</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - COUNTY CAPITAL PROJECTS FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Budget</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues over (under) expenditures	(10,001,946)	(823,862)	(3,107,865)	(3,931,727)
Other Financing Sources (Uses):				
Appropriated fund balance	8,620,593	-	-	-
Contingency for future capital projects	(9,548,110)	-	-	-
Transfer from general fund	12,830,902	5,712,432	7,118,470	12,830,902
Transfer to general fund	<u>(1,901,439)</u>	<u>(1,901,439)</u>	<u>-</u>	<u>(1,901,439)</u>
Total other financing sources (uses)	<u>10,001,946</u>	<u>3,810,993</u>	<u>7,118,470</u>	<u>10,929,463</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,987,131</u>	4,010,605	<u>\$ 6,997,736</u>
Fund balance, beginning of year			<u>11,626,590</u>	
Fund balance, end of year			<u>\$ 15,637,195</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES

AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL - EDUCATION CAPITAL PROJECTS FUND

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
NC Public Education Lottery	\$ 7,087,951	\$ 4,608,835	\$ 1,440,936	\$ 6,049,771
Investment earnings	1,199,342	1,304,914	9,607	1,314,521
Investment earnings-debt proceeds	-	1,887	322	2,209
Total revenues	<u>8,287,293</u>	<u>5,915,636</u>	<u>1,450,865</u>	<u>7,366,501</u>
Expenditures:				
Brunswick County Schools capital projects	42,892,369	26,340,958	5,474,503	31,815,461
Brunswick Community College	31,665,911	31,317,327	75,499	31,392,826
Total expenditures	<u>74,558,280</u>	<u>57,658,285</u>	<u>5,550,002</u>	<u>63,208,287</u>
Revenues over (under) expenditures	(66,270,987)	(51,742,649)	(4,099,137)	(55,841,786)
Other Financing Sources (Uses):				
Transfer from general fund	29,566,018	25,529,346	4,036,671	29,566,017
Transfer to general fund	(314,013)	(314,013)	-	(314,013)
Premium on bonds issued	476,476	476,476	-	476,476
Debt financing issued	30,000,000	30,000,000	-	30,000,000
Appropriated fund balance	6,542,506	-	-	-
Total other financing sources (uses)	<u>66,270,987</u>	<u>55,691,809</u>	<u>4,036,671</u>	<u>59,728,480</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,949,160</u>	(62,466)	<u>\$ 3,886,694</u>
Fund balance, beginning of year			<u>10,501,575</u>	
Fund balance, end of year			<u>\$ 10,439,109</u>	

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NON MAJOR GOVERNMENTAL FUNDS

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.

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COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS

JUNE 30, 2014

	Emergency Telephone System Fund	Grant Project	ROD- Technology Enhancement Fund	Total
Assets:				
Cash and cash equivalents/investments	\$ 1,257,833	\$ -	\$ 783,527	\$ 2,041,360
Interest receivable	180	-	153	333
Other governmental agencies	63,476	108,483	-	171,959
Total assets	<u>\$ 1,321,489</u>	<u>\$ 108,483</u>	<u>\$ 783,680</u>	<u>\$ 2,213,652</u>
Liabilities:				
Accounts payable and other liabilities	20,730	18,322	10,678	49,730
Due to other funds	-	29,784	-	29,784
Total liabilities	<u>20,730</u>	<u>48,106</u>	<u>10,678</u>	<u>79,514</u>
Fund Balance:				
Stabilization by State Statute	63,656	108,483	153	172,292
Restricted - other	1,237,103	-	772,849	2,009,952
Unassigned	-	(48,106)	-	(48,106)
Total fund balances	<u>1,300,759</u>	<u>60,377</u>	<u>773,002</u>	<u>2,134,138</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 1,321,489</u>	<u>\$ 108,483</u>	<u>\$ 783,680</u>	<u>\$ 2,213,652</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Emergency Telephone System Fund	Grant Project	ROD- Technology Enhancement Fund	Total
Revenues:				
Restricted intergovernmental	\$ 932,088	\$ 598,174	\$ -	\$ 1,530,262
Permits and fees	-	-	132,395	132,395
Other revenue	292,059	400	-	292,459
Investment earnings	1,553	55	1,038	2,646
Total revenues	<u>1,225,700</u>	<u>598,629</u>	<u>133,433</u>	<u>1,957,762</u>
Expenditures:				
General government	-	-	94,150	94,150
Public safety	516,265	313,589	-	829,854
Economic and physical development	-	273,610	-	273,610
Total expenditures	<u>516,265</u>	<u>587,199</u>	<u>94,150</u>	<u>1,197,614</u>
Revenues over (under) expenditures	709,435	11,430	39,283	760,148
Other Financing Sources:				
Transfers from general fund	2,157	18,988	-	21,145
Total other financing sources (uses)	<u>2,157</u>	<u>18,988</u>	<u>-</u>	<u>21,145</u>
Net change in fund balances	711,592	30,418	39,283	781,293
Fund balance, beginning of year	<u>589,167</u>	<u>29,959</u>	<u>733,719</u>	<u>1,352,845</u>
Fund balance, end of year	<u>\$ 1,300,759</u>	<u>\$ 60,377</u>	<u>\$ 773,002</u>	<u>\$ 2,134,138</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Revenues:				
Restricted intergovernmental	\$ 761,711	\$ 761,711	\$ -	\$ 648,881
911 Center Consolidation Grant	2,071,691	170,377	(1,901,314)	-
Other revenue	292,059	292,059	-	-
Investment earnings	-	1,553	1,553	524
Total revenues	<u>3,125,461</u>	<u>1,225,700</u>	<u>(1,899,761)</u>	<u>649,405</u>
Expenditures:				
Telephone and furniture	84,041	52,129	31,912	177,659
Computer software	110,826	59,169	51,657	48,713
Computer hardware	276,408	189,161	87,247	116,960
Staff training	12,000	6,645	5,355	2,552
Implemental functions	62,153	62,153	-	66,364
Capital Outlay	617,960	-	617,960	-
Capital Outlay 911 Center	<u>2,071,691</u>	<u>147,008</u>	<u>1,924,683</u>	<u>28,309</u>
Total expenditures	<u>3,235,079</u>	<u>516,265</u>	<u>2,718,814</u>	<u>440,557</u>
Revenues over (under) expenditures	(109,618)	709,435	819,053	208,848
Other Financing Sources (Uses):				
Transfers from general fund	2,157	2,157	-	31,493
Appropriated fund balance	<u>107,461</u>	-	<u>(107,461)</u>	-
Total other financing sources (uses)	<u>109,618</u>	<u>2,157</u>	<u>(107,461)</u>	<u>31,493</u>
Net change in fund balance	<u>\$ -</u>	711,592	<u>\$ 711,592</u>	240,341
Fund balance, beginning of year		<u>589,167</u>		<u>348,826</u>
Fund balance, end of year		<u>\$ 1,300,759</u>		<u>\$ 589,167</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GRANT PROJECT FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Restricted Intergovernmental:				
CDBG-Scattered Site 2012	\$ 225,000	\$ -	\$ -	\$ -
CDBG-Technical Assistance Grant 2012	50,000	-	44,342	44,342
CDBG-Water Connection 2011	75,000	54,512	20,488	75,000
Urgent Repair 2010	75,000	75,000	-	75,000
Urgent Repair 2012	75,000	37,500	37,500	75,000
Urgent Repair 2013	75,000	-	37,500	37,500
USDA Housing Preservation 2012	89,148	-	34,948	34,948
Single Family Rehab 2011	318,000	190,867	80,904	271,771
Single Family Rehab 2014	170,000	-	-	-
Sheriff's	565,605	361,988	213,014	575,002
Emergency Services Grants	1,899,667	1,777,867	115,908	1,893,775
Economic and Physical Development	163,730	119,138	-	119,138
SOAR Governor's Crime Commission	289,999	7,741	13,570	21,311
Other revenue	2,630	-	400	400
Investment earnings	100	72	55	127
Total revenues	<u>4,073,879</u>	<u>2,624,685</u>	<u>598,629</u>	<u>3,223,314</u>
Expenditures:				
CDBG - Scattered Site 2012	225,000	-	1,578	1,578
CDBG - Water Connection 2011	75,000	54,513	20,488	75,001
CDBG - Technical Assistance Grant 2012	50,000	-	44,342	44,342
Urgent Repair - 2010	91,672	89,160	2,512	91,672
Urgent Repair - 2012	90,428	26,563	63,865	90,428
Urgent Repair - 2013	90,000	-	15,529	15,529
USDA Housing Preservation (HPG) 2012	134,148	416	58,730	59,146
Single Family Rehabilitation - 2011	318,000	190,867	66,566	257,433
Single Family Rehabilitation - 2013	170,000	-	-	-
Sheriff's Department	569,593	365,976	203,617	569,593
Emergency Services - Public Safety	1,899,667	1,807,271	69,090	1,876,361
SOAR Governor's Crime Commission	289,999	7,778	40,882	48,660
General Economic and Physical Development	<u>165,960</u>	<u>119,138</u>	<u>-</u>	<u>119,138</u>
Total expenditures	<u>4,169,467</u>	<u>2,661,682</u>	<u>587,199</u>	<u>3,248,881</u>
Revenues over (under) expenditures	(95,588)	(36,997)	11,430	(25,567)

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GRANT PROJECT FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Other Financing Sources (Uses):				
Transfers from general fund	95,588	76,600	18,988	95,588
Total other financing sources (uses)	<u>95,588</u>	<u>76,600</u>	<u>18,988</u>	<u>95,588</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 39,603</u>	30,418	<u>\$ 70,021</u>
Fund balance, beginning of year			<u>29,959</u>	
Fund balance, end of year			<u>\$ 60,377</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, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Revenues:				
Permits and fees	\$ 157,500	\$ 132,395	\$ (25,105)	\$ 154,324
Investment earnings	1,800	1,038	(762)	1,401
Total revenues	<u>159,300</u>	<u>133,433</u>	<u>(25,867)</u>	<u>155,725</u>
Expenditures:				
General government	<u>159,300</u>	<u>94,150</u>	<u>65,150</u>	<u>108,599</u>
Net change in fund balance	<u>\$ -</u>	39,283	<u>\$ 39,283</u>	47,126
Fund balance, beginning of year		<u>733,719</u>		<u>686,593</u>
Fund balance, end of year		<u>\$ 773,002</u>		<u>\$ 733,719</u>

ENTERPRISE FUNDS

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

MAJOR ENTERPRISE FUNDS:

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

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

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

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

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COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - WATER FUND (NON-GAAP)
JUNE 30, 2014

	<u>Water Fund</u>	<u>Water Capital Projects</u>	<u>Total</u>
Current Assets:			
Cash, cash equivalents and investments	\$ 20,203,086	\$ 6,049,090	\$ 26,252,176
Restricted cash	2,917,698	249,389	3,167,087
Interest receivable	4,245	1,493	5,738
Receivables and special assessments, net	2,877,995	1,162	2,879,157
Due from other governmental agencies	342,405	114,497	456,902
Inventories	1,366,646	-	1,366,646
Total current assets	<u>27,712,075</u>	<u>6,415,631</u>	<u>34,127,706</u>
Current Liabilities:			
Accounts payable and other liabilities	799,718	137,632	937,350
Customer deposits	1,543,876	-	1,543,876
Interest payable	215,750	-	215,750
Current portion of debt	934,741	-	934,741
Total current liabilities	<u>3,494,085</u>	<u>137,632</u>	<u>3,631,717</u>
Expendable net position	24,217,990	6,277,999	30,495,989
Noncurrent Items:			
Non-depreciable capital assets	15,269,436	-	15,269,436
Depreciable capital assets, net	121,685,751	-	121,685,751
Compensated absences	(317,573)	-	(317,573)
Other post-employment benefits	(2,856,259)	-	(2,856,259)
Non-current portion of debt	(16,443,333)	-	(16,443,333)
Total net position	<u>\$ 141,556,012</u>	<u>\$ 6,277,999</u>	<u>\$ 147,834,011</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - WATER SYSTEM
OPERATING FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Revenues:				
User charges	\$ 19,374,553	\$ 19,757,895	\$ 383,342	\$ 19,902,637
ARRA interest subsidy	291,605	268,423	(23,182)	298,109
Investment earnings	40,000	23,849	(16,151)	49,070
Other	431,597	390,411	(41,186)	404,013
Total revenues	<u>20,137,755</u>	<u>20,440,578</u>	<u>302,823</u>	<u>20,653,829</u>
Expenditures:				
Salaries	4,023,077	3,964,932	58,145	3,696,587
Fringe benefits	1,649,919	1,581,800	68,119	1,511,745
Operating expenditures	6,978,902	6,301,622	677,280	6,506,422
Repairs and maintenance	1,095,159	840,906	254,253	749,383
Capital outlay	3,636,812	3,606,151	30,661	3,092,737
Debt Service:				
Principal	950,025	895,024	55,001	755,376
Interest	934,777	853,385	81,392	864,196
Total expenditures	<u>19,268,671</u>	<u>18,043,820</u>	<u>1,224,851</u>	<u>17,176,446</u>
Revenues over (under) expenditures	869,084	2,396,758	1,527,674	3,477,383
Other Financing Sources (Uses):				
Transfer to water capital project fund	(3,929,192)	(3,929,192)	-	(3,698,480)
Transfer from water capital project fund	124,000	124,000	-	323,770
Appropriated net position	2,936,108	-	(2,936,108)	-
Total other financing sources (uses)	<u>(869,084)</u>	<u>(3,805,192)</u>	<u>(2,936,108)</u>	<u>(3,374,710)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(1,408,434)</u>	<u>\$ (1,408,434)</u>	<u>\$ 102,673</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - WATER SYSTEM
OPERATING FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Reconciliation From Budgetary Basis				
To Full Accrual Basis:				
Capital Project Related Items:				
Revenues from water capital projects		13,499		
Transfer from water fund to water capital project fund		3,929,192		
Transfer to water fund from water capital project fund		(124,000)		
Capital project expenditures		(4,083,509)		
Other Reconciling Items:				
CIP additions from capital projects		4,083,509		
Capitalized capital outlay and CIP adjustment		3,606,152		
Change in interest accrued		(215,750)		
Change in vacation accrual		(24,557)		
Change in other post-employment benefits		(453,362)		
Change in inventory		(269,384)		
Retirement of long-term debt		895,024		
Contributed capital assets-Deeds of Dedication		512,097		
Depreciation		(4,313,908)		
Change in net position - GAAP basis		<u>\$ 2,146,569</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, 2014**

	Project Budget	Actual		Total to Date
		Prior Year	Current Year	
Revenues:				
Investment earnings	\$ -	\$ 54,667	\$ 12,082	\$ 66,749
Investment earnings-debt proceeds	-	262	40	302
Assessments	-	39,495	-	39,495
Penalties and interest assessments	-	11,538	1,377	12,915
Total revenues	-	105,962	13,499	119,461
Expenditures:				
Northwest Water Plant expansion	11,659,820	10,819,640	145,176	10,964,816
Ocean Forest, Sea Castle line extension	-	-	-	-
Mulligan's Way, Cox Landing, Smith, Old Ferry lines	521,629	475,385	46,243	521,628
Stanley Road 2nd interconnect water extension	14,650	13,200	1,450	14,650
Old Shallotte Rd. water extension	1,227,897	875,570	332,566	1,208,136
Oak Island 2nd feed water line	560,631	560,631	-	560,631
Sunny Point water line	38,500	38,500	-	38,500
City of Northwest 2nd Feed Line	1,585,000	125,543	1,044,763	1,170,306
Sunset Beach 2nd Feed Line	1,143,650	48,361	1,095,290	1,143,651
Sandpiper Bay 2nd Feed Line	478,637	158,186	320,451	478,637
Water Mains FY 13	82,000	15,320	40,443	55,763
Southeast Water Tank	65,000	-	50,550	50,550
Water Mains FY 14	100,550	-	76,278	76,278
Danford Road	218,715	-	132,671	132,671
BPS 8 and 9 improvements	810,000	-	721,992	721,992
Marlowtown waterline	107,000	-	75,636	75,636
Total expenditures	18,613,679	13,130,336	4,083,509	17,213,845
Revenues over (under) expenditures	(18,613,679)	(13,024,374)	(4,070,010)	(17,094,384)
Other Financing Sources (Uses):				
Long term debt issued	11,146,392	11,146,392	-	11,146,392
Transfers from water fund	11,140,281	7,211,091	3,929,192	11,140,283
Transfers to water fund	(701,770)	(577,770)	(124,000)	(701,770)
Contingency for future projects	(4,754,721)	-	-	-
Appropriated fund balance	1,783,497	-	-	-
Total other financing sources (uses)	18,613,679	17,779,713	3,805,192	21,584,905
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 4,755,339	\$ (264,818)	\$ 4,490,521

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - WASTEWATER FUND (NON-GAAP)
JUNE 30, 2014

	Wastewater Fund	Wastewater Capital Projects	Total
Current Assets:			
Cash and cash equivalents/investments	\$ 13,482,843	\$ 6,373,119	\$ 19,855,962
Restricted cash	2,413,248	9,169	2,422,417
Interest receivable	2,368	1,281	3,649
Receivables and special assessments, net	11,107,800	31,136	11,138,936
Due from other governmental agencies	160,267	86,349	246,616
Inventories	288,431	-	288,431
Total current assets	<u>27,454,957</u>	<u>6,501,054</u>	<u>33,956,011</u>
Current Liabilities:			
Accounts payable and other liabilities	342,906	297,599	640,505
Interest payable	1,173,845	-	1,173,845
Prepaid fees	1,678,087	-	1,678,087
Current portion of debt	8,994,312	-	8,994,312
Total current liabilities	<u>12,189,150</u>	<u>297,599</u>	<u>12,486,749</u>
Expendable net position	15,265,807	6,203,455	21,469,262
Noncurrent Items:			
Non-depreciable capital assets	2,962,346	-	2,962,346
Depreciable capital assets, net	225,485,411	-	225,485,411
Compensated absences	(144,348)	-	(144,348)
Other post-employment benefits	(1,282,543)	-	(1,282,543)
Non-current portion of debt	(118,973,704)	-	(118,973,704)
Total net position	<u>\$ 123,312,969</u>	<u>\$ 6,203,455</u>	<u>\$ 129,516,424</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - WASTEWATER FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Revenues:				
User charges	\$ 18,533,191	\$ 20,258,628	\$ 1,725,437	\$ 18,015,522
ARRA interest subsidy	427,272	393,304	(33,968)	409,981
Special assessments	922,132	2,787,123	1,864,991	22,794,771
Investment earnings	1,000	29,458	28,458	3,446
Other	<u>47,920</u>	<u>41,756</u>	<u>(6,164)</u>	<u>46,624</u>
Total revenues	<u>19,931,515</u>	<u>23,510,269</u>	<u>3,578,754</u>	<u>41,270,344</u>
Expenditures:				
Salaries	2,109,923	2,103,352	6,571	1,793,642
Fringe benefits	853,941	842,228	11,713	737,013
Operating expenditures	3,156,809	2,873,089	283,720	2,595,849
Repairs and maintenance	1,272,698	1,149,891	122,807	821,499
Capital outlay	1,267,175	1,266,577	598	1,755,161
Debt Service:				
Principal	8,382,978	8,382,977	1	7,865,152
Interest	<u>5,234,880</u>	<u>5,225,904</u>	<u>8,976</u>	<u>5,296,166</u>
Total expenditures	<u>22,278,404</u>	<u>21,844,018</u>	<u>434,386</u>	<u>20,864,482</u>
Revenues over (under) expenditures	(2,346,889)	1,666,251	4,013,140	20,405,862
Other Financing Sources (Uses):				
Transfer to wastewater capital project fund	(84,168)	(84,168)	-	-
Transfer from wastewater capital project fund	152,367	152,367	-	1,365,743
Appropriated net position	<u>2,278,690</u>	<u>-</u>	<u>(2,278,690)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,346,889</u>	<u>68,199</u>	<u>(2,278,690)</u>	<u>1,365,743</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,734,450</u>	<u>\$ 1,734,450</u>	<u>\$ 21,771,605</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - WASTEWATER FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Reconciliation From Budgetary Basis				
To Full Accrual Basis:				
Capital Project Activities:				
Revenues from wastewater capital projects		14,683		
Transfer from wastewater fund to wastewater capital projects		84,168		
Transfer from wastewater capital projects to wastewater fund		(152,367)		
Capital project expenditures		(4,483,482)		
Other Reconciling Items:				
CIP additions from capital projects		4,483,482		
Capitalized capital outlay and CIP adjustment		1,266,577		
Change in interest accrued		(1,173,845)		
Change in vacation accrual		(26,694)		
Change in other post-employment benefits		(240,616)		
Contributed assets-Deeds of Dedication		691,966		
Change in inventory		158		
Loss on disposal of capital assets		(31,180)		
Retirement of long-term debt		8,382,977		
Depreciation		(6,197,003)		
Change in net position - GAAP basis		<u>\$ 4,353,274</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, 2014**

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental revenue	\$ 65,967	\$ 65,967	\$ -	\$ 65,967
Assessments	368,507	557,052	-	557,052
SAD interest and penalties	4,692	83,579	7,722	91,301
ARRA grant	2,061,396	2,061,396	-	2,061,396
ARRA interest subsidies	675,679	675,679	-	675,679
Investment earnings	67,338	110,470	6,697	117,167
Investment earnings-debt proceeds	3,297	7,534	264	7,798
Total revenues	<u>3,246,876</u>	<u>3,561,677</u>	<u>14,683</u>	<u>3,576,360</u>
Expenditures:				
Sunset Beach Wastewater Collection System	23,323,294	23,323,294	-	23,323,294
Northeast Brunswick Wastewater Treatment Plant Ph 2	13,797,908	10,498,382	2,729,199	13,227,581
Carolina Shore Wastewater Treatment Plant Upgrade	3,924,789	3,254,248	670,542	3,924,790
Boiling Springs Lake Transmission	2,038,239	1,959,925	78,314	2,038,239
Boiling Springs Lake Collection System SAD	2,845,275	2,544,099	292,011	2,836,110
Ocean Ridge Pump Station/Angel Trace Force Main	1,213,135	178,461	530,862	709,323
Ocean Isle Beach wastewater plant improvements	445,000	-	182,554	182,554
Total expenditures	<u>47,587,640</u>	<u>41,758,409</u>	<u>4,483,482</u>	<u>46,241,891</u>
Revenues over (under) expenditures	(44,340,764)	(38,196,732)	(4,468,799)	(42,665,531)
Other Financing Sources (Uses):				
Long term debt issued	39,787,308	39,787,309	-	39,787,309
ARRA debt proceeds	2,000,000	2,000,000	-	2,000,000
Gain on sale of real property	751,218	751,218	-	751,218
Transfer from wastewater fund	2,971,664	2,887,497	84,168	2,971,665
Transfer to wastewater fund	(1,087,527)	(1,015,160)	(152,367)	(1,167,527)
Contingency for future projects	(4,262,495)	-	-	-
Appropriated fund balance	4,180,596	-	-	-
Total other financing sources (uses)	<u>44,340,764</u>	<u>44,410,864</u>	<u>(68,199)</u>	<u>44,342,665</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 6,214,132</u>	<u>\$ (4,536,998)</u>	<u>\$ 1,677,134</u>

INTERNAL SERVICE FUNDS

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

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

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

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COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND ACTUAL AND
 CHANGES IN NET POSITION - WORKERS' COMPENSATION INTERNAL SERVICE FUND (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2013</u>
Revenues:				
Charges for services	\$ 1,041,998	\$ 1,041,998	\$ -	\$ 1,041,998
Investment earnings	<u>-</u>	<u>4,143</u>	<u>4,143</u>	<u>4,567</u>
Total revenues	<u>1,041,998</u>	<u>1,046,141</u>	<u>4,143</u>	<u>1,046,565</u>
Expenditures:				
Premiums	<u>1,041,998</u>	<u>559,668</u>	<u>482,330</u>	<u>549,516</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>486,473</u>	<u>\$ 486,473</u>	<u>497,049</u>
Net position, beginning of year		<u>2,242,633</u>		<u>1,745,584</u>
Net position, end of year		<u>\$ 2,729,106</u>		<u>\$ 2,242,633</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND
ACTUAL AND CHANGES IN NET POSITION - HEALTH INTERNAL SERVICE FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	Financial Plan	Actual Year To Date	Variance Positive (Negative)	2013
Revenues:				
Charges for services	\$ 10,200,700	\$ 10,272,557	\$ 71,857	\$ 10,058,284
Investment earnings	-	2,456	2,456	4,592
Total revenues	<u>\$10,200,700.00</u>	<u>10,275,013</u>	<u>74,313</u>	<u>10,062,876</u>
Expenditures:				
Premiums	9,902,700	9,902,259	441	8,521,849
Administration fees	<u>1,038,000</u>	<u>1,033,376</u>	<u>4,624</u>	<u>890,646</u>
Total expenditures	<u>10,940,700</u>	<u>10,935,635</u>	<u>5,065</u>	<u>9,412,495</u>
Revenues over (under) expenditures	<u>(740,000)</u>	<u>(660,622)</u>	<u>79,378</u>	<u>650,381</u>
Other financing sources (uses):				
Appropriated net position	<u>740,000</u>	<u>-</u>	<u>(740,000)</u>	<u>-</u>
Increase (decrease) in net position	<u>\$ -</u>	<u>(660,622)</u>	<u>\$ (660,622)</u>	<u>650,381</u>
Net position, beginning of year		<u>1,686,278</u>		<u>1,035,897</u>
Net position, end of year		<u>\$ 1,025,656</u>		<u>\$ 1,686,278</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
JUNE 30, 2014

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
Current Assets:			
Cash, cash equivalents and investments	\$ 2,969,003	\$ 1,612,754	\$ 4,581,757
Deposit receivable	-	200,300	200,300
Receivable other	-	101	101
Interest receivable	552	345	897
Total current assets	<u>2,969,555</u>	<u>1,813,500</u>	<u>4,783,055</u>
Current Liabilities:			
Accounts payable and other liabilities	<u>240,449</u>	<u>787,844</u>	<u>1,028,293</u>
Total current liabilities	<u>240,449</u>	<u>787,844</u>	<u>1,028,293</u>
Net position:			
Unrestricted	<u>2,729,106</u>	<u>1,025,656</u>	<u>3,754,762</u>
Total net position	<u>\$ 2,729,106</u>	<u>\$ 1,025,656</u>	<u>\$ 3,754,762</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
Operating Revenues:			
User charges	\$ 1,041,998	\$ 10,272,557	\$ 11,314,555
Total operating revenues	<u>1,041,998</u>	<u>10,272,557</u>	<u>11,314,555</u>
Operating Expenses:			
Premiums	559,668	9,902,259	10,461,927
Administration fees	-	<u>1,033,376</u>	<u>1,033,376</u>
Total operating expenses	<u>559,668</u>	<u>10,935,635</u>	<u>11,495,303</u>
Operating income (loss)	<u>482,330</u>	<u>(663,078)</u>	<u>(180,748)</u>
Non-operating Revenues:			
Investment earnings	<u>4,143</u>	<u>2,456</u>	<u>6,599</u>
Total non-operating revenues	<u>4,143</u>	<u>2,456</u>	<u>6,599</u>
Increase (decrease) in net position	486,473	(660,622)	(174,149)
Net position, beginning of year	<u>2,242,633</u>	<u>1,686,278</u>	<u>3,928,911</u>
Net position, end of year	<u>\$ 2,729,106</u>	<u>\$ 1,025,656</u>	<u>\$ 3,754,762</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Receipts from chargers to users	\$ 1,041,998	\$ 10,272,557	\$ 11,314,555
Premiums	<u>(518,287)</u>	<u>(10,858,246)</u>	<u>(11,376,533)</u>
Net cash provided by (used in) operating activities	<u>523,711</u>	<u>(585,689)</u>	<u>(61,978)</u>
Cash Flows From Investing Activities:			
Interest on investments	<u>6,415</u>	<u>4,378</u>	<u>10,793</u>
Net increase (decrease) in cash and cash equivalents	530,126	(581,311)	(51,185)
Cash and cash equivalents, beginning of year	<u>2,438,877</u>	<u>2,194,065</u>	<u>4,632,942</u>
Cash and cash equivalents, end of year	<u>\$ 2,969,003</u>	<u>\$ 1,612,754</u>	<u>\$ 4,581,757</u>
Reconciliation of Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 482,330	\$ (663,078)	\$ (180,748)
Changes in Assets and Liabilities:			
Increase (decrease) in accounts payable/accrued expenses	<u>41,381</u>	<u>77,389</u>	<u>118,770</u>
Net cash provided by (used in) operating activities	<u>\$ 523,711</u>	<u>\$ (585,689)</u>	<u>\$ (61,978)</u>

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AGENCY FUNDS

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

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

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

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

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.

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COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 2014</u>
SOCIAL SERVICES FUND				
Assets:				
Cash, cash equivalents and investments	\$ 35,348	\$ 128,780	\$ 131,227	\$ 32,901
Interest receivable	50	23	66	7
Total assets	<u>\$ 35,398</u>	<u>\$ 128,803</u>	<u>\$ 131,293</u>	<u>\$ 32,908</u>
Liabilities:				
Other	<u>\$ 35,398</u>	<u>\$ 257,896</u>	<u>\$ 260,386</u>	<u>\$ 32,908</u>
SMITHVILLE TOWNSHIP FUND				
Assets:				
Cash, cash equivalents and investments	\$ 1,030,151	\$ 2,753,452	\$ 2,726,604	\$ 1,056,999
Interest receivable	2,453	1,220	3,254	419
Due from other governmental agencies	-	4,904	-	4,904
Total assets	<u>\$ 1,032,604</u>	<u>\$ 2,759,576</u>	<u>\$ 2,729,858</u>	<u>\$ 1,062,322</u>
Liabilities:				
Due to other governmental agencies	<u>1,032,604</u>	<u>3,136,192</u>	<u>3,106,474</u>	<u>1,062,322</u>
Total liabilities	<u>\$ 1,032,604</u>	<u>\$ 3,136,192</u>	<u>\$ 3,106,474</u>	<u>\$ 1,062,322</u>
INTERGOVERNMENTAL COLLECTIONS FUND				
Assets:				
Cash, cash equivalents and investments	542,000	\$ 31,760,353	\$ 31,890,506	\$ 411,847
Taxes receivable, net	28,280	28,819	28,278	28,821
Due from other governmental agencies	-	85,183	-	85,183
Total assets	<u>\$ 570,280</u>	<u>\$ 31,874,355</u>	<u>\$ 31,918,784</u>	<u>\$ 525,851</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 570,280</u>	<u>\$ 31,820,427</u>	<u>\$ 31,864,856</u>	<u>\$ 525,851</u>
SHERIFF DEPARTMENT TRUST FUND				
Assets:				
Cash, cash equivalents and investments	<u>\$ 5,896</u>	<u>\$ 277,386</u>	<u>\$ 243,415</u>	<u>\$ 39,867</u>
Liabilities:				
Other	<u>\$ 5,896</u>	<u>\$ 277,386</u>	<u>\$ 243,415</u>	<u>\$ 39,867</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 2014</u>
INMATE TRUST FUND				
Assets:				
Cash, cash equivalents and investments	\$ 37,379	\$ 368,368	\$ 359,690	\$ 46,057
Liabilities:				
Other	\$ 37,379	\$ 368,368	\$ 359,690	\$ 46,057
3% INTEREST PAYABLE TO STATE				
Assets:				
Cash, cash equivalents and investments	\$ 2,278	\$ -	\$ 2,278	\$ -
Liabilities:				
Other	\$ 2,278	\$ -	\$ 2,278	\$ -
COMBINING TOTALS				
Assets:				
Cash, cash equivalents and investments	\$ 1,653,052	\$ 35,288,339	\$ 35,353,720	\$ 1,587,671
Interest receivable	2,503	1,243	3,320	426
Taxes receivable, net	28,280	28,819	28,278	28,821
Due from other governmental agencies	-	90,087	-	90,087
Total assets	<u>\$ 1,683,835</u>	<u>\$ 35,408,488</u>	<u>\$ 35,385,318</u>	<u>\$ 1,707,005</u>
Liabilities:				
Due to other governmental agencies	\$ 1,602,884	\$ 34,956,619	\$ 34,971,330	\$ 1,588,173
Other	80,951	903,650	865,769	118,832
Total liabilities	<u>\$ 1,683,835</u>	<u>\$ 35,860,269</u>	<u>\$ 35,837,099</u>	<u>\$ 1,707,005</u>

SUPPLEMENTAL FINANCIAL DATA

This section includes additional information on property taxes.

Schedule of Ad Valorem Taxes Receivable - General Fund

Analysis of Current Tax Levy - County-Wide Levy

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COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2014

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2013</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2014</u>
2013-14	\$ -	\$ 112,022,102	\$ 106,499,446	\$ 5,522,656
2012-13	6,014,294	-	3,194,989	2,819,305
2011-12	3,087,300	-	1,103,258	1,984,042
2010-11	2,167,610	-	873,420	1,294,190
2009-10	1,202,665	-	330,525	872,140
2008-09	521,424	-	111,235	410,189
2007-08	232,827	-	24,635	208,192
2006-07	199,434	-	9,502	189,932
2005-06	152,955	-	7,745	145,210
2004-05	117,547	-	5,196	112,351
2003-04	115,413	-	115,413	-
	<u>\$ 13,811,469</u>	<u>\$ 112,022,102</u>	<u>\$ 112,275,364</u>	<u>13,558,207</u>
Less: Allowance for uncollected taxes receivable General Fund				<u>6,219,387</u>
Ad valorem taxes receivable (net)				<u>\$ 7,338,820</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 112,999,386
Reconciling Items:				
Interest collected and penalties				(1,320,047)
Releases on prior year tax				326,214
Reimbursement of prior year's taxes collected				273,837
Collection of taxes previously written off				<u>(4,026)</u>
Total collections and credits				<u>\$ 112,275,364</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2014**

	County-Wide			Property Excluding Registered Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
Original levy:					
Property taxed at current year's rate	\$ 24,832,886,409	0.4425	\$ 109,885,522	\$ 105,326,118	\$ 4,559,404
Motor vehicles taxed at prior year's rate	373,292,119	0.4425	1,651,818	-	1,651,818
Penalties	-		11,207	11,207	-
Total	<u>25,206,178,528</u>		<u>111,548,547</u>	<u>105,337,325</u>	<u>6,211,222</u>
Discoveries:					
Current and prior years' taxes	53,101,786		584,338	584,338	-
Penalties	-		19,211	19,211	-
Total	<u>53,101,786</u>		<u>603,549</u>	<u>603,549</u>	<u>-</u>
Abatements	<u>(29,377,112)</u>		<u>(129,994)</u>	<u>(77,387)</u>	<u>(52,607)</u>
Total property valuation	<u>\$ 25,229,903,202</u>				
Net levy			112,022,102	105,863,487	6,158,615
Less uncollected taxes at June 30, 2014			<u>5,522,656</u>	<u>5,296,366</u>	<u>226,290</u>
Current year's taxes collected			<u>\$ 106,499,446</u>	<u>\$ 100,567,121</u>	<u>\$ 5,932,325</u>
Current levy collection percentage			<u>95.07%</u>	<u>95.00%</u>	<u>96.33%</u>
Prior year levy collection percentage			<u>94.48%</u>	<u>94.80%</u>	<u>86.80%</u>

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.

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COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - NON-MAJOR COMPONENT UNITS
JUNE 30, 2014

	<u>Brunswick County Board of Alcoholic Control</u>	<u>Brunswick County Airport Commission</u>	<u>Brunswick County Tourism Development Authority</u>	<u>Brunswick County Economic Development Commission</u>	<u>Totals</u>
Assets:					
Current Assets:					
Cash, cash equivalents and investments	\$ 246,223	\$ 223,498	\$ 545,095	\$ 115,496	\$ 1,130,312
Restricted cash and investments	-	10,275	-	-	10,275
Receivables, net	-	13,516	322,930	-	336,446
Due from other governments	-	1,789	-	-	1,789
Inventory	198,802	72,660	-	-	271,462
Prepaid items	14,068	-	6,491	2,648	23,207
Total current assets	<u>459,093</u>	<u>321,738</u>	<u>874,516</u>	<u>118,144</u>	<u>1,773,491</u>
Capital assets, net	<u>1,391,974</u>	<u>22,511,867</u>	<u>2,276</u>	<u>133,597</u>	<u>24,039,714</u>
Total assets	<u>\$ 1,851,067</u>	<u>\$ 22,833,605</u>	<u>\$ 876,792</u>	<u>\$ 251,741</u>	<u>\$ 25,813,205</u>
Liabilities and Net position:					
Liabilities:					
Current Liabilities:					
Debt obligation - current portion	\$ 62,800	\$ -	\$ 4,773	\$ -	\$ 67,573
Accounts payable and accrued expenses	153,283	18,697	93,845	2,758	268,583
Due to other governments	81,107	55,153	-	-	136,260
Total current liabilities	<u>297,190</u>	<u>73,850</u>	<u>98,618</u>	<u>2,758</u>	<u>472,416</u>
Noncurrent Liabilities:					
Debt obligation - long-term portion	<u>197,800</u>	<u>-</u>	<u>3,415</u>	<u>-</u>	<u>201,215</u>
Total noncurrent liabilities	<u>197,800</u>	<u>-</u>	<u>3,415</u>	<u>-</u>	<u>201,215</u>
Total liabilities	<u>494,990</u>	<u>73,850</u>	<u>102,033</u>	<u>2,758</u>	<u>673,631</u>
Net position:					
Net investment in capital assets	1,131,374	22,511,867	2,276	133,597	23,779,114
Restricted:					
Stablization by State Statute	73,186	-	322,930	-	396,116
For Tourism Promotion	-	-	449,553	-	449,553
Unrestricted	<u>151,517</u>	<u>247,888</u>	<u>-</u>	<u>115,386</u>	<u>514,791</u>
Total net position	<u>\$ 1,356,077</u>	<u>\$ 22,759,755</u>	<u>\$ 774,759</u>	<u>\$ 248,983</u>	<u>\$ 25,139,574</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2014

	Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Brunswick County Economic Development Commission	Totals
Revenues:					
Sales and services	\$ 1,902,833	\$ 924,957	\$ 34,200	\$ 429	\$ 2,862,419
Room occupancy taxes	-	-	1,267,794	-	1,267,794
Unrestricted intergovernmental	-	97,000	-	-	97,000
Capital grants	-	-	-	128,500	128,500
Other revenue	25	35,076	-	-	35,101
Investment earnings	101	13	1,068	-	1,182
Total revenues	<u>1,902,959</u>	<u>1,057,046</u>	<u>1,303,062</u>	<u>128,929</u>	<u>4,391,996</u>
Expenses					
Operating expenses	<u>1,762,038</u>	<u>1,294,010</u>	<u>1,418,778</u>	<u>126,065</u>	<u>4,600,891</u>
Capital contributions	<u>-</u>	<u>68,033</u>	<u>-</u>	<u>-</u>	<u>68,033</u>
Change in net position	140,921	(168,931)	(115,716)	2,864	(140,862)
Net position, beginning of year	1,215,156	22,928,686	890,475	132,570	25,166,887
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,549</u>	<u>113,549</u>
Net position, as restated	<u>1,215,156</u>	<u>22,928,686</u>	<u>890,475</u>	<u>246,119</u>	<u>25,280,436</u>
Net position, end of year	<u>\$ 1,356,077</u>	<u>\$ 22,759,755</u>	<u>\$ 774,759</u>	<u>\$ 248,983</u>	<u>\$ 25,139,574</u>

STATISTICAL SECTION

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

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

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

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

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

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

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

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

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

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**Net Position by Component
(accrual basis of accounting)**

Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 37,137,060	\$ 54,279,043	\$ 67,118,730	\$ 37,377,510
Restricted	23,334,978	-	-	-
Unrestricted	<u>(2,843,693)</u>	<u>13,102,857</u>	<u>12,669,940</u>	<u>31,112,731</u>
Total governmental activities net position	<u>\$ 57,628,345</u>	<u>\$ 67,381,900</u>	<u>\$ 79,788,670</u>	<u>\$ 68,490,241</u>
Business-type activities				
Net investment in capital assets	\$ 39,904,058	\$ 93,748,105	\$ 114,088,014	\$ 104,963,579
Unrestricted	<u>61,659,379</u>	<u>28,132,662</u>	<u>28,311,927</u>	<u>65,985,290</u>
Total business-type activities net position	<u>\$ 101,563,437</u>	<u>\$ 121,880,767</u>	<u>\$ 142,399,941</u>	<u>\$ 170,948,869</u>
Primary Government				
Net investment in capital assets	\$ 77,041,118	\$ 148,027,148	\$ 181,206,744	\$ 142,341,089
Restricted	23,334,978	-	-	-
Unrestricted	<u>58,815,686</u>	<u>41,235,519</u>	<u>40,981,867</u>	<u>97,098,021</u>
Total primary government net position	<u>\$ 159,191,782</u>	<u>\$ 189,262,667</u>	<u>\$ 222,188,611</u>	<u>\$ 239,439,110</u>

Table 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 80,832,411	\$ 84,644,800	\$ 87,280,988	\$ 83,875,530	\$ 82,982,620	\$ 85,033,340
-	-	8,043,571	14,349,327	12,788,396	13,683,095
(19,213,539)	(21,304,189)	(14,326,518)	(18,195,225)	(7,358,632)	(7,117,818)
<u>\$ 61,618,872</u>	<u>\$ 63,340,611</u>	<u>\$ 80,998,041</u>	<u>\$ 80,029,632</u>	<u>\$ 88,412,384</u>	<u>\$ 91,598,617</u>
\$ 161,945,932	\$ 187,205,988	\$ 195,778,306	\$ 207,222,012	\$ 215,460,422	\$ 220,347,412
34,144,461	24,907,050	32,047,202	32,388,427	55,390,170	57,003,023
<u>\$ 196,090,393</u>	<u>\$ 212,113,038</u>	<u>\$ 227,825,508</u>	<u>\$ 239,610,439</u>	<u>\$ 270,850,592</u>	<u>\$ 277,350,435</u>
\$ 242,778,343	\$ 271,850,788	\$ 283,059,294	\$ 291,097,542	\$ 298,443,042	\$ 305,380,752
-	-	8,043,571	14,349,327	12,788,396	13,683,095
14,930,922	3,602,861	17,720,684	14,193,202	48,031,538	49,885,205
<u>\$ 257,709,265</u>	<u>\$ 275,453,649</u>	<u>\$ 308,823,549</u>	<u>\$ 319,640,071</u>	<u>\$ 359,262,976</u>	<u>\$ 368,949,052</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**Changes in Net Position
(accrual basis of accounting)**

Last Ten Fiscal Years

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

Table 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 10,824,875	\$ 10,891,485	\$ 10,525,533	\$ 10,998,376	\$ 10,934,466	\$ 12,254,383
32,475,041	32,431,363	33,465,622	34,715,586	35,303,805	39,375,729
12,874,270	12,032,434	4,316,359	13,455,405	12,644,064	14,123,067
29,448,343	31,201,132	26,128,245	26,325,541	26,348,700	28,293,768
2,315,776	4,292,392	3,742,434	3,736,588	2,616,195	2,006,314
14,390,242	7,362,499	13,812,863	13,876,612	13,394,236	16,242,909
4,578,694	1,908,173	4,214,605	4,169,218	3,951,742	4,084,737
6,844,987	7,614,811	6,913,420	7,653,903	7,616,623	7,270,311
50,907,860	42,391,583	39,853,517	39,852,618	42,982,116	44,441,846
6,439,614	6,372,620	28,264	1,894,630	4,616,769	4,510,795
<u>171,099,702</u>	<u>156,498,492</u>	<u>143,000,862</u>	<u>156,678,477</u>	<u>160,408,716</u>	<u>172,603,859</u>
14,967,806	15,977,572	16,289,895	15,995,637	17,581,607	18,819,605
9,775,273	11,656,776	4,145,162	14,741,649	16,822,230	19,863,644
<u>24,743,079</u>	<u>27,634,348</u>	<u>20,435,057</u>	<u>30,737,286</u>	<u>34,403,837</u>	<u>38,683,249</u>
<u>\$ 195,842,781</u>	<u>\$ 184,132,840</u>	<u>\$ 163,435,919</u>	<u>\$ 187,415,763</u>	<u>\$ 194,812,553</u>	<u>\$ 211,287,108</u>
\$ 1,832,978	\$ 1,387,017	\$ 1,475,142	\$ 1,481,028	\$ 1,771,496	\$ 1,912,777
5,228,230	5,635,307	6,702,142	6,707,376	8,077,465	9,155,944
2,139,967	1,535,716	444,294	444,294	-	-
918,087	1,335,443	1,060,041	2,670,338	2,351,986	2,386,613
1,546,722	1,275,381	2,044,307	2,044,804	2,682,035	2,655,010
194,681	188,117	220,402	220,402	200,813	230,952
1,147,627	1,254,385	1,108,423	1,108,903	1,058,732	1,066,665
-	-	-	-	-	-
-	775,551	937,273	1,077,537	713,544	775,551
1,405,174	1,088,201	365,583	743,632	1,579,854	2,403,013
-	-	-	-	-	225,469
18,693,712	19,082,231	17,471,434	18,392,791	14,187,069	15,115,863
-	217,571	-	-	235,060	217,571
-	17,721	-	-	6,961	17,721
-	131,243	-	51,829	147,278	131,243
1,530,140	946,912	-	-	2,428,282	2,365,158
4,833	3,610	3,716	3,716	-	-

Continued on next page

COUNTY OF BRUNSWICK, NORTH CAROLINA

**Changes in Net Position
(accrual basis of accounting)**

Last Ten Fiscal Years

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

Table 2 (Continued)

Fiscal Year					
2009	2010	2011	2012	2013	2014
-	-	-	-	-	-
-	-	-	-	28,309	-
2,362,035	3,400,594	2,881,715	3,127,909	1,998,505	1,870,448
713,193	-	-	-	-	-
416,223	-	-	-	-	-
-	189,138	727,475	727,475	1,386,898	1,440,936
<u>38,133,602</u>	<u>38,464,138</u>	<u>35,441,947</u>	<u>38,802,034</u>	<u>38,854,287</u>	<u>41,970,934</u>
18,692,965	17,591,342	20,233,912	20,024,998	20,622,239	20,418,106
10,914,375	12,044,395	17,332,864	18,192,801	41,665,426	23,488,533
4,890,763	3,448,505	2,026,810	1,135,642	1,339,740	512,097
13,980,711	10,217,775	1,995,448	3,066,745	1,181,493	691,966
<u>48,478,814</u>	<u>43,302,017</u>	<u>41,589,034</u>	<u>42,420,186</u>	<u>64,808,898</u>	<u>45,110,702</u>
<u>\$ 86,612,416</u>	<u>\$ 81,766,155</u>	<u>\$ 77,030,981</u>	<u>\$ 81,222,220</u>	<u>\$ 103,663,185</u>	<u>\$ 87,081,636</u>
\$(132,966,100)	\$(118,034,354)	\$(107,558,915)	\$(117,876,443)	\$(121,554,429)	\$(130,632,925)
<u>23,735,735</u>	<u>15,667,669</u>	<u>21,153,977</u>	<u>11,682,900</u>	<u>30,405,061</u>	<u>6,427,453</u>
<u>\$(109,230,365)</u>	<u>\$(102,366,685)</u>	<u>\$(86,404,938)</u>	<u>\$(106,193,543)</u>	<u>\$(91,149,368)</u>	<u>\$(124,205,472)</u>
\$ 101,088,129	\$ 101,876,707	\$ 106,878,322	\$ 106,878,322	\$ 109,152,892	\$ 112,080,219
19,741,137	15,061,747	14,871,122	15,996,708	16,941,795	17,832,031
3,054,525	3,249,224	3,161,359	3,163,720	3,484,388	3,766,292
2,210,940	713,501	305,543	305,536	168,330	140,616
-	-	-	-	-	-
-	(1)	(1)	-	-	-
<u>126,094,731</u>	<u>120,901,178</u>	<u>125,216,345</u>	<u>126,344,286</u>	<u>129,747,405</u>	<u>133,819,158</u>
1,405,789	354,975	128,414	127,494	83,874	72,390
-	-	-	-	-	-
<u>1,405,789</u>	<u>354,975</u>	<u>128,414</u>	<u>127,494</u>	<u>83,874</u>	<u>72,390</u>
<u>\$ 127,500,520</u>	<u>\$ 121,256,153</u>	<u>\$ 125,344,759</u>	<u>\$ 126,471,780</u>	<u>\$ 129,831,279</u>	<u>\$ 133,891,548</u>

Continued on next page

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

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

Table 2 (Continued)

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ (6,871,369)	\$ 2,866,824	\$ 17,657,430	\$ 8,467,843	\$ 8,192,976	\$ 3,186,233
<u>25,141,524</u>	<u>16,022,644</u>	<u>21,282,391</u>	<u>11,810,394</u>	<u>30,488,935</u>	<u>6,499,843</u>
<u>\$ 18,270,155</u>	<u>\$ 18,889,468</u>	<u>\$ 38,939,821</u>	<u>\$ 20,278,237</u>	<u>\$ 38,681,911</u>	<u>\$ 9,686,076</u>

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Governmental Activities Tax Revenues By Source
 Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Video Programming Tax	Alcoholic Beverage Tax	Total
2005	74,520,219	18,867,402	218,647	-	220,257	93,826,525
2006	79,137,087	21,061,222	331,736	-	227,627	100,757,672
2007	84,422,322	23,256,105	212,941	-	241,782	108,133,150
2008	96,940,721	23,061,392	4,785	424,364	240,565	120,671,827
2009	98,948,961	19,741,137	6,768	451,989	244,224	119,393,079
2010	100,529,188	15,061,747	73,409	445,398	77,229	116,186,971
2011	100,346,765	14,291,687	-	436,749	248,907	115,324,108
2012	105,460,118	15,996,708	-	438,980	248,109	122,143,915
2013	108,945,817	16,941,795	-	426,533	234,872	126,549,017
2014	112,999,386	17,832,031	-	421,718	258,749	131,511,884

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Reserved	\$ 15,960,256	\$ 11,427,160	\$ 9,238,373	\$ 10,255,753
Unreserved	37,742,809	50,219,523	55,277,531	53,893,857
Restricted	-	-	-	-
Assigned	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General fund	<u>\$ 53,703,065</u>	<u>\$ 61,646,683</u>	<u>\$ 64,515,904</u>	<u>\$ 64,149,610</u>
All Other Governmental Funds				
Reserved	\$ 1,090,505	\$ 1,551,160	\$ 17,026,010	\$ 29,199,790
Unreserved, reported in:				
Special revenue funds	22,173,785	11,323,483	14,984,776	14,553,588
Capital Project Funds, Designated for Subsequent years	23,406,310	26,794,098	584,112	584,112
Restricted in Special Revenue Funds	-	-	-	-
Restricted in Capital Project Funds	-	-	-	-
Committed in Capital Project Funds	-	-	-	-
Assigned in Special Revenue Funds	-	-	-	-
Unassigned in Special Revenue Funds	-	-	-	-
Total all other governmental funds	<u>\$ 46,670,600</u>	<u>\$ 39,668,741</u>	<u>\$ 32,594,898</u>	<u>\$ 44,337,490</u>

Table 4

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 7,460,930	\$ 7,125,195	\$ -	\$ -	\$ -	\$ -
47,868,262	47,021,290	-	-	-	-
-	-	4,365,639	10,533,677	10,707,390	11,500,851
-	-	2,440,362	897,261	649,053	1,080,269
-	-	-	214,566	214,566	214,566
-	-	51,160,940	48,066,823	55,107,448	53,503,393
<u>\$ 55,329,192</u>	<u>\$ 54,146,485</u>	<u>\$ 57,966,941</u>	<u>\$ 59,712,327</u>	<u>\$ 66,678,457</u>	<u>\$ 66,299,079</u>
\$ 7,742,400	\$ 97,309	\$ -	\$ -	\$ -	\$ -
19,527,193	16,571,212	-	-	-	-
14,170,398	10,277,992	-	-	-	-
-	-	1,401,061	2,168,093	1,703,515	2,182,244
-	-	2,276,871	1,647,557	377,491	297,795
-	-	23,513,880	22,678,928	21,750,674	25,778,509
-	-	43,183	-	-	-
-	-	(783,568)	(1,102,442)	(350,670)	(48,106)
<u>\$ 41,439,991</u>	<u>\$ 26,946,513</u>	<u>\$ 26,451,427</u>	<u>\$ 25,392,136</u>	<u>\$ 23,481,010</u>	<u>\$ 28,210,442</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Ad Valorem taxes	\$ 74,520,219	\$ 79,137,087	\$ 84,422,322	\$ 96,940,721
Special assessments	123,739	64,430	-	-
Local option sales taxes	18,867,402	21,061,222	23,256,105	23,061,392
Other taxes and licenses	7,149,284	8,889,952	6,340,890	4,942,000
Unrestricted intergovernmental	244,257	251,627	265,782	701,489
Restricted intergovernmental	15,562,908	17,655,444	18,597,043	19,912,197
Permits and fees	6,279,187	7,550,776	7,591,795	4,127,984
Sales and services	4,045,435	4,921,912	5,217,986	8,379,989
Investment earnings	1,832,774	4,199,756	5,200,749	5,155,748
Other revenue	572,923	548,246	853,493	924,338
Total revenues	<u>129,198,128</u>	<u>144,280,452</u>	<u>151,746,165</u>	<u>164,145,858</u>
Expenditures				
General government	11,199,360	10,869,890	11,168,979	9,864,403
Public safety	19,068,489	20,976,344	23,070,557	27,575,360
Central services	10,022,451	12,348,752	11,276,503	11,867,248
Human services	21,478,307	24,451,543	26,466,751	28,631,664
Transportation	85,000	85,000	93,500	270,929
Environmental protection	9,932,288	10,163,812	11,069,839	12,522,556
Culture and recreation	3,256,502	4,339,985	4,363,027	5,558,766
Economic and physical development	5,678,048	5,765,438	6,802,351	6,947,615
Education	24,540,416	25,624,225	27,987,072	32,098,564
Capital Outlay	10,229,547	7,764,205	15,584,549	22,710,479
Intergovernmental expenditures	6,323,301	10,903,742	7,742,736	12,344,540
Debt Service:				
Principal retirement	6,609,797	6,372,162	6,697,377	7,975,512
Interest and fiscal charges	6,116,632	4,620,523	4,255,116	4,861,013
Total expenditures	<u>134,540,138</u>	<u>144,285,621</u>	<u>156,578,357</u>	<u>183,228,649</u>
Revenues over (under) expenditures	<u>(5,342,010)</u>	<u>(5,169)</u>	<u>(4,832,192)</u>	<u>(19,082,791)</u>
Other Financing Sources (Uses)				
Issuance of long-term debt	22,674,694	1,007,492	175,770	65,300,000
Premium on Bonds Issued	-	-	-	566,054
Discounts on Bonds Issued	-	-	-	-
Payment to escrow agent-refunded debt	(17,385,545)	-	-	-
Sale of capital assets	230,106	-	-	489,997
Transfer from other funds	24,449,183	34,901,277	24,969,412	21,600,857
Transfer to other funds	<u>(26,311,766)</u>	<u>(34,961,447)</u>	<u>(24,517,617)</u>	<u>(21,657,764)</u>
Total other financing sources (uses)	<u>3,656,672</u>	<u>947,322</u>	<u>627,565</u>	<u>66,299,144</u>
Net change in fund balances	<u>\$ (1,685,338)</u>	<u>\$ 942,153</u>	<u>\$ (4,204,627)</u>	<u>\$ 47,216,353</u>
Debt service as a percentage of noncapital expenditures	10.2%	8.1%	7.8%	8.0%

Table 5

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 98,948,961	\$ 100,529,188	\$ 100,346,765	\$ 105,460,118	\$ 108,945,817	\$ 112,999,386
-	-	-	-	-	-
19,741,137	15,061,747	14,291,687	15,996,708	16,941,795	17,832,031
3,054,525	3,249,224	3,130,245	3,163,720	3,484,388	3,766,292
735,680	549,711	1,536,541	1,658,455	1,133,188	1,229,149
24,167,893	24,368,907	22,912,749	23,406,593	22,164,613	23,434,166
3,389,913	3,261,887	2,940,408	3,231,061	3,316,555	3,440,498
8,133,848	7,559,876	7,263,926	7,416,017	9,275,461	10,129,821
2,210,940	712,175	403,061	295,910	159,171	134,017
1,750,675	972,567	5,602,806	1,407,154	1,627,789	1,876,791
<u>162,133,572</u>	<u>156,265,282</u>	<u>158,428,188</u>	<u>162,035,736</u>	<u>167,048,777</u>	<u>174,842,151</u>
9,826,801	9,613,675	9,302,160	9,676,687	10,215,740	9,947,052
30,369,412	29,332,960	30,056,729	32,251,931	32,451,639	36,154,948
12,100,908	11,699,222	10,697,137	12,371,883	11,664,103	11,846,684
28,070,006	26,668,707	25,077,211	25,924,881	25,051,483	27,045,142
256,739	280,466	261,930	344,699	373,450	371,421
13,326,293	12,455,131	13,087,467	13,519,057	13,420,533	13,687,085
4,033,904	3,831,067	3,860,796	3,882,693	3,654,807	3,841,553
6,479,048	6,699,963	6,827,513	6,305,436	6,419,770	6,098,694
35,390,424	34,451,976	32,951,548	35,488,626	36,675,154	37,920,810
38,863,518	11,495,398	2,371,301	4,016,191	2,886,725	5,858,111
14,918,421	10,416,650	4,453,015	3,980,519	4,998,600	4,742,686
9,616,456	10,041,528	10,099,775	9,949,167	9,910,000	9,215,000
6,439,614	8,162,795	5,367,812	6,487,455	6,492,027	3,762,911
<u>209,691,544</u>	<u>175,149,538</u>	<u>154,414,394</u>	<u>164,199,225</u>	<u>164,214,031</u>	<u>170,492,097</u>
<u>(47,557,972)</u>	<u>(18,884,256)</u>	<u>4,013,794</u>	<u>(2,163,489)</u>	<u>2,834,746</u>	<u>4,350,054</u>
-	24,715,000	-	45,795,000	16,620,000	-
-	1,790,175	-	4,789,688	1,875,258	-
-	-	-	(196,863)	-	-
-	(23,500,000)	-	(48,226,667)	(16,275,000)	-
-	202,895	-	-	-	-
17,059,900	9,653,933	5,437,904	2,491,595	4,003,845	11,176,286
<u>(17,059,900)</u>	<u>(9,653,933)</u>	<u>(5,437,904)</u>	<u>(2,491,595)</u>	<u>(4,003,845)</u>	<u>(11,176,286)</u>
<u>-</u>	<u>3,208,070</u>	<u>-</u>	<u>2,161,158</u>	<u>2,220,258</u>	<u>-</u>
<u>\$(47,557,972)</u>	<u>\$ (15,676,186)</u>	<u>\$ 4,013,794</u>	<u>\$ (2,331)</u>	<u>\$ 5,055,004</u>	<u>\$ 4,350,054</u>
9.4%	11.1%	10.2%	10.3%	10.2%	7.9%

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
2005	9,425,726	1,954,738	737,823	1,690,560
2006	10,131,558	2,063,869	828,607	1,706,215
2007	10,898,562	2,315,751	899,654	1,698,714
2008	24,137,625	5,539,507	954,681	1,785,364
2009	25,171,023	6,030,188	933,239	1,958,369
2010	25,611,680	6,135,756	872,773	1,982,727
2011	25,956,004	6,088,445	877,835	1,813,228
2012	18,204,062	4,270,088	933,011	2,005,369
2013	18,317,595	4,296,720	989,099	1,885,322
2014	18,506,731	4,341,085	1,403,046	1,908,353

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

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
241,148	13,567,699	0.00540	15,527,236	87.38%
240,038	14,490,211	0.00540	18,112,764	80.00%
287,626	15,525,055	0.00540	24,840,088	62.50%
992,640	31,424,537	0.00305	31,649,247	99.29%
1,007,602	33,085,217	0.00305	33,736,328	98.07%
1,056,335	33,546,601	0.00305	32,911,411	101.93%
1,127,037	33,608,475	0.00305	29,587,530	113.59%
883,952	24,528,578	0.00425	25,217,002	97.27%
889,727	24,599,009	0.00425	23,857,055	103.11%
900,170	25,259,045	0.00425	23,422,705	107.84%

COUNTY OF BRUNSWICK, NORTH CAROLINA

**Property Tax Rates-Direct and All Overlapping Governments
(Per \$100 of Assessed Value)**

Last Ten Fiscal Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
County:				
Brunswick County-wide rate	\$ 0.4425	\$ 0.4425	\$ 0.4425	\$ 0.3050
Municipality Rates:				
Village of Bald Head Island	0.5910	0.5910	0.5910	0.3275
Village of Bald Head Island MSD Zone A (4)	0.6708	0.6718	0.6718	0.3825
Village of Bald Head Island MSD Zone B (4)	0.6406	0.6416	0.6416	0.3625
Town of Belville	0.0683	0.0683	0.0683	0.0683
City of Boiling Spring Lakes	0.1400	0.1700	0.1700	0.1200
Town of Bolivia	0.0500	0.0500	0.0500	0.0500
Town of Calabash	0.0875	0.0875	0.0875	0.0700
Town of Carolina Shores	0.1016	0.1016	0.1016	0.0800
Town of Caswell Beach	0.1700	0.1700	0.1700	0.1300
Town of Holden Beach	0.1270	0.1270	0.1270	0.0690
Town of Leland	0.1515	0.1515	0.1515	0.1166
Town of Navassa	0.2000	0.2000	0.2000	0.2000
City of Northwest	0.2200	0.2100	0.2100	0.1900
Town of Oak Island	0.2750	0.2750	0.2750	0.1550
Town of Ocean Isle Beach	0.1550	0.1300	0.1300	0.0900
Town of Sandy Creek	0.3000	0.3000	0.3000	0.3000
Town of Shallotte	0.3500	0.3500	0.3500	0.2700
Town of St. James Plantation	0.0500	0.0500	0.0500	0.0500
City of Southport	0.2456	0.2456	0.2456	0.1800
Town of Sunset Beach	0.1050	0.1050	0.1050	0.0900
Town of Varnamtown	0.0500	0.0500	0.0500	0.0500
Other Districts: (3)				
North Brunswick Sanitary District	na	na	na	na
Southeastern Brunswick Sanitary District	0.0000	0.0000	0.0000	0.0000
Smithville Township	0.0400	0.0400	0.0400	0.0225

Notes:

- (1) Property was revalued in 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, 2014.
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

	2010	2009	2008	2007	2006	2005
\$	0.3050	\$ 0.3050	\$ 0.3050	\$ 0.5400	\$ 0.5400	\$ 0.5400
	0.2700	0.2600	0.2600	0.4650	0.4650	0.4650
	0.3100	*	*	*	*	*
	0.2900	*	*	*	*	*
	0.0911	0.0911	0.0911	0.1500	0.1500	0.1500
	0.1200	0.1200	0.1200	0.2500	0.2500	0.2500
	0.0500	0.0500	0.0500	0.0600	0.0600	0.0600
	0.0700	0.0700	0.0700	0.1000	0.1000	0.1000
	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
	0.1300	0.1500	0.1500	0.2200	0.2100	0.2200
	0.0690	0.0690	0.0690	0.1800	0.1800	0.1800
	0.1166	0.1166	0.1166	0.1800	0.1800	0.1800
	0.2000	0.2000	0.2000	0.2700	0.2700	0.2700
	0.1700	0.1700	0.1500	0.2000	0.2000	0.2000
	0.1400	0.1400	0.1245	0.3300	0.3300	0.3500
	0.0900	0.0900	0.0800	0.1400	0.1400	0.1500
	0.3000	0.3000	0.3000	0.3500	0.3500	0.3500
	0.2700	0.2700	0.2700	0.3200	0.3200	0.2900
	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
	0.1800	0.1800	0.1500	0.2700	0.2700	0.3000
	0.0900	0.0900	0.1150	0.1450	0.1300	0.1300
	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
	na	na	na	na	na	na
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	0.0225	0.0225	0.0400	0.0400	0.0400	0.0400

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2014			Fiscal Year 2005		
		2013 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2004 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy (1)	Utility	\$ 876,925,784	1	3.48%	\$ 863,080,400	1	6.36%
N. C. Eastern Municipal Power Agency	Utility	184,248,689	2	0.73%	179,391,657	2	1.32%
Brunswick Electric Membership Corp.	Utility	169,316,583	3	0.67%	111,467,532	4	0.82%
DAK of America, LLC	Chemicals	155,887,277	4	0.62%	120,791,871	3	0.89%
Archer Daniels Midland Company	Industry	120,110,674	5	0.48%	91,833,560	6	0.68%
Bald Head Island Ltd	Developer	99,730,838	6	0.40%	98,144,323	5	0.72%
Funston Land & Timber LLC	Timber	76,867,019	7	0.30%	n/a	n/a	n/a
Red Mountain Timberco LLC	Forestry	70,774,132	8	0.28%	n/a	n/a	n/a
Bolnick Andrew Trustee	Developer	51,183,297	9	0.20%	n/a	n/a	n/a
Wal-Mart Real Estate Business Trust	Retail	41,076,857	10	0.16%	n/a	n/a	n/a
Sea Trail Corporation	Developer	n/a	n/a	n/a	34,298,940	8	0.25%
Odell Williamson	Developer	n/a	n/a	n/a	48,252,180	7	0.36%
MAS Properties LLC	Developer	n/a	n/a	n/a	32,704,720	9	0.24%
Ocean Grand LLC	Developer	n/a	n/a	n/a	25,751,300	10	0.19%
Totals		<u>\$ 1,846,121,150</u>		7.32%	<u>\$ 1,605,716,483</u>		11.83%

Notes:

(1) Formerly Progress Energy Carolinas, Inc.

Source: Brunswick County Tax Department

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

Fiscal Year Ended June 30	Total Net Tax Levy	Collection Within Fiscal Year of Levy	Percent of Levy Collected	Collections in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2005	72,980,743	70,810,206	97.03%	2,025,327	72,835,533	99.8%	112,351	0.2%
2006	77,993,000	75,874,328	97.28%	1,928,740	77,803,068	99.8%	145,210	0.2%
2007	83,653,779	81,622,970	97.57%	1,822,617	83,445,587	99.8%	189,932	0.2%
2008	96,591,590	94,153,697	97.48%	2,027,704	96,181,401	99.6%	208,192	0.2%
2009	100,905,188	96,284,992	95.42%	3,748,056	100,033,048	99.1%	410,189	0.4%
2010	101,769,536	96,713,452	95.03%	3,761,894	100,475,346	98.7%	872,140	0.9%
2011	102,495,067	96,734,004	94.38%	3,777,021	100,511,025	98.1%	1,294,190	1.3%
2012	107,167,357	101,521,399	94.73%	2,826,653	104,348,052	97.4%	1,984,042	1.9%
2013	109,045,695	103,031,401	94.48%	3,194,989	106,226,390	97.4%	2,819,305	2.6%
2014	112,022,102	106,499,446	95.07%	-	106,499,446	95.1%	5,522,656	4.9%

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
2005	81,484,694	23,935,000	285,687
2006	77,290,352	21,865,000	1,185,359
2007	73,080,454	19,755,000	983,650
2008	97,465,000	17,625,000	36,053,592
2009	91,020,000	16,355,000	34,152,136
2010	84,560,000	15,080,000	33,060,608
2011	77,850,000	13,685,000	31,065,833
2012	70,240,000	39,405,000	575,000
2013	63,915,000	36,240,000	500,000
2014	57,895,000	33,120,000	425,000

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

(1) State Data Center; projection as of June 30, 2014; annual estimates previous nine years

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

Table 10

Business-Type Activities				(2)	
General Obligation Bonded	Revenue Bonds	SRF Debt & Installment Loans	Total Primary Government	Debt to Personal Income	(1) Per Capita
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%	2,519
3,790,000	102,529,141	50,565,728	267,104,869	7.3%	2,380
3,760,000	97,936,222	52,895,869	255,247,091	6.5%	2,267
3,605,000	93,122,808	48,586,282	236,754,090	n/a	1,996

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

Fiscal Year Ended June 30	Assessed Value (000 omitted)	Gross General Obligation Bonded Debt	Less Debt Payable from Enterprise Fund	Net General Obligation Bonded Debt	Ratio Net General Obligation Bonded Debt to Assessed Value	(1) Population	Net General Obligation Bonded Debt per Capita
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%	108,064	782.50
2011	33,608,476	82,135,000	4,285,000	77,850,000	0.2%	110,312	705.73
2012	24,279,583	74,030,000	3,790,000	70,240,000	0.3%	112,210	625.97
2013	24,598,580	67,675,000	3,760,000	63,915,000	0.3%	114,882	556.35
2014	25,259,280	61,500,000	3,605,000	57,895,000	0.2%	118,634	488.01

Notes:

(1) State Data Center; projection as of June 30, 2014; annual estimates previous nine years

Direct and Underlying Governmental Activities Debt
General Obligation Bonds
 June 30, 2014

	General Obligation Bonded Debt	Percent Applicable To County	Amount Applicable To County
Direct:			
Brunswick County	\$ 61,500,000	1	\$ 61,500,000
Underlying Debt:			
Village of Bald Head Island	6,135,546	1	6,135,546
City of Northwest	607,000	1	607,000
Town of Sandy Creek	268,000	1	268,000
City of Southport	13,500	1	13,500
Smithville Township	8,220,000	1	8,220,000
Southeast Brunswick Sanitary District	<u>965,000</u>	1	<u>965,000</u>
Total Underlying Debt	<u>16,209,046</u>		<u>16,209,046</u>
 Total Direct and Underlying Debt	 <u>\$ 77,709,046</u>		 <u>\$ 77,709,046</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Debt limit	\$ 1,085,415,887	\$ 1,159,216,908	\$ 1,242,004,397	\$ 2,513,962,929
Total net debt applicable to limit	<u>105,705,381</u>	<u>99,155,352</u>	<u>94,828,650</u>	<u>151,143,592</u>
Legal margin	<u>\$ 979,710,506</u>	<u>\$ 1,060,061,556</u>	<u>\$ 1,147,175,747</u>	<u>\$ 2,362,819,337</u>
Total net debt applicable to the limit as a percentage of debt limit	9.7%	8.6%	7.6%	6.0%

Table 13

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,646,817,341	\$2,683,728,040	\$2,688,678,046	\$1,942,366,601	\$ 1,967,886,412	\$ 2,020,742,425
<u>141,527,136</u>	<u>137,042,608</u>	<u>126,885,833</u>	<u>114,010,000</u>	<u>104,415,000</u>	<u>95,045,000</u>
<u>\$ 2,505,290,205</u>	<u>\$2,546,685,432</u>	<u>\$2,561,792,213</u>	<u>\$1,828,356,601</u>	<u>\$ 1,863,471,412</u>	<u>\$ 1,925,697,425</u>
5.3%	5.1%	4.7%	5.9%	5.3%	4.7%

Calculation of Legal Debt Margin for Fiscal Year 2014:

Assessed value of taxable property	\$25,259,280,314
	<u> x 0.08</u>
Debt limit- 8 percent of assessed value	2,020,742,425
Gross debt:	
Total bonded debt	154,622,808
Total limited obligation bonds	33,120,000
Total installment purchases	<u>49,011,282</u>
Gross debt	236,754,090
Less: Water and wastewater revenue bonds & installment purchases	<u>141,709,090</u>
Total amount of debt applicable to debt limit (net debt)	<u>95,045,000</u>
Legal debt margin	<u>\$ 1,925,697,425</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:

Fiscal Year End June 30	Enterprise Funds			All Enterprise Fund Debt Service			Enterprise Fund Parity Debt Service			Net Coverage
	Operating Revenue Plus Interest	Operating Expenses Excluding OPEB (Net of Depreciation)	Net Available Revenue	Principal	Interest	Total	Principal	Interest	Total	
2005	\$ 17,684,946	\$ 9,656,725	\$ 8,028,221	\$ 2,376,969	\$ 1,405,014	\$ 3,781,983	\$ 217,611	\$ 285,617	\$ 503,228	2.12
2006	25,686,926	10,054,792	15,632,134	1,457,752	2,833,230	4,290,982	273,069	1,871,606	2,144,675	3.64
2007	32,991,331	15,095,168	17,896,163	3,557,232	2,951,486	6,508,718	1,089,903	1,859,771	2,949,674	2.75
2008	33,748,828	15,774,804	17,974,024	3,553,881	2,657,871	6,211,752	1,126,683	1,823,841	2,950,524	2.89
2009	31,013,129	15,775,304	15,237,825	4,635,963	2,530,870	7,166,833	2,565,666	1,782,885	4,348,551	2.13
2010	29,990,712	17,063,506	12,927,206	4,644,997	4,017,764	8,662,761	2,668,571	3,306,116	5,974,687	1.49
2011	41,543,785	16,909,934	24,633,851	5,057,980	5,459,336	10,517,316	3,232,594	4,618,438	7,851,032	2.34
2012	38,345,293	17,030,681	21,314,612	6,571,550	8,601,653	15,173,203	4,683,761	7,852,928	12,536,689	1.40
2013	62,371,539	18,210,821	44,160,718	8,620,528	6,148,351	14,768,879	6,255,074	5,444,209	11,699,283	2.99
2014	43,879,271	20,009,476	23,869,795	9,278,001	6,059,305	15,337,306	7,234,652	5,389,027	12,623,679	1.56

Required Coverage:

Fiscal Year Ended June 30	Net Available Revenue	20% Unrestricted Net position	Total Debt Service	Parity Debt Service	20% Parity Debt Service	Coverage	
						100% Parity	120% Parity
2006	\$ 15,632,134	\$ 4,431,840	\$ 4,290,982	\$ 2,144,675	\$ 428,935	3.64	4.25
2007	17,896,163	4,771,794	6,508,718	2,949,674	589,935	2.75	3.19
2008	17,974,024	6,834,562	6,211,752	2,950,524	590,105	2.89	3.65
2009	15,237,825	5,427,576	7,166,833	4,348,551	869,710	2.13	2.57
2010	12,927,206	4,452,242	8,662,761	5,974,687	1,194,937	1.49	1.76
2011	24,633,851	6,347,304	10,517,316	7,851,032	1,570,206	2.34	2.56
2012	21,314,612	7,062,297	15,173,203	12,536,689	2,507,338	1.40	1.60
2013	44,160,718	10,767,443	14,768,879	12,127,116	2,425,423	2.99	3.19
2014	23,869,795	9,833,780	15,337,306	12,623,679	2,524,736	1.56	1.89

Notes:

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

Demographic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	(1) Population	(2) Personal Income (in thousands)	(2) Per Capita Income	(1) Median Age	(3) School Enrollment	(4) Unemployment Rate
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	108,064	3,347,269	30,975	47.7	11,739	10.2%
2011	110,312	3,482,031	31,565	48.0	11,899	10.3%
2012	112,615	3,674,444	32,628	48.4	11,957	10.3%
2013	115,666	3,899,674	33,715	48.8	12,125	9.1%
2014	118,634	not available	not available	49.3	12,444	6.9%

Notes:

- (1) State Data Center; projection as of June 30, 2014; 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 2014			Fiscal Year 2005		
		Employees	Rank	% Total County Employment	Employees	Rank	% Total County Employment
Brunswick County Board of Education	Education	1,947	1	3.71%	1,600	1	3.68%
County of Brunswick	Local Government	1,035	2	1.97%	900	3	2.07%
Wal-Mart Associates Inc.	Retail Chain	932	3	1.78%	n/a	n/a	n/a
Duke Energy (Formerly Progress Energy)	Utility	850	4	1.62%	1,050	2	2.41%
Brunswick Novant Medical	Medical Care Facility	700	5	1.33%	300	5	0.69%
Food Lion LLC	Grocery Chain	520	6	0.99%	n/a	n/a	n/a
Brunswick Community College	Education	481	7	0.92%	n/a	n/a	n/a
Lowe's Food	Grocery Chain	409	8	0.78%	n/a	n/a	n/a
Dosher Memorial Hospital	Medical Care Facility	364	9	0.69%	260	7	0.60%
McAnderson's Inc.	Restaurant Chain	350	10	0.67%	n/a	n/a	n/a
DAK Americas	Dacron Polyester Fiber	n/a	n/a	n/a	750	4	1.72%
Rampage	Yacht Manufacture	n/a	n/a	n/a	275	6	0.63%
Victaulic Company of America	Pipe Fittings & Seals	n/a	n/a	n/a	250	8	0.57%
Sunny Point Military Terminal	Military	n/a	n/a	n/a	225	9	0.52%
Archer Daniels Midland Company	Citric Acid	n/a	n/a	n/a	150	10	0.34%
Totals		<u>7,588</u>		14.46%	<u>5,760</u>		13.24%

Source: NC Employment Security Commission; total county employment

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function:										
General government	87	98	105.5	111.5	110.5	106.5	104.5	100.5	95.5	95.0
Public safety	221	224	275	340	340	340	336	338	339	362
Central services	79	83	88	94	94	93	91	90	78	79
Human services	234	264	244	253	244	232	230	220	218	220
Environmental protection	10	12	10	9	9	9	8	8	8	7
Cultural and recreation	44	45	45	46	46	46	42	39	39	39
Economic and physical development	33	30	37	41	41	37	34	32	32	27
Utilities	78	86	98.5	109.5	109.5	116.5	115.5	117.5	118.5	118.0
Total	<u>786</u>	<u>842</u>	<u>903</u>	<u>1,004</u>	<u>994</u>	<u>980</u>	<u>961</u>	<u>945</u>	<u>928</u>	<u>947</u>

Source: County Finance Department

Note: This schedule represents the number of approved permanent FTE's as of June 30, 2014.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Operating Indicators by Function/Program

Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
General Government				
Number of registered voters	58,222	61,942	65,711	69,930
Number of marriage licenses issued	752	901	975	847
Number of tax bills issued	n/a	n/a	n/a	n/a
Law enforcement:				
Civil papers issued	9,278	9,025	7,761	9,312
Offenses reported	10,026	9,977	8,956	10,070
Uniform mileage	1,501,832	1,801,864	2,092,423	2,159,680
Emergency Services:				
Fire Protection:				
Number of calls answered	7,018	7,893	8,879	9,323
Number of inspections conducted	1,224	1,272	1,424	1,310
Emergency Medical Services:				
Number of calls answered	10,049	12,053	13,175	13,371
Number of transports	4,389	6,202	7,185	8,212
Code enforcement/building permits:				
Number of code violations	119	199	181	126
Number of building permits:				
Single-family	3,268	3,905	2,841	1,722
Commercial	280	410	516	463
Culture and Recreation:				
Number of athletic fields rented	60	75	71	8
Youth recreation:				
Certified coaches	665	695	705	1,001
Sports teams	46	49	61	62
Participants	675	735	975	981
Adult recreation:				
Sports teams	41	45	49	53
Participants	640	700	790	800
Fitness program participants	1,195	1,250	1,475	1,525
Library system total circulation	414,963	439,838	479,509	501,047
Solid waste:				
Waste received (tons per 1,000 population)	1,995	2,078	1,654	1,337
Ratio of recyclable to total waste received	5.4%	6.2%	5.5%	5.0%
Public Utilities:				
Water customers	19,949	22,412	28,270	29,955
Water average daily treatment (in gallons)	12,350,000	12,910,000	13,750,000	13,640,000
Wastewater customers	5,017	6,241	7,565	8,378
Wastewater average daily treatment (in gallons)	1,210,000	1,322,000	2,080,000	2,253,000
Education:				
Number of teachers	727	731	752	756
Number of students	10,789	11,133	11,505	11,599
Number of charter students	277	340	396	443

Sources: Various government departments.

Table 18

Fiscal Year					
2009	2010	2011	2012	2013	2014
74,096	75,815	77,204	79,635	81,954	85,047
824	875	927	1,014	864	903
258,911	258,839	261,533	260,676	252,480	219,397
9,921	17,570	11,552	9,040	8,863	7,646
10,663	15,054	21,630	15,315	5,476	5,122
2,526,651	2,295,431	2,227,127	2,411,854	2,131,207	1,818,162
9,742	10,168	10,879	10,761	12,364	15,107
1,482	1,024	951	854	1,009	1,336
13,367	13,503	13,595	14,489	17,214	19,520
7,859	8,049	8,068	8,678	11,269	12,952
414	418	423	421	540	440
974	1,050	916	1,038	1,517	1,967
365	260	340	438	226	226
30	34	115	85	61	63
161	242	245	199	205	238
69	81	98	100	103	119
2,119	2,225	2,466	3,306	3,330	6,922
86	48	63	57	55	48
1,700	1,886	1,744	3,678	3,700	3,136
4,153	1,165	1,500	2,141	2,201	1,536
549,929	555,614	537,085	541,305	547,559	539,487
1,147	1,200	1,106	980	864	898
4.8%	4.6%	5.9%	6.8%	8.0%	21.7%
30,675	33,215	33,770	34,394	34,984	36,028
13,572,000	12,821,890	13,487,920	13,545,000	13,385,000	13,628,000
8,622	9,125	9,647	10,475	12,142	13,841
2,584,000	2,644,752	3,146,983	3,504,000	4,250,000	5,202,500
788	812	742	758	779	795
11,841	11,739	11,899	11,957	12,125	12,444
483	563	636	688	725	769

COUNTY OF BRUNSWICK, NORTH CAROLINA

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

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

Sources: Various government departments.

(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.

Table 19

Fiscal Year					
2009	2010	2011	2012	2013	2014
14	15	15	15	15	15
51	51	51	51	51	50
440	440	440	440	440	440
9	9	9	9	9	9
13	13	13	13	15	16
7	7	7	7	7	7
13	13	13	13	13	13
5	5	5	5	5	5
839	919	949	969	980	999
30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
403	473	500	539	559	585
6,115,000	9,080,000	9,180,000	9,080,000	10,130,000	10,955,000
17	19	19	19	19	19
1	1	1	1	1	1
1	1	1	1	1	1

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

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

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

Independent Auditor's Report

Board of Commissioners
Brunswick County
Bolivia, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County, North Carolina, as of and for the year ended June 30, 2014, and the related Notes to the Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 31, 2014. The financial statements of the Brunswick County Board of Alcoholic Control were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

Compliance and Other Matters

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

Purpose of This Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, NC
October 31, 2014

BRUNSWICK COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

2. Financial Statements Findings

None reported

BRUNSWICK COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

None