



County of Brunswick

Comprehensive Annual Financial Report
for the fiscal year ended June 30, 2017



brunswickcountync.gov

**COUNTY OF BRUNSWICK
NORTH CAROLINA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended
June 30, 2017**

Prepared by Brunswick County Finance

COUNTY OF BRUNSWICK, NORTH CAROLINA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

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County of Brunswick Finance Department

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November 16, 2017

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, 2017.

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.

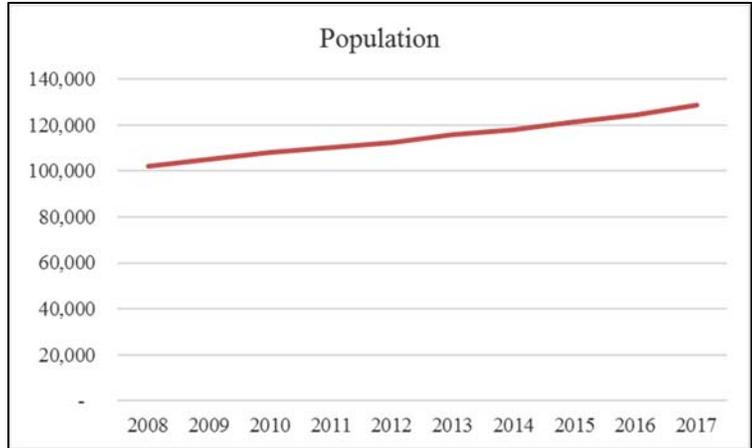
Martin Starnes & Associates, CPA's, P.A., a firm of licensed certified public accountants, has independently audited Brunswick County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Brunswick County for the fiscal year ended June 30, 2017, 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, 2017, 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 128,891, which is an increase of approximately 26% since 2008. It is the sixth largest county in the State, having a land area of 846 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 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 and Brunswick

County Leasing Corporation are also component units of Brunswick County however, both do not have financial transactions or account balances and are 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

- Departments submit budget requests by line item
- Requests are compiled and reviewed by the budget staff
- County Manager submits recommended budget to County Commissioners
- Board adopts budget before July 1

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 94. 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).

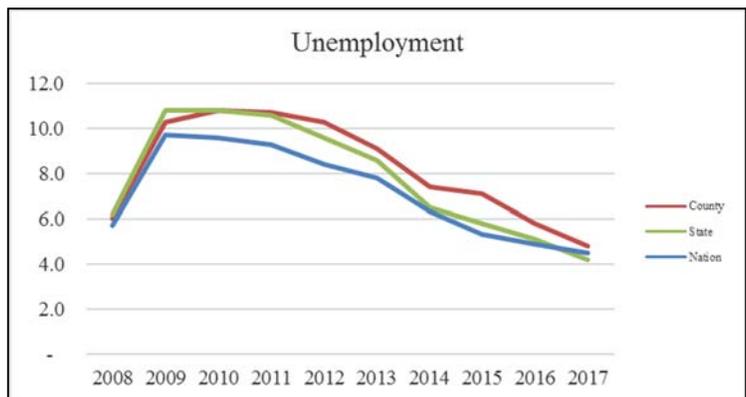
In addition, Brunswick County was given the GFOA’s Distinguished Budget Presentation Award for its annual budget document for Fiscal Year 2016-2017. This is the eleventh consecutive year the County has received this award. This program was established to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA’s best practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

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 experienced significant growth in its permanent population. Current year growth in the County of 3.5% and ranked number 1 in the state and number 30 in the country for growth in 2016. The permanent population grew at an average rate of approximately 2.9 percent annually over the last ten years.

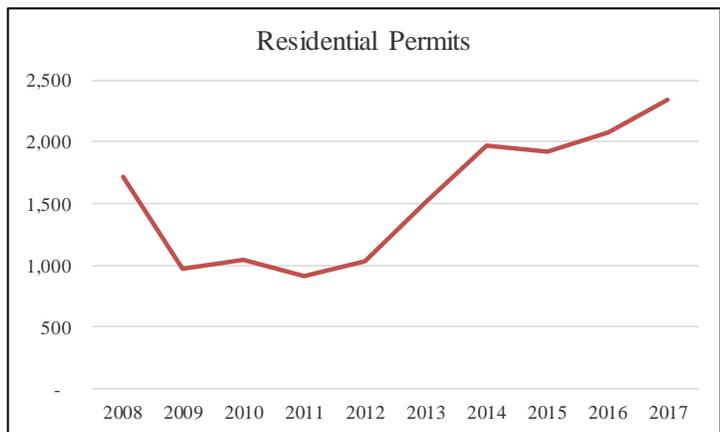
The County and State’s unemployment rates at June 2017 were 4.8 and 4.2 percent, respectively. The State’s seasonally adjusted unemployment rate at June 2017 is 4.1. The County’s growth rate continues to increase mainly due to many people moving to Brunswick County for its quality of life. As with other areas in the nation, the County is experiencing a moderate economic comeback. Residential and commercial development has shown growth annually over last five years.



In the past year, Brunswick County has experienced an increase in retail sales and tourism dollars as the economy improved. Net new employment was 2,341 between 2008 and 2016. Since 2008, Brunswick County has had 34 new and expanded companies with over \$144 million in new capital investment. Other activities include the creation of Brunswick Catch, a non-profit dedicated to increasing the awareness of local seafood to both wholesale and retail markets; the extension of utilities to our 2 mega sites, the International Logistics Park and the Mid-Atlantic Logistics Park; and the re-certification of both parks as North Carolina Certified Sites by the NC Department of Commerce.

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 serves the park with rail and has recognized the Mid Atlantic Industrial Park as one of twenty three sites designated as a “CSX Select Site” in their system.

The County’s diversified economy is based primarily upon tourism, manufacturing, retail, and construction. Our existing industries continue to expand as they have added many new jobs to the County. Tourism contributions include permanent, as well as secondary housing development, increased retail sales, increased employment opportunities and increased demand for potable water and wastewater collection and treatment services. Retail development has continued to pick up with new shopping centers completed and 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 17% of employment, while accommodation and food services represent 14%, health care and social assistance 12%, government 9%, public administration 7%, construction 6%, administrative and waste services 6%, arts, entertainment, and recreation 5%, utilities 4%, manufacturing 4%, Professional 4%, and real estate 3%. Various other employment sectors make up the remaining 9%.



Brunswick Community Hospital is one of two hospitals in Brunswick County. On April 29, 2007, Brunswick Community Hospital, affiliated with Novant Health received conditional State approval to build a replacement hospital with all private rooms and construction began in 2008. The cost of the replacement hospital was more than \$100 million with 200,000 square feet. The new hospital facility opened in July 2011 and is located centrally in Brunswick County approximately 3 miles from the prior facility on Hwy. 17 near Brunswick Community College. The replacement hospital contains 78 private rooms, 5 operating rooms, 1 GI endoscopy room, pharmacy, lab and emergency room.

BRUNSWICK COMMUNITY COLLEGE

Brunswick Community College serves the county with a variety of unique programs suited to the needs of the area including Aquaculture, Aquaponics, and Marine Biotechnology. Other programs include Arts & Sciences, Nursing and Allied Health, High School and Academic Support, Professional and Technical, and Continuing Education. Sustainability is also a focus of the

college. It maintains a 66 plus acre site designated as a NC Birding Trail that is made of forests, wetlands, and walking trails. Through a partnership with the Golden Leaf Foundation and the U.S. Economic Development Administration, the Community College also participates in the Brunswick Business and Industry Incubator. It provides the new and growing businesses with the tools necessary for success through an array of business support resources and services.

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 47 miles of beach, 36 golf courses and charming communities combined with the airport itself boasting 13 businesses including two aircraft maintenance shops, the largest flight school on the coast, helicopter flight school, bait and tackle shop, an avionics shop and an aircraft interior shop just to name a few. All of this is key



in attracting the 95 aircrafts based at the airport with a 10 year waiting list for hangers. The airport is 5th 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.

Cultural and Recreation

Golfing: Brunswick County is one of the major golf hubs in the State of North Carolina. Thirty-six state of the art golf courses with most having residential/commercial development associated with them are located within the County.



Beaches: The county stretches from historic Wilmington and Myrtle Beach, South Carolina. It is made up of 5 barrier islands: Sunset Beach, Ocean Isle Beach, Holden Beach, Oak Island and Bald Head Island along with many coastal towns along the intercostal waterway.

Parks and Community: Brunswick County provides many parks and facilities that can be used for golf, athletics, special populations programs, community events and more. The parks and recreation department maintains 12 parks and 5 community centers including an amphitheater, multiple fields and picnic shelters,

and 22 tennis courts. The Brunswick Nature Park is 911 acres of undeveloped wilderness with hiking and biking trails and a kayak/canoe launch site.

Library: There are five library branches across Brunswick County, offering books, magazines, movies, audiobooks, and music CDs for loan. Branches are in Southport, Shallotte, Leland, Oak Island, and Calabash. They each offer computer access, educational and community events, and eBooks along with meeting rooms and copy/fax services.

Museums: The County is home to many landmarks and museums that provide great educational opportunities for both residents and visitors alike. Locations include one of North Carolina's state historic sites and working archeological sites at Brunswick Town Fort Anderson along with the North Carolina Maritime Museum located in Southport. The County is also home to North Carolina's oldest standing lighthouse known as Old Baldy on Bald Head Island as well as the last lighthouse to be built in North Carolina known as the Oak Island Lighthouse. There are many other museums, landmarks and historical sites throughout the county with historical and cultural significance.

Long-term financial planning.

Brunswick County's financial strength is reflective of its careful financial planning and sound management policies. The county relies on its goals and objectives and maintains a Five Year Capital Improvement Plan to meet the growing needs of the county. Projects are funded based on need and meeting financial targets for fund balance and debt service along with maintaining attractive bond ratings.

General Government

The County's total operating budget for the fiscal year ending June 30, 2018 totals \$185,728,479 with no increase in the property tax rate of .4850 per \$100 of assessed value, based on a total valuation of \$24.42 billion and the estimated value of one cent is \$2.37 million.

In November 2016, voters approved a \$152 million bond referendum as requested by the Board of Education for school's district wide deferred maintenance and improvement, technology infrastructure, the need for new and replacement schools, and the addition of an early college and career technical educational building. School planned debt includes the first of three issues in July 2018 of \$52.95 million with additional planned debt issues in July 2020 and July 2022.

The Five-Year Capital Improvement Plan for general government in FY 2018 totals \$2.3 million. This is made up of a general government project for architectural services associated with the courthouse addition and renovations at a cost of \$0.8 million to address courthouse space needs and two culture and recreation projects for the Nature Park at Holden Beach \$0.5 million and the \$1.0 million additional funding needed for the estimated \$5.9 million Ocean Isle Beach park improvements. Planned funding sources include a \$1.6 million transfer from the general fund, \$0.3 million in capital reserves and a \$0.4 million grant.



Water

The number of customers connected to the County's water system continues to increase at a rate of 3% per year. Due to the growth and the increase in irrigation demand, additional transmission system improvements are planned in the next five years. Projects are planned in the southeast area of the water system to improve pressure and fire flow in the St. James area. Completion of the Highway 74/76 Water Main Project: Phase 2 and 3 completing a significant portion of new water main needed to supply adequate pressure and flow for industry at the County Industrial Parks on Hwy. 74/76, and improves the water system hydraulics, pressure, and flow on the Hwy. 74/76 corridor. Phase 4 provides the final portion of the main to provide service to the County Industrial Parks and may provide an emergency interconnection with the Columbus County water system.

With the increased water demands of our retail, wholesale and industrial customers, the County is nearing the required expansion of the capacity of the Northwest Water Treatment Plant from 24 mgd to 36 mgd and 14 miles of 54" or 60" raw water main from the LCFWSA King's Bluff Pump Station to the ground storage tank in Northwest. The raw water main will also provide a redundant system in the event of damage to the existing raw water pipeline. The timing of the actual construction of these improvements is dependent upon several factors including the construction of a water treatment plant by the County's current largest wholesale water customer.

Wastewater

The County currently operates six wastewater treatment plants with a combined permitted wastewater treatment capacity of 10.865 mgd.

The West Brunswick Regional Water Reclamation Facility is a 6.0 mgd facility that uses drip irrigation, spray irrigation, and groundwater recharge through infiltration basins for effluent disposal. The County has wastewater service agreements with the Town of Holden Beach, Town of Oak Island, and Town of Shallotte for a portion of the 6.0 mgd treatment capacity in the plant. The County currently leases a portion of the allocated capacity to the City of Southport for treatment of wastewater generated within the City's service area. Recently, the City of Southport and the County entered into a wastewater service agreement for the City to purchase 0.75 mgd capacity and the County will expand the West Brunswick Regional Wastewater System from 6.5 to 7.25 mgd.



The County also operates the Northeast Brunswick Regional Water Reclamation Facility which serves the Towns of Leland, Navassa, H2GO and the City of Northwest and is fully supported by user charges. In 2011, the County completed an expansion of the plant of .825 mgd to bring capacity to 2.475 mgd. Due to the rapid growth in the northern section of the County, the County has included funds to begin the engineering and design to expand the Northeast Brunswick Regional Wastewater System. The construction schedule will depend on a number of factors including the continued growth in the number of sewer customers connected to the collection systems that send flow to the Northeast Brunswick WWTP for treatment, and the reduction by some utilities in the amount of infiltration and inflow in their collection systems.

No additional significant improvements are planned at the remaining wastewater treatment plants. The County plans to continue expansion of its collection system through the use of Special Assessment Districts and the Enterprise Funded Sewer Main Extension Program as funds are available.

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, 2016. This is the fourteenth (15th) 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 Aaron Smith, CPA, Deputy Finance Officer and the other members of the finance staff for their dedication and ongoing efforts in the preparation of the 2017 CAFR:

Yvette Glenn	Bill Noland	Ventzie Penev
Christina Kennedy	Ingrid Oliver	Tiffany Rogers
Melissa Modafferi	Debra Ormand	Tanya Simpson

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,

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, 2016

Executive Director/CEO

Brunswick County
Board of County Commissioners



Frank Williams
Chairman
District 5



Randy Thompson
Vice-Chairman
District 1



J. Martin Cooke
District 2



Pat Sykes
District 3



Mike Forte
District 4

County Officials

Ann B. Hardy	County Manager
Robert V. Shaver	County Attorney
Andrea White	Clerk to the Board
Julie A. Miller	Director of Fiscal Operations

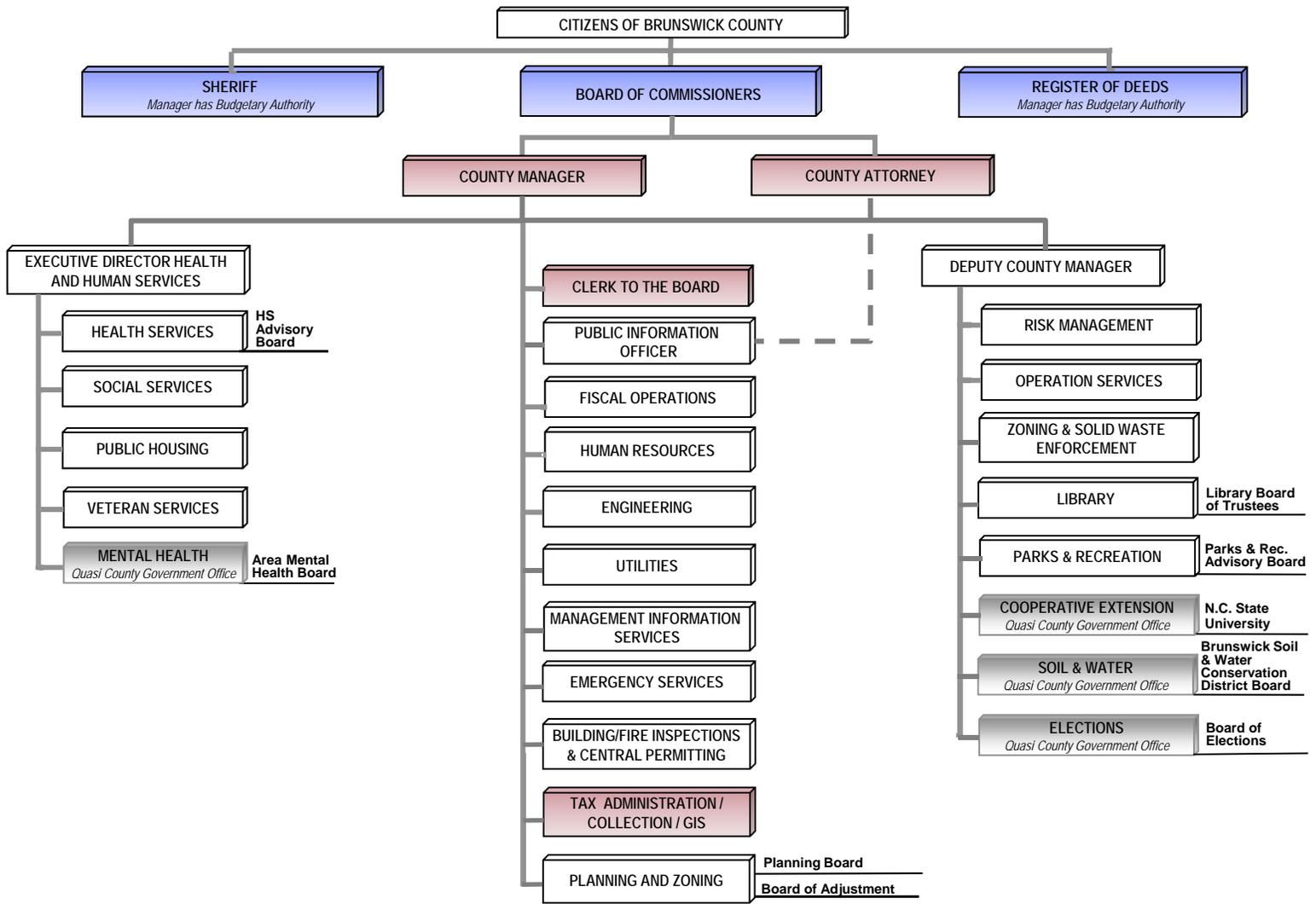
Other Elected Officials

Brenda M. Clemmons	Registrar
John W. Ingram, V	Sheriff



Brunswick County

Organizational Chart



LEGEND

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



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
Bolivia, 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, 2017, 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 did not audit the financial statements of the Brunswick County Board of Alcoholic Beverage Control, which represents 9%, 8%, and 63%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Brunswick County Board of Alcoholic Beverage Control, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Brunswick County Board of Alcoholic Beverage 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.

Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County, North Carolina, as of June 30, 2017, 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 Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions and the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 and the other auditors 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.

Supplementary and 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, budgetary schedules, other schedules, and statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements 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 November 16, 2017, 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 solely 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 effectiveness of Brunswick County's 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
November 16, 2017



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, 2017. 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

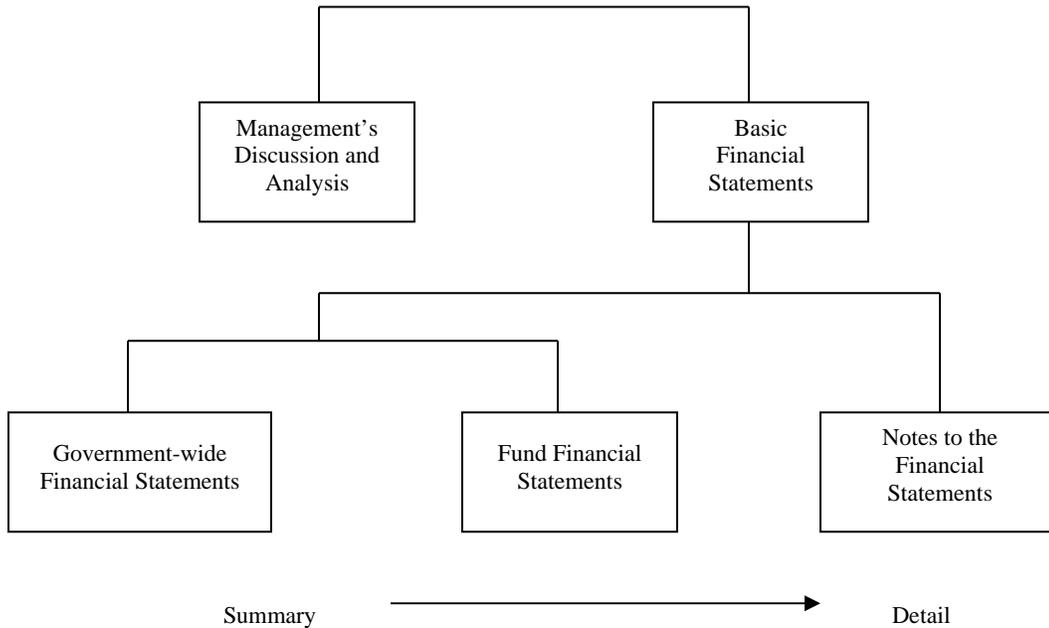
- The assets and deferred outflows of resources of Brunswick County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$125.5 million (*net position*). The County's net position is impacted considerably by the general obligation 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, NC Education Lottery, general obligation debt, and installment debt. A portion of the assets funded by the County issued debt are owned, utilized, and maintained by the school system and community college, therefore, the County acquires no capital assets, and 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 \$33.8 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 7G on page 51 further explains the effect of education debt on net position.
- The County's net position of governmental activities increased by \$12.9 million mainly due management's focus on monitoring spending and increased revenue collections in the General Fund.
- As of the close of the 2017 fiscal year, the County's general fund reported amounts restricted for Stabilization by State statute of \$8.3 million, restrictions for public housing section 8 beneficiaries of \$0.1 million, \$1.5 million restricted for the Interlocal Agreement with Holden Beach, and \$2.5 million restricted for health and wellness programs totaling \$4.1 million. The unrestricted fund balance totals \$61.3 million of which \$0.2 million is committed for revaluation purposes, \$0.1 million is nonspendable for prepaids, and \$1.7 million is assigned for carryover expenditures into the next fiscal year leaving \$59.3 million available for spending.
- Moody's Investor Services ratings are Aa2 for general obligation bonds, Aa3 for limited obligation bonds and revenue bonds. S & P Global Services affirmed ratings are AA+ for general obligation bonds, AA for limited obligation bonds, and AA- for revenue bonds, but revised our County's management score to "strong" from "good". The County bond rating with Fitch is AA+ for general obligation bonds, AA for limited obligation bonds, and AA- for revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Components of Annual Financial Report

Figure 1



BASIC FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Brunswick County include general government services, public safety, public education, human services, economic development, and cultural services. 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 which ceased operations as of July 20, 2015, 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 14-16 of this report.

FUND FINANCIAL STATEMENTS

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

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net 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 five 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 26-73 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 74-80 of this report.

Brunswick County's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 128,263,208	\$ 122,645,497	\$ 69,554,729	\$ 70,945,738	\$ 197,817,937	\$ 193,591,235
Capital asset (net)	<u>139,884,768</u>	<u>137,019,796</u>	<u>381,322,452</u>	<u>378,853,315</u>	<u>521,207,220</u>	<u>515,873,111</u>
Total assets	<u>268,147,976</u>	<u>259,665,293</u>	<u>450,877,181</u>	<u>449,799,053</u>	<u>719,025,157</u>	<u>709,464,346</u>
Deferred Outflows of Resources:	<u>13,370,341</u>	<u>2,955,327</u>	<u>3,014,363</u>	<u>3,072,841</u>	<u>16,384,704</u>	<u>6,028,168</u>
Noncurrent liabilities	134,111,356	125,306,330	130,646,996	139,741,557	264,758,352	265,047,887
Other liabilities	<u>21,113,199</u>	<u>21,464,537</u>	<u>19,031,306</u>	<u>18,826,900</u>	<u>40,144,505</u>	<u>40,291,437</u>
Total Liabilities	<u>155,224,555</u>	<u>146,770,867</u>	<u>149,678,302</u>	<u>158,568,457</u>	<u>304,902,857</u>	<u>305,339,324</u>
Deferred Inflows of Resources:	<u>791,515</u>	<u>1,631,097</u>	<u>351,832</u>	<u>471,011</u>	<u>1,143,347</u>	<u>2,102,108</u>
Net position:						
Net investment in capital assets	103,666,583	98,533,551	249,222,001	237,499,403	352,888,584	336,032,954
Restricted	14,833,062	11,393,121	-	-	14,833,062	11,393,121
Unrestricted	<u>7,002,602</u>	<u>4,291,984</u>	<u>54,639,409</u>	<u>56,333,023</u>	<u>61,642,011</u>	<u>60,625,007</u>
Total net position	<u>\$ 125,502,247</u>	<u>\$ 114,218,656</u>	<u>\$ 303,861,410</u>	<u>\$ 293,832,426</u>	<u>\$ 429,363,657</u>	<u>\$ 408,051,082</u>

The assets and deferred outflows of resources of Brunswick County governmental activities exceeded its liabilities and deferred outflows of resources by \$125.5 million as of June 30, 2017. Net position is reported as follows: net investment in capital assets of \$103.7 million, restricted for stabilization by State statute \$8.4 million, restricted for other purposes \$6.4 million and unrestricted net position of \$7.0 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	\$ 139.9
Less long-term debt	(66.9)
Less current maturities of long-term debt	(11.8)
Landfill closure included in long-term debt	8.4
Current portion of compensated absences	0.3
Education general obligation debt payable	33.8
Restricted cash from unexpended debt proceeds	-
Total net investment in capital assets	<u>\$ 103.7</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, 2017, the unrestricted resources were \$7.0 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 net investment in capital assets.

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	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Changes for services	\$ 19,264,407	\$ 17,359,732	\$ 48,974,650	\$ 47,284,926	\$ 68,239,057	\$ 64,644,658
Operating grants and contributions	25,254,855	23,602,517	-	-	25,254,855	23,602,517
Capital grants and contributions	365,097	1,643,743	4,702,315	3,048,360	5,067,412	4,692,103
General revenues:						
Ad valorem taxes	118,423,006	114,258,168	-	-	118,423,006	114,258,168
Local option sales taxes	22,464,392	20,944,326	-	-	22,464,392	20,944,326
Other taxes	5,087,399	4,956,253	-	-	5,087,399	4,956,253
Sale of real property	-	11,640	-	-	-	11,640
Investment earnings	265,529	159,867	132,689	93,247	398,218	253,114
Total revenues	<u>191,124,685</u>	<u>182,936,246</u>	<u>53,809,654</u>	<u>50,426,533</u>	<u>244,934,339</u>	<u>233,362,779</u>
Expenses:						
General government	12,963,358	12,394,690	-	-	12,963,358	12,394,690
Public safety	42,827,646	38,664,204	-	-	42,827,646	38,664,204
Central services	15,867,210	13,337,319	-	-	15,867,210	13,337,319
Human services	29,451,140	27,603,012	-	-	29,451,140	27,603,012
Transportation	809,229	1,359,490	-	-	809,229	1,359,490
Environmental protection	14,832,478	14,346,834	-	-	14,832,478	14,346,834
Cultural and recreation	4,461,038	4,019,127	-	-	4,461,038	4,019,127
Economic and physical development	8,653,116	7,367,883	-	-	8,653,116	7,367,883
Education	45,425,138	43,174,118	-	-	45,425,138	43,174,118
Interest on long-term debt	2,939,230	3,293,032	-	-	2,939,230	3,293,032
Water and wastewater	-	-	43,780,670	40,896,804	43,780,670	40,896,804
Total expenses	<u>178,229,583</u>	<u>165,559,709</u>	<u>43,780,670</u>	<u>40,896,804</u>	<u>222,010,253</u>	<u>206,456,513</u>
Increase (decrease) in net position	<u>12,895,102</u>	<u>17,376,537</u>	<u>10,028,984</u>	<u>9,529,729</u>	<u>22,924,086</u>	<u>26,906,266</u>
Net position, July 1	<u>114,218,656</u>	<u>96,842,119</u>	<u>293,832,426</u>	<u>284,302,697</u>	<u>408,051,082</u>	<u>381,144,816</u>
Net position, restated	<u>112,607,145</u>	<u>96,842,119</u>	<u>293,832,426</u>	<u>284,302,697</u>	<u>406,439,571</u>	<u>381,144,816</u>
Net position, June 30	<u>\$ 125,502,247</u>	<u>\$ 114,218,656</u>	<u>\$ 303,861,410</u>	<u>\$ 293,832,426</u>	<u>\$ 429,363,657</u>	<u>\$ 408,051,082</u>

Governmental activities. Governmental activities accounted for \$125.5 million, which is 29.2 percent of the total net position. Governmental revenues increased mainly due to increases in ad valorem tax collections, local option sales taxes and Medicaid hold harmless payments. Operating grants funded \$25.3 million of the county's governmental activities. Governmental expenses increased due to operational increases in Public Safety, Central Services, and Human Services. Governmental net position increased \$12.9 million mainly due to increased revenue collections, controlled spending and 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 \$10.0 million. Business-type revenues increased mainly due to the addition of customers resulting in increases in user charges. Business-type expenses increased due to increase in operations. Business-type net position increased by \$10.0 million due to the completion of capital projects and the principal retirement of the associated debt on the assets with offsetting increases in the post-employment obligations.

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 \$111.5 million, which is an increase of \$6.0 million over the prior year. Approximately \$14.5 million of the total fund balance is restricted by state stabilization or other restrictions and approximately \$97.0 million is unrestricted. Of the unrestricted fund balance of \$97.0 million at June 30, 2017, \$0.2 million was committed for a legally budgeted tax revaluation, \$35.8 million or approximately 36.9 percent was committed for education and county capital projects, \$0.1 million was nonspendable for prepaids, and \$1.7 million was assigned for subsequent year expenditures leaving \$59.2 million of unassigned fund balance. The unassigned fund balance of \$59.2 million, which is approximately 53.1 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 \$59.3 million, while total fund balance for the general fund increased from \$72.4 million to \$73.6 million mainly due to increased ad valorem tax collections, local option sales taxes and Medicaid hold harmless payments. Amounts in the General Fund balance assigned for subsequent year's expenditures totaled \$1.7 million. The amount of restricted general fund balance was \$8.3 million for stabilization by state statute and \$4.1 million for other restrictions related to health, wellness and public housing section 8 programs and the Municipal Interlocal Agreement for Special Obligation Bonds. 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 34.7% of total general fund expenditures before transfers for capital projects, while total general fund balance represents 43.1% 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 increased \$0.5 million due to transfers from the general fund for planned capital project expenditures. The Non-

Major Governmental Funds balance increased \$0.3 million mainly due to an increase in planned expenditures related to the unspent funds planned for the backup PSAP Center.

Enterprise Funds. The Water Fund's net position increased \$3.6 million to \$159.6 million. The Wastewater Fund's net position increased \$6.5 million to \$144.3 million. The increases in the net position of the enterprise funds are from the completion of capital projects and capital contributions.

Internal service fund. The Health Insurance Internal service fund increased net position from \$1.1 million to \$2.7 million due to user charges in excess of claims. The Workers' Compensation Internal service fund net position decreased from \$2.1 million to \$1.9 million due to user claims in excess of charges.

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 \$2.4 million increase in ad valorem taxes and \$2.9 million increase in intergovernmental revenues. Total actual revenues exceeded amended budgeted amounts by \$7.6 million. Total actual expenditures were \$7.4 million less than amended budgeted amounts, with the majority of that amount relating to expenditures lower than budgeted in central services, public safety and human services.

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

Unrestricted net position of Water/Wastewater Funds at the end of the year totaled \$54.6 million. The primary factor affecting this amount was a net increase of \$2.5 million in the County's capital assets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Brunswick County's investment in capital assets for its governmental and business type activities as of June 30, 2017 amounts to \$521.2 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.

Major capital asset transactions for governmental activities during fiscal year 2017 include park improvements, new senior center facilities, and an investment for the term of the associated debt to include the final transactions associated with the completion of the high school classroom additions and a multi-purpose facility.

Major capital asset transactions for Business-type activities during fiscal year 2017 include Hwy 211 water plant improvements, special assessment districts sewer collection systems and additional water and sewer main construction.

Brunswick County's Capital Assets

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 16,744,904	\$ 16,284,904	\$ 2,902,315	\$ 2,851,449	\$ 19,647,219	\$ 19,136,353
Operating plants, buildings & improvements	114,406,215	97,694,245	158,344,036	143,666,661	272,750,251	241,360,906
Equipment and vehicles	6,222,407	5,247,849	11,096,871	11,498,122	17,319,278	16,745,971
Distribution and collection systems	-	-	201,435,627	197,178,173	201,435,627	197,178,173
Construction in progress	2,511,242	17,792,798	7,543,603	23,658,910	10,054,845	41,451,708
Total capital assets, net	<u>\$139,884,768</u>	<u>\$137,019,796</u>	<u>\$381,322,452</u>	<u>\$378,853,315</u>	<u>\$521,207,220</u>	<u>\$515,873,111</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 \$38.3 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	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 35,140,000	\$ 42,815,000	\$ 3,110,000	\$ 3,280,000	\$ 38,250,000	\$ 46,095,000
Limited obligation bonds	33,350,000	36,900,000	-	-	33,350,000	36,900,000
Bond premiums	1,302,222	1,403,572	7,238,924	7,777,411	8,541,146	9,180,983
Installment purchases & revolving loans	210,000	280,000	34,957,210	40,052,114	35,167,210	40,332,114
Revenue bonds	-	-	88,114,991	93,560,754	88,114,991	93,560,754
Other	75,927,244	55,810,868	8,816,054	6,352,432	84,743,298	62,163,300
Total long-term debt	<u>\$145,929,466</u>	<u>\$137,209,440</u>	<u>\$142,237,179</u>	<u>\$151,022,711</u>	<u>\$288,166,645</u>	<u>\$288,232,151</u>

The legal debt limit is \$1.94 billion. The legal debt margin on June 30, 2017 was \$1.87 billion. This legal debt limit is determined by the Municipal Finance Law of North Carolina, which limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The ratio of debt service expenditures to total general governmental expenditures is 7.8% and to total general fund expenditures is 8.4%. The County's governmental general obligation debt per capita is \$273 as of June 30, 2017. The County's governmental activities gross debt per capita (excluding landfill closure/post closure, accrued compensated absences and pension benefit obligations) is \$533 made up of \$273 of general obligation debt per capita, \$259 in outstanding limited obligation bonds for construction and renovation of various county and education buildings and \$1 for county building installment purchases.

The County's debt had a net increase of \$8.7 million in governmental and a net decrease of \$8.8 in enterprise funds, for a total of less than 0.1 percent decrease during the current fiscal year. The key factor in this decrease was the retirement of debt through principal payments offset by

changes in post-employment obligations. Additional information on Brunswick County's long-term debt can be found in Note 7 on pages 45-52 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Brunswick County is currently 5.1 percent and was 4.8 percent at June 30, 2017, compared to the state's seasonally adjusted unemployment rate of 4.1 percent currently and 4.2 percent at June 30, 2017.
- Inflationary trends in the region are similar to national indices.
- Population estimation of 128,891 has grown 26.0 percent in the last 10 years.

All of these factors were considered in preparing Brunswick County's budget for fiscal year 2017-2018.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2017-2018

Governmental activities. The county maintained the tax rate of \$0.485 cents. The last revaluation was for the 2015 levy. Budgeted operating expenditures in the General Fund are expected to increase 5.4 percent to \$185.7 million.

Budgeted expenditures for education are expected to increase 3.9 percent or approximately \$2.1 million. Education funding includes a current expense appropriation to the Brunswick County School System that represents 36.5 percent of the ad Valorem tax base excluding any amount needed for annual 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.

The fiscal year 2018 budget includes a fund balance appropriation of \$3.4 million, net of the \$1.5 million in escrow funds held to pay the debt service on the Town of Holden Beach special obligation bonds issued for the sand nourishment project. The county appropriates fund balance each year to assist in meeting the capital outlay needs with the challenge to save the appropriated amount to lower the burden on property tax owners.

Business-type activities. The water and wastewater enterprise fund is anticipated to increase 5.0 percent due to the commercial and residential growth in new services 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/finance/>

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
Assets:				
Cash and cash equivalents/investments	\$ 114,228,303	\$ 53,078,305	\$ 167,306,608	\$ 1,419,821
Taxes receivable, net	2,685,675	-	2,685,675	-
Receivables and special assessments, net	1,789,022	9,512,738	11,301,760	428,917
Other governmental agencies	7,140,907	852,704	7,993,611	2,193
Inventories	-	1,749,876	1,749,876	464,366
Prepaid items	64,000	-	64,000	18,345
Restricted assets:				
Restricted cash and investments	1,992,849	4,361,106	6,353,955	13,555
Restricted net pension asset	362,452	-	362,452	-
Capital assets:				
Non-depreciable capital assets	19,256,146	10,445,918	29,702,064	-
Depreciable capital assets, net	120,628,622	370,876,534	491,505,156	23,325,734
Total capital assets	139,884,768	381,322,452	521,207,220	23,325,734
Total assets	268,147,976	450,877,181	719,025,157	25,672,931
Deferred Outflows of Resources:	13,370,341	3,014,363	16,384,704	86,616
Liabilities:				
Accounts payable and other liabilities	\$ 8,750,964	\$ 3,295,255	\$ 12,046,219	\$ 320,591
Prepaid fees	-	1,118,728	1,118,728	-
Due to other governments	-	-	-	154,269
Accrued interest payable	544,125	1,233,012	1,777,137	-
Liabilities to be paid from restricted assets	-	1,794,128	1,794,128	-
Long-term liabilities:				
Total pension liability - LEOSSA	3,807,449	-	3,807,449	-
Net pension liability - LGERS	15,596,413	1,794,208	17,390,621	76,829
Due within one year	11,818,110	11,590,183	23,408,293	60,819
Due beyond one year	114,707,494	128,852,788	243,560,282	52,092
Total liabilities	155,224,555	149,678,302	304,902,857	664,600
Deferred Inflows of Resources:	791,515	351,832	1,143,347	6,724
Net Position:				
Net investment in capital assets	103,666,583	249,222,001	352,888,584	23,249,859
Restricted for:				
Stabilization by State Statute	8,446,556	-	8,446,556	425,257
General Government Interlocal Agreement	1,461,600	-	1,461,600	-
Public Housing	144,881	-	144,881	-
Human Services Health Program	2,456,465	-	2,456,465	-
Public Safety Emergency Telephone System	984,622	-	984,622	-
Register of Deeds Automation	838,625	-	838,625	-
Register of Deeds Pension Plan	500,313	-	500,313	-
Tourism Promotion	-	-	-	372,970
Working Capital	-	-	-	86,973
Unrestricted	7,002,602	54,639,409	61,642,011	953,164
Total net position	\$ 125,502,247	\$ 303,861,410	\$ 429,363,657	\$ 25,088,223

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, 2017

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Government Activities:				
General government	\$ 12,963,358	\$ 1,666,619	\$ 4,124,111	\$ -
Public safety	42,827,646	9,792,703	1,683,576	-
Central services	15,867,210	-	198,863	-
Human services	29,451,140	2,898,025	16,460,187	-
Transportation	809,229	-	225,953	365,097
Environmental protection	14,832,478	3,751,566	15,281	-
Cultural and recreation	4,461,038	264,574	149,232	-
Economic and physical development	8,653,116	890,920	2,397,652	-
Education	45,425,138	-	-	-
Interest on long-term debt	2,939,230	-	-	-
Total governmental activities	<u>178,229,583</u>	<u>19,264,407</u>	<u>25,254,855</u>	<u>365,097</u>
Business-type Activities:				
Water	21,929,069	23,676,875	-	1,740,949
Wastewater	21,851,601	25,297,775	-	2,961,366
Total business-type activities	<u>43,780,670</u>	<u>48,974,650</u>	<u>-</u>	<u>4,702,315</u>
Total primary government	<u>\$ 222,010,253</u>	<u>\$ 68,239,057</u>	<u>\$ 25,254,855</u>	<u>\$ 5,067,412</u>
Discretely presented component units	<u>\$ 4,799,526</u>	<u>\$ 3,463,439</u>	<u>\$ -</u>	<u>\$ 5,560</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, 2017

Function/Programs	Net (Expense) Revenue and Changes in Net Position			Component Units
	Primary Government			
	Governmental Activities	Business-type Activities	Total	
Primary Government:				
Government Activities:				
General government	\$ (7,172,628)	\$ -	\$ (7,172,628)	
Public safety	(31,351,367)	-	(31,351,367)	
Central services	(15,668,347)	-	(15,668,347)	
Human services	(10,092,928)	-	(10,092,928)	
Transportation	(218,179)	-	(218,179)	
Environmental protection	(11,065,631)	-	(11,065,631)	
Cultural and recreation	(4,047,232)	-	(4,047,232)	
Economic and physical development	(5,364,544)	-	(5,364,544)	
Education	(45,425,138)	-	(45,425,138)	
Interest on long-term debt	(2,939,230)	-	(2,939,230)	
Total governmental activities	<u>(133,345,224)</u>	<u>-</u>	<u>(133,345,224)</u>	
Business-type Activities:				
Water	-	3,488,755	3,488,755	
Wastewater	-	6,407,540	6,407,540	
Total business-type activities	<u>-</u>	<u>9,896,295</u>	<u>9,896,295</u>	
Total primary government	<u>(133,345,224)</u>	<u>9,896,295</u>	<u>(123,448,929)</u>	
Discretely presented component units				<u>\$ (1,330,527)</u>
General Revenues:				
Ad valorem taxes	118,423,006	-	118,423,006	-
Local option sales taxes	22,464,392	-	22,464,392	-
Deed stamp excise and other taxes	5,087,399	-	5,087,399	1,414,977
Investment earnings	265,529	132,689	398,218	7,240
Total general revenues	<u>146,240,326</u>	<u>132,689</u>	<u>146,373,015</u>	<u>1,422,217</u>
Change in net position	<u>12,895,102</u>	<u>10,028,984</u>	<u>22,924,086</u>	<u>91,690</u>
Net position, beginning of year	114,218,656	293,832,426	408,051,082	24,996,533
Restatement	<u>(1,611,511)</u>	<u>-</u>	<u>(1,611,511)</u>	<u>-</u>
Net position, beginning, as restated	<u>112,607,145</u>	<u>293,832,426</u>	<u>406,439,571</u>	<u>24,996,533</u>
Net position, end of year	<u>\$ 125,502,247</u>	<u>\$ 303,861,410</u>	<u>\$ 429,363,657</u>	<u>\$ 25,088,223</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<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	\$ 70,481,813	\$23,147,835	\$12,951,526	\$ 1,827,893	\$ 108,409,067
Restricted cash and investments	1,824,269	-	168,580	-	1,992,849
Taxes receivable - net	2,685,675	-	-	-	2,685,675
Receivables - net	1,574,152	655	-	13,915	1,588,722
Other governmental agencies	6,824,820	115,461	32,622	168,004	7,140,907
Due from other funds	81,370	-	911,622	-	992,992
Prepaid expenditures	64,000	-	-	-	64,000
Total assets	<u>\$ 83,536,099</u>	<u>\$23,263,951</u>	<u>\$14,064,350</u>	<u>\$ 2,009,812</u>	<u>\$ 122,874,212</u>
Liabilities:					
Accounts payable and other liabilities	\$ 5,947,283	\$ 1,026,603	\$ 296,518	\$ 41,708	\$ 7,312,112
Due to other funds	911,622	-	-	81,370	992,992
Total liabilities	<u>6,858,905</u>	<u>1,026,603</u>	<u>296,518</u>	<u>123,078</u>	<u>8,305,104</u>
Deferred Inflows of Resources:	<u>3,067,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,067,506</u>
Fund Balances:					
Nonspendable - prepaids	64,000	-	-	-	64,000
Restricted - Stabilization by State Statute	8,264,637	-	-	181,919	8,446,556
Restricted - other	4,062,946	-	168,580	1,823,247	6,054,773
Committed	214,566	22,237,348	13,599,252	-	36,051,166
Assigned	1,704,369	-	-	-	1,704,369
Unassigned	59,299,170	-	-	(118,432)	59,180,738
Total fund balances	<u>73,609,688</u>	<u>22,237,348</u>	<u>13,767,832</u>	<u>1,886,734</u>	<u>111,501,602</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 83,536,099</u>	<u>\$23,263,951</u>	<u>\$14,064,350</u>	<u>\$ 2,009,812</u>	<u>122,874,212</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

**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	111,501,602
Amounts reported for governmental activities in the statement of net position are different because:	
Change in internal service net position, attributed to governmental activities	1,341,199
Consolidation of internal service fund	3,239,485
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	139,884,768
Net pension asset	362,452
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	13,347,582
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	22,759
Accrual of interest payable for debt does not require the use of current financial resources and, therefore, is not reported in the funds	(544,125)
Net pension liability - LGERS	(15,596,413)
Total pension liability - LEOSSA	(3,807,449)
Other assets are not available to pay for current period expenditures and, therefore, are deferred inflows	2,901,380
LGERS Pension related deferrals	(527,227)
LEOSSA pension related deferrals	(98,162)
Long-term liabilities, including interest and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(126,525,604)</u>
 Net position reported as governmental activities	 <u><u>\$ 125,502,247</u></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, 2017

	Major Funds				Total Governmental Funds
	General	County Capital Project	Education Capital Project	Non Major Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 119,820,026	\$ -	\$ -	\$ -	\$ 119,820,026
Local option sales taxes	22,464,392	-	-	-	22,464,392
Other taxes and licenses	5,087,399	-	-	-	5,087,399
Unrestricted intergovernmental revenues	3,498,931	-	-	-	3,498,931
Restricted intergovernmental revenues	21,014,352	365,097	-	1,135,673	22,515,122
Permits and fees	4,093,338	-	-	156,779	4,250,117
Sales and services	10,723,116	-	-	-	10,723,116
Investment earnings	181,510	44,920	25,622	3,453	255,505
Other	2,100,400	11,702	-	-	2,112,102
Total revenues	<u>188,983,464</u>	<u>421,719</u>	<u>25,622</u>	<u>1,295,905</u>	<u>190,726,710</u>
Expenditures:					
Current:					
General government	10,935,991	-	-	402,317	11,338,308
Public safety	37,691,780	1,914,807	-	575,263	40,181,850
Central services	14,771,649	-	-	-	14,771,649
Human services	27,729,000	-	-	-	27,729,000
Transportation	379,803	429,426	-	-	809,229
Environmental protection	14,671,053	-	-	-	14,671,053
Culture and recreation	4,792,096	3,661,746	-	-	8,453,842
Economic and physical development	5,541,664	1,364,711	-	35,616	6,941,991
Education	40,022,567	-	5,488,847	-	45,511,414
Debt Service:					
Principal retirement	11,295,000	-	-	-	11,295,000
Interest and fiscal charges	3,024,355	-	-	-	3,024,355
Total expenditures	<u>170,854,958</u>	<u>7,370,690</u>	<u>5,488,847</u>	<u>1,013,196</u>	<u>184,727,691</u>
Revenues over (under) expenditures	<u>18,128,506</u>	<u>(6,948,971)</u>	<u>(5,463,225)</u>	<u>282,709</u>	<u>5,999,019</u>
Other Financing Sources (Uses):					
Transfers from other funds	-	10,925,406	5,958,284	-	16,883,690
Transfers to other funds	<u>(16,883,690)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,883,690)</u>
Total other financing sources (uses)	<u>(16,883,690)</u>	<u>10,925,406</u>	<u>5,958,284</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,244,816	3,976,435	495,059	282,709	5,999,019
Fund balance, beginning of year	<u>72,364,872</u>	<u>18,260,913</u>	<u>13,272,773</u>	<u>1,604,025</u>	<u>105,502,583</u>
Fund balance, end of year	<u>\$ 73,609,688</u>	<u>\$22,237,348</u>	<u>\$13,767,832</u>	<u>\$ 1,886,734</u>	<u>\$ 111,501,602</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, 2017**

Net change in fund balances - total governmental funds (Exhibit D)	\$ 5,999,019
<p>Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected or is expected to be collected within 60 days of year end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:</p>	
Property taxes	(1,397,020)
Emergency services revenues	9,167
Public Health revenues	(73,314)
Expenses related to other post-employment benefits, compensated absences, law enforcement officers separation allowance, and pension expense that do not require current financial resources are not reported as expenditures in the governmental fund statement.	(20,757,601)
Capital outlays are reported as expenditures in the governmental fund statement. However, in the statement of activities, capital outlay is not an expense, rather it is an increase in capital assets.	10,021,208
Contributions to the pension plan in the current fiscal year are not included on the statement of activities.	13,347,582
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the statement of net position	22,759
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements.	(7,156,236)
Amortization of bond premium.	101,350
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.	11,295,000
Change in closure/post closure liability estimate. Expenses are reported as incurred in the funds.	56,864
Change in interest payable for governmental activity long-term debt. Interest expense is recorded as incurred in the fund statements.	85,125
Change in internal service net position, attributed to governmental activities	<u>1,341,199</u>
Change in net position of governmental activities per Exhibit B	<u>\$ 12,895,102</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 -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 113,415,587	\$ 115,820,515	\$ 119,820,026	\$ 3,999,511
Local option sales taxes	20,766,013	21,908,433	22,464,392	555,959
Other taxes and licenses	3,842,000	4,561,200	5,087,399	526,199
Unrestricted intergovernmental revenues	1,313,000	3,016,300	3,498,931	482,631
Restricted intergovernmental revenues	19,483,064	20,728,385	21,014,352	285,967
Permits and fees	3,545,194	3,862,813	4,093,338	230,525
Sales and services	9,194,259	9,656,631	10,723,116	1,066,485
Investment earnings	85,000	85,000	181,510	96,510
Other	1,194,553	1,788,783	2,100,400	311,617
Total revenues	<u>172,838,670</u>	<u>181,428,060</u>	<u>188,983,464</u>	<u>7,555,404</u>
Expenditures:				
Current:				
General government	11,228,296	11,676,001	10,935,991	740,010
Central services	15,356,870	16,722,891	14,771,649	1,951,242
Public safety	36,881,616	38,964,875	37,691,780	1,273,095
Transportation	153,850	385,188	379,803	5,385
Environmental protection	14,800,328	14,992,904	14,671,053	321,851
Economic and physical development	5,699,867	6,385,695	5,541,664	844,031
Human services	28,800,921	29,742,835	27,729,000	2,013,835
Education	39,977,567	40,022,567	40,022,567	-
Culture and recreation	4,327,666	5,051,368	4,792,096	259,272
Debt Service:				
Principal retirement	11,295,001	11,295,001	11,295,000	1
Interest and fiscal charges	3,020,607	3,024,607	3,024,355	252
Contingency	400,000	-	-	-
Total expenditures	<u>171,942,589</u>	<u>178,263,932</u>	<u>170,854,958</u>	<u>7,408,974</u>
Revenues over (under) expenditures	<u>896,081</u>	<u>3,164,128</u>	<u>18,128,506</u>	<u>14,964,378</u>
Other Financing Sources (Uses):				
Transfers to other funds	(4,208,430)	(16,883,690)	(16,883,690)	-
Appropriated fund balance	3,312,349	13,719,562	-	(13,719,562)
Total other financing sources (uses)	<u>(896,081)</u>	<u>(3,164,128)</u>	<u>(16,883,690)</u>	<u>(13,719,562)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,244,816	<u>\$ 1,244,816</u>
Fund balance, beginning of year			72,364,872	
Fund balance, end of year			<u>\$ 73,609,688</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, 2017

	Business-type Activities			
	Enterprise Funds			Internal Services
	Water	Wastewater	Total	
Assets:				
Current Assets:				
Cash and cash equivalents/investments	\$ 30,013,862	\$ 23,064,443	\$ 53,078,305	\$ 5,819,236
Restricted cash and investments	2,238,695	2,122,411	4,361,106	-
Receivables and special assessments, net	2,865,001	6,647,737	9,512,738	200,300
Other governmental agencies	515,647	337,057	852,704	-
Inventories	1,405,964	343,912	1,749,876	-
Total current assets	<u>37,039,169</u>	<u>32,515,560</u>	<u>69,554,729</u>	<u>6,019,536</u>
Non-Current Assets:				
Non-depreciable capital assets	6,511,944	3,933,974	10,445,918	-
Depreciable capital assets, net	150,038,000	220,838,534	370,876,534	-
Total capital assets	<u>156,549,944</u>	<u>224,772,508</u>	<u>381,322,452</u>	<u>-</u>
Total assets	<u>193,589,113</u>	<u>257,288,068</u>	<u>450,877,181</u>	<u>6,019,536</u>
Deferred Outflows of Resources:	<u>1,086,412</u>	<u>1,927,951</u>	<u>3,014,363</u>	<u>-</u>
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	2,172,283	1,122,972	3,295,255	1,438,852
Prepaid fees	-	1,118,728	1,118,728	-
Accrued interest payable	275,467	957,545	1,233,012	-
Current portion of debt	1,324,810	10,265,373	11,590,183	-
Payable From Restricted Assets:				
Customer Deposits	1,794,128	-	1,794,128	-
Total current liabilities	<u>5,566,688</u>	<u>13,464,618</u>	<u>19,031,306</u>	<u>1,438,852</u>
Noncurrent Liabilities:				
Net pension liability	1,165,767	628,441	1,794,208	-
Compensated absences	362,090	184,107	546,197	-
Other post employment benefits	4,351,734	2,091,915	6,443,649	-
Long-term debt	23,450,830	98,412,112	121,862,942	-
Total noncurrent liabilities	<u>29,330,421</u>	<u>101,316,575</u>	<u>130,646,996</u>	<u>-</u>
Total liabilities	<u>34,897,109</u>	<u>114,781,193</u>	<u>149,678,302</u>	<u>1,438,852</u>
Deferred Inflows of Resources:	<u>206,701</u>	<u>145,131</u>	<u>351,832</u>	<u>-</u>
Net Position:				
Net investment in capital assets	133,119,710	116,102,291	249,222,001	-
Unrestricted	26,452,005	28,187,404	54,639,409	4,580,684
Total net position	<u>\$ 159,571,715</u>	<u>\$ 144,289,695</u>	<u>\$ 303,861,410</u>	<u>\$ 4,580,684</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, 2017

	<u>Business-type Activities</u>			
	<u>Enterprise Funds</u>			<u>Internal Services</u>
	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>	
Operating Revenues:				
User charges	\$ 22,676,369	\$ 24,403,102	\$ 47,079,471	\$ 13,179,668
Assessments	-	498,079	498,079	-
Intergovernmental revenue	96,764	263,479	360,243	-
Other	903,742	133,115	1,036,857	-
Total operating revenues	<u>23,676,875</u>	<u>25,297,775</u>	<u>48,974,650</u>	<u>13,179,668</u>
Operating Expenses:				
Salaries and employee benefits	6,906,610	3,766,006	10,672,616	-
Operating expenses	7,133,461	3,890,877	11,024,338	11,848,493
Repairs and maintenance	1,514,528	1,960,702	3,475,230	-
Depreciation and amortization	5,273,938	6,638,151	11,912,089	-
Total operating expenses	<u>20,828,537</u>	<u>16,255,736</u>	<u>37,084,273</u>	<u>11,848,493</u>
Operating income (loss)	<u>2,848,338</u>	<u>9,042,039</u>	<u>11,890,377</u>	<u>1,331,175</u>
Non-operating Revenues (Expenses):				
Investment earnings	71,592	61,097	132,689	10,024
Interest expense	<u>(1,100,532)</u>	<u>(5,595,865)</u>	<u>(6,696,397)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(1,028,940)</u>	<u>(5,534,768)</u>	<u>(6,563,708)</u>	<u>10,024</u>
Income before capital contributions	1,819,398	3,507,271	5,326,669	1,341,199
Dedicated service lines	<u>1,740,949</u>	<u>2,961,366</u>	<u>4,702,315</u>	<u>-</u>
Increase (decrease) in net position	3,560,347	6,468,637	10,028,984	1,341,199
Net position, beginning of year	<u>156,011,368</u>	<u>137,821,058</u>	<u>293,832,426</u>	<u>3,239,485</u>
Net position, end of year	<u>\$ 159,571,715</u>	<u>\$ 144,289,695</u>	<u>\$ 303,861,410</u>	<u>\$ 4,580,684</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, 2017

	Business-type Activities			
	Enterprise Funds			Internal Services
	Water	Wastewater	Total	
Cash Flows From Operating Activities:				
Receipts from customers	\$ 23,618,450	\$ 26,303,564	\$ 49,922,014	\$ 13,179,668
Payments to suppliers for goods and services	(8,681,849)	(5,298,632)	(13,980,481)	(11,783,664)
Payments to or on behalf of employees	(6,217,366)	(3,373,004)	(9,590,370)	-
Net cash provided by (used in) operating activities	<u>8,719,235</u>	<u>17,631,928</u>	<u>26,351,163</u>	<u>1,396,004</u>
Net Cash From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(6,528,669)	(3,688,729)	(10,217,398)	-
Interest paid	(1,106,861)	(4,348,595)	(5,455,456)	-
Principal payments on long-term debt	(1,146,444)	(9,564,223)	(10,710,667)	-
Net cash provided (used) in capital and related financing activities	<u>(8,781,974)</u>	<u>(17,601,547)</u>	<u>(26,383,521)</u>	<u>-</u>
Cash Flows From Investing Activities:				
Interest on investments	<u>79,575</u>	<u>66,724</u>	<u>146,299</u>	<u>11,160</u>
Net increase (decrease) in cash and cash equivalents	16,836	97,105	113,941	1,407,164
Cash and cash equivalents, beginning of year	<u>32,235,721</u>	<u>25,089,749</u>	<u>57,325,470</u>	<u>4,412,072</u>
Cash and cash equivalents, end of year	<u>\$ 32,252,557</u>	<u>\$ 25,186,854</u>	<u>\$ 57,439,411</u>	<u>\$ 5,819,236</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 2,848,338	\$ 9,042,039	\$ 11,890,377	\$ 1,331,175
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	5,273,938	6,638,151	11,912,089	-
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	(138,500)	1,192,242	1,053,742	-
(Increase) decrease in sales tax refund receivable	(89,980)	(86,902)	(176,882)	-
(Increase) decrease in inventories	625,724	(11,244)	614,480	-
Increase (decrease) in accounts payable/accrued expense:	44,311	1,002,534	1,046,845	64,829
(Increase) decrease in deferred outflows of resources for pensions	(813,416)	(448,781)	(1,262,197)	-
(Increase) decrease in pension liability	965,549	532,717	1,498,266	-
(Increase) decrease in deferred inflows of resources for pensions	(76,804)	(42,375)	(119,179)	-
Increase (decrease) in unearned revenue	-	(186,453)	(186,453)	-
Increase (decrease) in customer deposits	<u>80,075</u>	<u>-</u>	<u>80,075</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 8,719,235</u>	<u>\$ 17,631,928</u>	<u>\$ 26,351,163</u>	<u>\$ 1,396,004</u>
Supplemental Disclosures of Noncash Transactions				
Dedicated service lines	<u>1,740,949</u>	<u>2,961,366</u>	<u>4,702,315</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, 2017**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents/investments	\$ 1,160,599
Taxes receivable	19,392
Due from other governments	<u>129,829</u>
Total assets	<u>\$ 1,309,820</u>
Liabilities:	
Due to other governmental agencies	\$ 1,243,973
Other	<u>65,847</u>
Total liabilities	<u>\$ 1,309,820</u>

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 128,891, 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

On July 20, 2015, the Economic Development Commission ceased operations in order to create efficiencies and avoid the duplication of services provided by the County's Economic Development Department and transferred all assets and liabilities to the County. In the fiscal year ended June 30, 2017, there were no appropriations for the Economic Development Commission.

Complete financial information for the Brunswick County Economic Development Commission may be obtained at the administrative offices at P.O. Box 249, Government Complex, Bolivia, North Carolina 28422.

Brunswick County Tourism Development Authority

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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 101 Stone Chimney Rd SE, Supply, North Carolina 28462.

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, 2017. 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.

Brunswick County Leasing Corporation

The members of the Brunswick County Leasing Corporation’s (“Corporation”) governing board are appointed by the County and includes the County Manager. The Corporation exists to issue and service certificates of participation to finance the acquisition and construction of general government facilities, education facilities, and proprietary fund construction. The certificates of participation are accounted for in the applicable governmental activities, business type activities, or proprietary fund type statement of net position in the County’s financial statements. The Corporation has no financial transactions or account balances and does not issue financial statements; therefore, 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, 2017, 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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

fiduciary activities. Eliminations have been made to minimize the double counting of internal activities except for interfund services provided and used which are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements - The fund financial statements provide information about the County's funds, including its fiduciary funds. 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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

The County reports the following major enterprise funds:

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

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

The County reports the following internal service funds:

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

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

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

The County maintains five 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, fire fee collections remitted to district fire departments to furnish fire protection services in their district, 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; and the Inmate Trust Fund which accounts for personal funds of the inmates in the detention center.

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. Property tax revenue is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, donations and similar items is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

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

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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. All taxes including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure driven grants are recognized as revenue if cash is received within 60 days of year-end. Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, they are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgetary Data

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

Expenditures may not legally exceed appropriations at the departmental level for the General Fund, Special Revenue, Enterprise Funds, and Capital Projects Funds. The County budget officer is authorized by the budget ordinance to transfer appropriations between departmental areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change departmental appropriations by more than \$5,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary. As a result, appropriated fund balance increased in the General Fund by \$10,407,213 which was largely the result of prior year commitments to the current fiscal year, additional public safety positions, reserves held for the Town of Holden Beach Special Obligation Bond, and the transfer of funds to the County Capital Reserve designated for Ocean Isle Beach, Northwest, Cedar Grove, and Lockwood Folly Parks, the Nature Park at Holden Beach, Calabash Senior Center improvements, Supply Senior Center purchase and C&D Landfill closure.

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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) external investment pool.

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 NC Capital Management Trust Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized costs.

Cash and Cash Equivalents

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

Restricted Assets

The unexpended proceeds of general obligation bonds, revenue bonds and certificates of participation issued by the County are classified as restricted assets because their use is restricted to that purpose for which the bonds and certificates were originally issued. 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. A reserve for debt service amount is held as a restricted asset to meet the requirements of the Interlocal Agreement with Holden Beach and is to be used for the sole purpose of making an appropriation and any actual payment for the Holden Beach Special Obligation Bonds. 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

Governmental Activities			
General Fund	Tax Revaluation	\$	214,566
	Section 8 Expenditures		144,881
	Reserve for Debt Service		1,464,822
Education Capital Project Fund	Unexpended Debt Proceeds		<u>168,580</u>
	Total Governmental Activities	\$	<u>1,992,849</u>
Business-Type Activities			
	Reserve for Debt Service		444,567
	Customer Deposits		1,794,128
Sewer Fund	Reserve for Debt Service		<u>2,122,411</u>
	Total Business-type Activities	\$	<u>4,361,106</u>
Total Restricted Cash		\$	<u>6,353,955</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

Allowances for Doubtful Accounts

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

Due To/From Other Funds and Internal Balances

Amounts reported at June 30, 2017 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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements.

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 received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets, donated works of art and similar assets, and capital assets received in a service concession arrangement after June 30, 2015 should be reported at acquisition value rather than fair value.

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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 net 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, pension related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities the statement of net 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, receivables and other pension related deferrals in the governmental funds and other pension related deferrals in the water and wastewater fund.

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 \$3,110,000 water general obligation debt outstanding.

Fund Balances

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

The governmental fund types classify fund balances as follows:

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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.

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u>	<u>Special</u> <u>Revenue</u>	<u>Total</u>
Nonspendable - Prepaids - portion of fund balance that is not an available resource because it represents the year-end balance of ending prepaids, which are not spendable resources.	\$ 64,000	\$ -	\$ -	\$ 64,000

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</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u>	<u>Special</u> <u>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)].	\$ 8,264,637	\$ -	\$ 181,919	\$ 8,446,556
Restricted for General Government-portion of fund balance that is restricted for the Municipal Interlocal Agreement for Special Obligation Bonds	\$ 1,461,600	\$ -	\$ -	\$ 1,461,600
Restricted for Public Housing-portion of fund balance that is restricted by revenue source for section 8 expenditures.	144,881	-	-	144,881
Restricted for Human Services Health Program-portion of fund balance that is restricted by revenue source for health expenditures.	2,456,465	-	-	2,456,465
Restricted for Public Safety-portion of fund balance that is restricted by revenue source for E911 expenditures.	-	-	984,622	984,622
Restricted for Register of Deeds-portion of fund balance that is restricted by revenue source for technology for the Register of Deeds office.	-	-	838,625	838,625
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.*	-	168,580	-	168,580
Total restricted fund balance (Exhibit C)	<u>\$ 4,062,946</u>	<u>\$ 168,580</u>	<u>\$ 1,823,247</u>	<u>\$ 6,054,773</u>

*Unspent debt proceeds are not included in net position 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, 2017**

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>Capital</u>	<u>Special</u>	
	<u>Fund</u>	<u>Projects</u>	<u>Revenue</u>	<u>Total</u>
Committed for General Government-portion of fund balance that can only be used for general government	\$ -	\$ 395,961	\$ -	\$ 395,961
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	-	32,481	-	32,481
Committed for Environmental Protection-portion of fund balance that can only be used for environmental protection	-	8,767,000	-	8,767,000
Committed for Economic Development-portion of fund balance that can only be used for economic development	-	294,474	-	294,474
Committed for Culture & Recreation-portion of fund balance that can only be used for culture and recreation	-	10,769,106	-	10,769,106
Committed for Transportation-portion of fund balance that can only be used for transportation	-	73,165	-	73,165
Committed for Education-portion of fund balance that can only be used for education	-	15,504,413	-	15,504,413
Total committed fund balance	<u>\$ 214,566</u>	<u>\$ 35,836,600</u>	<u>\$ -</u>	<u>\$ 36,051,166</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>Capital</u>	<u>Special</u>	
	<u>Fund</u>	<u>Projects</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>\$ 1,704,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,704,369</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Unassigned Fund Balance-portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund should be the only fund to report a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative fund balance. The general fund is the only fund that reports a positive unassigned fund balance.

	<u>General</u>	<u>Capital</u>	<u>Special</u>	
	<u>Fund</u>	<u>Projects</u>	<u>Revenue</u>	<u>Total</u>
Unassigned portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds	<u>\$59,299,170</u>	<u>\$ -</u>	<u>\$ (118,432)</u>	<u>\$ 59,180,738</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	\$73,609,688
Less:	
Nonspendable	(64,000)
Stabilization by State Statute	(8,264,637)
Restricted	(4,062,946)
Committed	(214,566)
Assigned	<u>(1,704,369)</u>
Fund balance remaining	<u>\$59,299,170</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.

Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 Airport Commission to fund their annual budget. 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.

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, 2017 include the following:

	Reported at Fair Value
Cash on Hand	\$ 6,000
Deposits - NOW, SuperNOW, MMDA and Certificates of Deposit	122,969,383
Investments: North Carolina Capital Management Trust	<u>51,845,779</u>
Total	<u>\$ 174,821,162</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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.

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, 2017 the deposits of the County had a reported value of \$122,969,383 and bank balances of \$123,150,561. Of the bank balances, \$5,573,952 was covered by federal depository insurance and \$117,576,609 was covered by collateral held under the Pooling Method. Cash on hand at June 30, 2017 was \$6,000.

B. Investments

As of June 30, 2017 the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than		
			6 Months	6 - 12 Months	1 - 3 Years
North Carolina Capital Management Trust:					
Government Portfolio	Amortized Cost	\$ 48,430,566	n/a	n/a	n/a
Term Portfolio*	Fair Value-Level 1	<u>3,415,213</u>	<u>3,415,213</u>	<u>n/a</u>	<u>n/a</u>
Total		<u>\$ 51,845,779</u>	<u>\$ 3,415,213</u>	<u>\$ -</u>	<u>\$ -</u>

*Because the NC Capital Management Trust Term Portfolio had a duration of 0.09 years, it was presented as an investment with a maturity of less than 6 months.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

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 Government Portfolio carried a credit rating of AAAm by Standard & Poor’s as of June 30, 2017. 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.

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

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

3. Accounts Receivable

Disaggregate Information

Type of Receivable	Amount (Net of Allowance)		
	Governmental Activities	Business-Type Activities	Total
Customer Billings	\$ 933,248	\$ 4,628,400	\$ 5,561,648
Assessments	-	4,884,338	4,884,338
Deposits receivable	200,300	-	200,300
Miscellaneous	655,474	-	655,474
	<u>\$ 1,789,022</u>	<u>\$ 9,512,738</u>	<u>\$ 11,301,760</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

The County's accounts receivable as of June 30, 2017 are presented net of allowance for doubtful accounts as follows:

	Allowance for Doubtful Accounts		
	General Fund	Water Fund	Wastewater Fund
Taxes Receivable	\$ 6,902,306	\$ -	\$ -
EMS Fees	384,397	-	-
Health Fees	237,394	-	-
Assessments	-	-	93,138
User Charges	-	115,000	36,000
	<u>\$ 7,524,097</u>	<u>\$ 115,000</u>	<u>\$ 129,138</u>

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

	Governmental Activities	Business-Type Activities	Total
Local option sales tax	\$ 3,928,991	\$ -	\$ 3,928,991
Sales tax refunds	611,542	415,618	1,027,160
Due from federal government for grant assistance	151,210	-	151,210
Due from State of North Carolina for grant assistance	2,389,946	42,060	2,432,006
Emergency telephone system	59,218	-	59,218
Lower Cape Fear Water & Sewer Authority reimbursement	-	317,388	317,388
Town of Navassa reimbursement	-	77,638	77,638
Total	<u>\$ 7,140,907</u>	<u>\$ 852,704</u>	<u>\$ 7,993,611</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.

Year Levied	Tax	Interest	Total
2013	\$ 3,310,153	\$ 1,084,075	\$ 4,394,228
2014	3,380,958	802,978	4,183,936
2015	2,336,845	344,685	2,681,530
2016	2,344,007	134,780	2,478,787
Total	<u>\$ 11,371,963</u>	<u>\$ 2,366,518</u>	<u>\$ 13,738,481</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. Capital Assets

Governmental capital assets at June 30, 2017 are summarized as follows:

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

	<u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
Non-Depreciable Assets:				
Land	\$ 16,284,904	\$ 460,000	\$ -	\$ 16,744,904
Construction in Progress	17,792,798	6,776,695	22,058,251	2,511,242
Total non-depreciable assets	<u>34,077,702</u>	<u>7,236,695</u>	<u>22,058,251</u>	<u>19,256,146</u>
Depreciable Assets				
Buildings and improvements	145,153,028	21,582,351	-	166,735,379
Equipment and vehicles	34,573,814	3,260,413	788,613	37,045,614
Total depreciable assets	<u>179,726,842</u>	<u>24,842,764</u>	<u>788,613</u>	<u>203,780,993</u>
Less accumulated depreciation				
Buildings and improvements	47,458,783	4,870,381	-	52,329,164
Equipment and vehicles	29,325,965	2,285,855	788,613	30,823,207
Total accumulated depreciation	<u>76,784,748</u>	<u>7,156,236</u>	<u>788,613</u>	<u>83,152,371</u>
Total depreciable assets, net	<u>102,942,094</u>	<u>17,686,528</u>	<u>-</u>	<u>120,628,622</u>
Total Capital Assets	<u>\$ 137,019,796</u>	<u>\$ 24,923,223</u>	<u>\$ 22,058,251</u>	<u>\$ 139,884,768</u>

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

<u>Function</u>	<u>Depreciation Expense</u>
General government	\$ 705,887
Public safety	2,697,248
Central services	608,298
Human services	179,223
Environmental protection	224,329
Economic and physical development	113,628
Cultural and recreation	1,443,834
Education	<u>1,183,789</u>
Total	<u>\$ 7,156,236</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Enterprise fund capital assets at June 30, 2017 are summarized as follows:

Water Fund	June 30, 2016	Increases	Decreases	June 30, 2017
Non-Depreciable Assets:				
Land	\$ 760,138	\$ -	\$ -	\$ 760,138
Construction in Progress	23,472,132	4,986,463	22,706,789	5,751,806
Total non-depreciable assets	<u>24,232,270</u>	<u>4,986,463</u>	<u>22,706,789</u>	<u>6,511,944</u>
Depreciable Assets				
Operating Plants, buildings and improvements	34,785,187	20,484,866	-	55,270,053
Distribution system	142,445,173	5,043,024	-	147,488,197
Equipment and vehicles	18,395,713	462,054	89,908	18,767,859
Total depreciable assets	<u>195,626,073</u>	<u>25,989,944</u>	<u>89,908</u>	<u>221,526,109</u>
Less accumulated depreciation				
Operating Plants, buildings and improvements	19,399,192	1,360,061	-	20,759,253
Distribution system	39,036,207	2,862,203	-	41,898,410
Equipment and vehicles	7,747,750	1,172,604	89,908	8,830,446
Total accumulated depreciation	<u>66,183,149</u>	<u>5,394,868</u>	<u>89,908</u>	<u>71,488,109</u>
Total depreciable assets, net	<u>129,442,924</u>	<u>20,595,076</u>	<u>-</u>	<u>150,038,000</u>
Total capital Assets	<u>\$ 153,675,194</u>	<u>\$25,581,539</u>	<u>\$22,706,789</u>	<u>\$ 156,549,944</u>
Wastewater Fund	June 30, 2016	Increases	Decreases	June 30, 2017
Non-Depreciable Assets:				
Land	\$ 2,091,311	\$ 50,866	\$ -	\$ 2,142,177
Construction in Progress	186,778	1,896,484	291,465	1,791,797
Total non-depreciable assets	<u>2,278,089</u>	<u>1,947,350</u>	<u>291,465</u>	<u>3,933,974</u>
Depreciable Assets				
Operating Plants, buildings and improvements	159,215,634	110,093	-	159,325,727
Collection system	106,853,689	4,265,248	-	111,118,937
Equipment and vehicles	2,775,078	618,869	17,374	3,376,573
Total depreciable assets	<u>268,844,401</u>	<u>4,994,210</u>	<u>17,374</u>	<u>273,821,237</u>
Less accumulated depreciation				
Operating Plants, buildings and improvements	30,934,968	4,557,523	-	35,492,491
Collection system	13,084,482	2,188,615	-	15,273,097
Equipment and vehicles	1,924,919	309,570	17,374	2,217,115
Total accumulated depreciation	<u>45,944,369</u>	<u>7,055,708</u>	<u>17,374</u>	<u>52,982,703</u>
Total depreciable assets, net	<u>222,900,032</u>	<u>(2,061,498)</u>	<u>-</u>	<u>220,838,534</u>
Total capital Assets	<u>\$ 225,178,121</u>	<u>\$ (114,148)</u>	<u>\$ 291,465</u>	<u>\$ 224,772,508</u>
Total Enterprise Fund Assets, Net	<u>\$ 378,853,315</u>			<u>\$ 381,322,452</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

5. Accounts Payable and Inter-fund Balances

Accounts Payable Disaggregate Information

Type of Payable	Governmental Activities	Business-Type Activities	Total
Trade Payables	\$ 2,670,241	\$ 1,198,312	\$ 3,868,553
Construction Costs Payable	1,323,121	1,827,628	3,150,749
Accrued Salaries Fringe Benefits	1,741,582	269,315	2,010,897
Future claims for workers' compensation and employee health benefits	1,438,852	-	1,438,852
Other Payables	1,577,168	-	1,577,168
Total	\$ 8,750,964	\$ 3,295,255	\$ 12,046,219

Inter-fund Receivables / Payables

The County's Interfund balances as of June 20, 2017 are \$992,992. \$911,622 represents amounts due to the Education Capital Project Fund from the General Fund for local option sales tax receivable at fiscal year-end. \$81,370 represents amounts advanced by the General Fund to Special Revenue funds for grant project expenditures made in advance of grantor reimbursements.

Inter-fund Transfers

The County's General Fund transferred funds during fiscal year 2017 to fund County and education capital improvements.

	To:	Education Capital Project Fund	Total Governmental Funds
From:			
General	\$ 10,925,406	\$ 5,958,284	\$ 16,883,690

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

6. Deferred Outflows and Inflows of Resources

The balance in deferred outflows and inflows of resources at June 30, 2017 is composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Advance payment on refunding debt	\$ 1,320,674	\$ -
Pensions - Difference between expected and actual experience		
LGERS	326,740	609,387
Register of Deeds	388	4,691
Pensions - net difference between projected and actual investment earnings	9,615,445	-
Pensions - Change in proportion and difference between employer contributions and proportionate share of contributions	161,282	264,981
Pensions - change in assumptions	1,287,664	98,162
County contributions subsequent to the measurement date	3,649,752	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	22,759	-
Prepaid Taxes, not yet earned (General Fund)	-	166,126
Taxes Receivable (General Fund)	-	2,685,675
EMS Receivable (General Fund)	-	179,385
Health Department Receivable (General Fund)	-	36,320
	<u>\$ 16,384,704</u>	<u>\$ 4,044,727</u>

7. Long-Term Obligations

A. General Obligation Bonds

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

The County's General Obligation Bonds consisted of the following at June 30, 2017:

Original Issue		Payment Information		Outstanding Balance	
Date	Rate	Period	Amount	Governmental Activities	Business-Type Activities
2007	4.00% - 5.00%	Annual	\$160,000 - \$280,000	\$ -	\$ -
2007	4.00% - 5.00%	Annual	\$1,270,000 - \$2,260,000	2,255,000	-
2009	3.00% - 5.00%	Annual	\$60,000 - \$2,465,000	8,920,000	-
2012	3.00%	Annual	\$1,660,000 - \$2,750,000	9,615,000	-
2012	2.00% - 4.00%	Annual	\$30,000 - \$285,000	-	3,110,000
2013	0.33% - 4.00%	Annual	\$80,000 - \$3,475,000	14,350,000	-
Total General Obligation Bonds				<u>\$ 35,140,000</u>	<u>\$ 3,110,000</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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

and renovation projects. The amount of outstanding debt at June 30, 2017 for which the County held no collateral totaled \$33,784,037 and was comprised of the following issues: Series 2009 (2001) school refunding \$8,920,000, community college series 2007 \$2,255,000, series 2012 school refunding of 2003 and 2004 \$9,615,000 and series 2013A school and community college refunding \$12,994,037.

B. Revenue Bonds

Revenue bonds are collateralized by the rate setting authority of the Water and Wastewater Funds. Principal and interest requirements are appropriated when due.

The County's Revenue Bonds consisted of the following at June 30, 2017:

Original Issue		Payment Information		Outstanding Balance
Date	Rate	Period	Amount	Business-Type Activities
2004	4.25%	Monthly	\$19,188 - \$50,143	\$ 3,724,991
2008	3.50% - 5.00%	Monthly	\$1,395,000 - \$3,630,000	1,985,000
2012	2.00% - 5.00%	Annual	\$80,000 - \$2,050,000	19,420,000
2015	2.00% - 5.00%	Annual	\$735,000 - \$4,575,000	62,985,000
Total Revenue Bonds				<u>\$ 88,114,991</u>

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, \$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, and \$50.55 million in water and wastewater refunding revenue bonds series 2008A and 2010 RZEDB and \$15.93 million in water and wastewater revenue bonds in 2015. 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, Ocean Isle Beach Wastewater Treatment Plant improvements, 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 \$139,407,939. Principal and interest paid for the current year and total operating revenues were \$13,415,465 and \$48,974,650, 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, 2017.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017 is as follows:

Operating revenues and investment earnings	\$ 51,852,201
Operating expense excluding OPEB (net of depreciation)	<u>24,237,704</u>
Net revenue available for debt service *	27,614,497
Add: 20% surplus account (expendable net positon)	<u>9,699,772</u>
Adjusted net revenues	<u><u>\$ 37,314,269</u></u>
Senior debt service	\$ 13,415,468
Subordinate debt service	<u>2,730,895</u>
Total debt service	16,146,363
Add: 20% senior debt service	<u>2,683,094</u>
Adjusted debt service	<u><u>\$ 18,829,457</u></u>
Coverage Test 1	
Adjusted net revenues/adjusted debt service	<u><u>1.98</u></u>
Coverage Test 2	
Net revenues/total debt service	<u><u>1.71</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.

C. Limited Obligation Bonds

The County's Limited Obligation Bonds consisted of the following at June 30, 2017:

<u>Payment Information</u>			<u>Balance</u>		
<u>Issued</u>	<u>Period</u>	<u>Amount</u>	<u>Rate</u>	<u>Governmental</u>	<u>Purpose and Collateral</u>
				<u>Activities</u>	
		\$1,680,000 -			Law Enforcement
2012	Annual	\$2,110,000	2.00% - 5.00%	\$ 21,210,000	Center Refund 2008 IP Schools
		\$520,000-			School Projects; Refund
2015	Annual	\$1,485,000	2.00% - 5.00%	<u>12,140,000</u>	2005B Schools
				<u><u>\$ 33,350,000</u></u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

D. Installment Purchases and State Revolving Fund Loans

The County's Installment Purchase notes payable consisted of the following at June 30, 2017:

Issued	Payment Information			Outstanding Balance		Collateral
	Period	Amount	Rate	Governmental Activities	Business-Type Activities	
2009	Annual	\$1,152,000 - \$1,846,000	5.38%	\$ -	\$ 6,839,000	Wastewater System
2010	Annual	\$70,000 - \$75,000	5.18%	210,000	-	Library
2010	Annual	\$100,000	0.00%	-	1,400,000	Wastewater System
2012	Annual	\$875,988 - \$1,065,008	2.18%	-	5,102,040	Wastewater System
2012	Annual	\$247,250 - \$687,250	1.840%	-	4,265,590	Wastewater System
				<u>\$ 210,000</u>	<u>\$ 17,606,630</u>	

The County's State Revolving Fund Loans payable consisted of the following at June 30, 2017:

Issued	Payment Information			Outstanding Balance		Collateral
	Period	Amount	Rate	Governmental Activities	Business-Type Activities	
1997	Annual	\$75,160	3.04%	\$ -	\$ 75,160	Wastewater System
2003	Annual	\$375,000	2.55%	-	1,642,216	Wastewater System
2006	Annual	\$511,525 - \$790,275	2.21%	-	4,500,000	Wastewater System
2005	Annual	\$806,645 - \$1,220,552	2.21%	-	10,083,204	Wastewater System
2011	Annual	\$75,000	0.00%	-	1,050,000	Wastewater System
				<u>\$ -</u>	<u>\$ 17,350,580</u>	
		Total Installment Purchase & SRF Loans		<u>\$ 210,000</u>	<u>\$ 34,957,210</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

E. Changes in Long-Term Debt

The following is a summary of changes in governmental long-term debt for the year ended June 30, 2017 for the County:

Governmental Activities	June 30, 2016	Additions	Retirements	June 30, 2017	Current Maturities
General obligation bonds	\$ 42,815,000	\$ -	\$ 7,675,000	\$ 35,140,000	\$ 7,615,000
Limited obligation bonds	36,900,000	-	3,550,000	33,350,000	3,525,000
Bond premiums	1,403,572	-	101,350	1,302,222	101,350
Installment purchases	280,000	-	70,000	210,000	70,000
Compensated absences	3,504,822	3,533,863	3,454,122	3,584,563	275,000
Net pension liability (LGERS)	3,395,339	15,596,413	3,395,339	15,596,413	-
Total pension liability (LEOSSA)	1,918,400	1,889,049	-	3,807,449	-
Other post-employment benefits	38,489,406	6,003,376	-	44,492,782	-
Landfill closure & post-closure	8,502,901	-	56,864	8,446,037	231,760
Total	\$ 137,209,440	\$ 27,022,701	\$ 18,302,675	\$ 145,929,466	\$ 11,818,110

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 \$75,927,244 which is comprised of compensated absences of \$3,584,563, pension benefit obligation of \$19,403,862, other post-employment benefits of \$44,492,782 and landfill closure and post-closure of \$8,446,037.

The following is a summary of changes in business-type long-term debt for the year ended June 30, 2017 for the County:

Business-Type Activities	June 30, 2016	Additions	Retirements	June 30, 2017	Current Maturities
Revenue bonds	\$ 93,560,754	\$ -	\$ 5,445,763	\$ 88,114,991	\$ 5,614,324
Bond premiums	7,777,411	-	538,487	7,238,924	538,488
General obligation bonds	3,280,000	-	170,000	3,110,000	175,000
Installment purchases	20,774,658	-	3,168,028	17,606,630	3,281,378
State Revolving Fund Loans	19,277,456	-	1,926,876	17,350,580	1,948,993
Compensated absences	547,321	617,513	586,637	578,197	32,000
Net pension obligation (LGERS)	295,942	1,498,266	-	1,794,208	-
Other post-employment benefits	5,509,169	934,480	-	6,443,649	-
Total	\$ 151,022,711	\$ 3,050,259	\$ 11,835,791	\$ 142,237,179	\$ 11,590,183

Note: The total of other debt not issued for capital is \$8,816,054 which is comprised of compensated absences of \$578,197, pension benefit obligation of \$1,794,208 and other post-employment benefits of \$6,443,649.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

F. 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, 2017, including interest, are as follows:

Governmental Activities

	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 7,615,000	\$ 1,270,074	\$ 3,525,000	\$ 1,317,494
2019	7,515,000	1,008,365	3,485,000	1,191,794
2020	7,445,000	757,125	3,445,000	1,064,994
2021	7,240,000	493,450	2,560,000	951,394
2022	3,820,000	191,550	2,570,000	826,894
2023-2027	1,505,000	66,550	11,875,000	2,463,269
2028-2032	-	-	4,320,000	656,788
2033-2037	-	-	1,570,000	101,063
Totals	<u>\$ 35,140,000</u>	<u>\$ 3,787,114</u>	<u>\$ 33,350,000</u>	<u>\$ 8,573,690</u>

Installment Purchases

	Principal	Interest
2017	\$ 70,000	\$ 10,878
2018	70,000	7,252
2019	70,000	3,626
Totals	<u>\$ 210,000</u>	<u>\$ 21,756</u>

Business-Type Activities

	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 175,000	\$ 120,150	\$ 5,614,324	\$ 4,058,357
2019	180,000	115,450	5,759,014	3,837,517
2020	185,000	108,650	6,019,359	3,578,622
2021	190,000	102,550	6,301,153	3,294,328
2022	200,000	95,550	6,598,349	3,002,757
2023-2027	1,115,000	356,650	29,747,792	10,621,884
2028-2032	1,065,000	111,800	20,995,000	3,798,781
2033-2037	-	-	4,160,000	1,114,625
2038-2042	-	-	2,920,000	236,400
Totals	<u>\$ 3,110,000</u>	<u>\$ 1,010,800</u>	<u>\$ 88,114,991</u>	<u>\$ 33,543,271</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

	State Revolving Loans		Installment Purchases	
	Principal	Interest	Principal	Interest
2018	\$ 1,948,993	\$ 365,717	\$ 3,281,378	\$ 552,031
2019	1,896,437	322,828	3,399,898	434,179
2020	1,919,540	281,721	3,522,668	311,059
2021	1,943,152	240,104	3,651,658	182,452
2022	1,967,284	197,967	1,839,848	48,063
2023-2027	7,375,174	380,617	1,511,180	15,263
2028-2032	300,000	-	400,000	-
Totals	<u>\$ 17,350,580</u>	<u>\$ 1,788,955</u>	<u>\$ 17,606,630</u>	<u>\$ 1,543,047</u>

G. Net Investment in Capital Assets

The total Net Investment in Capital Assets at June 30, 2017 is composed of the following elements:

	Governmental	Business-type	Total
Total capital assets (net of depreciation)	<u>\$ 139,884,768</u>	<u>\$ 381,322,452</u>	<u>\$ 521,207,220</u>
Total debt, gross	145,929,466	142,237,179	288,166,645
Less:			
Capital related deferred outflows of resources	-	1,320,674	1,320,674
Education debt for which the County does not hold title	33,784,037	-	33,784,037
Other debt not issued for capital	75,927,244	8,816,054	84,743,298
Unexpended proceeds*	-	-	-
Total capital debt	<u>36,218,185</u>	<u>132,100,451</u>	<u>168,318,636</u>
Net Investment in Capital Assets	<u>\$ 103,666,583</u>	<u>\$ 249,222,001</u>	<u>\$ 352,888,584</u>

*Unexpended debt proceeds related to education debt in the amount of \$168,580 is not included in the calculation of governmental Net Investment in Capital Assets

H. Other Debt Disclosures

At June 30, 2017, the County had a legal debt margin of \$1.87 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 seven years by \$367,730 in a net economic gain of \$329,415. At June 30, 2017, \$9,020,000 of defeased bonds remain outstanding.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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 three years by \$55,678 in a net economic gain of \$51,136. At June 30, 2017, \$1,390,000 of defeased bonds remain outstanding.

On May 27, 2015, the County issued \$35,050,000 series 2015 enterprise revenue 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 \$41,370,594 of enterprise revenue 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, 2015. The reacquisition price was higher than the net carrying amount of the old debt by \$3,962,024. 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 fourteen years by \$1,778,319 in a net economic gain of \$1,359,670. At June 30, 2017, \$36,140,000 of defeased bonds remain outstanding.

Current Refundings

On April 29, 2015, the County issued \$4,620,000 series 2015B limited obligation refunding bonds to refund current debt service payments of \$4,765,697 of certificates of participation. 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, 2015. The reacquisition price was lower than the net carrying amount of the old debt by \$50,000. 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 refunding was undertaken to reduce total debt service payments over the next three years by \$178,694 in a net economic gain of \$162,067.

On May 27, 2015, the County issued \$15,500,000 series 2015 enterprise revenue refunding bonds to refund current debt service payments of \$20,026,847 of enterprise revenue 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, 2015. The reacquisition price was lower than the net carrying amount of the old debt by \$4,325,000. The amount was netted against the net debt and amortized over the life of the refunded debt, which is two years more than the life of the new issue. The refunding was undertaken to reduce total debt service payments over the next thirteen years by \$809,671 in a net economic gain of \$644,706.

Debt Related to Capital Activities

Of the total Governmental Activities debt listed only \$36,218,184 relates to assets the County hold title. There is no unspent restricted cash related to this debt.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, there are no industrial revenue bonds outstanding.

9. Pension Plan and Other Postemployment Obligations

A. Local Governmental Employees' Retirement System

Plan Description

The County is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System 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 LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions.

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers, 7.33% for general employees and firefighters and 7.31 for Department of Social Services employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$3,630,728 for the year ended June 30, 2017.

Refunds of Contributions

County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported a liability of \$17,390,621 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the County's proportion was .602%, which was a decrease of .010% from its proportion measured as of June 30, 2015.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

For the year ended June 30, 2017, the County recognized pension expense of \$4,684,667. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 326,740	\$ 609,387
Change of assumptions	1,191,102	-
Net difference between projected and actual investment earnings	9,614,824	-
Change in proportion and difference between employer contributions and proportionate share of contributions	133,911	263,567
County contributions subsequent to the measurement date	<u>3,630,728</u>	<u>-</u>
	<u>\$14,897,305</u>	<u>\$ 872,954</u>

\$3,630,728 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	1,587,729
2019	1,588,572
2020	4,506,211
2021	2,711,111
2022	-
Thereafter	-

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.25%)</u>	<u>Discount Rate</u> <u>(7.25%)</u>	<u>1% Increase</u> <u>(8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ 41,276,066	\$ 17,390,621	\$ (2,560,271)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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 qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer 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. A separate report was not issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Active plan member	<u>171</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.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount Rate	3.86 percent

The discount rate used to measure the TPL is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The County paid \$52,845 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported a total pension liability of \$3,807,449. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$352,941.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 98,162
County benefit payments and plan administrative expense made subsequent to the measurement date	<u>22,759</u>	<u>-</u>
	<u><u>22,759</u></u>	<u><u>98,162</u></u>

\$22,759 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 16,808
2019	16,808
2020	16,808
2021	16,808
2022	16,808
Thereafter	14,122

\$22,759 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.86 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease <u>(2.86%)</u>	Discount Rate (3.86%)	1% Decrease <u>(4.86%)</u>
Total pension liability	\$ 4,218,853	\$ 3,807,449	\$ 3,436,993

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	<u>2017</u>
Beginning balance	\$ 3,583,212
Service Cost	265,075
Interest on the total pension liability	126,977
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(114,970)
Benefit payments	(52,845)
Other changes	-
Ending balance of the total pension liability	<u>\$ 3,807,449</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

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

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

The County contributed \$461,675 for the reporting year. No amounts were forfeited.

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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, 2017 were \$2,816,662 which consisted of \$1,971,919 from the County and \$844,743 from the employees.

E. Registers of Deeds' Supplemental Pension Fund

Plan Description

Brunswick County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided

An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions

Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$19,024 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported an asset of \$362,452 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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employers. At June 30, 2016, the County's proportion was 1.939%, which was a decrease of 0.162% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$35,158. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 388	\$ 4,691
Changes of assumptions	96,562	-
Net difference between projected and actual investment earnings	621	-
Change in proportion and difference between employer contributions and proportionate share of contributions	27,371	1,414
County contributions subsequent to the measurement date	<u>19,024</u>	<u>-</u>
	<u>\$ 143,966</u>	<u>\$ 6,105</u>

\$19,024 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	48,976
2019	52,707
2020	21,205
2021	(4,051)
2022	-
Thereafter	-

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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**NOTES TO FINANCIAL STATEMENTS
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The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2016 is 1.4%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate

The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension asset to changes in the discount rate

The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(2.75%)</u>	<u>(3.75%)</u>	<u>(4.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (292,244)	\$ (362,452)	\$ (421,413)

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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F. Other Employment Benefits

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

For the fiscal year ended June 30, 2017, the County made contributions to the State for death benefits of \$44,593. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.08% and 0.14% of covered payroll, respectively.

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 July 1, 2015, this plan provides post-employment healthcare benefits to retirees of the County, provided they retire from active service from the North Carolina Local Governmental Employees' Retirement System (System), the North Carolina Law Enforcement Officers' Retirement System or are in disability retirement with five years of creditable service. Retirees hired prior to January 1, 2012 receive the same benefits as active employees after a minimum of ten years of creditable service with the retirement system through disability retirement with five years of service. 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 continuous service with the County or fifteen years of total creditable service with the County or who through disability retirement has at least five years of continuous creditable service with the County also have the option of purchasing, net of a County contribution, coverage for themselves at the cost consistent with active employee premiums. The Board of County Commissioners may amend the benefit provisions. A separate report was not issued for either plan.

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**NOTES TO FINANCIAL STATEMENTS
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Hire Date	Service Requirement	Benefits
Hired on or before 12/31/2011	10 years creditable service with retirement system or, If disability retirement, 5 years creditable service with retirement system	Own health insurance at no cost to age 65. Dependent coverage offered at cost consistent with active employee premiums. Medicare Supplement at age 65+
Hired/Rehired on or after 1/1/2012 but before 7/1/2015	At least 10 years continuous creditable service with Brunswick County or 15 years of total creditable service with Brunswick County or, If disability retirement, 5 years continuous creditable service with Brunswick County	Continue own health insurance at cost consistent with active employee premiums. Dependent coverage available and No cost share. Medicare Supplement at age 65+, cost share based on years of service with Brunswick County: 25+ years – 100% paid by County 15 – 24 years – 75% paid by County 10 – 14 years – 50% paid by County
Hired/Rehired on or after 7/1/2015	At least 10 years continuous creditable service with Brunswick County or 15 years of total creditable service with Brunswick County or, If disability retirement, 5 years continuous creditable service with Brunswick County	Continue own health insurance to age 65 at cost consistent with active employee premiums. No dependent coverage available. Health insurance for pre-65 retirees and Medicare Supplement at age 65+, cost share based on total years of service with NC Retirement System. 25+ years – 100% paid by County 15 – 24 years – 75% paid by County 10 – 14 years – 50% paid by County 5 years of service (disability retirement only) - 50% paid by County

Membership of the plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>	<u>Firefighters</u>
Retirees and dependents receiving benefits	270	n/a	n/a
Active plan members	<u>684</u>	<u>156</u>	<u>68</u>
Total	<u><u>954</u></u>	<u><u>156</u></u>	<u><u>68</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 22.24% of annual covered payroll. For the current fiscal year, the County contributed \$2,570,121 or 6.06% of annual covered payroll for retiree health premiums. The County is self-insured for pre-65 retirees and fully insured

COUNTY OF BRUNSWICK, NORTH CAROLINA

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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 \$77,646. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

Summary of Significant Accounting Policies

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

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

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

Annual required contribution	\$ 9,429,326
Interest on net pension obligation	1,759,943
Adjustment to annual required contribution	<u>(1,681,292)</u>
Annual pension cost	9,507,977
Contributions made	<u>(2,570,121)</u>
Increase in net pension, obligation	6,937,856
Net pension obligation, beginning of year	<u>43,998,575</u>
Net pension obligation, end of year	<u><u>\$ 50,936,431</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 were as follows:

Three Year Trend Information

Fiscal Year	Annual OPEB	Percentage of	Net OPEB
<u>Ended</u>	<u>Cost</u>	<u>Annual OPEB</u>	<u>Net OPEB</u>
		<u>Cost Contributed</u>	<u>Obligation</u>
2015	\$ 6,888,140	25.6%	\$ 38,842,171
2016	7,674,127	32.8%	43,998,575
2017	9,507,977	27.0%	50,936,431

Fund Status and Funding Progress

As of June 30, 2016, 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 \$102,163,222. The covered payroll (annual payroll of active employees covered by the plan) was \$42,403,530, and the ratio of the UAAL to the covered payroll was 240.9%. 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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

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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.

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 June 30, 2016 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 pre-Medicare medical cost trend increase of 7.75 to 5.00 percent annually and an annual post-Medicare medical cost trend increase of 5.75 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 a closed basis. The remaining amortization period at June 30, 2016, 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 Environmental Quality ("NCDEQ") 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 82% of Phase 6 has been used.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The total permitted capacity of the C&D debris landfill is 1,146,000 cubic yards (CY). As of June 30, 2016, the volume utilized has not exceeded the permitted capacity.

Using the results of the annual survey it is estimated that approximately 152,000 cubic yards of useable airspace remain in the C&D debris landfill. The tonnage of C&D debris received at the landfill during FY 2016-2017 increased approximately 20% from FY 2015-2016. The tonnage of C&D debris disposed in the landfill during FY 2016-2017 increased approximately 18% from FY 2015-2016. The increase in C&D debris received represents an increase for the fourth 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 23% more C&D debris during FY 2016-2017 than in FY 2015-2016. It is anticipated that the life of the C&D debris landfill will extend to at least FY 2018-2019 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 C&D debris landfill closure and post closure costs have been prepared as each phase of the C&D debris landfill developed. The post closure costs for the MSW landfill were developed at the time the MSW landfill was closed. It is important to note the MSW landfill post closure costs carry forward until the C&D debris landfill closure occurs. After the C&D debris landfill closure occurs, the 30-year post closure period will start anew for the MSW and C&D debris landfill. If the C&D debris landfill closure occurs prior to the MSW landfill post closure period ending, the County may not be required to expend the total MSW post closure costs remaining. This will continue to be monitored as the C&D debris landfill reaches ultimate capacity. The current remaining MSW landfill post closure costs are documented in Attachment B.

The closure and post-closure care liability is computed based on the cumulative, estimated capacity of the landfill utilized as of June 30, 2017 which is 82%. It is estimated that closure of the C&D debris landfill will not occur until sometime during FY 2018-2019. The MSW landfill was closed in 1997. At June 30, 2017, the post-closure care cost for the MSW landfill is expected to be approximately \$111,500 annually. The post-closure care cost for the C&D debris landfill is expected to be approximately \$165,000 annually after closure. At June 30, 2017, the combined closure and post-closure care costs for both landfills are expected to total \$8,446,037 based on an escalation factor of 2%. Of that amount, \$8,446,037 has been accrued at June 30, 2017 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 \$8,767,000. 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.

The last addition of closure costs occurred during the 2007 permitting action for the C&D debris landfill permit amendment. During this permitting action, a modified Phase 6C area was added to the

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

C&D debris landfill closure costs. The modified Phase 6 area was associated with the final grades of Area 6C being permitted to gain additional airspace. The modified Phase 6 area has a higher closure cost per acre than the other phases. This is due to geotechnical considerations where Area 6C will tie back to existing grades of the existing C&D debris landfill.

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 a self-funded risk-financing pool administered by the North Carolina Association of County Commissioners. Through the pool, the County obtains property coverage equal to replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices and law enforcement liability coverage of \$2 million per occurrence, auto physical damage for owned autos at actual cash value, and crime coverage of \$250,000 per occurrence. All property coverage and some liability coverages are subject to per occurrence deductibles, as selected by the County.

The Pool is audited annually by certified public accountants, and audited financial statements are available to the County upon request. The Pool is reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000. Up to \$2 million limit for liability coverage. Through the captive, the Liability and Property Pool is reinsured for \$2 million of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$750 million purchased through a group of commercial carriers through the multi-state public entity captive.

The County has chosen not to purchase flood insurance based on a determination that the assets located in flood prone areas consist mainly of underground utility piping and pump stations designed for the environment. There were no significant changes to the insurance coverage from the previous year and settled claims have not exceeded limits in any line of coverage with the Pool during the past five fiscal years.

Commercial coverage for risks associated with emergency services provided by the County is carried by VFIS of North Carolina, Inc. Brokered with Coastal Insurance, there have been no significant changes in coverage and settled claims have not exceeded limits during 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, Tax administrator, Sheriff and Register of Deeds are each individually bonded for \$250,000, \$500,000, \$25,000 and \$10,000 respectively. In accordance with

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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	
	2016	2017
Unpaid claims, beginning	\$ 944,617	\$ 496,689
Incurred claims	50,033	1,505,549
Claim payments	<u>(497,961)</u>	<u>(1,215,042)</u>
Unpaid claims, ending	<u>\$ 496,689</u>	<u>\$ 787,196</u>

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

	Employee Health	
	2016	2017
Unpaid claims, beginning	\$ 1,208,199	\$ 813,887
Incurred claims	9,135,042	9,079,243
Claim payments	<u>(9,529,354)</u>	<u>(9,286,430)</u>
Unpaid claims, ending	<u>\$ 813,887</u>	<u>\$ 606,700</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.

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017, the amount of general obligation bonds issued for this purpose that was still outstanding was \$13,249,037. The County made total debt service payments related to the bonds of \$2,992,577 during the fiscal year. Of that total, \$2,388,530 was for principal and \$604,047 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 \$3,868,761 to the Community College for operating purposes during the fiscal year ended June 30, 2017.

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, 2017. 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.

Trillium Health Resources

The County participates with 24 other counties in Eastern North Carolina in a joint venture to operate the Trillium Health Resources ("Center"), which is located in New Hanover County. The Trillium Health Resources Board is a political subdivision of the State of North Carolina. Brunswick County contributed \$250,443 for operating purposes during the year ended June 30, 2017. The participating counties do not have any equity interest in the joint venture. Complete financial statements for Trillium Health Resources 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 \$32,588 to the Council during the fiscal year ended June 30, 2017.

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, 2017 was \$1,223,282.

In addition, the Authority made payments to the County during the fiscal year totaling \$348,339 pursuant to a maintenance contract.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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 Facility has a permitted treatment capacity of 2.475 mgd. The County is in the planning stages of a plant expansion for additional capacity due to the increased needs of the participants. 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 is owned, operated and maintained by the County. The Town of Holden Beach, Town of Oak Island, Town of Shallotte and the County have entered into wastewater service agreements for a portion of the 6.0 mgd treatment capacity in the plant. As part of the West Brunswick Regional Area, the Shallotte Water Reclamation Facility was acquired from the Town of Shallotte through a Sewer Service Agreement. The Shallotte 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 County currently leases a portion of the allocated capacity to the City of Southport for treatment of wastewater generated within the City of Southport Service area. The City of Southport and the County have entered into a wastewater service agreement for the City of Southport to purchase 0.75 mgd capacity and the County will expand the West Brunswick Regional Wastewater System from 6.5 to 7.25 mgd. 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 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. The County has the transmission ability to transfer wastewater from the Ocean Isle Beach WWTP to the West Brunswick Water Reclamation Facility.

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 determination, that

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017. 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
211 Water Plant Improvements	\$ 409,778
Middleton Road Waterline	113,827
Carolina Shores North Water Line	53,656
Smithville Park	3,854,152
District 1 Senior Center	1,371,717
SAD 29 Carolina Shores North	982,832
2016 Enterprise Fund Main Extension	249,832
Total	<u>\$ 7,035,794</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, 2017, the County believes that any required refunds would be immaterial and therefore no provision has been made in the accompanying financial statements for the refund of grant money received.

17. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$1,611,511.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- 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
- Schedule of Proportionate Share of Net Pension Liability (Asset) for the Local Government Employee's Retirement System
- Schedule of County Contributions for the Local Government Employee's Retirement System
- Schedule of Proportionate Share of Net Pension Liability (Asset) for the Register of Deeds Supplemental Pension Fund
- Schedule of County Contributions for the Register of Deeds Supplemental Pension Fund
- Schedule Of Changes In Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance
- Schedule Of Total Pension Liability As A Percentage Of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance



COUNTY OF BRUNSWICK, NORTH CAROLINA

**OTHER POST EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

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
6/30/2016	-	\$ 102,163,222	\$ 102,163,222	0.00%	\$ 42,403,530	240.9%
12/31/2014	-	78,248,387	78,248,387	0.00%	44,278,610	176.7%
12/31/2012	-	66,633,440	66,633,440	0.00%	40,456,870	164.7%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed	Percentage of ARC Contributed
2017	\$ 9,429,326	\$ 2,570,121	27.3%
2016	7,604,694	2,517,723	33.1%
2015	6,827,861	1,766,715	25.9%

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	6/30/2016
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.75%-5.00%
Post-Medicare trend rate	5.75%-5.00%
Year of ultimate trend rate	2023

*Includes inflation at 3.00%

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COUNTY OF BRUNSWICK'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County of Brunswick's proportion of the net pension liability (asset) (%)	0.60212%	0.80306%	0.81261%	0.79000%
County of Brunswick's proportion of the net pension liability (asset) (\$)	\$ 17,390,621	\$ 3,691,281	\$ (4,792,336)	\$ 9,522,534
County of Brunswick's covered-employee payroll	\$ 46,196,679	\$ 46,166,707	\$ 44,833,198	\$ 40,073,387
County of Brunswick's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.64%	8.00%	(10.69%)	23.76%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COUNTY OF BRUNSWICK'S CONTRIBUTIONS
LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,630,728	\$ 3,147,279	\$ 3,283,782	\$ 3,175,088
Contributions in relation to the contractually required contribution	<u>3,630,728</u>	<u>3,147,279</u>	<u>3,283,782</u>	<u>3,175,088</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County of Brunswick's covered-employee payroll	\$ 48,814,016	\$ 46,196,679	\$ 46,166,707	\$ 44,833,198
Contributions as a percentage of covered-employee payroll	7.44%	6.81%	7.11%	7.08%

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COUNTY OF BRUNSWICK'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REGISTER OF DEEDS SUPPLEMENTAL PENSION FUND
LAST FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County of Brunswick's proportion of the net pension liability (asset) (%)	1.93860%	2.10041%	2.09977%	1.99812%
County of Brunswick's proportion of the net pension liability (asset) (\$)	\$ (362,452)	\$ (486,760)	\$ (475,927)	\$ (426,798)
County of Brunswick's covered-employee payroll	\$ 85,010	\$ 83,940	\$ 81,101	\$ 79,254
County of Brunswick's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(4 26.36%)	(5 79.89%)	(5 86.83%)	(5 38.52%)
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COUNTY OF BRUNSWICK'S CONTRIBUTIONS
REGISTER OF DEEDS SUPPLEMENTAL PENSION FUND
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 19,024	\$ 17,468	\$ 16,807	\$ 17,144
Contributions in relation to the contractually required contribution	<u>19,024</u>	<u>17,468</u>	<u>16,807</u>	<u>17,144</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County of Brunswick's covered-employee payroll	\$ 88,835	\$ 85,010	\$ 83,940	\$ 81,101
Contributions as a percentage of covered-employee payroll	21.41%	20.55%	20.02%	21.14%

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Beginning Balance	\$ 3,583,212
Service Cost	265,075
Interest on the total pension liability	126,977
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(114,970)
Benefit payments	(52,845)
Other changes	-
Ending balance of the total pension liability	<u>\$ 3,807,449</u>

The amounts presented for each fiscal year were determined as of the prior December 31.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Total pension liability	\$ 3,807,449
Covered payroll	9,791,266
Total pension liability as a percentage of covered payroll	38.89%

Note to the schedules:

Brunswick County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.



MAJOR GOVERNMENTAL FUNDS

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

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

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



COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Revenues:				
Ad Valorem Taxes:				
Current year taxes		\$ 115,195,517		\$ 110,487,764
Prior year taxes		3,504,916		4,498,641
Penalties and interest		1,119,593		1,194,329
	<u>\$ 115,820,515</u>	<u>119,820,026</u>	<u>\$ 3,999,511</u>	<u>116,180,734</u>
Local Option Sales Taxes:				
Article 39 and 44 (1%)		9,305,399		8,728,498
Article 40 (1/2%)		6,791,631		6,319,219
Article 42 (1/2%)		6,367,362		5,896,609
	<u>21,908,433</u>	<u>22,464,392</u>	<u>555,959</u>	<u>20,944,326</u>
Other Taxes and Licenses:				
Scrap tire disposal fee		214,717		170,116
Deed stamp excise tax		3,263,574		3,272,417
Solid waste tax		65,295		47,721
White goods disposal tax		71,573		59,775
1% Occupancy Tax		1,472,240		1,406,224
	<u>4,561,200</u>	<u>5,087,399</u>	<u>526,199</u>	<u>4,956,253</u>
Unrestricted Intergovernmental:				
Medicaid hold harmless		3,034,559		1,948,487
Beer and wine tax		288,854		269,014
Jail fees		175,518		191,941
	<u>3,016,300</u>	<u>3,498,931</u>	<u>482,631</u>	<u>2,409,442</u>
Restricted Intergovernmental:				
State and federal grant		20,789,689		20,076,739
ARRA federal grant		6,080		7,583
Court facility fees		158,607		160,007
Payments in lieu of taxes		-		4,209
ABC education requirement		6,746		6,687
ABC law enforcement services		4,885		4,776
State drug tax		48,345		60,217
	<u>20,728,385</u>	<u>21,014,352</u>	<u>285,967</u>	<u>20,320,218</u>
Permits and Fees:				
Building permits		2,219,578		1,944,352
Recording Fees		785,011		710,747
Inspection fees		941		7,364
Concealed handgun permit		203,675		197,451
Other permit and fees		884,133		1,004,742
	<u>3,862,813</u>	<u>4,093,338</u>	<u>230,525</u>	<u>3,864,656</u>
Sales and Services:				
Solid waste fees		2,582,625		2,162,436
School resource officer reimbursement		1,237,950		1,160,000
Rents		15,582		15,582

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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Sales and Services (continued):				
EMS Charges		3,691,722		3,675,570
Public health user fees		984,154		781,807
Sheriff animal protective services fees		91,241		89,192
Social services fees		64,753		67,967
Public housing fees		6,787		40,382
Tax collection fees		239,938		228,678
Other sales and services		1,168,941		1,509,688
Register of deeds		324,631		303,968
Marriage licenses		50,218		52,767
Recreation services		264,574		292,772
	<u>9,656,631</u>	<u>10,723,116</u>	<u>1,066,485</u>	<u>10,380,809</u>
Investment earnings	<u>85,000</u>	<u>181,510</u>	<u>96,510</u>	<u>102,528</u>
Other:				
Tax refunds - sales and gas tax		2,232		2,582
ABC bottles taxes		59,338		55,353
County Board of Alcohol Control		24,000		24,000
Contributions		58,429		59,999
Other revenues		1,956,401		2,162,535
	<u>1,788,783</u>	<u>2,100,400</u>	<u>311,617</u>	<u>2,304,469</u>
Total revenues	<u>181,428,060</u>	<u>188,983,464</u>	<u>7,555,404</u>	<u>181,463,435</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries		178,984		184,016
Fringe benefits		30,241		30,645
Operating costs		63,352		54,409
	<u>299,078</u>	<u>272,577</u>	<u>26,501</u>	<u>269,070</u>
County Administration:				
Salaries		529,553		413,338
Fringe benefits		156,224		111,201
Operating costs		16,920		15,911
	<u>729,394</u>	<u>702,697</u>	<u>26,697</u>	<u>540,450</u>
Human Resources:				
Salaries		308,965		385,177
Fringe benefits		115,775		138,862
Operating costs		5,743		7,716
	<u>473,757</u>	<u>430,483</u>	<u>43,274</u>	<u>531,755</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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Finance:				
Salaries		748,812		741,539
Fringe benefits		248,694		236,880
Operating costs		367,763		459,833
	<u>1,433,464</u>	<u>1,365,269</u>	<u>68,195</u>	<u>1,438,252</u>
Tax Administration:				
Salaries		2,087,379		2,089,550
Fringe benefits		840,057		791,341
Operating costs		728,601		646,075
Capital outlay		-		44,502
	<u>4,024,235</u>	<u>3,656,037</u>	<u>368,198</u>	<u>3,571,468</u>
County Attorney:				
Salaries		296,842		281,448
Fringe benefits		86,830		83,675
Operating costs		87,135		125,390
	<u>575,176</u>	<u>470,807</u>	<u>104,369</u>	<u>490,513</u>
Court Facilities:				
Operating costs		264,787		228,572
	<u>287,208</u>	<u>264,787</u>	<u>22,421</u>	<u>228,572</u>
Board of Elections:				
Salaries		496,073		449,424
Fringe benefits		117,061		94,250
Operating costs		241,255		281,535
Capital outlay		23,160		-
	<u>946,183</u>	<u>877,549</u>	<u>68,634</u>	<u>825,209</u>
Register of Deeds:				
Salaries		629,385		622,708
Fringe benefits		288,869		274,210
Operating costs		1,977,531		1,965,130
	<u>2,907,506</u>	<u>2,895,785</u>	<u>11,721</u>	<u>2,862,048</u>
Total general government	<u>11,676,001</u>	<u>10,935,991</u>	<u>740,010</u>	<u>10,757,337</u>
Central Services:				
Management Information Systems:				
Salaries		1,002,954		881,749
Fringe benefits		335,781		290,989
Operating costs		1,066,021		932,008
Capital outlay		200,172		469,507
	<u>2,993,188</u>	<u>2,604,928</u>	<u>388,260</u>	<u>2,574,253</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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Service Center:				
Salaries		572,397		588,759
Fringe benefits		231,737		225,120
Operating costs		247,747		275,836
Capital outlay		143,060		33,864
	<u>1,305,079</u>	<u>1,194,941</u>	<u>110,138</u>	<u>1,123,579</u>
Engineering:				
Salaries		344,187		337,801
Fringe benefits		114,010		107,907
Operating costs		56,321		83,378
Capital outlay		26,224		53,573
	<u>596,521</u>	<u>540,742</u>	<u>55,779</u>	<u>582,659</u>
Operation Services:				
Salaries		2,032,231		1,995,161
Fringe benefits		886,150		838,201
Operating costs		3,532,135		3,383,026
Capital outlay		368,050		190,155
	<u>7,348,029</u>	<u>6,818,566</u>	<u>529,463</u>	<u>6,406,543</u>
Non-departmental:				
Fringe benefits		2,877,082		2,428,341
Operating costs		735,390		904,144
	<u>4,480,074</u>	<u>3,612,472</u>	<u>867,602</u>	<u>3,332,485</u>
Total central services	<u>16,722,891</u>	<u>14,771,649</u>	<u>1,951,242</u>	<u>14,019,519</u>
Public Safety:				
District Attorney:				
Operating costs		35,397		123,559
	<u>53,000</u>	<u>35,397</u>	<u>17,603</u>	<u>123,559</u>
Sheriff:				
Salaries		8,513,308		7,778,156
Fringe benefits		3,179,479		2,793,020
Operating costs		2,274,778		2,038,889
Capital outlay		771,445		511,214
	<u>14,954,741</u>	<u>14,739,010</u>	<u>215,731</u>	<u>13,121,279</u>
Detention Center:				
Salaries		4,007,924		3,971,538
Fringe benefits		1,524,686		1,501,472
Operating costs		2,209,408		2,038,950
Capital outlay		24,342		17,486
	<u>8,087,392</u>	<u>7,766,360</u>	<u>321,032</u>	<u>7,529,446</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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Emergency Medical:				
Salaries		4,826,140		4,430,868
Fringe benefits		1,643,511		1,467,620
Operating costs		1,255,782		1,208,169
Capital outlay		213,959		267,021
	<u>8,027,700</u>	<u>7,939,392</u>	<u>88,308</u>	<u>7,373,678</u>
Emergency Management:				
Salaries		312,106		351,977
Fringe benefits		104,100		113,277
Operating costs		321,750		265,633
Capital outlay		23,915		3,863
	<u>1,117,971</u>	<u>761,871</u>	<u>356,100</u>	<u>734,750</u>
Other Agencies:				
Fire districts		783,663		594,726
Rescue Squads		472,530		426,811
	<u>1,275,763</u>	<u>1,256,193</u>	<u>19,570</u>	<u>1,021,537</u>
Code Administration:				
Salaries		1,236,670		991,537
Fringe benefits		425,688		348,213
Operating costs		114,469		92,546
Capital outlay		102,992		18,838
	<u>1,886,218</u>	<u>1,879,819</u>	<u>6,399</u>	<u>1,451,134</u>
Central Communications:				
Salaries		1,386,432		1,350,481
Fringe benefits		576,871		521,260
Operating costs		130,672		181,574
Capital outlay		48,570		304,645
	<u>2,358,449</u>	<u>2,142,545</u>	<u>215,904</u>	<u>2,357,960</u>
Animal Protective Services:				
Salaries		560,467		582,288
Fringe benefits		222,176		224,499
Operating costs		275,844		244,552
Capital outlay		112,706		-
	<u>1,203,641</u>	<u>1,171,193</u>	<u>32,448</u>	<u>1,051,339</u>
Total public safety	<u>38,964,875</u>	<u>37,691,780</u>	<u>1,273,095</u>	<u>34,764,682</u>
Transportation:				
Cape Fear Regional Jetport		97,000		97,000
Odell Williamson Municipal Airport		27,500		27,500
Cape Fear Transportation Authority		29,350		29,350
Brunswick Transit System		225,953		186,354
Total transportation	<u>385,188</u>	<u>379,803</u>	<u>5,385</u>	<u>340,204</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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Environmental Protection:				
Solid Waste:				
Salaries		284,499		293,605
Fringe benefits		119,897		116,502
Operating costs		14,003,259		13,554,215
Capital outlay		74,885		-
	<u>14,769,935</u>	<u>14,482,540</u>	<u>287,395</u>	<u>13,964,322</u>
Other:				
Forestry services	222,969	188,513	34,456	197,897
Total environmental protection	<u>14,992,904</u>	<u>14,671,053</u>	<u>321,851</u>	<u>14,162,219</u>
Economic Development:				
Planning & Economic Development				
Salaries		502,386		487,545
Fringe benefits		171,287		161,981
Operating costs		167,115		147,383
Capital outlay		-		48,857
	<u>1,132,006</u>	<u>840,788</u>	<u>291,218</u>	<u>845,766</u>
Cooperative Extension:				
Salaries		291,813		290,542
Fringe benefits		109,042		102,947
Operating costs		116,061		105,660
	<u>608,797</u>	<u>516,916</u>	<u>91,881</u>	<u>499,149</u>
Soil and Water Conservation:				
Salaries		149,222		137,071
Fringe benefits		57,091		52,300
Operating costs		16,071		13,506
	<u>223,348</u>	<u>222,384</u>	<u>964</u>	<u>202,877</u>
Public Housing Section 8:				
Salaries		136,979		183,890
Fringe benefits		52,900		65,541
Operating costs		1,916,791		2,113,249
	<u>2,426,078</u>	<u>2,106,670</u>	<u>319,408</u>	<u>2,362,680</u>
1% Occupancy Tax:				
Operating costs	<u>1,474,000</u>	<u>1,472,240</u>	<u>1,760</u>	<u>1,406,224</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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Other Economic Development:				
Oak Island Beach abatement and renourishment		166,666		166,666
Lockwood Folly & Shallotte Dredging		140,000		-
Lockwood Folly River aquatic restoration		-		101,828
Reserve for shoreline protection		76,000		50,000
	<u>521,466</u>	<u>382,666</u>	<u>138,800</u>	<u>318,494</u>
 Total economic development	 <u>6,385,695</u>	 <u>5,541,664</u>	 <u>844,031</u>	 <u>5,635,190</u>
Human Services:				
Health:				
Administration:				
Salaries		2,341,582		2,260,460
Fringe benefits		1,132,253		1,054,504
Operating costs		197,874		174,556
	<u>3,780,853</u>	<u>3,671,709</u>	<u>109,144</u>	<u>3,489,520</u>
Communicable Diseases:				
Operating costs	<u>413,400</u>	<u>336,799</u>	<u>76,601</u>	<u>287,787</u>
Adult Health Maintenance:				
Operating costs		134,493		140,299
	<u>185,455</u>	<u>134,493</u>	<u>50,962</u>	<u>140,299</u>
Senior Health				
Salaries		49,462		48,214
Fringe benefits		20,400		19,293
Operating costs		3,515		3,452
	<u>73,768</u>	<u>73,377</u>	<u>391</u>	<u>70,959</u>
Maternal and Child Health:				
Salaries		353,136		364,923
Fringe benefits		151,671		154,473
Operating costs		565,663		506,292
	<u>1,166,492</u>	<u>1,070,470</u>	<u>96,022</u>	<u>1,025,688</u>
Environmental Health:				
Salaries		907,276		783,556
Fringe benefits		317,092		270,923
Operating costs		187,867		293,997
Capital outlay		66,080		43,227
	<u>1,523,036</u>	<u>1,478,315</u>	<u>44,721</u>	<u>1,391,703</u>
 Total health	 <u>7,143,004</u>	 <u>6,765,163</u>	 <u>377,841</u>	 <u>6,405,956</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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Veterans' Services:				
Salaries		128,024		125,079
Fringe benefits		52,601		49,769
Operating costs		14,041		10,292
Total veterans' services	<u>198,977</u>	<u>194,666</u>	<u>4,311</u>	<u>185,140</u>
Social Services:				
Administration:				
Salaries		6,420,809		6,017,102
Fringe benefits		3,330,892		3,034,988
Operating costs		3,168,650		3,264,203
Capital outlay		164,968		-
	<u>14,273,986</u>	<u>13,085,319</u>	<u>1,188,667</u>	<u>12,316,293</u>
Other Operating Costs:				
Medical assistance		7,455		3,508
Aid to the blind		5,043		5,039
Adoption assistance		238,273		223,792
Foster care		606,233		614,438
State foster home		272,178		201,885
Special assistance		427,626		441,045
Day care		4,062,307		4,045,601
Special child adoption assistance		34,205		38,347
	<u>6,096,336</u>	<u>5,653,320</u>	<u>443,016</u>	<u>5,573,655</u>
Total social services	<u>20,370,322</u>	<u>18,738,639</u>	<u>1,631,683</u>	<u>17,889,948</u>
Other Human Services:				
Trillium Health Resources		250,443		250,443
Brunswick Senior Resources, Inc.		1,650,000		1,620,918
Other human services		130,089		179,284
	<u>2,030,532</u>	<u>2,030,532</u>	<u>-</u>	<u>2,050,645</u>
Total human services	<u>29,742,835</u>	<u>27,729,000</u>	<u>2,013,835</u>	<u>26,531,689</u>
Education:				
Public schools		35,410,920		33,790,863
Public schools - capital outlay		742,886		708,899
Community college		3,868,761		3,598,737
Community college - capital outlay		-		50,000
Total education	<u>40,022,567</u>	<u>40,022,567</u>	<u>-</u>	<u>38,148,499</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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Culture and Recreation:				
Parks and Recreation:				
Administration:				
Salaries		587,275		564,337
Fringe benefits		181,643		170,561
Operating costs		520,625		501,728
Capital outlay		706,301		30,065
	<u>2,114,908</u>	<u>1,995,844</u>	<u>119,064</u>	<u>1,266,691</u>
Maintenance:				
Salaries		715,644		662,502
Fringe benefits		289,076		235,975
Operating costs		451,780		396,591
Capital outlay		72,085		75,150
	<u>1,592,428</u>	<u>1,528,585</u>	<u>63,843</u>	<u>1,370,218</u>
Total Parks and Recreation	<u>3,707,336</u>	<u>3,524,429</u>	<u>182,907</u>	<u>2,636,909</u>
Brunswick County Library:				
Salaries		696,608		684,964
Fringe benefits		291,509		277,363
Operating costs		260,037		242,905
Capital outlay		19,513		-
	<u>1,344,032</u>	<u>1,267,667</u>	<u>76,365</u>	<u>1,205,232</u>
Total culture and recreation	<u>5,051,368</u>	<u>4,792,096</u>	<u>259,272</u>	<u>3,842,141</u>
Debt Service:				
Principal retirement	11,295,001	11,295,000	1	11,470,000
Interest and fees	3,024,607	3,024,355	252	3,410,271
Total debt service	<u>14,319,608</u>	<u>14,319,355</u>	<u>253</u>	<u>14,880,271</u>
Total expenditures	<u>178,263,932</u>	<u>170,854,958</u>	<u>7,408,974</u>	<u>163,081,751</u>
Revenues over (under) expenditures	<u>3,164,128</u>	<u>18,128,506</u>	<u>14,964,378</u>	<u>18,381,684</u>
Other Financing Sources (Uses):				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,640</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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Transfers To Other Funds:				
Transfer to county capital project fund	(10,925,406)	(10,925,406)	-	(8,623,712)
Transfer to grant project funds	-	-	-	(20,000)
Transfer to emergency telephone system fund	-	-	-	(11,763)
Transfer to school capital project funds	(5,958,284)	(5,958,284)	-	(5,748,725)
	<u>(16,883,690)</u>	<u>(16,883,690)</u>	<u>-</u>	<u>(14,404,200)</u>
Budgetary Financing Sources (Uses):				
Appropriated fund balance	13,719,562	-	(13,719,562)	-
Total other financing sources (uses)	<u>(3,164,128)</u>	<u>(16,883,690)</u>	<u>(13,719,562)</u>	<u>(14,392,560)</u>
Net change in fund balance	<u>\$ -</u>	1,244,816	<u>1,244,816</u>	3,989,124
Fund balance, beginning of year		<u>72,364,872</u>		<u>68,375,748</u>
Fund balance, end of year		<u>\$ 73,609,688</u>		<u>\$ 72,364,872</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, 2017

	Project Budget	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Restricted Intergovernmental:				
NC Department of Transportation	\$ 20,214,130	\$ 16,494,908	\$ 365,097	\$ 16,860,005
NC Parks & Recreation Trust Fund	1,409,854	500,000	-	500,000
	<u>21,623,984</u>	<u>16,994,908</u>	<u>365,097</u>	<u>17,360,005</u>
Investment earnings	<u>144,268</u>	<u>178,005</u>	<u>44,920</u>	<u>222,925</u>
Other:				
Performance bonds	4,213,721	4,213,721	-	4,213,721
Other revenues	681,716	627,347	11,702	639,049
	<u>4,895,437</u>	<u>4,841,068</u>	<u>11,702</u>	<u>4,852,770</u>
Total revenues	<u>26,663,689</u>	<u>22,013,981</u>	<u>421,719</u>	<u>22,435,700</u>
Expenditures:				
Capital Improvements:				
Public Safety:				
Sheriff's Firing Range	2,594,200	636,557	1,914,807	2,551,364
Environmental protection:				
Future capital projects	<u>8,767,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Economic Development:				
Avalon	3,922,845	2,538,246	1,364,711	3,902,957
Springlake at Maritime Shores	274,585	-	-	-
	<u>4,197,430</u>	<u>2,538,246</u>	<u>1,364,711</u>	<u>3,902,957</u>
Cultural and recreation:				
Ocean Isle Beach Park improvements	732,000	50,334	108,751	159,085
Town Creek Park improvements	5,323,178	5,112,637	82,044	5,194,681
Waccamaw Park improvements	3,700,717	3,396,447	280,051	3,676,498
Smithville Park improvements	5,458,666	586,070	933,755	1,519,825
Holden Beach Park improvements	292,250	-	-	-
Leland Senior Center	2,888,000	1,649,866	1,190,129	2,839,995
District 1 Senior Center	2,207,000	717,998	114,334	832,332
District 2 Senior Center	975,000	-	952,682	952,682
Future capital projects	5,193,491	-	-	-
	<u>26,770,302</u>	<u>11,513,352</u>	<u>3,661,746</u>	<u>15,175,098</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, 2017

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
Transportation:				
Airport improvements	22,384,180	18,112,958	429,426	18,542,384
Education:				
Future capital projects	1,905,161	-	-	-
Total expenditures	66,618,273	32,801,113	7,370,690	40,171,803
Revenues over (under) expenditures	(39,954,584)	(10,787,132)	(6,948,971)	(17,736,103)
Other Financing Sources (Uses):				
Appropriated fund balance	8,470,593	-	-	-
Transfer from general fund	33,473,430	22,548,025	10,925,406	33,473,431
Transfer to general fund	(1,989,439)	(1,989,439)	-	(1,989,439)
Total other financing sources (uses)	39,954,584	20,558,586	10,925,406	31,483,992
Net change in fund balance	\$ -	\$ 9,771,454	3,976,435	\$ 13,747,889
Fund balance, beginning of year			18,260,913	
Fund balance, end of year			\$ 22,237,348	

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCEBUDGET TO ACTUAL - EDUCATION CAPITAL PROJECTS FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Budget	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
NC Public Education Lottery	\$ 7,082,039	\$ 7,092,796	\$ -	\$ 7,092,796
Investment earnings	1,199,342	1,332,576	20,055	1,352,631
Investment earnings-debt proceeds	26,071	23,012	5,567	28,579
Total revenues	<u>8,307,452</u>	<u>8,448,384</u>	<u>25,622</u>	<u>8,474,006</u>
Expenditures:				
Brunswick County Schools	71,253,423	52,320,303	5,485,322	57,805,625
Brunswick Community College	31,665,911	31,518,813	3,525	31,522,338
Total expenditures	<u>102,919,334</u>	<u>83,839,116</u>	<u>5,488,847</u>	<u>89,327,963</u>
Revenues over (under) expenditures	(94,611,882)	(75,390,732)	(5,463,225)	(80,853,957)
Other Financing Sources (Uses):				
Transfer from general fund	45,993,723	40,035,167	5,958,284	45,993,451
Transfer to general fund	(314,013)	(314,013)	-	(314,013)
Premium on bonds issued	2,269,961	1,874,936	-	1,874,936
Debt financing issued	40,119,705	40,515,000	-	40,515,000
Appropriated fund balance	6,542,506	-	-	-
Total other financing sources (uses)	<u>94,611,882</u>	<u>82,111,090</u>	<u>5,958,284</u>	<u>88,069,374</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,720,358</u>	495,059	<u>\$ 7,215,417</u>
Fund balance, beginning of year			<u>13,272,773</u>	
Fund balance, end of year			<u>\$ 13,767,832</u>	



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.



COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS

JUNE 30, 2017

	Emergency Telephone System Fund	Grant Project	ROD- Technology Enhancement Fund	Total
Assets:				
Cash and cash equivalents/investments	\$ 985,495	\$ -	\$ 842,398	\$ 1,827,893
Receivables, net	13,915	-	-	13,915
Other governmental agencies	59,218	108,786	-	168,004
Total assets	<u>\$ 1,058,628</u>	<u>\$ 108,786</u>	<u>\$ 842,398</u>	<u>\$ 2,009,812</u>
Liabilities:				
Accounts payable and other liabilities	873	37,062	3,773	41,708
Due to other funds	-	81,370	-	81,370
Total liabilities	<u>873</u>	<u>118,432</u>	<u>3,773</u>	<u>123,078</u>
Fund Balance:				
Stabilization by State Statute	73,133	108,786	-	181,919
Restricted - other	984,622	-	838,625	1,823,247
Unassigned	-	(118,432)	-	(118,432)
Total fund balances	<u>1,057,755</u>	<u>(9,646)</u>	<u>838,625</u>	<u>1,886,734</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 1,058,628</u>	<u>\$ 108,786</u>	<u>\$ 842,398</u>	<u>\$ 2,009,812</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, 2017**

	Emergency Telephone System Fund	Grant Project	ROD- Technology Enhancement Fund	Total
Revenues:				
Restricted intergovernmental	\$ 710,611	\$ 425,062	\$ -	\$ 1,135,673
Permits and fees	-	-	156,779	156,779
Investment earnings	1,695	2	1,756	3,453
Total revenues	<u>712,306</u>	<u>425,064</u>	<u>158,535</u>	<u>1,295,905</u>
Expenditures:				
General government	-	271,007	131,310	402,317
Public safety	440,611	134,652	-	575,263
Economic and physical development	-	35,616	-	35,616
Total expenditures	<u>440,611</u>	<u>441,275</u>	<u>131,310</u>	<u>1,013,196</u>
Net change in fund balances	271,695	(16,211)	27,225	282,709
Fund balance, beginning of year	<u>786,060</u>	<u>6,565</u>	<u>811,400</u>	<u>1,604,025</u>
Fund balance, end of year	<u>\$ 1,057,755</u>	<u>\$ (9,646)</u>	<u>\$ 838,625</u>	<u>\$ 1,886,734</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, 2017
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Revenues:				
Restricted intergovernmental	\$ 710,611	\$ 710,611	\$ -	\$ 659,435
911 Center Consolidation Grant	-	-	-	189,187
Investment earnings	-	1,695	1,695	633
Total revenues	<u>710,611</u>	<u>712,306</u>	<u>1,695</u>	<u>849,255</u>
Expenditures:				
Telephone and furniture	442,538	253,244	189,294	661,484
Computer software	117,274	54,211	63,063	58,788
Computer hardware	692,799	127,781	565,018	197,406
Staff training	8,000	5,375	2,625	3,147
Implemental functions	-	-	-	79,242
Capital Outlay 911 Center	-	-	-	188,769
Total expenditures	<u>1,260,611</u>	<u>440,611</u>	<u>820,000</u>	<u>1,188,836</u>
Revenues over (under) expenditures	(550,000)	271,695	821,695	(339,581)
Other Financing Sources (Uses):				
Transfers from general fund	-	-	-	11,763
Appropriated fund balance	<u>550,000</u>	-	<u>(550,000)</u>	-
Total other financing sources (uses)	<u>550,000</u>	-	<u>(550,000)</u>	<u>11,763</u>
Net change in fund balance	<u>\$ -</u>	271,695	<u>\$ 271,695</u>	(327,818)
Fund balance, beginning of year		<u>786,060</u>		<u>1,113,878</u>
Fund balance, end of year		<u>\$ 1,057,755</u>		<u>\$ 786,060</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, 2017

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted Intergovernmental:				
Urgent Repair 2015	100,000	100,000	-	100,000
Single Family Rehab 2014	185,249	155,120	19,404	174,524
Sheriff-FY16 Edward Byrne JAG-IT Service	11,024	-	11,024	11,024
Sheriff-FY16 HSGP Medically Equip UTV	40,000	-	40,000	40,000
Sheriff - FY16 Port Security Grant	33,750	-	33,750	33,750
Adult Drug Court	231,395	138,017	49,878	187,895
SAMHSA	650,000	213,660	271,006	484,666
Investment earnings	40	37	2	39
Total revenues	<u>1,251,458</u>	<u>606,834</u>	<u>425,064</u>	<u>1,031,898</u>
Expenditures:				
Urgent Repair - 2015	120,040	93,698	26,340	120,038
Single Family Rehabilitation - 2014	185,249	165,248	9,276	174,524
Sheriff-FY16 Edward Byrne JAG-IT Service	11,024	-	11,024	11,024
Sheriff-FY16 HSGP Medically Equip UTV	40,000	-	40,000	40,000
Sheriff - FY16 Port Security Grant	33,750	-	33,750	33,750
Adult Drug Court	231,395	138,017	49,878	187,895
SAMHSA	<u>650,000</u>	<u>213,660</u>	<u>271,007</u>	<u>484,667</u>
Total expenditures	<u>1,271,458</u>	<u>610,623</u>	<u>441,275</u>	<u>1,051,898</u>
Revenues over (under) expenditures	(20,000)	(3,789)	(16,211)	(20,000)
Other Financing Sources (Uses):				
Transfers from general fund	<u>20,000</u>	<u>20,000</u>	-	<u>20,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 16,211</u>	(16,211)	<u>\$ -</u>
Fund balance, beginning of year			<u>6,565</u>	
Fund balance, end of year			<u>\$ (9,646)</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, 2017
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Revenues:				
Permits and fees	\$ 147,000	\$ 156,779	\$ 9,779	\$ 140,518
Investment earnings	1,200	1,756	556	1,078
Total revenues	<u>148,200</u>	<u>158,535</u>	<u>10,335</u>	<u>141,596</u>
Expenditures:				
General government	189,789	131,310	58,479	123,539
Capital outlay	<u>20,000</u>	-	<u>20,000</u>	-
Total expenditures	<u>209,789</u>	<u>131,310</u>	<u>78,479</u>	<u>123,539</u>
Revenues over (under) expenditures	(61,589)	27,225	88,814	18,057
Other Financing Sources (Uses):				
Appropriated fund balance	<u>61,589</u>	-	<u>(61,589)</u>	-
Net change in fund balance	<u>\$ -</u>	27,225	<u>\$ 27,225</u>	18,057
Fund balance, beginning of year		<u>811,400</u>		<u>793,343</u>
Fund balance, end of year		<u>\$ 838,625</u>		<u>\$ 811,400</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.



COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - WATER FUND (NON-GAAP)
JUNE 30, 2017

	<u>Water Fund</u>	<u>Water Capital Projects</u>	<u>Total</u>
Current Assets:			
Cash, cash equivalents and investments	\$ 22,535,607	\$ 7,478,255	\$ 30,013,862
Restricted cash	2,238,695	-	2,238,695
Receivables and special assessments, net	2,865,001	-	2,865,001
Due from other governmental agencies	476,910	38,737	515,647
Inventories	1,405,964	-	1,405,964
Total current assets	<u>29,522,177</u>	<u>7,516,992</u>	<u>37,039,169</u>
Current Liabilities:			
Accounts payable and other liabilities	909,881	1,262,402	2,172,283
Customer deposits	1,794,128	-	1,794,128
Interest payable	275,467	-	275,467
Current portion of debt	1,324,810	-	1,324,810
Total current liabilities	<u>4,304,286</u>	<u>1,262,402</u>	<u>5,566,688</u>
Expendable net position	25,217,891	6,254,590	31,472,481
Noncurrent Items:			
Non-depreciable capital assets	6,511,944	-	6,511,944
Depreciable capital assets, net	150,038,000	-	150,038,000
Deferred outflow	1,086,412	-	1,086,412
Pension liability	(1,165,767)	-	(1,165,767)
Compensated absences	(362,090)	-	(362,090)
Other post-employment benefits	(4,351,734)	-	(4,351,734)
Non-current portion of debt	(23,450,830)	-	(23,450,830)
Deferred inflow	(206,701)	-	(206,701)
Total net position	<u>\$ 153,317,125</u>	<u>\$ 6,254,590</u>	<u>\$ 159,571,715</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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Revenues:				
User charges	\$ 20,885,103	\$ 22,676,369	\$ 1,791,266	\$ 21,748,171
Restricted intergovernmental revenue	-	52,684	52,684	-
Investment earnings	25,000	48,375	23,375	32,493
Other	853,835	903,742	49,907	440,327
Total revenues	<u>21,763,938</u>	<u>23,681,170</u>	<u>1,917,232</u>	<u>22,220,991</u>
Expenditures:				
Salaries	4,522,575	4,377,828	144,747	4,169,327
Fringe benefits	1,951,123	1,839,538	111,585	1,669,718
Operating expenditures	7,194,881	6,507,737	687,144	6,440,588
Repairs and maintenance	1,726,478	1,514,528	211,950	1,357,906
Capital outlay	1,689,920	1,542,206	147,714	1,959,673
Debt Service:				
Principal	1,146,446	1,146,444	2	1,039,032
Interest	1,108,289	1,106,861	1,428	982,242
Total expenditures	<u>19,339,712</u>	<u>18,035,142</u>	<u>1,304,570</u>	<u>17,618,486</u>
Revenues over (under) expenditures	2,424,226	5,646,028	3,221,802	4,602,505
Other Financing Sources (Uses):				
Transfer to water capital project fund	(5,715,725)	(5,715,725)	-	(1,450,000)
Appropriated net position	3,291,499	-	(3,291,499)	-
Total other financing sources (uses)	<u>(2,424,226)</u>	<u>(5,715,725)</u>	<u>(3,291,499)</u>	<u>(1,450,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(69,697)</u>	<u>\$ (69,697)</u>	<u>\$ 3,152,505</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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Reconciliation From Budgetary Basis				
To Full Accrual Basis:				
Capital Project Related Items:				
Revenues from water capital projects		67,297		
Transfer from water fund to water capital project fund		5,715,725		
Capital project expenditures		(4,986,463)		
Other Reconciling Items:				
CIP additions from capital projects		4,986,463		
Capitalized capital outlay and CIP adjustment		1,542,206		
Change in interest accrued		6,329		
Change in vacation accrual		(9,659)		
Change in other post-employment benefits		(604,256)		
Change in deferred outflows of resources - pensions		813,416		
Change in net pension liability		(965,549)		
Change in deferred inflows of resources - pensions		76,804		
Change in inventory		(625,724)		
Retirement of long-term debt		1,146,444		
Amortization of bond premium		120,930		
Contributed capital assets-Deeds of Dedication		1,740,949		
Depreciation		(5,394,868)		
Change in net position - GAAP basis		<u>\$ 3,560,347</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, 2017**

	Project Budget	Actual		
		Prior Year	Current Year	Total to Date
Revenues:				
Restricted intergovernmental revenue	\$ 271,710	\$ 337,575	\$ 44,080	\$ 381,655
Investment earnings	-	83,395	21,219	104,614
Investment earnings-debt proceeds	-	16,520	1,998	18,518
Assessments	-	39,495	-	39,495
Penalties and interest assessments	-	13,229	-	13,229
Other	500,000	-	-	-
Total revenues	771,710	490,214	67,297	557,511
Expenditures:				
Northwest Water Plant expansion	20,339,719	20,076,046	263,674	20,339,720
Southeast Water Tank	65,000	50,550	-	50,550
Water Mains FY 14	1,016,125	1,016,124	-	1,016,124
Water Mains FY 15	1,003,392	912,457	90,934	1,003,391
Middle River and Smith Roads	960,266	949,134	11,131	960,265
17 So and Avalon Water Mains	403,414	336,828	66,585	403,413
NCDOT Hwy 211 Expansion	240,954	337,575	45,480	383,055
Aquifer storage recovery project	488,114	456,012	27,841	483,853
FY16 Water Mains Top 7 and Apollo	440,000	164,150	177,943	342,093
211 Water Plant Expansion	3,850,000	120,465	3,263,956	3,384,421
Middleton Road Water Main	1,132,700	68,915	875,006	943,921
US 74/76 Fire Protection	600,000	-	86,373	86,373
Gilbert Road Water Main	115,000	-	61,885	61,885
Bailey Road Project	9,600	-	7,200	7,200
Carolina Shores North	64,600	-	8,455	8,455
Total expenditures	30,728,884	24,488,256	4,986,463	29,474,719
Revenues over (under) expenditures	(29,957,174)	(23,998,042)	(4,919,166)	(28,917,208)
Other Financing Sources (Uses):				
Long term debt issued	19,423,179	19,423,179	-	19,423,179
Bond Premium	623,348	623,348	-	623,348
Transfers from water fund	14,150,559	8,434,838	5,715,725	14,150,563
Transfers to water fund	(812,770)	(812,770)	-	(812,770)
Contingency for future projects	(5,210,639)	-	-	-
Appropriated fund balance	1,783,497	-	-	-
Total other financing sources (uses)	29,957,174	27,668,595	5,715,725	33,384,320
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 3,670,553	\$ 796,559	\$ 4,467,112

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - WASTEWATER FUND (NON-GAAP)
JUNE 30, 2017

	Wastewater Fund	Wastewater Capital Projects	Total
Current Assets:			
Cash and cash equivalents/investments	\$ 17,635,860	\$ 5,428,583	\$ 23,064,443
Restricted cash	2,122,411	-	2,122,411
Receivables and special assessments, net	6,647,737	-	6,647,737
Due from other governmental agencies	293,825	43,232	337,057
Inventories	343,912	-	343,912
Total current assets	<u>27,043,745</u>	<u>5,471,815</u>	<u>32,515,560</u>
Current Liabilities:			
Accounts payable and other liabilities	557,746	565,226	1,122,972
Interest payable	957,545	-	957,545
Prepaid fees	1,118,728	-	1,118,728
Current portion of debt	10,265,373	-	10,265,373
Total current liabilities	<u>12,899,392</u>	<u>565,226</u>	<u>13,464,618</u>
Expendable net position	14,144,353	4,906,589	19,050,942
Noncurrent Items:			
Non-depreciable capital assets	3,933,974	-	3,933,974
Depreciable capital assets, net	220,838,534	-	220,838,534
Deferred outflow	1,927,951	-	1,927,951
Pension liability	(628,441)	-	(628,441)
Compensated absences	(184,107)	-	(184,107)
Other post-employment benefits	(2,091,915)	-	(2,091,915)
Non-current portion of debt	(98,412,112)	-	(98,412,112)
Deferred inflow	(145,131)	-	(145,131)
Total net position	<u>\$ 139,383,106</u>	<u>\$ 4,906,589</u>	<u>\$ 144,289,695</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Revenues:				
User charges	\$ 21,981,385	\$ 24,403,102	\$ 2,421,717	\$ 23,823,488
ARRA interest subsidy	145,508	146,215	707	170,772
Special assessments	40,000	498,079	458,079	275,125
Investment earnings	25,000	41,918	16,918	23,140
Restricted intergovernmental revenues	-	117,264	117,264	-
Other	142,206	131,309	(10,897)	487,705
Total revenues	<u>22,334,099</u>	<u>25,337,887</u>	<u>3,003,788</u>	<u>24,780,230</u>
Expenditures:				
Salaries	2,485,560	2,394,170	91,390	2,248,379
Fringe benefits	1,024,446	978,834	45,612	896,778
Operating expenditures	4,726,805	3,902,121	824,684	3,801,766
Repairs and maintenance	2,305,489	1,960,702	344,787	1,693,738
Capital outlay	2,452,260	1,792,245	660,015	1,370,905
Debt Service:				
Principal	9,564,227	9,564,223	4	9,200,138
Interest	4,349,916	4,348,595	1,321	4,345,298
Total expenditures	<u>26,908,703</u>	<u>24,940,890</u>	<u>1,967,813</u>	<u>23,557,002</u>
Revenues over (under) expenditures	(4,574,604)	396,997	4,971,601	1,223,228
Other Financing Sources (Uses):				
Transfer to wastewater capital project fund	(1,104,946)	(1,104,946)	-	(2,171,385)
Transfer from wastewater capital project fund	922,405	922,405	-	1,342,152
Appropriated net position	4,757,145	-	(4,757,145)	-
Total other financing sources (uses)	<u>4,574,604</u>	<u>(182,541)</u>	<u>(4,757,145)</u>	<u>(829,233)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>214,456</u>	<u>\$ 214,456</u>	<u>\$ 393,995</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - WASTEWATER FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Reconciliation From Budgetary Basis				
To Full Accrual Basis:				
Capital Project Activities:				
Revenues from wastewater capital projects		20,985		
Transfer from wastewater fund to wastewater capital projects		1,104,946		
Transfer from wastewater capital projects to wastewater fund		(922,405)		
Capital project expenditures		(1,896,484)		
Other Reconciling Items:				
CIP additions from capital projects		1,896,484		
Capitalized capital outlay and CIP adjustment		1,792,245		
Change in interest accrued		73,405		
Change in vacation accrual		(21,217)		
Change in other post-employment benefits		(330,224)		
Change in deferred outflows of resources - pensions		448,781		
Change in net pension liability		(532,717)		
Change in deferred inflows of resources - pensions		42,375		
Contributed assets-Deeds of Dedication		2,961,366		
Change in inventory		11,244		
Retirement of long-term debt		9,564,223		
Amortization of bond premium		417,557		
Unamortized outflow of resources related to refunding of debt		(1,320,675)		
Depreciation		(7,055,708)		
Change in net position - GAAP basis		<u>\$ 6,468,637</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, 2017**

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental revenue	\$ 160,636	\$ -	\$ -	\$ -
Assessments	557,053	557,054	-	557,054
SAD interest and penalties	99,017	100,705	1,806	102,511
Investment earnings	85,171	80,030	19,179	99,209
Total revenues	<u>901,877</u>	<u>737,789</u>	<u>20,985</u>	<u>758,774</u>
Expenditures:				
Carolina Shores N. Sewer SAD	2,051,000	151,588	1,045,941	1,197,529
Palm Cove SAD 30	291,466	13,145	278,320	291,465
2016 Enterprise Funded Main Extension	870,500	22,045	572,223	594,268
NCDOT Hwy 211 Expansion	160,636	-	-	-
Total expenditures	<u>3,373,602</u>	<u>186,778</u>	<u>1,896,484</u>	<u>2,083,262</u>
Revenues over (under) expenditures	(2,471,725)	551,011	(1,875,499)	(1,324,488)
Other Financing Sources (Uses):				
Transfer from wastewater fund	5,615,814	4,510,870	1,104,946	5,615,816
Transfer to wastewater fund	(3,611,008)	(2,988,658)	(922,405)	(3,911,063)
Contingency for future projects	(3,713,677)	-	-	-
Appropriated fund balance	4,180,596	-	-	-
Total other financing sources (uses)	<u>2,471,725</u>	<u>1,522,212</u>	<u>182,541</u>	<u>1,704,753</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,073,223</u>	<u>\$ (1,692,958)</u>	<u>\$ 380,265</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.



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, 2017
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	Financial Plan	Actual	Variance Positive (Negative)	2016
Revenues:				
Charges for services	\$ 955,000	\$ 958,893	\$ 3,893	\$ 617,496
Investment earnings	-	5,354	5,354	3,511
Total revenues	<u>955,000</u>	<u>964,247</u>	<u>9,247</u>	<u>621,007</u>
Expenditures:				
Premiums	<u>1,405,000</u>	<u>1,215,042</u>	<u>189,958</u>	<u>497,961</u>
Revenues over (under) expenditures	<u>(450,000)</u>	<u>(250,795)</u>	<u>199,205</u>	<u>123,046</u>
Other financing sources (uses):				
Appropriated net position	<u>450,000</u>	-	<u>(450,000)</u>	-
Increase (decrease) in net position	<u>\$ -</u>	<u>(250,795)</u>	<u>\$ (250,795)</u>	<u>123,046</u>
Net position, beginning of year		<u>2,109,406</u>		<u>1,986,360</u>
Net position, end of year		<u>\$ 1,858,611</u>		<u>\$ 2,109,406</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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2016</u>
Revenues:				
Charges for services	\$ 11,916,700	\$ 12,220,775	\$ 304,075	\$ 11,437,404
Investment earnings	-	4,670	4,670	1,600
Total revenues	<u>11,916,700</u>	<u>12,225,445</u>	<u>308,745</u>	<u>11,439,004</u>
Expenditures:				
Premiums	10,557,405	9,286,430	1,270,975	9,529,354
Administration fees	1,359,295	1,347,021	12,274	1,396,139
Total expenditures	<u>11,916,700</u>	<u>10,633,451</u>	<u>1,283,249</u>	<u>10,925,493</u>
Increase (decrease) in net position	<u>\$ -</u>	1,591,994	<u>\$ 1,591,994</u>	513,511
Net position, beginning of year		<u>1,130,079</u>		<u>616,568</u>
Net position, end of year		<u>\$ 2,722,073</u>		<u>\$ 1,130,079</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
JUNE 30, 2017

	<u>Workers' Compensation</u>	<u>Health Insurance</u>	<u>Total</u>
Current Assets:			
Cash, cash equivalents and investments	\$ 2,690,763	\$ 3,128,473	\$ 5,819,236
Deposit receivable	-	200,300	200,300
Total current assets	<u>2,690,763</u>	<u>3,328,773</u>	<u>6,019,536</u>
Current Liabilities:			
Accounts payable and other liabilities	<u>832,152</u>	<u>606,700</u>	<u>1,438,852</u>
Net position:			
Unrestricted	<u>1,858,611</u>	<u>2,722,073</u>	<u>4,580,684</u>
Total net position	<u>\$ 1,858,611</u>	<u>\$ 2,722,073</u>	<u>\$ 4,580,684</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, 2017

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
Operating Revenues:			
User charges	\$ 958,893	\$ 12,220,775	\$ 13,179,668
Operating Expenses:			
Premiums	1,215,042	9,286,430	10,501,472
Administration fees	-	1,347,021	1,347,021
Total operating expenses	<u>1,215,042</u>	<u>10,633,451</u>	<u>11,848,493</u>
Operating income (loss)	<u>(256,149)</u>	<u>1,587,324</u>	<u>1,331,175</u>
Non-operating Revenues:			
Investment earnings	<u>5,354</u>	<u>4,670</u>	<u>10,024</u>
Increase (decrease) in net position	(250,795)	1,591,994	1,341,199
Net position, beginning of year	<u>2,109,406</u>	<u>1,130,079</u>	<u>3,239,485</u>
Net position, end of year	<u>\$ 1,858,611</u>	<u>\$ 2,722,073</u>	<u>\$ 4,580,684</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<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	\$ 958,893	\$ 12,220,775	\$ 13,179,668
Premiums	<u>(943,026)</u>	<u>(10,840,638)</u>	<u>(11,783,664)</u>
Net cash provided by (used in) operating activities	<u>15,867</u>	<u>1,380,137</u>	<u>1,396,004</u>
Cash Flows From Investing Activities:			
Interest on investments	<u>6,149</u>	<u>5,011</u>	<u>11,160</u>
Net increase (decrease) in cash and cash equivalents	22,016	1,385,148	1,407,164
Cash and cash equivalents, beginning of year	<u>2,668,747</u>	<u>1,743,325</u>	<u>4,412,072</u>
Cash and cash equivalents, end of year	<u>\$ 2,690,763</u>	<u>\$ 3,128,473</u>	<u>\$ 5,819,236</u>
Reconciliation of Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (256,149)	\$ 1,587,324	\$ 1,331,175
Changes in Assets and Liabilities:			
Increase (decrease) in accounts payable/accrued expenses	<u>272,016</u>	<u>(207,187)</u>	<u>64,829</u>
Net cash provided by (used in) operating activities	<u>\$ 15,867</u>	<u>\$ 1,380,137</u>	<u>\$ 1,396,004</u>



AGENCY FUNDS

Agency funds are used to account for short-term custodial collections of resources on behalf of another individual, entity or government.

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.



COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 2017</u>
SOCIAL SERVICES FUND				
Assets:				
Cash, cash equivalents and investments	\$ 17,383	\$ 133,643	\$ 123,413	\$ 27,613
Interest receivable	6	-	6	-
Total assets	<u>\$ 17,389</u>	<u>\$ 133,643</u>	<u>\$ 123,419</u>	<u>\$ 27,613</u>
Liabilities:				
Other	<u>\$ 17,389</u>	<u>\$ 258,232</u>	<u>\$ 248,008</u>	<u>\$ 27,613</u>
SMITHVILLE TOWNSHIP FUND				
Assets:				
Cash, cash equivalents and investments	\$ 1,041,652	\$ 2,745,034	\$ 2,731,578	\$ 1,055,108
Interest receivable	533	16	549	-
Due from other governmental agencies	7,167	7,226	7,167	7,226
Total assets	<u>\$ 1,049,352</u>	<u>\$ 2,752,276</u>	<u>\$ 2,739,294</u>	<u>\$ 1,062,334</u>
Liabilities:				
Due to other governmental agencies	<u>1,049,352</u>	<u>2,029,253</u>	<u>2,016,271</u>	<u>1,062,334</u>
Total liabilities	<u>\$ 1,049,352</u>	<u>\$ 2,029,253</u>	<u>\$ 2,016,271</u>	<u>\$ 1,062,334</u>
INTERGOVERNMENTAL COLLECTIONS FUND				
Assets:				
Cash, cash equivalents and investments	21,191	\$ 34,678,823	\$ 34,660,370	\$ 39,644
Taxes receivable, net	20,230	19,392	20,230	19,392
Due from other governmental agencies	107,949	122,603	107,949	122,603
Total assets	<u>\$ 149,370</u>	<u>\$ 34,820,818</u>	<u>\$ 34,788,549</u>	<u>\$ 181,639</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 149,370</u>	<u>\$ 35,023,653</u>	<u>\$ 34,991,384</u>	<u>\$ 181,639</u>
SHERIFF DEPARTMENT TRUST FUND				
Assets:				
Cash, cash equivalents and investments	<u>\$ 4,332</u>	<u>\$ 237,069</u>	<u>\$ 222,391</u>	<u>\$ 19,010</u>
Liabilities:				
Other	<u>\$ 4,332</u>	<u>\$ 237,069</u>	<u>\$ 222,391</u>	<u>\$ 19,010</u>
INMATE TRUST FUND				
Assets:				
Cash, cash equivalents and investments	<u>\$ 33,228</u>	<u>\$ 399,230</u>	<u>\$ 413,234</u>	<u>\$ 19,224</u>
Liabilities:				
Other	<u>\$ 33,228</u>	<u>\$ 399,230</u>	<u>\$ 413,234</u>	<u>\$ 19,224</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 2017</u>
COMBINING TOTALS				
Assets:				
Cash, cash equivalents and investments	\$ 1,117,786	\$ 38,193,799	\$ 38,150,986	\$ 1,160,599
Interest receivable	539	16	555	-
Taxes receivable, net	20,230	19,392	20,230	19,392
Due from other governmental agencies	115,116	129,829	115,116	129,829
Total assets	<u>\$ 1,253,671</u>	<u>\$ 38,343,036</u>	<u>\$ 38,286,887</u>	<u>\$ 1,309,820</u>
Liabilities:				
Due to other governmental agencies	\$ 1,198,722	\$ 37,052,906	\$ 37,007,655	\$ 1,243,973
Other	54,949	894,531	883,633	65,847
Total liabilities	<u>\$ 1,253,671</u>	<u>\$ 37,947,437</u>	<u>\$ 37,891,288</u>	<u>\$ 1,309,820</u>

SUPPLEMENTAL FINANCIAL DATA

This section includes additional information on property taxes.

Schedule of Ad Valorem Taxes Receivable - General Fund

Analysis of Current Tax Levy - County-Wide Levy



COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2017

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2016</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2017</u>
2016-17	\$ -	\$ 117,803,110	\$ 115,101,632	\$ 2,701,478
2015-16	3,525,013	-	1,758,950	1,766,063
2014-15	2,345,867	-	863,470	1,482,397
2013-14	1,446,291	-	493,334	952,957
2012-13	1,079,971	-	342,438	737,533
2011-12	806,649	-	209,008	597,641
2010-11	677,975	-	122,445	555,530
2009-10	491,429	-	64,645	426,784
2008-09	252,151	-	33,056	219,095
2007-08	164,020	-	15,517	148,503
2006-07	166,264	-	166,264	-
	<u>\$ 10,955,630</u>	<u>\$ 117,803,110</u>	<u>\$ 119,170,759</u>	9,587,981
Less: Allowance for uncollected taxes receivable General Fund				<u>6,902,306</u>
Ad valorem taxes receivable (net)				<u>\$ 2,685,675</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 119,820,026
Reconciling Items:				
Interest collected and penalties				(1,119,593)
Releases on prior year tax				470,735
Reimbursement of prior year's taxes collected				2,077
Collection of taxes previously written off				<u>(2,486)</u>
Total collections and credits				<u>\$ 119,170,759</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2017**

	County-Wide			Property Excluding Registered Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
Original levy:					
Property taxed at current year's rate	\$ 24,215,235,751	0.4850	\$ 117,443,893	\$ 110,726,499	\$ 6,717,394
Penalties	-		14,911	14,911	-
Total	<u>24,215,235,751</u>		<u>117,458,804</u>	<u>110,741,410</u>	<u>6,717,394</u>
Discoveries:					
Current and prior years' taxes	58,321,267		410,059	405,103	4,956
Penalties	-		30,652	30,652	-
Total	<u>58,321,267</u>		<u>440,711</u>	<u>435,755</u>	<u>4,956</u>
Abatements	<u>(19,877,454)</u>		<u>(96,405)</u>	<u>(96,300)</u>	<u>(105)</u>
Total property valuation	<u>\$ 24,253,679,564</u>				
Net levy			117,803,110	111,080,865	6,722,245
Less uncollected taxes at June 30, 2017			<u>2,701,478</u>	<u>2,700,576</u>	<u>902</u>
Current year's taxes collected			<u>\$ 115,101,632</u>	<u>\$ 108,380,289</u>	<u>\$ 6,721,343</u>
Current levy collection percentage			<u>97.71%</u>	<u>97.57%</u>	<u>99.99%</u>
Prior year levy collection percentage			<u>96.91%</u>	<u>96.74%</u>	<u>99.95%</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.



COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - NON-MAJOR COMPONENT UNITS
JUNE 30, 2017

	Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Totals
Assets:				
Current Assets:				
Cash, cash equivalents and investments	\$ 548,304	\$ 460,389	\$ 411,128	\$ 1,419,821
Restricted cash and investments	-	13,555	-	13,555
Receivables, net	-	3,660	425,257	428,917
Due from other governments	-	2,193	-	2,193
Inventory	398,652	65,714	-	464,366
Prepaid items	12,108	-	6,237	18,345
Total current assets	<u>959,064</u>	<u>545,511</u>	<u>842,622</u>	<u>2,347,197</u>
Non-Current Assets:				
Capital assets, net	<u>1,417,339</u>	<u>21,906,457</u>	<u>1,938</u>	<u>23,325,734</u>
Total assets	<u>\$ 2,376,403</u>	<u>\$ 22,451,968</u>	<u>\$ 844,560</u>	<u>\$ 25,672,931</u>
Deferred Outflows of Resources:				
Contributions to pension plan in current fiscal year	\$ -	\$ -	\$ 11,406	\$ 11,406
Pension deferrals	<u>45,662</u>	<u>-</u>	<u>29,548</u>	<u>75,210</u>
Total deferred outflows	<u>45,662</u>	<u>-</u>	<u>40,954</u>	<u>86,616</u>
Liabilities:				
Current Liabilities:				
Debt obligation - current portion	\$ 60,700	\$ -	\$ 119	\$ 60,819
Accounts payable and accrued expenses	245,539	46,486	28,566	320,591
Due to other governments	<u>99,116</u>	<u>55,153</u>	<u>-</u>	<u>154,269</u>
Total current liabilities	<u>405,355</u>	<u>101,639</u>	<u>28,685</u>	<u>535,679</u>
Noncurrent Liabilities:				
Net pension liability	37,141	-	39,688	76,829
Compensated absences	-	-	11,770	11,770
Debt obligation - long-term portion	<u>40,322</u>	<u>-</u>	<u>-</u>	<u>40,322</u>
Total noncurrent liabilities	<u>77,463</u>	<u>-</u>	<u>51,458</u>	<u>128,921</u>
Total liabilities	<u>482,818</u>	<u>101,639</u>	<u>80,143</u>	<u>664,600</u>
Deferred Inflows of Resources:				
Pension deferrals	<u>\$ 1,518</u>	<u>\$ -</u>	<u>\$ 5,206</u>	<u>\$ 6,724</u>
Net position:				
Net investment in capital assets	1,341,464	21,906,457	1,938	23,249,859
Restricted:				
Stabilization by State Statute	-	-	425,257	425,257
For Tourism Promotion	-	-	372,970	372,970
For Working Capital	86,973	-	-	86,973
Unrestricted	<u>509,292</u>	<u>443,872</u>	<u>-</u>	<u>953,164</u>
Total net position	<u>\$ 1,937,729</u>	<u>\$ 22,350,329</u>	<u>\$ 800,165</u>	<u>\$ 25,088,223</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, 2017**

	Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Totals
Revenues:				
Sales and services	\$ 2,350,505	\$ 935,954	\$ 17,625	\$ 3,304,084
Room occupancy taxes	-	-	1,414,977	1,414,977
Unrestricted intergovernmental	-	107,000	-	107,000
Other revenue	-	41,349	11,006	52,355
Investment earnings	2,457	950	3,833	7,240
Total revenues	<u>2,352,962</u>	<u>1,085,253</u>	<u>1,447,441</u>	<u>4,885,656</u>
Expenses				
Operating expenses	<u>2,165,137</u>	<u>1,247,440</u>	<u>1,386,949</u>	<u>4,799,526</u>
Capital contributions	<u>-</u>	<u>5,560</u>	<u>-</u>	<u>5,560</u>
Change in net position	187,825	(156,627)	60,492	91,690
Net position, beginning of year	<u>1,749,904</u>	<u>22,506,956</u>	<u>739,673</u>	<u>24,996,533</u>
Net position, end of year	<u>\$ 1,937,729</u>	<u>\$ 22,350,329</u>	<u>\$ 800,165</u>	<u>\$ 25,088,223</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			
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 37,377,510	\$ 80,832,411	\$ 84,644,800	\$ 87,280,988
Restricted	-	-	-	8,043,571
Unrestricted	<u>31,112,731</u>	<u>(19,213,539)</u>	<u>(21,304,189)</u>	<u>(14,326,518)</u>
Total governmental activities net position	<u>\$ 68,490,241</u>	<u>\$ 61,618,872</u>	<u>\$ 63,340,611</u>	<u>\$ 80,998,041</u>
Business-type activities				
Net investment in capital assets	\$ 104,963,579	\$ 161,945,932	\$ 187,205,988	\$ 195,778,306
Restricted	-	-	-	-
Unrestricted	<u>65,985,290</u>	<u>34,144,461</u>	<u>24,907,050</u>	<u>32,047,202</u>
Total business-type activities net position	<u>\$ 170,948,869</u>	<u>\$ 196,090,393</u>	<u>\$ 212,113,038</u>	<u>\$ 227,825,508</u>
Primary Government				
Net investment in capital assets	\$ 142,341,089	\$ 242,778,343	\$ 271,850,788	\$ 283,059,294
Restricted	-	-	-	8,043,571
Unrestricted	<u>97,098,021</u>	<u>14,930,922</u>	<u>3,602,861</u>	<u>17,720,684</u>
Total primary government net position	<u>\$ 239,439,110</u>	<u>\$ 257,709,265</u>	<u>\$ 275,453,649</u>	<u>\$ 308,823,549</u>

Table 1

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 83,875,530	\$ 82,982,620	\$ 85,033,340	\$ 94,573,843	\$ 98,533,551	\$ 103,666,583
14,349,327	12,788,396	13,683,095	13,757,595	11,393,121	14,833,062
<u>(18,195,225)</u>	<u>(7,358,632)</u>	<u>(7,117,818)</u>	<u>(11,489,319)</u>	<u>4,291,984</u>	<u>7,002,602</u>
<u>\$ 80,029,632</u>	<u>\$ 88,412,384</u>	<u>\$ 91,598,617</u>	<u>\$ 96,842,119</u>	<u>\$ 114,218,656</u>	<u>\$ 125,502,247</u>
\$ 207,222,012	\$ 215,460,422	\$ 220,347,412	\$ 229,251,045	\$ 237,499,403	\$ 249,222,001
-	-	-	-	-	-
<u>32,388,427</u>	<u>55,390,170</u>	<u>57,003,023</u>	<u>55,051,652</u>	<u>56,333,023</u>	<u>54,639,409</u>
<u>\$ 239,610,439</u>	<u>\$ 270,850,592</u>	<u>\$ 277,350,435</u>	<u>\$ 284,302,697</u>	<u>\$ 293,832,426</u>	<u>\$ 303,861,410</u>
\$ 291,097,542	\$ 298,443,042	\$ 305,380,752	\$ 323,824,888	\$ 336,032,954	\$ 352,888,584
14,349,327	12,788,396	13,683,095	13,757,595	11,393,121	14,833,062
<u>14,193,202</u>	<u>48,031,538</u>	<u>49,885,205</u>	<u>43,562,333</u>	<u>60,625,007</u>	<u>61,642,011</u>
<u>\$ 319,640,071</u>	<u>\$ 359,262,976</u>	<u>\$ 368,949,052</u>	<u>\$ 381,144,816</u>	<u>\$ 408,051,082</u>	<u>\$ 429,363,657</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

Last Ten Fiscal Years

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	\$ 25,786,285	\$ 10,824,875	\$ 10,891,485	\$ 10,525,533
Public safety	28,704,704	32,475,041	32,431,363	33,465,622
Central services	12,491,337	12,874,270	12,032,434	4,316,359
Human services	30,203,435	29,448,343	31,201,132	26,128,245
Transportation	2,258,368	2,315,776	4,292,392	3,742,434
Environmental protection	12,551,871	14,390,242	7,362,499	13,812,863
Cultural and recreation	4,449,488	4,578,694	1,908,173	4,214,605
Economic and physical development	7,213,679	6,844,987	7,614,811	6,913,420
Education	47,784,629	50,907,860	42,391,583	39,853,517
Interest on long-term debt	4,294,959	6,439,614	6,372,620	28,264
Total governmental activities	<u>175,738,755</u>	<u>171,099,702</u>	<u>156,498,492</u>	<u>143,000,862</u>
Business-type activities:				
Water	16,426,295	14,967,806	15,977,572	16,289,895
Wastewater	7,926,725	9,775,273	11,656,776	4,145,162
Total business-type activities	<u>24,353,020</u>	<u>24,743,079</u>	<u>27,634,348</u>	<u>20,435,057</u>
Total primary government expenses	<u>\$ 200,091,775</u>	<u>\$ 195,842,781</u>	<u>\$ 184,132,840</u>	<u>\$ 163,435,919</u>
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 1,480,767	\$ 1,832,978	\$ 1,387,017	\$ 1,475,142
Public safety	5,309,134	5,228,230	5,635,307	6,702,142
Central services	2,163,366	2,139,967	1,535,716	444,294
Human services	1,124,272	918,087	1,335,443	1,060,041
Environmental protection	1,928,085	1,546,722	1,275,381	2,044,307
Cultural and recreation	224,367	194,681	188,117	220,402
Economic and physical development	1,224,383	1,147,627	1,254,385	1,108,423
Education	76,459	-	-	-
Operating grants and contributions:				
General government	-	-	775,551	937,273
Public safety	710,170	1,405,174	1,088,201	365,583
Central services	-	-	-	-
Human services	17,158,192	18,693,712	19,082,231	17,471,434
Transportation	-	-	217,571	-
Environmental protection	-	-	17,721	-
Cultural and recreation	1,228	-	131,243	-
Economic and physical development	139,731	1,530,140	946,912	-
Education	2,146	4,833	3,610	3,716

Table 2

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 10,998,376	\$ 10,934,466	\$ 12,254,383	\$ 11,457,688	\$ 12,394,690	\$ 12,963,358
34,715,586	35,303,805	39,375,729	38,962,019	38,664,204	42,827,646
13,455,405	12,644,064	14,123,067	15,525,612	13,337,319	15,867,210
26,325,541	26,348,700	28,293,768	28,935,510	27,603,012	29,451,140
3,736,588	2,616,195	2,006,314	471,838	1,359,490	809,229
13,876,612	13,394,236	16,242,909	14,029,464	14,346,834	14,832,478
4,169,218	3,951,742	4,084,737	3,937,844	4,019,127	4,461,038
7,653,903	7,616,623	7,270,311	9,799,191	7,367,883	8,653,116
39,852,618	42,982,116	44,441,846	44,955,498	43,174,118	45,425,138
1,894,630	4,616,769	4,510,795	3,487,733	3,293,032	2,939,230
<u>156,678,477</u>	<u>160,408,716</u>	<u>172,603,859</u>	<u>171,562,397</u>	<u>165,559,709</u>	<u>178,229,583</u>
15,995,637	17,581,607	18,819,605	17,679,797	19,859,927	21,929,069
<u>14,741,649</u>	<u>16,822,230</u>	<u>19,863,644</u>	<u>19,163,000</u>	<u>21,036,877</u>	<u>21,851,601</u>
<u>30,737,286</u>	<u>34,403,837</u>	<u>38,683,249</u>	<u>36,842,797</u>	<u>40,896,804</u>	<u>43,780,670</u>
<u>\$ 187,415,763</u>	<u>\$ 194,812,553</u>	<u>\$ 211,287,108</u>	<u>\$ 208,405,194</u>	<u>\$ 206,456,513</u>	<u>\$ 222,010,253</u>
\$ 1,481,028	\$ 1,771,496	\$ 1,912,777	\$ 1,532,631	\$ 1,456,894	\$ 1,666,619
6,707,376	8,077,465	9,155,944	9,956,633	10,157,712	9,792,703
444,294	-	-	-	-	-
2,670,338	2,351,986	2,386,613	2,467,380	735,106	2,898,025
2,044,804	2,682,035	2,655,010	2,869,355	3,672,124	3,751,566
220,402	200,813	230,952	279,147	292,772	264,574
1,108,903	1,058,732	1,066,665	1,036,255	1,045,124	890,920
-	-	-	-	-	-
1,077,537	713,544	775,551	2,383,738	3,224,530	4,124,111
743,632	1,579,854	2,403,013	4,522,352	1,589,862	1,683,576
-	-	225,469	221,081	140,213	198,863
18,392,791	14,187,069	15,115,863	16,639,756	15,605,953	16,460,187
-	235,060	217,571	169,157	186,354	225,953
-	6,961	17,721	7,212	14,696	15,281
51,829	147,278	131,243	131,776	149,460	149,232
-	2,428,282	2,365,158	2,212,062	2,691,449	2,397,652
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			
	2008	2009	2010	2011
Capital grants and contributions:				
Public safety	-	-	-	-
Transportation	1,568,395	2,362,035	3,400,594	2,881,715
Cultural and recreation	(55,153)	713,193	-	-
Economic and physical development	574,128	416,223	-	-
Education	-	-	189,138	727,475
Total governmental activities program revenues	<u>33,629,670</u>	<u>38,133,602</u>	<u>38,464,138</u>	<u>35,441,947</u>
Business-type activities:				
Charges for services:				
Water	19,502,863	18,692,965	17,591,342	20,233,912
Wastewater	12,161,118	10,914,375	12,044,395	17,332,864
Capital grants and contributions:				
Water	9,101,531	4,890,763	3,448,505	2,026,810
Wastewater	9,994,682	13,980,711	10,217,775	1,995,448
Total business-type activities program revenues	<u>50,760,194</u>	<u>48,478,814</u>	<u>43,302,017</u>	<u>41,589,034</u>
Total primary government program revenues	<u>\$ 84,389,864</u>	<u>\$ 86,612,416</u>	<u>\$ 81,766,155</u>	<u>\$ 77,030,981</u>
Net (expense)/revenue				
Governmental activities	\$(142,109,085)	\$(132,966,100)	\$(118,034,354)	\$(107,558,915)
Business-type activities	<u>26,407,174</u>	<u>23,735,735</u>	<u>15,667,669</u>	<u>21,153,977</u>
Total primary government net (expense)/revenue	<u><u>\$(115,701,911)</u></u>	<u><u>\$(109,230,365)</u></u>	<u><u>\$(102,366,685)</u></u>	<u><u>\$(86,404,938)</u></u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Ad Valorem taxes	\$ 97,218,426	\$ 101,088,129	\$ 101,876,707	\$ 106,878,322
Local option taxes	23,061,392	19,741,137	15,061,747	14,871,122
Other taxes	4,942,000	3,054,525	3,249,224	3,161,359
Investment earnings	5,155,748	2,210,940	713,501	305,543
Disposal of capital assets	489,997	-	-	-
Transfers	(56,907)	-	(1)	(1)
Total governmental activities	<u>130,810,656</u>	<u>126,094,731</u>	<u>120,901,178</u>	<u>125,216,345</u>
Business-type activities:				
Investment earnings	2,084,847	1,405,789	354,975	128,414
Transfers	56,907	-	-	-
Total business-type activities	<u>2,141,754</u>	<u>1,405,789</u>	<u>354,975</u>	<u>128,414</u>
Total primary government	<u><u>\$ 132,952,410</u></u>	<u><u>\$ 127,500,520</u></u>	<u><u>\$ 121,256,153</u></u>	<u><u>\$ 125,344,759</u></u>
Change in Net Position				
Governmental activities	\$ (11,298,429)	\$ (6,871,369)	\$ 2,866,824	\$ 17,657,430
Business-type activities	<u>28,548,928</u>	<u>25,141,524</u>	<u>16,022,644</u>	<u>21,282,391</u>
Total primary government	<u><u>\$ 17,250,499</u></u>	<u><u>\$ 18,270,155</u></u>	<u><u>\$ 18,889,468</u></u>	<u><u>\$ 38,939,821</u></u>

Table 2 (Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
-	28,309	-	28,309	189,187	-
3,127,909	1,998,505	1,870,448	619,861	1,454,556	365,097
-	-	-	-	-	-
-	-	-	-	-	-
<u>727,475</u>	<u>1,386,898</u>	<u>1,440,936</u>	<u>1,043,025</u>	<u>-</u>	<u>-</u>
<u>38,802,034</u>	<u>38,854,287</u>	<u>41,970,934</u>	<u>46,119,730</u>	<u>42,605,992</u>	<u>44,884,359</u>
20,024,998	20,622,239	20,418,106	21,246,815	22,526,148	23,676,875
18,192,801	41,665,426	23,488,533	21,887,017	24,758,778	25,297,775
1,135,642	1,339,740	512,097	888,007	1,495,593	1,740,949
3,066,745	1,181,493	691,966	554,683	1,552,767	2,961,366
<u>42,420,186</u>	<u>64,808,898</u>	<u>45,110,702</u>	<u>44,576,522</u>	<u>50,333,286</u>	<u>53,676,965</u>
<u>\$ 81,222,220</u>	<u>\$ 103,663,185</u>	<u>\$ 87,081,636</u>	<u>\$ 90,696,252</u>	<u>\$ 92,939,278</u>	<u>\$ 98,561,324</u>
\$(117,876,443)	\$(121,554,429)	\$(130,632,925)	\$(125,442,667)	\$(122,953,717)	\$(133,345,224)
<u>11,682,900</u>	<u>30,405,061</u>	<u>6,427,453</u>	<u>7,733,725</u>	<u>9,436,482</u>	<u>9,896,295</u>
<u>\$(106,193,543)</u>	<u>\$(91,149,368)</u>	<u>\$(124,205,472)</u>	<u>\$(117,708,942)</u>	<u>\$(113,517,235)</u>	<u>\$(123,448,929)</u>
\$ 106,878,322	\$ 109,152,892	\$ 112,080,219	\$ 111,847,084	\$ 114,258,168	\$ 118,423,006
15,996,708	16,941,795	17,832,031	19,698,311	20,944,326	22,464,392
3,163,720	3,484,388	3,766,292	4,088,743	4,956,253	5,087,399
305,536	168,330	140,616	120,072	159,867	265,529
-	-	-	-	11,640	-
-	-	-	-	-	-
<u>126,344,286</u>	<u>129,747,405</u>	<u>133,819,158</u>	<u>135,754,210</u>	<u>140,330,254</u>	<u>146,240,326</u>
127,494	83,874	72,390	53,888	93,247	132,689
-	-	-	-	-	-
<u>127,494</u>	<u>83,874</u>	<u>72,390</u>	<u>53,888</u>	<u>93,247</u>	<u>132,689</u>
<u>\$ 126,471,780</u>	<u>\$ 129,831,279</u>	<u>\$ 133,891,548</u>	<u>\$ 135,808,098</u>	<u>\$ 140,423,501</u>	<u>\$ 146,373,015</u>
\$ 8,467,843	\$ 8,192,976	\$ 3,186,233	\$ 10,311,543	\$ 17,376,537	\$ 12,895,102
<u>11,810,394</u>	<u>30,488,935</u>	<u>6,499,843</u>	<u>7,787,613</u>	<u>9,529,729</u>	<u>10,028,984</u>
<u>\$ 20,278,237</u>	<u>\$ 38,681,911</u>	<u>\$ 9,686,076</u>	<u>\$ 18,099,156</u>	<u>\$ 26,906,266</u>	<u>\$ 22,924,086</u>



Governmental Activities Tax Revenues By Source
 Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Video Programming Tax	Alcoholic Beverage Tax	Total
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
2015	113,180,642	19,698,311	-	429,720	287,908	133,596,581
2016	116,180,734	20,944,326	-	416,674	269,014	137,810,748
2017	119,820,026	22,464,392	-	431,684	288,854	143,004,956

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			
	2008	2009	2010	2011
General Fund				
Reserved	\$ 10,255,753	\$ 7,460,930	\$ 7,125,195	\$ -
Unreserved	53,893,857	47,868,262	47,021,290	-
Non-spendable	-	-	-	-
Restricted	-	-	-	4,365,639
Assigned	-	-	-	2,440,362
Committed	-	-	-	-
Unassigned	-	-	-	51,160,940
Total General fund	<u>\$ 64,149,610</u>	<u>\$ 55,329,192</u>	<u>\$ 54,146,485</u>	<u>\$ 57,966,941</u>
All Other Governmental Funds				
Reserved	\$ 29,199,790	\$ 7,742,400	\$ 97,309	\$ -
Unreserved, reported in:				
Special revenue funds	14,553,588	19,527,193	16,571,212	-
Capital projects, Designated for Subsequent years	584,112	14,170,398	10,277,992	-
Restricted in Special Revenue Funds	-	-	-	1,401,061
Restricted in Capital Project Funds	-	-	-	2,276,871
Committed in Capital Project Funds	-	-	-	23,513,880
Assigned in Special Revenue Funds	-	-	-	43,183
Unassigned in Special Revenue Funds	-	-	-	(783,568)
Total all other governmental funds	<u>\$ 44,337,490</u>	<u>\$ 41,439,991</u>	<u>\$ 26,946,513</u>	<u>\$ 26,451,427</u>

Note: The County implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Four Years are presented in the format prior to the implementation of GASB 54.

Six Years after the implementation are presented on the following page.

Table 4

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	64,000	64,000
10,533,677	10,707,390	11,500,851	11,840,454	9,707,172	12,327,583
897,261	649,053	1,080,269	1,900,526	1,444,986	1,704,369
214,566	214,566	214,566	214,566	214,566	214,566
48,066,823	55,107,448	53,503,393	54,420,202	60,934,148	59,299,170
<u>\$ 59,712,327</u>	<u>\$ 66,678,457</u>	<u>\$ 66,299,079</u>	<u>\$ 68,375,748</u>	<u>\$ 72,364,872</u>	<u>\$ 73,609,688</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
2,168,093	1,703,515	2,182,244	1,917,141	1,685,949	2,005,166
1,647,557	377,491	297,795	10,987,621	1,921,723	168,580
22,678,928	21,750,674	25,778,509	22,349,948	29,611,963	35,836,600
-	-	-	16,339	-	-
(1,102,442)	(350,670)	(48,106)	-	(81,924)	(118,432)
<u>\$ 25,392,136</u>	<u>\$ 23,481,010</u>	<u>\$ 28,210,442</u>	<u>\$ 35,271,049</u>	<u>\$ 33,137,711</u>	<u>\$ 37,891,914</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

Last Ten Fiscal Years

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Ad Valorem taxes	\$ 96,940,721	\$ 98,948,961	\$ 100,529,188	\$ 100,346,765
Local option sales taxes	23,061,392	19,741,137	15,061,747	14,291,687
Other taxes and licenses	4,942,000	3,054,525	3,249,224	3,130,245
Unrestricted intergovernmental	701,489	735,680	549,711	1,536,541
Restricted intergovernmental	19,912,197	24,167,893	24,368,907	22,912,749
Permits and fees	4,127,984	3,389,913	3,261,887	2,940,408
Sales and services	8,379,989	8,133,848	7,559,876	7,263,926
Investment earnings	5,155,748	2,210,940	712,175	403,061
Other revenue	924,338	1,750,675	972,567	5,602,806
Total revenues	<u>164,145,858</u>	<u>162,133,572</u>	<u>156,265,282</u>	<u>158,428,188</u>
Expenditures				
General government	9,864,403	9,826,801	9,613,675	9,302,160
Public safety	27,575,360	30,369,412	29,332,960	30,056,729
Central services	11,867,248	12,100,908	11,699,222	10,697,137
Human services	28,631,664	28,070,006	26,668,707	25,077,211
Transportation	270,929	256,739	280,466	261,930
Environmental protection	12,522,556	13,326,293	12,455,131	13,087,467
Culture and recreation	5,558,766	4,033,904	3,831,067	3,860,796
Economic and physical development	6,947,615	6,479,048	6,699,963	6,827,513
Education	32,098,564	35,390,424	34,451,976	32,951,548
Capital Outlay	12,344,540	14,918,421	10,416,650	4,453,015
Intergovernmental expenditures	22,710,479	38,863,518	11,495,398	2,371,301
Debt Service:				
Principal retirement	7,975,512	9,616,456	10,041,528	10,099,775
Interest and fiscal charges	4,861,013	6,439,614	8,162,795	5,367,812
Total expenditures	<u>183,228,649</u>	<u>209,691,544</u>	<u>175,149,538</u>	<u>154,414,394</u>
Revenues over (under) expenditures	<u>(19,082,791)</u>	<u>(47,557,972)</u>	<u>(18,884,256)</u>	<u>4,013,794</u>
Other Financing Sources (Uses)				
Issuance of long-term debt	65,300,000	-	24,715,000	-
Premium on Bonds Issued	566,054	-	1,790,175	-
Discounts on Bonds Issued	-	-	-	-
Payment to escrow agent-refunded debt	-	-	(23,500,000)	-
Sale of capital assets	489,997	-	202,895	-
Transfer from other funds	21,600,857	17,059,900	9,653,933	5,437,904
Transfer to other funds	<u>(21,657,764)</u>	<u>(17,059,900)</u>	<u>(9,653,933)</u>	<u>(5,437,904)</u>
Total other financing sources (uses)	<u>66,299,144</u>	<u>-</u>	<u>3,208,070</u>	<u>-</u>
Net change in fund balances	<u>\$ 47,216,353</u>	<u>\$ (47,557,972)</u>	<u>\$ (15,676,186)</u>	<u>\$ 4,013,794</u>
Debt service as a percentage of noncapital expenditure:	7.5%	8.2%	11.1%	10.3%

Table 5

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 105,460,118	\$ 108,945,817	\$ 112,999,386	\$ 113,180,642	\$ 116,180,734	\$ 119,820,026
15,996,708	16,941,795	17,832,031	19,698,311	20,944,326	22,464,392
3,163,720	3,484,388	3,766,292	4,088,743	4,956,253	5,087,399
1,658,455	1,133,188	1,229,149	2,944,878	2,409,442	3,498,931
23,406,593	22,164,613	23,434,166	25,211,479	23,264,655	22,515,122
3,231,061	3,316,555	3,440,498	3,758,831	4,005,174	4,250,117
7,416,017	9,275,461	10,129,821	9,953,877	10,380,809	10,723,116
295,910	159,171	134,017	115,374	154,756	255,505
1,407,154	1,627,789	1,876,791	2,684,426	2,677,309	2,112,102
<u>162,035,736</u>	<u>167,048,777</u>	<u>174,842,151</u>	<u>181,636,561</u>	<u>184,973,458</u>	<u>190,726,710</u>
9,676,687	10,215,740	9,947,052	10,462,255	11,094,536	11,338,308
32,251,931	32,451,639	36,154,948	39,131,213	36,077,101	38,267,043
12,371,883	11,664,103	11,846,684	12,534,486	14,019,519	14,771,649
25,924,881	25,051,483	27,045,142	28,229,950	26,531,689	27,729,000
344,699	373,450	371,421	327,320	340,204	379,803
13,519,057	13,420,533	13,687,085	13,839,188	14,162,219	14,671,053
3,882,693	3,654,807	3,841,553	7,456,999	3,842,141	4,792,096
6,305,436	6,419,770	6,098,694	6,349,571	5,978,964	5,577,280
35,488,626	36,675,154	37,920,810	37,784,270	38,148,499	40,022,567
3,980,519	4,998,600	5,858,111	29,024	2,443,977	2,838,329
4,016,191	2,886,725	4,742,686	14,446,478	15,610,192	10,021,208
9,949,167	9,910,000	9,215,000	10,440,000	11,470,000	11,295,000
6,487,455	6,492,027	3,762,911	3,489,128	3,410,271	3,024,355
<u>164,199,225</u>	<u>164,214,031</u>	<u>170,492,097</u>	<u>184,519,882</u>	<u>183,129,312</u>	<u>184,727,691</u>
<u>(2,163,489)</u>	<u>2,834,746</u>	<u>4,350,054</u>	<u>(2,883,321)</u>	<u>1,844,146</u>	<u>5,999,019</u>
45,795,000	16,620,000	-	15,135,000	-	-
4,789,688	1,875,258	-	1,555,597	-	-
(196,863)	-	-	-	-	-
(48,226,667)	(16,275,000)	-	(4,670,000)	-	-
-	-	-	-	11,640	-
2,491,595	4,003,845	11,176,286	8,350,111	14,404,200	16,883,690
<u>(2,491,595)</u>	<u>(4,003,845)</u>	<u>(11,176,286)</u>	<u>(8,350,111)</u>	<u>(14,404,200)</u>	<u>(16,883,690)</u>
<u>2,161,158</u>	<u>2,220,258</u>	<u>-</u>	<u>12,020,597</u>	<u>11,640</u>	<u>-</u>
<u>\$ (2,331)</u>	<u>\$ 5,055,004</u>	<u>\$ 4,350,054</u>	<u>\$ 9,137,276</u>	<u>\$ 1,855,786</u>	<u>\$ 5,999,019</u>
10.3%	10.3%	7.9%	7.6%	8.2%	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
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
2015	18,773,228	4,403,597	1,164,656	1,888,653
2016	16,775,139	3,934,909	1,275,999	2,075,894
2017	17,294,479	4,056,730	1,396,251	2,166,088

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 2015. 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 Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
992,640	31,424,537	0.003050	31,649,247	99.29%
1,007,602	33,085,217	0.003050	33,736,328	98.07%
1,056,335	33,546,601	0.003050	32,911,411	101.93%
1,127,037	33,608,475	0.003050	29,587,530	113.59%
883,952	24,528,578	0.004425	25,217,002	97.27%
889,727	24,599,009	0.004425	23,857,055	103.11%
900,170	25,259,045	0.004425	23,422,705	107.84%
903,918	25,326,216	0.004425	23,574,622	107.43%
603,427	23,458,514	0.004850	23,681,116	99.06%
639,991	24,273,557	0.004850	24,890,850	97.52%

COUNTY OF BRUNSWICK, NORTH CAROLINA

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

Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
County:				
Brunswick County-wide rate	\$ 0.3050	\$ 0.3050	\$ 0.3050	\$ 0.3050
Municipality Rates:				
Village of Bald Head Island	0.2600	0.2600	0.2700	0.3275
Village of Bald Head Island MSD Zone A (4)	*	*	0.3100	0.3825
Village of Bald Head Island MSD Zone B (4)	*	*	0.2900	0.3625
Town of Belville	0.0911	0.0911	0.0911	0.0683
City of Boiling Spring Lakes	0.1200	0.1200	0.1200	0.1200
Town of Bolivia	0.0500	0.0500	0.0500	0.0500
Town of Calabash	0.0700	0.0700	0.0700	0.0700
Town of Carolina Shores	0.0800	0.0800	0.0800	0.0800
Town of Caswell Beach	0.1500	0.1500	0.1300	0.1300
Town of Holden Beach	0.0690	0.0690	0.0690	0.0690
Town of Leland	0.1166	0.1166	0.1166	0.1166
Town of Navassa	0.2000	0.2000	0.2000	0.2000
City of Northwest	0.1500	0.1700	0.1700	0.1900
Town of Oak Island	0.1245	0.1400	0.1400	0.1550
Town of Ocean Isle Beach	0.0800	0.0900	0.0900	0.0900
Town of Sandy Creek	0.3000	0.3000	0.3000	0.3000
Town of Shallotte	0.2700	0.2700	0.2700	0.2700
Town of St. James Plantation	0.0500	0.0500	0.0500	0.0500
City of Southport	0.1500	0.1800	0.1800	0.1800
Town of Sunset Beach	0.1150	0.0900	0.0900	0.0900
Town of Varnamtown	0.0500	0.0500	0.0500	0.0500
Other Districts: (3)				
North Brunswick Sanitary District	na	na	na	na
Southeastern Brunswick Sanitary District	-	-	-	-
Smithville Township	0.0400	0.0225	0.0225	0.0225

Notes:

- (1) Property was revalued in January 2007, January 2011 and January 2015
- (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, 2017.
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

	2012	2013	2014	2015	2016	2017
\$	0.4425	\$ 0.4425	\$ 0.4425	\$ 0.4425	\$ 0.4850	\$ 0.4850
	0.5910	0.5910	0.5910	0.5900	0.6663	0.6663
	0.6718	0.6718	0.6708	0.6708	0.7471	0.7471
	0.6416	0.6416	0.6406	0.6406	0.7169	0.7169
	0.0683	0.0683	0.0683	0.0683	0.0683	0.0900
	0.1700	0.1700	0.1400	0.1700	0.2100	0.2100
	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
	0.0875	0.0875	0.0875	0.0875	0.0875	0.0875
	0.1016	0.1016	0.1016	0.1016	0.1016	0.1016
	0.1700	0.1700	0.1700	0.1700	0.2200	0.2200
	0.1270	0.1270	0.1270	0.1270	0.1500	0.2200
	0.1515	0.1515	0.1515	0.1515	0.1515	0.1833
	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
	0.2100	0.2100	0.2200	0.2200	0.2400	0.2400
	0.2750	0.2750	0.2750	0.2750	0.2750	0.2900
	0.1300	0.1300	0.1550	0.1550	0.1875	0.1875
	0.3000	0.3000	0.3000	0.3000	0.3000	0.2500
	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
	0.2456	0.2456	0.2456	0.2456	0.2456	0.2456
	0.1050	0.1050	0.1050	0.1050	0.1600	0.1600
	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
	na	na	na	na	na	na
	-	-	-	-	-	-
	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2017			Fiscal Year 2008		
		2016 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2007 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy (1)	Utility	\$1,283,576,355	1	5.30%	\$ 852,145,872	1	2.71%
Bruns. Electric Membership Corp.	Utility	184,506,553	2	0.76%	141,932,557	4	0.45%
Archer Daniels Midland Company	Industry	118,512,466	3	0.49%	84,905,128	8	0.27%
Funston Land & Timber LLC	Timber	86,092,241	4	0.36%	n/a	n/a	n/a
Bald Head Island Ltd	Developer	83,238,124	5	0.34%	126,278,685	6	0.40%
Red Mountain Timberco LLC	Timber	70,388,485	7	0.29%	n/a	n/a	n/a
CPI USA North Carolina, LLC	Utility	45,376,748	7	0.19%	n/a	n/a	n/a
Wal-Mart Real Estate Business Trust	Retail	41,271,212	8	0.17%	n/a	n/a	n/a
Piedmont Natural Gas Co. Inc.	Utility	32,255,307	9	0.13%	n/a	n/a	n/a
CP Brunswick LLC	Developer	26,714,957	10	0.11%	n/a	n/a	n/a
DAK Americas	Industry	n/a	n/a	n/a	189,622,138	2	0.60%
MAS Properties LLC	Developer	n/a	n/a	n/a	143,453,328	3	0.46%
N.C. Eastern Municipal Power Ag.	Utility	n/a	n/a	n/a	141,339,790	5	0.45%
Sustainable Forests LLC	Timber	n/a	n/a	n/a	93,953,823	7	0.30%
Odell Williamson	Developer	n/a	n/a	n/a	81,829,705	9	0.26%
SP Forests LLC	Timber	n/a	n/a	n/a	77,564,734	10	0.25%
Totals		<u>\$1,971,932,448</u>		8.14%	<u>\$1,933,025,760</u>		6.15%

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
2008	96,591,590	94,153,697	97.48%	2,218,798	96,372,495	99.8%	148,503	0.2%
2009	100,905,188	96,284,992	95.42%	4,193,412	100,478,404	99.6%	219,095	0.2%
2010	101,769,536	96,713,452	95.03%	4,500,554	101,214,006	99.5%	426,784	0.4%
2011	102,495,067	96,734,004	94.38%	5,163,422	101,897,426	99.4%	555,530	0.5%
2012	107,167,357	101,521,399	94.73%	4,908,425	106,429,824	99.3%	597,641	0.6%
2013	109,045,695	103,031,401	94.48%	5,061,337	108,092,738	99.1%	737,533	0.7%
2014	112,022,102	106,499,446	95.07%	4,040,259	110,539,705	98.7%	952,957	0.9%
2015	111,987,421	107,298,668	95.81%	2,922,690	110,221,358	98.4%	1,482,397	1.3%
2016	113,979,053	110,454,040	96.91%	823,535	111,277,575	97.6%	1,766,063	1.5%
2017	117,803,110	115,101,632	97.71%	-	115,101,632	97.7%	2,701,478	2.3%

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

COUNTY OF BRUNSWICK, NORTH CAROLINA

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			
	General Obligation Bonded	Limited Obligation Bonded	Unamortized Bond Premiums	Installment Loans
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
2015	50,615,000	40,500,000	1,504,922	350,000
2016	42,815,000	36,900,000	1,403,572	280,000
2017	35,140,000	33,350,000	1,302,222	210,000

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

- (1) State Data Center; projection as of June 30, 2017; 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	Unamortized Bond Premiums	SRF Debt & Installment Loans	Total Primary Government	Debt to Personal Income	(1) Per Capita
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%	2,456
4,285,000	107,100,902	-	43,925,518	277,912,253	8.2%	2,518
3,790,000	102,529,141	-	50,565,728	267,104,869	7.5%	2,380
3,760,000	97,936,222	-	52,895,869	255,247,091	6.8%	2,265
3,605,000	93,122,808	-	48,586,282	236,754,090	6.0%	1,996
3,445,000	98,667,778	8,315,899	43,819,260	247,217,859	5.9%	1,953
3,280,000	93,560,754	7,777,411	40,052,114	226,068,851	5.1%	1,740
3,110,000	88,114,991	7,238,924	34,957,210	203,423,347	n/a	1,578

**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
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%	108,181	781.65
2011	33,608,476	82,135,000	4,285,000	77,850,000	0.2%	110,361	705.41
2012	24,279,583	74,030,000	3,790,000	70,240,000	0.3%	112,682	623.35
2013	24,598,580	67,675,000	3,760,000	63,915,000	0.3%	115,752	552.17
2014	25,259,280	61,500,000	3,605,000	57,895,000	0.2%	119,661	483.83
2015	25,326,216	54,060,000	3,445,000	50,615,000	0.2%	123,535	409.72
2016	23,440,904	46,095,000	3,280,000	42,815,000	0.2%	125,712	340.58
2017	24,253,680	38,250,000	3,110,000	35,140,000	0.1%	128,891	272.63

Notes:

(1) State Data Center; projection as of June 30, 2017; annual estimates previous nine years

Direct and Underlying Governmental Activities Debt
June 30, 2017

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct:			
Brunswick County	\$ 73,112,222	100%	\$ 73,112,222
Underlying Debt:			
Village of Bald Head Island	12,684,887	100%	12,684,887
City of Boiling Spring Lakes	940,000	100%	940,000
Town of Caswell Beach	652,663	100%	652,663
Town of Holden Beach	14,663,466	100%	14,663,466
Town of Leland	9,436,856	100%	9,436,856
City of Northwest	557,000	100%	557,000
Town of Oak Island	6,714,510	100%	6,714,510
Town of Ocean Isle Beach	1,153,708	100%	1,153,708
Town of Saint James	3,112,369	100%	3,112,369
Town of Shallotte	1,600,000	100%	1,600,000
City of Southport	2,459,600	100%	2,459,600
Southeast Brunswick Sanitary District	859,500	100%	859,500
Smithville Township	<u>5,675,000</u>	100%	<u>5,675,000</u>
Total Underlying Debt	<u>60,509,559</u>		<u>14,860,177</u>
Total Direct and Underlying Debt	<u>\$ 133,621,781</u>		<u>\$ 87,972,399</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.
Amount includes enterprise activity general obligation debt in the amount of \$3,110,000

COUNTY OF BRUNSWICK, NORTH CAROLINA

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2008	2009	2010	2011
Debt limit	\$ 2,513,962,929	\$ 2,646,817,341	\$ 2,683,728,040	\$ 2,688,678,046
Total net debt applicable to limit	<u>151,143,592</u>	<u>141,527,136</u>	<u>137,042,608</u>	<u>126,885,833</u>
Legal margin	<u>\$ 2,362,819,337</u>	<u>\$ 2,505,290,205</u>	<u>\$ 2,546,685,432</u>	<u>\$ 2,561,792,213</u>
Total net debt applicable to the limit as a percentage of debt limit	6.0%	5.3%	5.1%	4.7%

Table 13

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 1,942,366,601	\$ 1,967,886,412	\$ 2,020,742,425	\$ 2,026,097,249	\$ 1,875,272,335	\$ 1,940,294,365
<u>114,010,000</u>	<u>104,415,000</u>	<u>95,045,000</u>	<u>94,910,000</u>	<u>83,275,000</u>	<u>71,810,000</u>
<u>\$ 1,828,356,601</u>	<u>\$ 1,863,471,412</u>	<u>\$ 1,925,697,425</u>	<u>\$ 1,931,187,249</u>	<u>\$ 1,791,997,335</u>	<u>\$ 1,868,484,365</u>
5.9%	5.3%	4.7%	4.7%	4.4%	3.7%

Calculation of Legal Debt Margin for Fiscal Year 2017:

Assessed value of taxable property	\$ 24,253,679,564
	x 0.08
Debt limit- 8 percent of assessed value	<u>1,940,294,365</u>
Gross debt:	
Total bonded debt	126,364,991
Total limited obligation bonds	33,350,000
Total installment purchases	<u>35,167,210</u>
Gross debt	194,882,201
Less: Water and wastewater revenue bonds & installment purchases	<u>123,072,201</u>
Total amount of debt applicable to debt limit (net debt)	<u>71,810,000</u>
Legal debt margin	<u>\$ 1,868,484,365</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.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Pledged-Revenue Coverage
Last Ten Fiscal Years

Net Coverage:

Fiscal Year End June 30	Enterprise Funds			All Enterprise Fund Debt Service		
	Operating Revenue Plus Interest	Operating Expenses Excluding OPEB (Net of Depreciation)	Net Available Revenue	Principal	Interest	Total
2008	33,748,828	15,774,804	17,974,024	3,553,881	2,657,871	6,211,752
2009	31,013,129	15,775,304	15,237,825	4,635,963	2,530,870	7,166,833
2010	29,990,712	17,063,506	12,927,206	4,644,997	4,017,764	8,662,761
2011	41,543,785	16,909,934	24,633,851	5,057,980	5,459,336	10,517,316
2012	38,345,293	17,030,681	21,314,612	6,571,550	8,601,653	15,173,203
2013	62,371,539	18,210,821	44,160,718	8,620,528	6,148,351	14,768,879
2014	43,879,271	20,009,476	23,869,795	9,278,001	6,059,305	15,337,306
2015	45,932,582	19,068,756	26,863,826	9,897,052	6,244,414	16,141,466
2016	50,123,035	22,122,056	28,000,979	10,239,170	5,327,540	15,566,710
2017	51,852,201	24,237,704	27,614,497	10,710,667	5,455,456	16,166,123

Required Coverage:

Fiscal Year Ended June 30	Net Available Revenue	20% Unrestricted Net Position	Total Debt Service	Parity Debt Service	20% Parity Debt Service
2008	17,974,024	6,834,562	6,211,752	2,950,524	590,105
2009	15,237,825	5,427,576	7,166,833	4,348,551	869,710
2010	12,927,206	4,452,242	8,662,761	5,974,687	1,194,937
2011	24,633,851	6,347,304	10,517,316	7,851,032	1,570,206
2012	21,314,612	7,062,297	15,173,203	12,536,689	2,507,338
2013	44,160,718	10,767,443	14,768,879	12,127,116	2,425,423
2014	23,869,795	9,833,780	15,337,306	12,623,679	2,524,736
2015	26,863,826	9,800,603	16,141,466	13,446,225	2,689,245
2016	28,000,979	10,054,493	15,566,710	12,787,267	2,557,453
2017	27,614,497	9,699,772	16,166,123	13,415,468	2,683,094

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.

Table 14

Enterprise Fund Parity Debt Service

Principal	Interest	Total	Net Coverage
1,126,683	1,823,841	2,950,524	2.89
2,565,666	1,782,885	4,348,551	2.13
2,668,571	3,306,116	5,974,687	1.49
3,232,594	4,618,438	7,851,032	2.34
4,683,761	7,852,928	12,536,689	1.40
6,255,074	5,444,209	11,699,283	2.99
7,234,652	5,389,027	12,623,679	1.56
7,827,988	5,618,237	13,446,225	1.66
8,068,932	4,718,335	12,787,267	1.80
8,513,791	4,901,677	13,415,468	1.71

Coverage

100% Parity	120% Parity
2.89	3.65
2.13	2.57
1.49	1.76
2.34	2.56
1.40	1.60
2.99	3.19
1.56	1.89
1.66	1.95
1.80	2.10
1.71	1.98

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
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	108,181	3,347,269	30,941	47.7	11,739	10.2%
2011	110,361	3,405,071	30,854	48.0	11,969	10.3%
2012	112,682	3,574,233	31,720	48.4	12,026	10.3%
2013	115,752	3,756,974	32,457	48.8	12,201	9.1%
2014	119,661	3,924,028	32,793	49.3	12,416	6.9%
2015	123,535	4,204,982	34,039	49.6	12,240	7.1%
2016	125,712	4,457,288	35,456	49.9	12,290	5.8%
2017	128,891	not available	not available	50.4	12,401	4.8%

Notes:

- (1) State Data Center; projection as of June 30, 2017; 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 2017			Fiscal Year 2008		
		Employees	Rank	% Total County Employment	Employees	Rank	% Total County Employment
Brunswick County Board of Education	Education	2,004	1	3.79%	1,827	1	3.98%
County of Brunswick	Local Government	1,055	2	1.99%	1,008	2	2.20%
Duke Energy (Formerly Progress Energy)	Utility	895	3	1.69%	862	3	1.88%
Wal-Mart Associates Inc.	Retail Chain	866	4	1.64%	735	4	1.60%
Brunswick Novant Medical	Medical Care Facility	725	5	1.37%	651	5	1.42%
Food Lion LLC	Grocery Chain	627	6	1.19%	490	7	1.07%
Lowe's Food	Grocery Chain	481	7	0.91%	n/a	n/a	n/a
Brunswick Community College	Education	466	8	0.88%	n/a	n/a	n/a
Dosher Memorial Hospital	Medical Care Facility	317	9	0.60%	n/a	n/a	n/a
McAnderson's Inc.	Restaurant Chain	310	10	0.59%	n/a	n/a	n/a
Bald Head Island LP	Developer	n/a	n/a	n/a	523	6	1.14%
DAK Americas	Dacron Poly. Fiber	n/a	n/a	n/a	397	8	0.87%
Victaulic Company of America	Pipe Fittings & Seals	n/a	n/a	n/a	330	9	0.72%
Rampage	Yacht Manufacture	n/a	n/a	n/a	280	10	0.61%
Totals		<u>7,746</u>		14.64%	<u>7,103</u>		15.48%

Source: NC Employment Security Commission; total county employment



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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function:										
General government	111.5	110.5	106.5	104.5	100.5	95.5	95	95	94	97
Public safety	340	340	340	336	338	339	362	361	364	379
Central services	94	94	93	91	90	78	79	84	85	86
Human services	253	244	232	230	220	218	220	213	216	217
Environmental protection	9	9	9	8	8	8	7	7	7	7
Cultural and recreation	46	46	46	42	39	39	39	39	39	43
Economic and physical development	41	41	37	34	32	32	27	27	25	22
Utilities	<u>109.5</u>	<u>109.5</u>	<u>116.5</u>	<u>115.5</u>	<u>117.5</u>	<u>118.5</u>	<u>118</u>	<u>120</u>	<u>123</u>	<u>127</u>
Total	<u>1,004</u>	<u>994</u>	<u>980</u>	<u>961</u>	<u>945</u>	<u>928</u>	<u>947</u>	<u>946</u>	<u>953</u>	<u>978</u>

Source: County Finance Department

Note: This schedule represents the number of approved permanent FTE's as of June 30, 2017.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year			
	2008	2009	2010	2011
General Government				
Number of registered voters	69,930	74,096	75,815	77,204
Number of marriage licenses issued	847	824	875	927
Number of tax bills issued excluding motor vehicles	141,257	143,323	143,456	144,614
Law enforcement:				
Civil papers issued	9,312	9,921	17,570	11,552
Offenses reported	10,070	10,663	15,054	21,630
Uniform mileage	2,159,680	2,526,651	2,295,431	2,227,127
Emergency Services:				
Fire Protection:				
Number of calls answered	9,323	9,742	10,168	10,879
Number of inspections conducted	1,310	1,482	1,024	951
Emergency Medical Services:				
Number of calls answered	13,371	13,367	13,503	13,595
Number of transports	8,212	7,859	8,049	8,068
Code enforcement/building permits:				
Number of code violations	126	414	418	423
Number of building permits:				
Single-family	1,722	974	1,050	916
Commercial	463	365	260	340
Culture and Recreation:				
Number of athletic fields rented	8	30	34	115
Youth recreation:				
Certified coaches	1,001	161	242	245
Sports teams	62	69	81	98
Participants	981	2,119	2,225	2,466
Adult recreation:				
Sports teams	53	86	48	63
Participants	800	1,700	1,886	1,744
Fitness program participants	1,525	4,153	1,165	1,500
Library system total circulation	501,047	549,929	555,614	537,085
Solid waste:				
Waste received (tons per 1,000 population)	1,337	1,147	1,200	1,106
Ratio of recyclable to total waste received	5.0%	4.8%	4.6%	5.9%
Public Utilities:				
Water customers	29,955	30,675	33,215	33,770
Water average daily treatment (in gallons)	13,640,000	13,572,000	12,821,890	13,487,920
Wastewater customers	8,378	8,622	9,125	9,647
Wastewater average daily treatment (in gallons)	2,253,000	2,584,000	2,644,752	3,146,983
Education:				
Number of teachers	756	788	812	742
Number of students	11,599	11,841	11,739	11,969
Number of charter students	443	483	563	636

Sources: Various government departments.

Table 18

Fiscal Year					
2012	2013	2014	2015	2016	2017
79,635	81,954	85,047	84,823	91,413	95,047
1,014	864	903	946	916	872
142,666	152,792	152,075	153,744	155,864	154,982
9,040	8,863	7,646	8,380	11,301	11,823
15,315	5,476	5,122	4,686	5,390	5,414
2,411,854	2,131,207	1,818,162	1,948,884	2,133,688	22,248,160
10,761	12,364	15,107	15,131	15,428	18,508
854	1,009	1,336	1,715	1,643	1,512
14,489	17,214	19,520	20,361	17,338	17,889
8,678	11,269	12,952	14,093	10,689	11,047
421	540	440	583	613	524
1,038	1,517	1,967	1,918	2,077	2,336
438	226	226	208	318	321
85	61	63	134	63	75
199	205	238	275	525	248
100	103	119	126	182	195
3,306	3,330	6,922	3,730	3,938	3,145
57	55	48	50	36	46
3,678	3,700	3,136	2,700	720	1,748
2,141	2,201	1,536	n/a	n/a	n/a
541,305	547,559	539,487	544,822	542,239	545,216
980	864	898	899	966	966
6.8%	8.0%	21.7%	22.1%	24.3%	22.0%
34,394	34,984	36,028	37,112	38,760	40,101
13,545,000	13,385,000	13,628,000	13,558,885	14,138,190	15,024,000
10,475	12,142	13,841	14,514	15,847	16,579
3,504,000	4,250,000	5,202,500	5,764,442	5,995,560	5,645,539
758	779	795	791	784	803
12,026	12,201	12,416	12,240	12,290	12,401
688	725	769	880	1,002	1,093

COUNTY OF BRUNSWICK, NORTH CAROLINA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year			
	2008	2009	2010	2011
Law enforcement:				
Sheriff stations	13	14	15	15
Deputy patrol units	47	51	51	51
Detention center capacity	440	440	440	440
Emergency services:				
Rescue stations	9	9	9	9
EMS vehicles	13	13	13	13
Culture and recreational:				
Community centers	7	7	7	7
Parks	12	13	13	13
Libraries (branches)	5	5	5	5
Public Utilities:				
Miles of water mains	795	839	919	949
Maximum daily water capacity (in gallons)	30,000,000	30,000,000	30,000,000	30,000,000
Miles of wastewater mains	360	403	435	462
Maximum daily wastewater capacity (in gallons)	6,115,000	6,115,000	9,080,000	9,180,000
(1) Education:				
Number of schools	17	17	19	19
Number of charter schools	1	1	1	1
Community colleges	1	1	1	1

Sources: Various government departments.

Table 19

Fiscal Year						
2012	2013	2014	2015	2016	2017	
15	15	15	13	10	5	
51	51	50	50	50	57	
440	440	440	440	440	440	
9	9	9	9	9	9	
13	15	16	21	21	21	
7	7	7	5	5	5	
13	13	13	13	13	13	
5	5	5	5	5	5	
969	980	999	1,013	1,029	1,044	
30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	
501	521	547	550	569	581	
9,080,000	10,130,000	10,955,000	10,855,555	10,855,555	10,855,555	
19	19	19	19	19	19	
1	1	1	2	2	2	
1	1	1	1	1	1	



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, 2017, and the related Notes to the Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 16, 2017. Our report includes a reference to other auditors who audited the financial statements of the Brunswick County Board of Alcoholic Beverage Control, as described in our report on Brunswick County's financial statements. The financial statements of the Brunswick County Board of Alcoholic Beverage 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.

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 instances of non-compliance or other matters that are 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
November 16, 2017

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Uniform Guidance And The State Single Audit Implementation Act

Independent Auditor's Report

Board of Commissioners
Brunswick County
Bolivia, North Carolina

Report On Compliance for Each Major Federal Program

We have audited Brunswick County, North Carolina's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Brunswick County's major federal programs for the year ended June 30, 2017. Brunswick County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Brunswick County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Brunswick County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Brunswick County's compliance.

Opinion on Each Major Federal Program

In our opinion, Brunswick County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report On Internal Control Over Compliance

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

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

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

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

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Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Uniform Guidance And The State Single Audit Implementation Act

Independent Auditor's Report

Board of Commissioners
Brunswick County
Bolivia, North Carolina

Report On Compliance for Each Major State Program

We have audited Brunswick County, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Brunswick County's major State programs for the year ended June 30, 2017. Brunswick County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Brunswick County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; applicable sections of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Brunswick County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of Brunswick County's compliance.

Opinion on Each Major State Program

In our opinion, Brunswick County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2017.

Report On Internal Control Over Compliance

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

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

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

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

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Hickory, NC
November 16, 2017

BRUNSWICK COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial Statements audited were prepared in accordance to GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CRF 200.516(a)? No

Identification of major federal programs:

<u>Federal Program</u>	<u>CFDA Number</u>
Medicaid Cluster	93.778, 93.777, 93.775
Special Supplemental Nutrition Program for Woman, Infants, and Children (WIC)	10.557
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$3,000,000</u>
Auditee qualified as low-risk auditee?	Yes

BRUNSWICK COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? No

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

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

Identification of major State programs:

Medicaid Cluster

2. Financial Statements Findings

None reported

3. Federal Award Findings, Responses, and Questioned Costs

None reported

4. State Award Findings, Responses, and Questioned Costs

None reported

BRUNSWICK COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Finding 2016-001

Corrected.

Finding 2016-002

Corrected.

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
Federal Awards:					
<u>U.S. Department of Agriculture</u>					
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services:					
<u>SNAP Cluster</u>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Administration	10.561		1,063,645	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - E&T	10.561		1,388	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - E&T Depend	10.561		746	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Fraud - Administration	10.561		57,544	-	-
Total SNAP Cluster:			1,123,323	-	-
Division of Public Health					
Administration:					
Special Supplement Nutrition Program for Women,					
Infants and Children	10.557	13A2 5403 GF, 13A2 5403 GG, 13A2 5404 GF, 13A2 5404 GG, 13A2 5405 GF, 13A2 5405 GG, 13A2 5409 GF, 13A2 5409 GG, 13A2 5416 GG, 13A2 570H JG,	449,001	-	-
Direct Benefit Payments:					
Special Supplement Nutrition Program for Women, Infants and Children	10.557	5NC700705	1,740,856	-	-
Total U.S. Department of Agriculture			3,313,180	-	-
<u>U.S. Department of Health and Human Services</u>					
<u>Administration for Children and Families</u>					
Passed-through the N.C. Department of Health and Human Services					
Division of Social Services					
Refugee and Entrant Assistance - State Administered Programs	93.566		597	-	-
<u>Temporary Assistance for Needy Families (TANF) Cluster</u>					
Temporary Assistance for Needy Families (TANF)	93.558	13A1 5151 T2	10,687	-	-
Temporary Assistance for Needy Families - Work First Administration	93.558	G1701NCTANF	95,746	-	-
Temporary Assistance for Needy Families - Work First Service	93.558	G1701NCTANF	358,889	-	-
Temporary Assistance for Needy Families - Special Children Adoption	93.558	G1702NCTANF	37,634	88,366	-
Temporary Assistance for Needy Families - TANF TEA Foster Care Max	93.558	G1702NCTANF	31	-	-
Temporary Assistance for Needy Families - TANF Tea Foster Care	93.558	G1702NCTANF	444	-	-
Temporary Assistance for Needy Families - Tanf Payments and Penalties - Direct Benefit Payments	93.558	G1702NCTANF	359,222	-	-
Total TANF Cluster			862,653	88,366	-
Division of Social Services					
Promoting Safe and Stable Families - Family Preservation	93.556	G1601NCFPSS	51,018	-	-
Child Support Enforcement - IV-D Administration	93.563		922,496	-	-
Child Support Enforcement - IV-D Offset Fees - Federal	93.563		1,500	-	-
Child Support Enforcement - IV-D Offset Fees - ESC	93.563		81	4	-
Low-Income Home Energy Assistance	93.568	G17B1NCLIEA	399,168	-	-
Low-Income Home Energy Assistance - Administration	93.568	G17B1NCLIEA	65,986	-	-
Low-Income Home Energy Assistance - Crisis Intervention Payments	93.568	G17B1NCLIEA	329,539	-	-
Stephanie Tubbs Jones Child Welfare Services Program - Permanency Planning - Special	93.645	G1601NCCWSS	31,514	-	-
Social Services Block Grant - Other Services and Training	93.667	G1701NCSOSR	190,861	18,285	-
Social Services Block Grant - In-Home Services	93.667	G1701NCSOSR	4,335	-	-
Chafee Foster Care Independence Program - Links	93.674	G1601NC1420	17,585	4,396	-
<u>Foster Care and Adoption Cluster: (Note 3)</u>					
Administration					
Adoption Assistance - IV-E Adoption Training	93.659		10,644	-	-
Adoption Assistance - IV-E Adoption/Off Training	93.659		30,350	-	-
Adoption Assistance - IV-E Optional Adoption Training	93.659		26,003	-	-
Adoption Assistance - IV-E Adoption	93.659		7,504	-	-
Foster Care - Title IV-E - Child Protective Services	93.658		91,561	53,095	-
Foster Care - Title IV-E - Foster Care Training	93.658		7,740	-	-
Foster Care - Title IV-E - Foster Care/Off Training	93.658		318,840	-	-

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>
Federal Awards:					
Foster Care - Title IV-E - Foster Care	93.658		90,488	32,770	-
Direct Benefit Payments					
Adoption Assistance - IV-E Adopt & Vendor & GUA	93.659		795,472	204,318	-
Foster Care - Title IV-E - Administration County Paid to CCI	93.658		139,894	69,947	-
Foster Care - Title IV-E - Family Foster Care Max	93.658		7,423	1,832	-
Foster Care - Title IV-E - Foster Care	93.658		196,021	48,811	-
Foster Care - Title IV-E - Max Level III	93.658		3,305	-	-
Total Foster Care and Adoption Cluster			1,725,245	410,773	-
Direct Benefit Payments					
Chafee Foster Care Independence Program - Independent Living Transitional	93.674	G1601NC1420	13,897	-	-
<u>Subsidized Child Care (Note 3)</u>					
<u>Child Care Development Fund Cluster</u>					
Division of Social Services					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596		147,778	-	-
Division of Child Development					
Child Care and Development Block Grant - Discretionary	93.575	536147, 536151	1,473,671	-	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Mandatory	93.596	536145	485,519	-	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Match	93.596	536148, 536149	589,893	221,005	-
Total Child Care Development Fund Cluster			2,696,861	221,005	-
Temporary Assistance for Needy Families	93.558	536150	395,517	-	-
Foster Care - Title IV-E	93.658	536153, 536154	43,337	21,705	-
State Appropriations		536142	-	308,692	-
Temporary Assistance for Needy Families - MOE		536142, 536146	-	521,588	-
Total Subsidized Child Care Program Cluster			3,135,715	1,072,990	-
<u>Centers for Medicare and Medicaid Services</u>					
Passed-through the N.C. Department of Health and Human Services					
Division of Medical Assistance					
<u>Medicaid Cluster:</u>					
Administration:					
Medical Assistance Program - Adult Care Home Case Management Special	93.778		23,497	3,366	-
Medical Assistance Program - Claim	93.778		40,081	-	-
Medical Assistance Program - Administration	93.778		2,115,193	-	-
Medical Assistance Program - Medical Transportation Administration	93.778		161,114	-	-
Medical Assistance Program - State County Special Assistance	93.778		73,882	-	-
Direct Benefit Payments					
Medical Assistance Program - Title XIX – Medicaid	93.778	DMA 2017	84,003,302	44,278,208	-
Total Medicaid Cluster			86,417,069	44,281,574	-
Children's Health Insurance Program - N.C. Health Choice	93.767		17,309	53	-
Direct Benefit Payments					
Children's Health Insurance Program - N.C. Health Choice	93.767	DMA 2017	2,120,305	7,311	-
<u>Centers for Disease Control and Prevention</u>					
Passed-through the N.C. Department of Health and Human Services					
Division of Public Health					
Hospital Preparedness Program(HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	1264 2680 M8	46,928	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1460 272A NF, 1460 272B NF	50	-	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	1175 837A, 1175 837B	9,000	-	-
Immunization Cooperative Agreements - Grants	93.268	1331 631C EJ, 1331 631D EJ, 1331 623C VJ, 1331 623D VJ, 1331 625C VL, 1331 625D VL	7,166	-	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	1331 627C VP, 1331 627D VP, 1331 627E VP, 1331 623D VJ, 1331 625C VL, 1331 625D VL	10,148	-	-
Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	1261 5503 PF	26,707	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752	1320 310D JS, 1320 310E JS	35,041	-	-

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>
Federal Awards:					
<u>HIV Cluster</u>					
HIV Prevention Activities - Health Department Based	93.940		1,988	-	-
Preventative Health Services - Sexually Transmitted					
Diseases Control Grants	93.977	1311 462B NB, 1311 462C NB	195	-	-
Total HIV Cluster			2,183	-	-
<u>Health Resources and Service Administration</u>					
Passed-through N.C. Department of Health and Human Services Division of Public Health					
Maternal and Child Health Services Block Grant to the States	93.994	1271 5318 AP, 1271 5351 AP, 1271 5745 AP, 13A1 5735 AP, 13A1 5740 AP	59,787	44,846	-
<u>Office of Population Affairs</u>					
Passed-through N.C. Department of Health and Human Services Family Planning Services					
	93.217	13A1 592D FP, 13A1 592A FP	36,758	-	-
<u>Substance Abuse and Mental Health Services Administration</u>					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance - Treatment Drug Courts					
	93.243	1H79TI026129-01	328,802	-	-
Total U.S. Department of Health and Human Services			96,869,443	45,928,598	-
<u>U.S. Department of Housing and Urban Development</u>					
<u>Housing Voucher Cluster</u>					
Administration					
Section 8 Housing Choice Vouchers	14.871		228,353	-	-
Direct Benefits					
Section 8 Housing Choice Vouchers	14.871		2,025,192	-	-
Total Housing Voucher Cluster			2,253,545	-	-
Passed-through North Carolina Housing Finance Agency Home Investment Partnerships Program - SFRLP 2014					
	14.239	2014 Single Family Rehab	19,404	-	-
Total U.S. Department of Housing and Urban Development			2,272,949	-	-
<u>U.S. Department of Justice</u>					
Equitable Sharing Program	16.922		22,577	-	-
State Criminal Alien Assistance Program	16.606	SCAAP	10,564	-	-
Drug Court Discretionary Grant Program - FY2013 Adult	16.585	2013-DC-BX-0028	80,572	-	-
<u>JAG Program</u>					
Edward Byrne Memorial Justice Assistance Grant Program - Aviation Training FY2012					
	16.738	2014-DJ-BX-0120	1,276	-	-
Edward Byrne Memorial Justice Assistance Grant Program - FY2016					
	16.738	2016-DJ-BX-0196	11,024	-	-
Total JAG Program			12,300	-	-
Total U.S. Department of Justice			126,013	-	-
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Department of Public Safety: Division of Emergency Management					
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	FEMA-4285-DR-NC	339,272	-	-
Emergency Management Performance Grants	97.042	EMA-2016-EP-00002-S01	26,479	26,479	-
Port Security Grant Program	97.056	EMW-2016-PU-00528	33,750	-	-
Homeland Security Grant Program	97.067	EMW-2016-SS-0011-1625	40,000	-	-
Total U.S. Department of Homeland Security			439,501	26,479	-
<u>Department of Transportation</u>					
Passed-through N.C. Department of Transportation <u>Highway Safety Cluster</u>					
National Priority Safety Programs - GHSP	20.616	22016.13.10	75,825	-	-
National Priority Safety Programs - GHSP	20.616	22016.13.7	14,827	-	-
National Priority Safety Programs - GHSP	20.616	22017.15.13	67,068	-	-
Total Highway Safety Cluster			157,720	-	-
Passed-through N.C. Department of Transportation					
Airport Improvement Program - Rehab Northeast Section of GA Apron	20.106	36237.45.15.2	722,177	-	722,178
Airport Improvement Program	20.106	36237.45.15.1	59,934	-	59,933
Approach Clearing Runway 5 & 23		46333.1.1	-	46,143	46,143
Approach Clearing Runway 5 & 23		46333.2.1	-	251,280	251,280
Improvements West Terminal Bldg Parking lot Water Sewer		36244.58.8.3	-	138,825	138,825
Airport Improvement Program - Approach Clearing - Preliminary Engineering	20.106	36237.45.16.1	2,472	-	2,472
Total U.S. Department of Transportation			942,303	436,248	1,220,831

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
Federal Awards:					
<u>U.S. Department of Defense-Army Corps of Engineers</u>					
Navigation Projects - Mosquito Control Project (AIWW Contract)	12.107	W912PM-16-P-0022	77,110	-	-
Navigation Projects - Mosquito Control Project (AIWW Contract)	12.107	W912PM-16-P-0023	95,501	-	-
Total U.S. Department of Defense			172,611	-	-
Total Federal Assistance			104,136,000	46,391,325	1,220,831
State Grants:					
<u>N.C. Department of Administration</u>					
Veterans Service		FY16-17	-	2,000	-
<u>N.C. Department of Health and Human Services</u>					
Division of Social Services					
Administration					
Energy Assist Private Grants			-	34,224	-
St. Child Welfare/CPS/CS LD			-	129,236	-
AFDC Incent/Prog-Integrit			-	2,420	-
Direct Benefit Payments					
CWS Adopt Subsidy & Vendor			-	168,855	-
SAA/SAD HB 1030			-	23,477	-
SC/SA Domiciliary Care			-	402,722	-
SFHF Maximization			-	55,308	-
State Foster Home			-	77,882	-
Division of Public Health					
Food and Lodging Fees		1153 4752 SZ	-	39,466	-
General Aid to Counties		1161 4110 00	-	302,799	-
Public Health Pest Management		1153 4801 00	-	-	-
General Communicable Disease Control		1175 4510 00	-	13,292	-
Breast and Cervical Cancer Programs		1320 5599 00	-	30,855	-
Child Health		1270 5745 00	-	553	-
HMHC-Family Planning		13A1 5735 00	-	7,762	-
Maternal Health (HMHC)		13A1 5740 00	-	7,938	-
Women's Health Service Fund		13A1 6016 FR	-	10,894	-
HIV/STD State		1311 4356 BN	-	100	-
HIV/STD SSBG Aid		1311 4536 RQ, 1311 4536 RR	-	400	-
Sexually Transmitted Disease		1311 4601 RQ, 1311 4601 RR	-	364	-
Tuberculosis		1460 4551 00	-	3,066	-
TB Medical Services		1460 4554 00	-	1,529	-
School Nurse Funding Initiative		1332 5358 00	-	150,000	-
Total N.C. Department of Health and Human Services			-	1,463,142	-
<u>N.C. Arts Council</u>					
Passed-through Brunswick County Arts Council Grassroots Grant			-	7,000	-
<u>N.C. Department of Agriculture and Consumer Services</u>					
Party Rock Fire - Ambulance Strike Team Reimbursement				15,774	
<u>N.C. Department of Environmental Quality (NCDEQ)</u>					
Soil and Water Technical Assistance			-	26,730	-
Soil and Water - State Aid			-	3,600	-
Scrap Tire Disposal			-	214,717	-
White Goods Disposal			-	71,573	-
Electronics Recycling			-	9,164	-
Community Waste Reduction and Recycling Grant 2015		6528	-	1,440	-
Community Waste Reduction and Recycling Grant 2016		6878	-	4,058	-
2015 Mercury Products Recycling Grant		6565	-	619	-
Total N.C. Department of Environmental Quality			-	331,901	-
<u>N.C. Department of Public Safety</u>					
Swift Water Rescue Reimbursement				61,657	
NC Tier II Grant				1,000	
Juvenile Crime Prevention Council Programs			-	176,737	176,737
Total N.C. Department of Public Safety			-	239,394	176,737
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund (Lottery)			-	800,000	800,000

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>
State Grants:					
<u>N.C. Department of Transportation</u>					
Rural Operating Assistance Program (EDTAP)			-	104,594	104,593
Rural Operating Assistance Program (Employment)			-	23,844	23,844
Rural Operating Assistance Program (RGP)			-	97,515	97,515
Total N.C. Department of Transportation			-	225,953	225,952
<u>N.C. Department of Cultural Resources</u>					
Division of State Library					
Aid to Public Libraries			-	142,232	-
Total N.C. Department of Cultural Resources			-	142,232	-
<u>N.C. Wildlife Resources Commission</u>					
Blueway/Greenway Project			-	7,000	-
Total State Assistance			-	3,234,396	1,202,689
Total Assistance			\$ 104,136,000	\$ 49,625,721	\$ 2,423,520

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation
The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of Brunswick County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Brunswick County, it is not intended to and does not present the financial position, changes in net position or cash flows of Brunswick County.
2. Summary of Significant Accounting Policies
Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Brunswick County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
3. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption, HIV.