CITY OF BRUNSWICK

BRUNSWICK, GEORGIA

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION

CITY OF BRUNSWICK

POST OFFICE BOX 550 • BRUNSWICK, GA 31521-0550 • (912) 267-5500 • FAX (912) 267-5549

Bryan Thompson, Mayor
James H. Brooks, Sr., Mayor Pro Tem
Jonathan L. Williams, Commissioner
Cornell L. Harvey, Commissioner
Mark A. Spaulding, Commissioner

City Attorney
M. Lynn Frey, III

City Manager
Roosevelt Harris, Jr.

February 28, 2011

HONORABLE MAYOR AND COMMISSIONERS
OF THE CITY OF BRUNSWICK
BRUNSWICK, GEORGIA

The Annual Financial Report of the City of Brunswick, Georgia, for the fiscal year ended June 30, 2010 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. The enclosed data is reported in a manner designed to present fairly the financial position and results of operation of the government. We believe all disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The Annual Financial Report is presented in five sections – Introductory, Financial, Single Audit, Additional Schedule, and Statistical.

The Introductory Section includes this letter of transmittal, a list of principal officials, a brief history of Brunswick, and the City's Organizational Chart.

Management's Discussion and Analysis, which is a new section required by GASB beginning with the fiscal year 2003 report for the City of Brunswick, includes summarized financial information about the City, an analysis of the past year's operations of general government and major enterprise and activities, an overview of the City's major enterprise activities, and an overview of the City's current and future economic picture as well as it major initiatives and financial accomplishments for the year. Much of this information was located in the Introductory Section in previous years.

The Basic Financial Statements include Government-Wide Financial Statements and Fund Financial Statements. The Government-Wide Financial Statements present an overview of the City's entire financial Operations. Fund Financial Statements present financial data of each of the separate funds of the City. Schedules provide certain other information summarized in the financial statements. The notes are an integral part of the financial statements and provide additional information, which is essential to an accurate understanding of the government's financial condition.

The government is required to undergo a single audit by the U.S. Office of Management and Budget Circular A-133. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and audit's reports on the internal control structure, and compliance with applicable laws and regulations, is included in the single audit section of this report. The Statistical Section includes selected financial information, generally presented on a multi-year basis.

ECONOMIC OUTLOOK

The Economic Outlook for the City of Brunswick mirrors what is seen across the state of Georgia: most Economists predict a recession that will be "severe" rather than mild, and "prolonged" rather than short.

Nevertheless, The City of Brunswick continues to attract both retirees and the younger generation because of the milder climate, coastal waterways and beaches, cost of living, and more affordable pricing for homes. However, some just enjoy the attractiveness of the Historic District of Brunswick and its slower pace.

The Port of Brunswick continues to maintain a steady flow in lieu of the economic crunch with Colonel Island's industry beginning to show signs of climbing with the importing and exporting of grain and cars. Serious facility improvements are on the horizon for the East River Terminal to allow the Port to remain competitive. Additionally, Glynn Isles Market, located in the City of Brunswick has continued to maintain its assortment of small businesses while attracting other prominent small businesses to the area.

What should be a boost to a large segment of Altama Avenue is the Brunswick-Glynn County Archway, a partnership between Brunswick-Glynn County Archway Partnership by The University of Georgia Office for Public Service and Outreach was established July 1, 2008, to bring community leaders and citizens together to discuss high priority community needs. The City of Brunswick, Glynn County Board of Education, Brunswick Golden Isles Chamber of Commerce, Brunswick-Glynn Development Authority, Southeast Georgia Health System and College of Coastal Georgia, as well as Citizen groups, business interests, and non-profit organizations, are all represented at the Archway discussion table.

Through Archway a Growth Task Force (GTF) has been established to address growth issues and explore redevelopment opportunities in the community. Representative of fourteen local and regional planning agencies, GTF has identified a 1,600-acre property along Altama Avenue known as the Altama Community Transformation (ACT) District. The main campuses for the College of Coastal Georgia and the Southeast Georgia Health System the site for the new Brunswick High School, and many other residential, commercial, institutional land uses are located within ACT.

MAJOR INITIATIVES

With the use of Special Option Sales Tax (SPLOST) revenues, the City of Brunswick will continue its efforts to upgrade storm sewer systems in College Park, Magnolia Park, and Habersham Park. The "N" Street Phase III & IV Drainage Project is under contract awaiting right-of-way acquisition from the Pinova (Hercules) Company.

With respect to Community Development Block Grant Funds, the City of Brunswick's Recaptured Funds and Georgia Department of Transportation's TE Funds (Transportation Enhancement); Sidney Lanier Park Project, located directly under the Sidney Lanier Bridge, has been bided out, contract awarded, Notice to Proceed has been given and work has begun..

FINANCIAL INFORMATION

Management of the government is responsible for establishing and maintaining the internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure financial statement presentation in accordance with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable

assurance recognizes that: (1) the cost of a control structure should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of Federal and State financial assistance, the government also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management and the staff of the government.

As a part of the government's single audit, described earlier, internal controls are tested, including those controls related to Federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2010 noted no instances of material weaknesses in the internal controls.

Budgeting Controls. In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the government's governing body. Activities of the general fund and certain special revenue funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by department within an individual fund.

OTHER INFROMATION

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Fowler, Holley, Rambo & Stalvey, P.C. was selected by the government's Board of Commissioners. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The auditor's report and financial statements are included in the financial section of this report. The auditor's reports related to Government Auditing Standards and the single audit are included in the single audit section.

Acknowledgements. I wish to express my appreciation to everyone who contributed to the preparation of this report. This report is intended to provide full disclosure of the financial affairs of the City of Brunswick, Georgia.

Respectfully submitted,

Roosevelt Harris, Jr.
City Manager

City of Brunswick, Georgia
Principal Officials

Mayor	Bryan Thompson
Mayor Pro-Tem	James Brooks, Jr.
City Commisisoner	Mark Spaulding
City Commisisoner	Cornell L. Harvey
City Commisisoner	Jonathan L. Williams
City Manager	Roosevelt Harris, Jr.
Assistant City Manager/CD Director	William Weeks
Clerk of Council	Naomi Atkinson
City Attorney	M Lynn Frey, III
Municipal Court Judge	Christopher J. O'Donnell
City Auditor	Fowler, Holley, Rambo & Stalvey PC Certified Public Accountants
Human Resources	Bonnie D. Roberts
Finance Director	Martha B. Hendley
City Engineer	Dan McFee
Fire Chief	Raymond House
Parks & Recreation Director	Reggie Jackson
Interim Police Chief	Tobe Green
Public Works Director	Jose Pereles
Interim IT Director	Gene Rayle

HISTORY OF BRUNSWICK

Around 1740, Mark Carr laid claim to one thousand acres of land in Spanish territory along what is now known as the Turtle River. Carr's plantation became known as Plug Point. It lay between what is modern day Dartmouth Street and First Avenue.

As first envisioned, Brunswick was to lie in a roughly triangular tract, some 383 1/2 acres, bounded on the north by "F" Street, on the east by Cochran Avenue, and on the south by First Avenue. The western border was the river.

Brunswick, in northern Germany, was the seat of the House of Hanover, of which King George II of England was a member. Brunswick, was thus named in honor of George II, as was Hanover Square. Other streets and squares of the town were named after other members of the Royal Family and prominent Englishmen of the time.

Building lots were laid out, to be granted on June 30, 1772. Petitioners for lots were bound to build a "Good and Sufficient House".

The American Revolution nearly wiped out the town, which theretofore was having no great success. Most citizens were Torys, considering themselves loyal Englishmen, and fled to England and Canada. Little fighting occurred in the area.

In 1778, the war being over, the General Assembly of Georgia passed an act creating a Board of Commissioners to survey and sell lots of land in the township, the proceeds to go toward founding an Academy. A commons surrounding the City was founded and leases granted toward funding the school. The present limits of the town included all the land once known as Commons.

On February 3, 1797, the County Seat was officially moved to Brunswick from Frederica. Part of the Commons was sold to build a courthouse and a jail. Half of the funds again went to the Academy.

In 1789, Brunswick was made a Port of Entry and the tall ships began to arrive. The years from 1834 to 1839 were ones of prosperity and growth. In 1835, the General Assembly authorized the sale of yet more Commons, all the area known as New Town being north of "F" Street and east of Wolfe Street. In 1836, the town was officially chartered. Around 1839, a decline began. Sadly, the town returned its charter to the state. Only 400 people remained.

In the 1850's another boom began. In 1857, Brunswick reincorporated. Rumors of war began to circulate. The Civil War was hard on Georgia. The town was blockaded. Most citizens fled and lastly, the City was ordered to evacuate. Most people fled to Wayne and Ware Counties.

In 1865, the war was over and Brunswick began to thrive again. In 1874, Sidney Lanier, seriously ill, visited the town. Lying under the beautiful oaks, he penned his poem "The Marshes of Glynn".

In 1876, yellow fever struck. The town struggled, fully recovering by 1878. It now boasted two railroads, a fine harbor and a population of 3,000.

During the 1880's, the population tripled. Stores, seafood, and lumber interests began to make the waterfront buzz

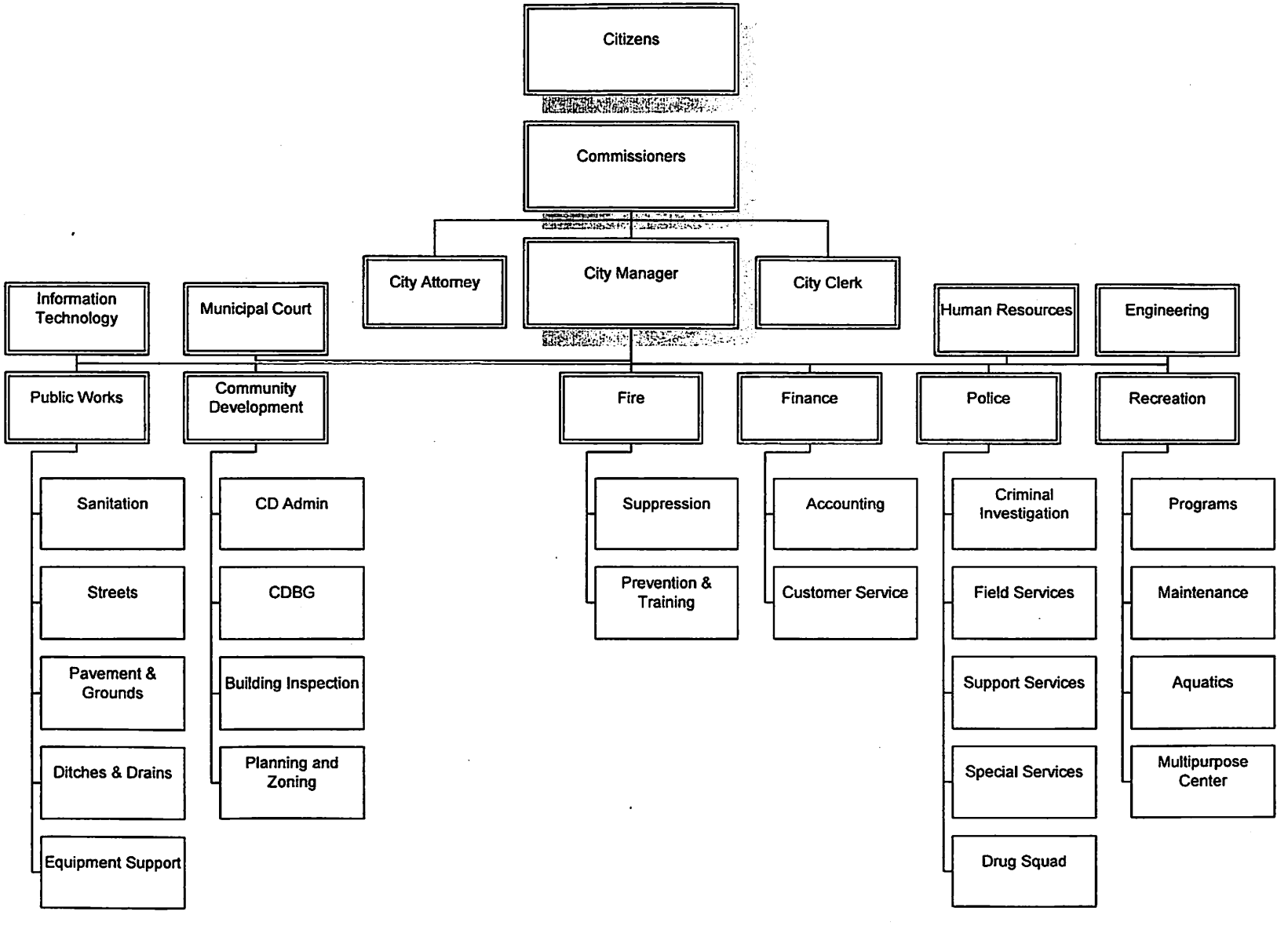
with activity. But in 1893, the dreaded yellow fever struck again.

Brunswick, down but far from out, recovered quickly. In 1900, a beautiful new Post Office was built. It now serves as the "New" City Hall". In 1907, a magnificent new Court House with its sweeping lawns was constructed, and in 1911, by act of the General Assembly of Georgia, all persons holding leases to "Town Commons" lots were granted title in fee simple to those lots.
World War I and II brought yet more prosperity as shipyard population poured in.

Brunswick continues to build into the new century, looking forward to the future with proud hopes and grand dreams. Problems exist, but solutions will be found and the City will go on through crisis and turmoil into the future.

CITY OF BRUNSWICK

JUNE 30, 2010



Fowler, Holley, Rambo & Stalvey, P.C.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

FH R&S

Fowler, Holley, Rambo & Stalvey, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Curtis G. Fowler, CPA, PFS, CFP® • Carlton W. Holley, CPA • C. Wayne Rambo, CPA, CVA • Richard A. Stalvey, CPA

3208 Wildwood Plantation Drive • Post Office Box 1887 • Valdosta, GA 31603-1887 • (229) 244-1559 • (800) 360-3123 • Fax (229) 245-7369

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Commissioners
City of Brunswick, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Brunswick, Georgia, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Brunswick, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in footnote 1C to the basic financial statements, management has not recorded certain infrastructure assets in governmental activities of the government-wide financial statements and, accordingly has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net assets and expenses of governmental activities. The amount by which this departure would affect the assets, net assets and expenses of the governmental activities is not reasonably determinable.

In our opinion, except for the effects of not capitalizing certain infrastructure assets and recording depreciation in the governmental activities of the government-wide financial statements, the government- wide financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the City of Brunswick, Georgia, as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements of the business-type activities, the General Fund, the Community Development Fund, the SPLOST Funds, the aggregate remaining fund information and the discretely presented component unit presents fairly, in all material respects, the respective financial position of the business-type activities, the General Fund, the Community Development Fund, the SPLOST Funds, the aggregate remaining fund information and the discretely presented component unit of the City of Brunswick, Georgia, as of June 30, 2010 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Members of the City Commissioners
City of Brunswick, Georgia

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2011, on our consideration of the City of Brunswick, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 59 through 61, 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 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 any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brunswick, Georgia's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, statistical section, and schedule of projects constructed with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major fund financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The schedule of projects constructed with special sales tax proceeds is reported upon on pages 80 through 81 along with our opinion on pages 78 through 79. 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 express no opinion on them.

Fowler, Holley, Rambo & Stalvey, P.C.
Fowler, Holley, Rambo & Stalvey, P.C.

Valdosta, Georgia
February 28, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BRUNSWICK, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010

This section of the Annual Financial Report presents a discussion and analysis of the City's financial performance during the fiscal year ending June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the financial statements which follow this section.

Financial Highlights

The City's net assets decreased by $(4,197,345) or from $37,505,542 at June 30, 2009 to $33,308,197 at June 30, 2010. Net assets for governmental activities increased $2,179,573 while business-type activities net assets decreased by $(6,376,918). The primary reason for the decrease in net assets was the assumption of the Series 1992 and Series 2001 Revenue Bonds and related investment accounts in the Water/Wastewater Fund by the Brunswick – Glynn County Joint Water and Sewer Commission on June 30, 2010.

Unrestricted net assets totaled $2,093,399 for Governmental Activities and $(286,087) (deficit) for Business-type Activities.

The General Fund had an excess (deficiency) of revenue over expenditures of ($630,055) for 2010 and $(2,654,654) in 2009. This improvement was influenced primarily by a reduction in budgeted expenditures of approximately $3.8 million.

The operations of the Water/Wastewater Fund were transferred to the Brunswick – Glynn County Joint Water & Sewer Commission as of January 1, 2008. Effective June 30, 2010, the Series 1992 and Series 2001 Water/Wastewater Revenue Bonds and related investment accounts were assumed by the Brunswick – Glynn County Joint Water & Sewer Commission. The City has no further obligations under the bond issues. See Note 19 on page 57 in the *Notes to the Basic Financial Statements* for additional information. The Sanitation Fund had a net operating income (loss) of ($555,082) compared to ($239,906) operating income (loss) in the prior year. The increase in the operating loss is due primarily to the write-off off a large amount of bad debts in accounts receivable.

Net assets in the Defined Benefit Pension Plan increased by $14,479, while paying out benefits totaling $2,101,111.

On the modified accrual budget basis, actual General Fund revenues were greater than budgeted revenues by $198,068 and actual expenditures were less than budgeted expenditures by $739,560.

Financial Statements Overview

This report consists of a series of financial statements, notes to the statements, and supplementary information.

The *government-wide financial statements* present a longer-term view of the City's finances as a whole in a manner similar to a private sector business. The Statement of Net Assets presents information on all of the City's assets and liabilities with the difference between the two shown as net assets. Increases and decreases in net assets can be an indication of improving or deteriorating financial position. The Statement of Activities presents information on the activities that caused the change in net assets in the reported fiscal year. Both of these statements show governmental activities, business-type activities and the activity of the component unit, the Downtown Development Authority.

Following these are *fund financial statements* which give more detailed information on the City's most significant funds. A fund is a group of accounts used to monitor and control specific activities. These statements tell how the services were financed in the current year as well as what remains for future spending. The Funds are grouped into Governmental, Proprietary, and Fiduciary.

The *Governmental Funds* report on the activities that are most associated with government, such as public safety, public works, recreation and community development and capital projects. These activities are paid for primarily from taxes and licensing fees and the Special Purpose Local Option Sales Tax. The major governmental funds maintained by the City are the General Fund, the Community Development Fund and the SPLOST Fund.

The City maintains two *Proprietary Funds*, the Water/Wastewater Fund and the Sanitation Fund. These are the business-type activities, and are financed primarily through user fees. The operations of the Water/Wastewater Fund were transferred to the Brunswick – Glynn County Joint Water & Sewer Commission on January 1, 2008 under a 50 year lease agreement; thus, the activities in the Water/Wastewater Fund consist primarily of a ten dollar per year rental fee plus reimbursement to the City for the amounts paid by the City on the debt service on the related bonds used to finance the water/wastewater system assets. Effective June 30, 2010 the Series 1992 and Series 2001 Water/Wastewater Revenue Bonds and related investment accounts were assumed by the Brunswick – Glynn County Joint Water & Sewer Commission. Therefore, the lease agreement is effectively terminated as of June 30, 2010, and the City's Water/Wastewater Fund will be inactive in the future.

The City maintains two *Internal Service Funds*, the Group Health Fund and the Workers' Compensation Fund. The Group Health Fund accounts for transactions related to the provision of health care benefits for employees of the City. The Workers' Compensation Fund accounts for the transactions related to the workers' compensation claims incurred on behalf of City employees.

A *Fiduciary Fund* is maintained to account for resources that are not available to support the City's operations. The City maintains a fiduciary fund for the Defined Benefit Pension Plan, and funds held here are used to meet the obligations to current and future retirees.

Notes to the financial statements provide additional information that is helpful for a more complete understanding of the data presented in the financial statements.

Required supplementary information is provided to give a more complete picture of the City's accounting operation. Schedules are provided to compare actual results to budgeted results for the major governmental funds. Balance sheets and schedules of revenues, expenditures and changes in fund balances are provided for the non-major governmental funds. Schedules of net assets and schedules of revenues, expenses and changes in net assets are provided for the internal service funds.

Government-wide Financial Analysis

As noted earlier, increases and decreases in net assets can be an indication of a government's financial health. The City's total net assets decreased by $(4,197,345) in the current year. Net assets for the Governmental Activities increased by $2,179,573 from 2009 to 2010, primarily due to a decrease in expenditures. The net assets for the business-type activities decreased by $(6,376,918) due primarily to the accounting effect on the City's books of the assumption of the Series 1992 and Series 2001 Water/Wastewater bonds and related investment accounts by the Brunswick – Glynn County Joint Water & Sewer Commission. See Note 19. Capital Assets (land, buildings, machinery & equipment) make up 75% of the City's assets. These assets are used to provide services to the community and are not available for future spending.

Change in Government-Wide Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program Revenues						
Charges for Services	$ 577,338	1,347,348	1,389,456	1,568,167	$ 1,966,794	$ 2,915,515
Operating Grants and Contributions	1,343,277	1,445,948	-	-	1,343,277	1,445,948
Total Program Revenues	1,920,615	2,793,296	1,389,456	1,568,167	3,310,071	4,361,463
General Revenues						
Property Taxes Levied for General Purposes	5,077,795	4,809,870	-	-	5,077,795	4,809,870
Franchise Taxes	1,360,043	1,451,384	-	-	1,360,043	1,451,384
Local Option Sales Tax	10,677,987	8,249,984	-	-	10,677,987	8,249,984
Selective Sales and Use Tax	1,370,142	1,428,702	-	-	1,370,142	1,428,702
Unrestricted Investment Earnings	3,881	48,618	55	830,408	3,936	879,026
Restricted investment earnings	909	-	282,991	237,930	283,900	237,930
Miscellaneous	130,781	49,470	-	21,421	130,781	70,891
Sale of Property	-	500,000	-	-	-	500,000
Contributed to JWSC - Recognition - Sales-Type Lease	-	-	-	(45,229)	-	(45,229)
Total General Revenues	18,621,538	16,536,028	283,046	1,044,530	18,904,584	17,582,558
Total Revenues	20,542,153	19,331,324	1,672,502	2,612,697	22,214,655	21,944,021
Expenses						
General Government	(3,017,263)	(3,816,719)	-	-	(3,017,263)	(3,816,719)
Judicial	(524,358)	(852,473)	-	-	(524,358)	(852,473)
Public Safety	(7,923,920)	(8,676,124)	-	-	(7,923,920)	(8,676,124)
Public Works	(2,692,128)	(3,207,038)	-	-	(2,692,128)	(3,207,038)
Culture & Recreation	(1,290,974)	(1,418,458)	-	-	(1,290,974)	(1,418,458)
Cemetery	(325,969)	(325,185)	-	-	(325,969)	(325,185)
Community Development	(1,739,355)	(1,460,778)	-	-	(1,739,355)	(1,460,778)
Economic Development - Component Unit	(103,676)	(114,089)	-	-	(103,676)	(114,089)
Net pension obligation expense	(372,668)	-	-	-	(372,668)	-
Debt Service	(117,503)	(128,513)	(1,332)	(830,554)	(118,835)	(959,067)
Water & Sewer	-	-	(876,356)	(145,608)	(876,356)	(145,608)
Sanitation	-	-	(1,944,527)	(1,808,064)	(1,944,527)	(1,808,064)
Total Expenses	(18,107,814)	(19,999,377)	(2,822,215)	(2,784,226)	(20,930,029)	(22,783,603)
	2,434,339	(668,053)	(1,149,713)	(171,529)	1,284,626	(839,582)
Transfers in (out)	(1,332)	(244,172)	1,332	244,172	-	-
Special items	(253,434)	-	(5,228,537)	-	(5,481,971)	-
Total Transfers and Special Items	(254,766)	(244,172)	(5,227,205)	244,172	(5,481,971)	-
Change in Net Assets	2,179,573	(912,225)	(6,376,918)	72,643	(4,197,345)	(839,582)
Net Assets, Beginning of Year, as previously reported	31,375,816	30,393,167	6,129,726	42,244,151	37,505,542	72,637,318
Prior period adjustments	-	1,894,874	-	(36,187,068)	-	(34,292,194)
Net Assets, beginning of year, as restated	31,375,816	32,288,041	6,129,726	6,057,083	37,505,542	38,345,124
Net Assets (Deficit), End of Year	$ 33,555,389	$ 31,375,816	$ (247,192)	$ 6,129,726	$ 33,308,197	$ 37,505,542

Governmental Activities. Taxes accounted for $18,485,967 or 89.8% of the City's general and program revenues. Of this, $10,677,987 was generated through local option sales tax, including SPLOST V. The largest use of these resources was to provide public safety. Expenses related to providing police and fire protection totaled $7,923,920, approximately 44% of the total cost of government activities.

Business-type Activities. As mentioned earlier, the operations of the Water/Wastewater Fund were transferred to the Brunswick – Glynn County Joint Water & Sewer Commission on January 1, 2008. Effective June 30, 2010, the Series 1992 and Series 2001 Water/Wastewater Revenue Bonds and related investment accounts were assumed by the Brunswick – Glynn County Joint Water & Sewer Commission. The City has no further obligations under the bond issues.

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Cash, Investments & Receivables	$ 9,848,515	$ 7,526,003	$ 378,424	$ 6,956,473	$ 10,226,939	$ 14,482,476
Inventories	-	-	30,355	30,355	30,355	30,355
Sales-Type Leases Receivable	-	-	-	14,647,431	-	14,647,431
Capital Assets	30,038,184	29,371,819	241,059	332,371	30,279,243	29,704,190
Deferred Items	5,890	2,250	-	135,477	5,890	137,727
Total Assets	$ 39,892,589	$ 36,900,072	649,838	$ 22,102,107	$ 40,542,427	$ 59,002,179
LIABILITIES						
Current Liabilities	$ 3,003,927	$ 1,900,799	$ 673,255	$ 1,073,661	$ 3,677,182	$ 2,974,460
Deferred Revenue	-	-	-	67,976	-	67,976
Net Pension Obligation	372,668	-	-	-	372,668	-
Long-term Liabilities	2,960,605	3,623,457	223,774	14,830,744	3,184,379	18,454,201
Total Liabilities	6,337,200	5,524,256	897,029	15,972,381	7,234,229	21,496,637
NET ASSETS						
Invested in Capital Assets, net of related debt	27,016,563	26,845,769	38,895	151,658	27,055,458	26,997,427
Restricted	4,445,427	1,845,220	-	-	4,445,427	1,845,220
Unrestricted	2,093,399	2,684,827	(286,087)	5,978,068	1,807,312	8,662,895
Total Net Assets (Deficit)	33,555,389	31,375,816	(247,192)	6,129,726	33,308,197	37,505,542
Total Liabilities & Net Assets	$ 39,892,589	$ 36,900,072	$ 649,837	$ 22,102,107	$ 40,542,426	$ 59,002,179

Governmental Funds. Of the Governmental Funds, the General Fund is where the majority of the results from operations associated with municipal government are recorded. 89.8% of total General Fund revenues come from taxes; of the 89.8% of revenue from taxes, 41.5% is from sales tax and 39.7% is from property and franchise taxes. 45.8% of the General Fund expenditures (including capital outlay) is for Public Safety purposes.

General Fund Revenues & Expenditures

	2010	% of Total	2009	% of Total
REVENUES				
Taxes	$ 13,966,424	89.8%	$ 14,591,760	86.3%
Licenses	256,823	1.7%	342,183	2.0%
Fines & Forfeitures	342,442	2.2%	602,800	3.6%
Charges for Services	406,953	2.6%	283,292	1.7%
All Other	576,361	3.7%	1,087,516	6.4%
Total Revenues	15,549,003	100.00%	16,907,551	100.00%
EXPENDITURES				
General Government	2,981,666	18.4%	3,947,203	20.2%
Judicial	533,324	3.3%	858,031	4.4%
Public Safety	7,415,184	45.8%	8,001,199	40.9%
Public Works	2,563,397	15.8%	2,821,400	14.4%
Culture & Recreation	1,181,342	7.3%	1,227,760	6.3%
Cemetery	313,050	1.9%	362,266	1.9%
Economic Development	103,676	0.6%	114,089	0.6%
Debt Service	1,087,419	6.90%	2,230,257	11.4%
Total Expenditures	16,179,058	100.00%	19,562,205	100.00%
Excess (Deficiency) Revenues over Expenditures	(630,055)		(2,654,654)	
OTHER FINANCING SOURCES (USES)				
Transfers in	857,746		2,252,959	
Transfers (out)	(1,343,020)		(787,387)	
Proceeds from Capital Leases	1,369,412		-	
Total Other	884,138		1,465,572	
Net Change in Fund Balance	254,083		(1,189,082)	
Fund Balance, Beginning of Year	75,773		1,264,855	
Fund Balance, End of Year	$ 329,856		$ 75,773	

Proprietary Funds. As previously mentioned, the operations of the Water/Wastewater Fund were transferred to the Brunswick – Glynn County Joint Water & Sewer Commission on January 1, 2008. During the current fiscal year, the Sanitation operation had a net operating loss of ($555,082).

Proprietary Funds Revenues & Expenses

	Water/Wastewater		Sanitation	
	06/30/10	06/30/09	06/30/10	06/30/09
Operating Revenues				
Water Sales	$ -	$ -		
Wastewater Treatment	-	-		
Taps, fees and rents	10	10		
Sanitation Fees	-	-	$ 1,389,445	$ 1,568,157
Other	1	21,421	-	-
Total Operating Revenues	11	21,431	1,389,445	1,568,157
Operating Expenses				
Personnel Services	-	-	638,520	626,296
Professional Services	21,569	-	636,840	764,936
General Supplies	-	-	49,049	62,121
Depreciation	-	-	91,312	93,187
Energy	-	-	66,073	99,237
All Other	-	91,339	462,733	162,286
Total Operating Expenses	21,569	91,339	1,944,527	1,808,063
Operating Income (Loss)	(21,558)	(69,908)	(555,082)	(239,906)
Non-operating Revenues (Expenses)				
Investment Return	282,991	1,068,151	55	187
Interest on Bonds & Leases	(586,155)	(823,491)	(1,332)	(7,063)
Amortization of Deferred Costs	(268,632)	(54,270)	-	-
Payments (to) from Brunswick-Glynn JWSC	-	(45,229)	-	-
Total Non-op Revenues (Expenses)	(571,796)	145,161	(1,277)	(6,876)
Income (Loss) Before Contributions and Transfers	(593,354)	75,253	(556,359)	(246,782)
Transfers				
Transfers in (out)	-	-	1,332	244,172
Total Transfers in, (out)	-	-	1,332	244,172
Special Items	(5,212,415)	-	(16,122)	-
Change in Net Assets	(5,805,769)	75,253	(571,149)	(2,610)
Net Assets, Beginning of Year, as previously reported	5,890,216	42,002,031	239,510	242,120
Prior period adjustment	-	(36,187,068)	-	-
Net Assets, Beginning of Year, as restated	5,890,216	5,814,963	239,510	242,120
Net Assets, End of Year	$ 84,447	$ 5,890,216	$ (331,639)	$ 239,510

Fiduciary Fund. The Defined Benefit Pension Plan paid $2,101,111 in monthly and lump-sum payments to retirees during the plan year. Net assets in the plan increased by $14,479 to $7,235,794.

This year the City has reported a liability of $372,668 in the government-wide statement of net assets for the cumulative effect of current and past underfunding of the net pension obligation (ARC). In the prior year, the net pension obligation (ARC) was $516,467; which was disclosed in the Notes to the Basic Financial Statements. Please see Note 7 on page 46 for additional information.

Budgeting. The City adopts an operating budget annually on the modified accrual basis with revenue estimates and expenditure limits. The City's General Fund had a positive variance of $937,628 in the excess of revenues over expenditures compared to budget primarily due to lower actual expenditures for general government, public safety and public works.

General Fund Comparison of Budget to Actual

	2010			2009		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Taxes						
Property taxes	$ 4,686,541	$ 4,802,245	$ 115,704	$ 4,870,321	$ 4,870,321	$ -
Franchise taxes	1,353,644	1,360,043	6,399	1,451,384	1,451,384	-
Local option sales tax	6,267,123	6,433,994	166,871	6,841,353	6,841,353	-
Selective sales and use tax	1,364,410	1,370,142	5,732	1,428,702	1,428,702	-
Licenses	240,693	256,823	16,130	342,183	342,183	-
Fines	451,995	342,442	(109,553)	602,800	602,800	-
Intergovernmental revenues and gratns	468,237	460,747	(7,490)	466,822	455,501	(11,321)
Charges for Services	457,892	406,953	(50,939)	283,310	283,292	(18)
Rental income	30,000	30,694	694	31,054	31,054	-
Sale of Municipal Property	-	-	-	500,000	500,000	-
Investment earnings	1,000	1,900	900	8,394	8,394	-
Miscellaneous	29,400	83,020	53,620	92,567	92,567	-
Total Revenues	15,350,935	15,549,003	198,068	16,918,890	16,907,551	(11,339)
EXPENDITURES						
General Government	3,174,269	2,981,666	192,603	3,766,047	3,766,047	-
Judicial	599,525	533,324	66,201	858,031	858,031	-
Public Safety	7,633,144	7,415,184	217,960	8,001,199	8,001,199	-
Public Works	2,761,292	2,563,397	197,895	2,821,400	2,821,400	-
Cemetery	364,010	313,050	50,960	362,266	362,266	-
Cultural & Recreation	1,195,283	1,181,342	13,941	1,227,760	1,227,760	-
Building inspection and planning	-	-	-	181,156	181,156	-
Economic Development	103,676	103,676	-	114,089	114,089	-
Debt Service	1,087,419	1,087,419	-	2,230,257	2,230,257	-
Total Expenditures	16,918,618	16,179,058	739,560	19,562,205	19,562,205	-
Excess of Revenues Over Expenditures	(1,567,683)	(630,055)	937,628	(2,643,315)	(2,654,654)	(11,339)
Other Financing Sources (Uses)						
Proceeds from Capital Leases	1,369,412	1,369,412	-	103,718	-	(103,718)
Prior year resources	856,315	-	(856,315)			
Transfers (Out)	(1,324,494)	(1,343,020)	(18,526)	(767,841)	(787,388)	(19,547)
Transfers In	666,450	857,746	191,296	3,307,438	2,252,959	(1,054,479)
Total Other Financing (Uses)	1,567,683	884,138	(683,545)	2,643,315	1,465,571	(1,177,744)
Net Change in Fund Balance	-	254,083	$ 254,083	-	(1,189,083)	$ (1,189,083)
Fund Balance (deficit), Beginning of Year	(824,555)	75,773		(824,555)	1,264,856	
Fund Balance (deficit), End of Year	$ (824,555)	$ 329,856		$ (824,555)	$ 75,773	

Capital Asset and Debt Administration

Capital Assets. The City's cost of capital assets for its governmental and business-type activities as of June 30, 2010 amounts to $30,038,184 (net of accumulated depreciation). This represents an increase of $575,053 over the cost (net of accumulated depreciation) as of June 30, 2009. These assets include land, buildings, improvements, machinery and equipment, and infrastructure. Please refer to the Notes to the Financial Statements for additional information.

Long-Term Debt. Long-term debt consisting of notes payable, net pension obligation, capital leases and compensated absences totaled $4,561,099 at June 30, 2010. This is a decrease from the prior year of $13,893,102. This is due primarily to the assumption of the bonds payable and related accounts by the Brunswick – Glynn County Joint Water & Sewer Commission, payments on capital leases, and payment of bond principal. Please refer to the Notes to the Financial Statements for additional information.

Requests for Information

This report is intended to provide a general overview of the City's finances. Questions concerning the information or requests for additional information should be addressed to:

City of Brunswick
Finance Director
P. O. Box 550
Brunswick, GA 31521

BASIC FINANCIAL STATEMENTS

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash and cash equivalents	$ 4,882,110	$ 158,519	$ 5,040,629	$ 1,479
Receivables, net	3,612,555	219,905	3,832,460	-
Due from other governments	1,353,850	-	1,353,850	9,961
Inventories	-	30,355	30,355	1,865
Prepaid costs	5,890	-	5,890	-
Capital assets				
Land and improvements	4,161,284	-	4,161,284	-
Construction-in-progress	3,360,109	-	3,360,109	-
Other capital assets, net of accumulated depreciation	22,516,791	241,059	22,757,850	-
Total Assets	$ 39,892,589	$ 649,838	$ 40,542,427	$ 13,305
Liabilities				
Accounts payable	$ 286,642	$ 60,473	$ 347,115	$ -
Accrued expenses	364,178	17,585	381,763	11,492
Claims payable	873,696	-	873,696	-
Due to other governments	40,413	-	40,413	-
Payable to fiduciary fund	954,184	75,960	1,030,144	-
Internal balances	(519,238)	519,238	-	-
Long-term liabilities				
Due within one year	1,004,052	99,181	1,103,233	-
Net pension obligation of defined benefit plan	372,668	-	372,668	-
Due in more than one year	2,960,605	124,593	3,085,198	-
Total Liabilities	6,337,200	897,030	7,234,230	11,492
Net Assets				
Invested in capital assets, net of related debt	27,016,563	38,895	27,055,458	-
Restricted for:				
Capital projects	4,343,609	-	4,343,609	-
Machen Square	51,113	-	51,113	-
Public safety	50,705	-	50,705	-
Unrestricted	2,093,399	(286,087)	1,807,312	1,813
Total Net Assets (Deficit)	33,555,389	(247,192)	33,308,197	1,813
Total Liabilities and Net Assets	$ 39,892,589	$ 649,838	$ 40,542,427	$ 13,305

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

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Primary Government:								
Governmental Activities:								
General government	$ (3,017,263)	$ (343,860)	$ 214,915	$ -	$ (3,146,208)	$ -	$ (3,146,208)	$ -
Judicial	(524,358)	342,442	-	-	(181,916)	-	(181,916)	-
Public safety	(7,923,920)	21,289	416,293	-	(7,486,338)	-	(7,486,338)	-
Public works	(2,692,128)	25,849	10,112	-	(2,656,167)	-	(2,656,167)	-
Culture and recreation	(1,290,974)	90,784	-	-	(1,200,190)	-	(1,200,190)	-
Cemetery	(325,969)	92,730	-	-	(233,239)	-	(233,239)	-
Community development	(1,739,355)	348,104	701,957	-	(689,294)	-	(689,294)	-
Net pension obligation expense	(372,668)	-	-	-	(372,668)	-	(372,668)	-
Economic development-component unit	(103,676)	-	-	-	(103,676)	-	(103,676)	-
Interest on long-term debt	(117,503)	-	-	-	(117,503)	-	(117,503)	-
Total Governmental Activities	(18,107,814)	577,338	1,343,277	-	(16,187,199)	-	(16,187,199)	-
Business-type activities								
Water/Wastewater	(876,356)	11	-	-	-	(876,345)	(876,345)	-
Sanitation	(1,945,859)	1,389,445	-	-	-	(556,414)	(556,414)	-
Total Business-Type Activities	(2,822,215)	1,389,456	-	-	-	(1,432,759)	(1,432,759)	-
Total primary government	$ (20,930,029)	$ 1,966,794	$ 1,343,277	$ -	(16,187,199)	(1,432,759)	(17,619,958)	-
Component Unit								
Downtown Development Authority	$ (125,274)	$ 14,143	$ 112,137	$ -				1,006

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Totals from previous page	$ (16,187,199)	$ (1,432,759)	$ (17,619,958)	$ 1,006
General Revenues:				
Taxes:				
Property taxes levied for general purposes	5,077,795	-	5,077,795	$ -
Franchise taxes	1,360,043	-	1,360,043	-
Local option sales tax	10,677,987	-	10,677,987	-
Selective sales and use tax	1,370,142	-	1,370,142	-
Restricted investment earnings	909	282,991	283,900	-
Unrestricted investment earnings	3,881	55	3,936	1,424
Miscellaneous	130,781	-	130,781	-
Sale of property	-	-	-	-
Total General Revenues	18,621,538	283,046	18,904,584	1,424
Special Items (Note 19)	(253,434)	(5,228,537)	(5,481,971)	-
Transfers in (out)	(1,332)	1,332	-	-
Total Transfers and Special Item	(254,766)	(5,227,205)	(5,481,971)	-
Change in Net Assets	2,179,573	(6,376,918)	(4,197,345)	2,430
Net Assets (Deficit), Beginning of Year, as previously reported	31,375,816	6,129,726	37,505,542	(617)
Net Assets (Deficit), End of Year	$ 33,555,389	$ (247,192)	$ 33,308,197	$ 1,813

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

CITY OF BRUNSWICK, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	Community Development Fund	SPLOST IV Fund	SPLOST V Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 932,375	$ 373,483	$ 857,376	$ 2,502,556	$ 170,264	$ 4,836,054
Receivables, net	1,024,285	2,747,742	-	1,077,578	9,438	4,859,043
Deferred Expenditures	-	3,640	-	-	-	3,640
Due from other governments	1,166,122	147,736	-	-	39,992	1,353,850
Due from other funds	615,762	227,695	134,177	-	-	977,634
Total Assets	$ 3,738,544	$ 3,500,296	$ 991,553	$ 3,580,134	$ 219,694	$ 12,030,221
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 188,195	$ 10,801	$ 65,463	$ 4,938	$ 17,248	$ 286,645
Accrued expenditures	345,408	14,204	-	-	4,566	364,178
Due to other funds	1,220,619	88,915	-	134,177	119,002	1,562,713
Due to other governments	16,913	-	23,500	-	-	40,413
Due to Fiduciary Fund	880,752	63,287	-	-	10,145	954,184
Deferred revenue	756,801	2,471,487	-	-	950	3,229,238
Total Liabilities	3,408,688	2,648,694	88,963	139,115	151,911	6,437,371
Fund balances:						
Reserved for:						
Completion of projects	-	-	902,590	3,441,019	-	4,343,609
Public safety	-	-	-	-	50,727	50,727
Machen Square	51,113	-	-	-	-	51,113
Unreserved	278,743	851,602	-	-	-	1,130,345
Unreserved, reported in non-major	-					
Special revenue funds	-	-	-	-	17,056	17,056
Total Fund Balances	329,856	851,602	902,590	3,441,019	67,783	5,592,850
Total Liabilities and Fund Balances	$ 3,738,544	$ 3,500,296	$ 991,553	$ 3,580,134	$ 219,694	$ 12,030,221

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

CITY OF BRUNSWICK, GEORGIA
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSSETS
For the Fiscal Year Ended June 30, 2010

Total Fund Balances - Governmental Funds		$	5,592,850
Amounts reported for governmental activities in the statement of net assets are different because:			
Because some billed property taxes and other receivables are unlikely to be collected by the City, they are considered "uncollectible," and an allowance has been made in the statement of net assets for the estimated amount of billed receivables that are considered uncollectible and a discount to present value of certain non-interest bearing long-term receivables			(1,267,895)
Because some property taxes and other receivables will not be collected within sixty days after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are instead, classified as deferred tax revenues. They are however, recorded as revenues in the statement of activities			3,229,238
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds			
Cost of the assets	40,311,775		
Less accumulated depreciation	(10,273,591)		30,038,184
Other			2,250
An internal service fund is used by the City's management to charge the cost of group health and workers' compensation to the individual funds. The assets and liabilities of the internal service funds are included with governmental activities			
Group health fund (deficit)	195,209		
Workers compensation fund	102,878		298,087
Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds.			(4,337,325)
Total Net Assets - Governmental Activities		$	33,555,389

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

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2010

	General Fund	Community Development Fund	SPLOST IV Fund	SPLOST V Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property taxes	$ 4,802,245	$ -	$ -	$ -	$ -	$ 4,802,245
Franchise taxes	1,360,043	-	-	-	-	1,360,043
Local option sales tax	6,433,994	-	-	-	-	6,433,994
Selective sales and use taxes	1,370,142	-	-	-	-	1,370,142
Licenses and permits	256,823	65,869	-	-	-	322,692
Fines, forfeitures and penalties	342,442	-	-	-	-	342,442
Intergovernmental revenues	460,747	-	-	4,243,993	-	4,704,740
Collections on loans	-	131,622	-	-	-	131,622
Grant revenues	-	709,364	-	-	195,435	904,799
Charges for services and assessments	406,953	-	-	-	34,624	441,577
Unrestricted investment earnings	991	764	933	847	175	3,710
Restricted investment earnings	909	-	-	-	-	909
Rental income	30,694	-	-	-	-	30,694
Miscellaneous and sale of property	83,020	693	-	-	46,798	130,511
Total Revenues	15,549,003	908,312	933	4,244,840	277,032	20,980,120
EXPENDITURES						
Current:						
General government	2,981,666	-	-	-	-	2,981,666
Judicial	533,324	-	-	-	-	533,324
Public safety	7,415,184	-	-	-	507,756	7,922,940
Public works	2,563,397	-	-	-	-	2,563,397
Culture and recreation	1,181,342	-	-	-	-	1,181,342
Cemetery	313,050	-	-	-	-	313,050
Community development	-	1,332,978	-	-	269,664	1,602,642
Economic development	103,676	-		-	-	103,676
Debt-service						
Principal	969,916	107,609	-	-	-	1,077,525
Interest	117,503	-	-	-	-	117,503
Capital outlay						
Public works	-	-	825,418	181,907	-	1,007,325
Culture and recreation	-	-	25,046	-	-	25,046
Total Expenditures	16,179,058	1,440,587	850,464	181,907	777,420	19,429,436
Excess (Deficiency) of Revenues Over Expenditures	(630,055)	(532,275)	(849,531)	4,062,933	(500,388)	1,550,684

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2010

	General Fund	Community Development Fund	SPLOST IV Fund	SPLOST V Fund	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)						
Capital Leases	1,369,412	-	-	-	-	1,369,412
Transfers in	857,746	116,677	92,004	-	433,406	1,499,833
Transfers (out)	(1,343,020)	(343,926)	-	(596,918)	(1,901)	(2,285,765)
Total Other Financing Sources (Uses)	884,138	(227,249)	92,004	(596,918)	431,505	583,480
Net Change in Fund Balances	254,083	(759,524)	(757,527)	3,466,015	(68,883)	2,134,164
Fund Balances (Deficit), Beginning of Year	75,773	1,611,126	1,660,117	(24,996)	136,666	3,458,686
Fund Balances (Deficit), End of Year	$ 329,856	$ 851,602	$ 902,590	$ 3,441,019	$ 67,783	$ 5,592,850

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

CITY OF BRUNSWICK, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

Net Change in Fund Balances - Governmental Funds		$ 2,134,164
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays in governmental funds are reported as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlays and depreciation expense for the current year is as follows:		
Capital outlays	2,178,177	
Depreciation expense	(1,511,812)	666,365
Long-term debt transactions are other financing sources or expenditures in the governmental funds, but these transactions do not affect the statement of net assets. Long-term debt transactions during the current year are as follows:		
Lease obligations repaid	973,841	
Note payable on cemetery property	(100,000)	
Proceeds from capital lease financing	(1,369,412)	(495,571)
Because some revenues will not be collected within sixty days after the City's year-end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues reconciliation to a government-wide basis is reported as shown.		249,056
Some items reported in the statement of activities do not require (provide) current financial resources and therefore are not reported as expenditures (reduction in expenditures) in Governmental Funds. These activities consist of:		
Decrease in discount to present value of long-term receivables	219,192	
Decrease in compensated allowances	55,371	
(Increase) in net pension obligation	(372,668)	
Other	(1)	(98,106)
An internal service fund is used by the City's management to charge the costs of group health and worker's compensation to the individual funds. The net revenue of the internal service funds is reported with governmental activities		(276,335)
Change in Net Assets-Governmental Activities		$ 2,179,573

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

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Enterprise Funds			Internal Service Funds
	Water/Waste-Water System	Sanitation	Total	
ASSETS				
Current assets				
Cash and cash equivalents	$ 84,447	$ 74,072	$ 158,519	$ 46,056
Accounts receivable, net	-	219,905	219,905	-
Claims reimbursement receivable	-	-	-	21,407
Due from other funds	-	-	-	1,104,318
Inventories	-	30,355	30,355	-
Total current assets	84,447	324,332	408,779	1,171,781
Non-current assets				
Property, plant and equipment, net				
Buildings, wells, mains, machinery and equipment	-	1,381,440	1,381,440	-
Less accumulated depreciation	-	(1,140,381)	(1,140,381)	-
Total non-current assets	-	241,059	241,059	-
Total Assets	$ 84,447	$ 565,391	$ 649,838	$ 1,171,781
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Accounts payable	$ -	$ 60,473	$ 60,473	$ -
Accrued and other liabilities	-	17,585	17,585	-
Due to other funds	-	519,238	519,238	-
Due to Fiduciary Fund	-	75,960	75,960	-
Capital leases payable - current	-	99,181	99,181	-
Claims payable	-	-	-	873,694
Total Current Liabilities	-	772,437	772,437	873,694

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Enterprise Funds			Internal Service Funds
	Water/Waste-Water System	Sanitation	Total	
Long-term liabilities				
Capital lease payable	-	102,983	102,983	-
Customer deposits payable	-	21,610	21,610	-
Total Long-term Liabilities	-	124,593	124,593	-
Total Liabilities	-	897,030	897,030	873,694
NET ASSETS				
Invested in capital assets, net of related debt	-	38,895	38,895	-
Unrestricted	84,447	(370,534)	(286,087)	298,087
Total Net Assets (Deficit)	84,447	(331,639)	(247,192)	298,087
Total Liabilities and Net Assets	$ 84,447	$ 565,391	$ 649,838	$ 1,171,781

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

CITY OF BRUNSWICK, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2010

	Enterprise Funds			Internal Service Funds
	Water/Waste-Water System	Sanitation	Total	
OPERATING REVENUES				
Taps, fees and rents	$ 10	$ -	$ 10	$ -
Sanitation fees	-	1,389,445	1,389,445	-
Contributions-employer	-	-	-	1,063,800
Contributions-employees	-	-	-	341,515
Miscellaneous income	1	-	1	669,098
Total Operating Revenues	11	1,389,445	1,389,456	2,074,413
OPERATING EXPENSES				
Personnel services - salaries and wages	-	446,060	446,060	-
Personnel services - employee benefits	-	192,460	192,460	-
Professional/Technical services	21,569	636,840	658,409	-
Repairs and maintenance	-	35,742	35,742	-
Insurance	-	21,970	21,970	-
Communications	-	1,038	1,038	-
Travel	-	2,066	2,066	-
Education and training	-	1,434	1,434	-
Contractual and other expenses	-	-	-	266,601
General Supplies	-	49,049	49,049	-
Energy	-	66,073	66,073	-
Small equipment	-	144	144	-
Provision for bad debts	-	379,424	379,424	-
Depreciation	-	91,312	91,312	-
Administrative expense	-	20,915	20,915	40
Claims	-	-	-	2,615,444
Total Operating Expenses	21,569	1,944,527	1,966,096	2,882,085
Operating Income (Loss)	(21,558)	(555,082)	(576,640)	(807,672)

CITY OF BRUNSWICK, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2010

	Enterprise Funds			Internal Service Funds
	Water/Waste-Water System	Sanitation	Total	
NON-OPERATING REVENUES (EXPENSES)				
Investment return	282,991	55	283,046	171
Interest on bonds and leases	(586,155)	(1,332)	(587,487)	-
Amortization of deferred costs	(268,632)	-	(268,632)	-
Total Non-Operating Revenues (Expenses)	(571,796)	(1,277)	(573,073)	171
Income (Loss) Before Transfers and Special Items	(593,354)	(556,359)	(1,149,713)	(807,501)
Transfers in, (out)	-	1,332	1,332	784,600
Total Transfers in (out)	-	1,332	1,332	784,600
SPECIAL ITEMS				
Elimination of interfund balances with the Water/Wastewater Fund due to assumption of bonds payable and related assets by the Brunswick - Glynn County Joint Water and Sewer Commission (Note 19)	404,221	(16,122)	388,099	(253,434)
Accounting effect of assumption of bonds payable and related assets by the Brunswick-Glynn County Joint Water and Sewer Commission (Note 19)	(5,616,636)	-	(5,616,636)	-
Changes In Fund Net Assets	(5,805,769)	(571,149)	(6,376,918)	(276,335)
Net Assets, Beginning of Year	5,890,216	239,510	6,129,726	574,422
Net Assets (Deficit), End of Year	$ 84,447	$ (331,639)	$ (247,192)	$ 298,087

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

CITY OF BRUNSWICK, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010

	Enterprise Funds			Internal Service Funds
	Water/Waste-Water System	Sanitation	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Fees and rents	$ 10	$ 1,842,813	$ 1,842,823	$ -
Employee salaries and benefits	-	(628,666)	(628,666)	-
Payments to suppliers	-	(823,268)	(823,268)	-
Administrative expenses	(55,249)	(20,915)	(76,164)	(266,641)
Receipts for services	-	-	-	1,063,800
Contributions from employees	-	-	-	341,515
Other	-	(2,066)	(2,066)	-
Reimbursements	-	-	-	649,942
Payments of claims	-	-	-	(2,392,330)
Net Cash Provided (Used) by Operating Activities	(55,239)	367,898	312,659	(603,714)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Customer deposits, net increase (decrease)	-	19,010	19,010	-
Net cash effect of transfer of bonds, investment accounts and other cash payments to Brunswick - Glynn Cty JWSC	(4,689,703)	-	(4,689,703)	-
Transfers	-	1,332	1,332	-
Other	-	(13,169)	(13,169)	-
Borrowings from other funds	-	(226,891)	(226,891)	629,600
Net Cash Provided (Used) by Non-Capital Financing Activities	(4,689,703)	(219,718)	(4,909,421)	629,600
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
(Increase) decrease in sales-type leases	-	-	-	-
Payments on capital leases	-	(99,135)	(99,135)	-
Payment of bond principal	(1,055,000)	-	(1,055,000)	-
Interest paid	(586,155)	(1,332)	(587,487)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,641,155)	(100,467)	(1,741,622)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	282,991	55	283,046	170
(Increase)/Decrease in investments	6,008,445	-	6,008,445	-
Net Cash Provided (Used) by Investing Activities	6,291,436	55	6,291,491	170
Net Increase (Decrease) in Cash and Cash Equivalents	(94,661)	47,768	(46,893)	26,056
Cash and Cash Equivalents, Beginning of Year	179,108	26,304	205,412	20,000
Cash and Cash Equivalents, End of Year	$ 84,447	$ 74,072	$ 158,519	$ 46,056

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

CITY OF BRUNSWICK, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010

	Enterprise Funds			Internal Service Funds
	Water/Waste-Water System	Sanitation	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ (21,558)	$ (555,082)	$ (576,640)	$ (807,672)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	-	91,312	91,312	-
Provision for doubtful accounts	-	379,425	379,425	-
Change in assets and liabilities				
(Increase) decrease in assets				
Receivables	-	453,367	453,367	-
Inventories	-	-	-	-
Other Assets	(1)	-	(1)	(19,157)
Increase (decrease) in liabilities				
Accounts Payable	(33,680)	(10,978)	(44,658)	-
Accrued and other liabilities	-	9,854	9,854	223,115
Net Cash Provided (Used) By Operating Activities	$ (55,239)	$ 367,898	$ 312,659	$ (603,714)
SUPPLEMENTARY SCHEDULE OF NON-CASH INVESTING, NON-CAPITAL, CAPITAL, AND RELATED FINANCING ACTIVITIES				
Elimination of Lease Receivable with Brunswick - Glynn County Joint Water & Sewer Commission	$ 14,647,431	$ -		
Elimination of interfund accounts	(404,221)	(16,122)		
Transfer of Series 1992 & Series 2001 Bonds to the Brunswick - Glynn County Joint Water & Sewer Commission	(13,471,845)	-		
Amortization of Deferred Loss on Refunding	133,156	-		
Amortization of Bond Issuance Costs	17,264	-		
Amortization of deferred legal fees	55,093	-		
Net change in Net Assets from noncash transactions	(976,878)	16,122		
NET EFFECT OF NONCASH TRANSACTIONS	$ -	$ -		

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

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
DEFINED BENEFIT PENSION PLAN
June 30, 2010

ASSETS	
Cash and cash equivalents	$ 587,154
Receivables:	
Due From General Fund	880,752
Due from Community Development Fund	63,287
Due from Multi-Purpose Center Fund	10,145
Due from Sanitation Fund	75,960
Interest and dividends	29,127
Total Receivables	1,059,271
Investments, at fair value:	
U. S. Government obligations	956,417
Corporate bonds	1,553,538
Equities	3,079,414
Total Investments	5,589,369
Total Assets	$ 7,235,794
LIABILITIES	
Accounts payable	-
NET ASSETS	
Net assets held in trust for pension benefits (See Footnote 7 for a schedule of funding progress)	7,235,794
Total Liabilities and Net Assets	$ 7,235,794

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

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
DEFINED BENEFIT PENSION PLAN
June 30, 2010

ADDITIONS:		
Contributions:		
Employer	$	1,583,694
Investment income:		
Interest and dividends		204,777
Net appreciation (depreciation) in fair value of plan investments		516,862
Net Investment Earnings		721,639
Total Additions		2,305,333
DEDUCTIONS:		
Pension benefits paid		2,101,111
Contractual and administrative expenses		55,078
Elimination of amount due from Water Fund***		134,665
Total Deductions		2,290,854
Net increase (decrease) in plan net assets		14,479
Net Assets, Beginning of Year		7,221,315
Net Assets, End of Year	$	7,235,794

*** The Series 1992 and Series 2001 Bonds in the Water/Wastewater Fund were assumed by the Brunswick-Glynn County Joint Water & Sewer Commission on June 30, 2010. The balances in the bonds payable accounts, the related investment accounts, the lease receivable account, the bond discount and deferred refunding loss accounts and the interfund receivables and payables were eliminated as well.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles of the City of Brunswick, Georgia ("City") conform to generally accepted accounting principles (GAAP) as prescribed by both, the Governmental Accounting Standards Board ("GASB"); and the Financial Accounting Standards Board (FASB) pronouncements only issued on or before November 30, 1989. The City has not implemented private sector (FASB) guidance issued after that date.

The accompanying summary of the City's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

A. The Reporting Entity

The primary government, (the City) has one component unit as described below.

Primary Government
The City was incorporated by an Act of the General Assembly of Georgia. The City is governed by an elected mayor and a five-member commission with daily operations managed by an appointed city manager. The following services are provided by the City - general administrative services, public safety (police, fire and inspections), public works (streets, sanitation), culture and recreation, and community development.

Discretely Presented Component Unit
Downtown Development Authority - The Authority was established by an Act of the General Assembly of Georgia. The Authority consists of seven members, all of whom are appointed by the City of Brunswick and charged with the development and improvement of the City's downtown-area. Therefore the City has concluded that in accordance with GASB No. 14, the Downtown Development Authority should be presented as a discrete component unit. The Downtown Development Authority does not issue separate financial statements.

Related Organizations
The City's Board of Commissioners is responsible for appointing all five, (thus a voting majority) of the members of the City of Brunswick Housing Authority, but the City's accountability for this organization does not extend beyond making the appointments. The City has no control over the Housing Authority's budgets, fee structure, management or other powers of its governing authority. Complete financial statements can be obtained from its administrative offices at 1126 Albany Street, Brunswick, Georgia.

Joint Ventures
The City is a participant with Glynn County, Georgia, in a joint venture to provide hospital-related health care to its citizens and the citizens of nearby counties. The Glynn-Brunswick Memorial Hospital Authority was created pursuant to the provisions of the Hospital Authority Law of the State of Georgia and a joint resolution of the respective Boards of Commissioners of the City and County. The Authority appoints its governing board from lists provided equally by the City and County. The City has no ongoing financial interest in or responsibility for the Authority. Complete financial statements can be obtained from its administrative offices at 2415 Parkwood Drive, Brunswick, Georgia.

The City is also a participant with Glynn County, Georgia for the purpose of developing, promoting and expanding economic development through the Brunswick and Glynn County Development Authority. The Authority was created by an act of the General Assembly of the State of Georgia.

Authority board members are appointed by joint resolution of the Boards of Commissioners of the City and County. The City has no ongoing financial interest in or responsibility for the Authority. Complete financial statements can be obtained from its administrative offices at 4 Glynn Avenue, Brunswick, Georgia.

The City, in conjunction with 35 cities and 10 counties in the Coastal Georgia area are members of the Coastal Georgia Regional Commission (RC), formerly the Coastal Georgia Regional Development Center (RDC). Membership in an RC is automatic for each municipality and county in the state. The official Code of Georgia, Section 50-8-34 (Georgia Planning Act of 1989, amended in July 2009) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The city paid annual dues in the amount of $17,335 to the RC for the year ended June 30, 2010. The RC Board membership consists of members from the respective cities and counties that comprise the RC, including at least one elected municipal government official from each county and at least one elected county government official from each county. An RC is defined as a multi-county planning and development organization that partners with local governments on their planning and development efforts and can also serve as a service delivery organization. Georgia laws also provides that the member governments are liable for any debts or obligations of an RC beyond its resources (O.C.G.A. 50-8-39.1). Complete financial statements for Coastal Georgia RC can be obtained from the RC office at 127 F Street, P. O. Box 1917, Brunswick, Georgia 31521. The City of Brunswick has a cost-reimbursement contract with Coastal Georgia RC to administer Special Programs for the Aging (Title III). The City received $142,020 under this cost-reimbursement contract during the year ended June 30, 2010.

Jointly-Governed Organizations

The City, in conjunction with Glynn County, Georgia, the Glynn County Board of Education and other counties and municipalities in the Coastal Georgia Region, has created the following entities:

Glynn-Brunswick Regional Library - The City appoints five of the eighteen Board members. The State of Georgia provides 60% of the library's funding. The City's portion of the remaining 40% of local support totaled $60,000 for the year ended June 30, 2010.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Expenses reported for functional activities include allocated indirect expenses. It is the City's policy to report interest expense of governmental activities as a separate line item in the statement of activities and no interest expense is included as a part of direct program costs. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Accounting Principle Mandate

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*". This Statement establishes new financial reporting requirements for state and local governments. Its implementation requires new information and restructures much of the information that governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and understandable.

GASB Statement No. 34 became applicable to cities of the size of Brunswick during the fiscal year ending June 30, 2003. A number of significant changes mandated by GASB Statement No. 34 were reflected for the first time in the financial statements for the year ended June 30, 2003. Among these were the presentation of government-wide financial statements on the full-accrual basis of accounting; recognition of investment in capital assets (excluding infrastructure assets until the year ended June 30, 2007) and depreciation thereon; recognition of all liabilities, either short-term or long-term; presentation of fund-level financial statements on the modified-accrual basis of accounting, and their reconciliation to the government-wide financial statements. Other important changes are the requirement to present originally adopted budgets as well as comparison of the final amended budgets to actual revenues and expenditures, and Management's responsibility to comment upon and explain various financial and operational issues in Management's Discussion and Analysis.

GASB 34 requires the City to account for and record its infrastructure assets for the year ending June 30, 2007. Retroactive capitalization of infrastructure assets back to June 30, 1980 has not taken place, but prospective capitalization of infrastructure began on July 1, 2002. Retroactive capitalization of infrastructure assets did not take place on July 1, 2006 as required by GASB 34.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The fiduciary fund reports contributions on the accrual basis, and benefits and refunds when paid. Accordingly, all of the City's assets, including capital assets (but excluding infrastructure assets until the year ended June 30, 2011) and liabilities, including long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the City considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, charges for services, investment earnings, and special assessments are considered available and therefore recognized as revenues, if collected within 60 days after the close of the fiscal year. Intergovernmental revenues due as reimbursement for specific purposes or projects are recognized when the expenditure is recorded. Intergovernmental revenues received but not earned are recorded as deferred revenues. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund
This is the City's principal fund and accounts for all activities not otherwise reported in other funds.

Special Revenue Fund – Community Development Fund
This fund accounts for the collections and disbursement of monies received under Title I of the Housing and Community Development Act of 1974.

Capital Projects Fund (SPLOST IV and V Funds)
The Capital Projects Fund accounts for capital improvements (except for those financed through Proprietary Funds) which are financed from the City's General Obligation Debt, certain Federal Grants, Special Purpose Local Option Sales Taxes and other City Funds. Capital Projects expenditures from approved SPLOST funds for Proprietary Fund projects are allocated to that fund by transfers from the Capital Projects Fund to the appropriate Proprietary Fund.

Other Nonmajor Funds Aggregated
All other nonmajor governmental funds are aggregated into one column in the governmental fund presentation, and are found in the Combining Nonmajor Fund Financial Statements. These funds are listed below:

Multi-Purpose Center Fund
Police Seizure Fund
E-911 Fund
Hotel/Motel Tax Fund
Sidney Lanier Park Fund
City Pier Fund

Proprietary Funds
Proprietary Funds account for operations that are financed and operated in a manner similar to a private business enterprise—where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of revenue bonds, Federal Grants, and other City funds.

The City reports the following proprietary funds all of which are considered major funds:

Enterprise Funds
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 City's enterprise funds and of the City's internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Water/Wastewater Fund — to finance and account for the cost of providing water/wastewater services to the residents and businesses of the City and certain areas of the County. The assets, liabilities and operations of the fund were transferred to the Brunswick – Glynn County Joint Water & Sewer Commission (JWSC) as of January 1, 2008 under a "Lease and Transfer Agreement" dated October 17, 2007. On June 30, 2010 all the investment accounts including related bond sinking funds as well as the Series 1992 and Series 2001 bonds payable were assumed by the Brunswick – Glynn County Joint Water & Sewer Commission (JWSC). The "Lease and Transfer Agreement" expired as a result of the assumption transaction and leases receivable on the water/wastewater fund books were reduced to zero. Unamortized bond discounts, deferred refunding losses and interfund receivables and payables were also reduced to zero on the water/wastewater fund books.

Sanitation Fund — to finance and account for the cost of providing both residential and commercial garbage pick-up to the residents and businesses of the City.

Internal Service Funds
These funds are used to account for the financing of goods or services provided by one department to other departments of the City. These goods or services are provided on a cost reimbursement basis.

Group Health Fund — accounts for transactions related to the provision of health care benefits for employees of the City.

Workers' Compensation Fund — accounts for the transactions related to the workers' compensation claims incurred on behalf of City employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to follow private-sector guidance subsequent to December 1, 1989.

The City defines operating revenues and expenses in the proprietary funds using the criteria established for identifying cash flows from operations. Revenues from the sale of goods or services (including goods or services sold to internal customers) as well as from the sale of permits are considered operating revenues. Expenses incurred to purchase labor, operating supplies and services, as well as depreciation, are classified as operating expenses.

The City reports the following Fiduciary Fund:

Defined Benefit Pension Plan — to account for the assets and funding of retirement benefits to which employees are entitled.

Flow Assumption for Restricted Resources
When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Budgets and Budgetary Accounting

State law requires that the City adopt by ordinance or resolution, an annual balanced budget for its upcoming fiscal year (June 30). A budget is balanced when the sum of estimated net revenues and unreserved/unappropriated fund balance is equal to appropriations. Budgetary control over expenditures is exercised by the City at the departmental level for all governmental funds.

Appropriations lapse at year-end. The Board of Commissioners has the authority to amend its budget as follows:

1. Any increase in appropriation in any fund for a department, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the Board of Commissioners.
2. Transfers of appropriations in any fund among the various accounts within a department shall require only the approval of the budget officer, except that transfers of appropriations within a department which increases the salary appropriation shall require the approval of the Board of Commissioners.

Budgets are adopted for the General Fund, Community Development Fund, SPLOST funds and non-major governmental funds on the modified accrual basis method of accounting. Budgets for non-major governmental funds are not required by generally accepted accounting principles; however, Georgia Budget Statutes require budgets to be presented for non-major governmental funds.

F. Cash and Cash Equivalents

The City considers all highly liquid short-term investments with a maturity of three months or less, including those classified as restricted assets, to be cash equivalents.

G. Investments

Investments are stated at fair market value. Securities traded on public exchanges are valued at the last reported sales price at current exchange rates as of June 30, 2010.

H. Receivables

Revenues are generally recorded when received, as opposed to when earned, except for the following items for which receivables have been recorded:

1. Taxes Receivable which includes:
   a. Property taxes which represent uncollected tax levies. An allowance for uncollectible taxes is provided based upon an analysis of historical trends. The taxes receivable have been reported net of these allowances.
   b. Sales taxes, franchise taxes, and public utilities assessments receivable, are recorded as revenue when they become both measurable and available for collection within the current period, which is not later than 60 days past year-end. The amount that has been earned, but not available, is recognized as deferred revenue.

2. Accounts Receivable which includes:
   a. Services performed by various departments are recognized as revenue when they are measurable and assumed collectible within the current paying cycle of the City (60 days). That which is earned, but not collectible within the current paying cycle, is recognized as deferred revenue. Accounts Receivable - Sanitation charges are recognized when earned, with an allowance for uncollectible accounts recorded against the receivables.
   b. Unbilled Services Receivable within the City's Enterprise Funds represents an estimated amount for services rendered but not yet billed as of the close of June 30, 2010.

3. Loans to Commercial Enterprises - the amount owed to the City from loans made to commercial enterprises from Urban Development Action Grant funds.

4. Second Mortgages Receivable - the amount owed to the City from loans made to homeowners from Community Development Block Grant funds.

I. Due from Other Governments and Agencies

Due from other governments includes amounts from grantors for grants for specific programs and capital projects. Program grants and capital grants for governmental fixed assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenue received in advance of project costs being incurred is deferred. Capital grants for fixed asset additions in the Proprietary Funds are recorded as receivables and corresponding non-operating revenue from contributions when reimbursable project costs are incurred.

J. Due from and Due to Other Funds

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debts. To the extent that certain transactions between funds had not been paid or received as of June 30, 2010, balances of interfund amounts receivable or payable have been recorded. To the extent that these balances are between Governmental Funds, they have been eliminated on the statement of net assets.

K. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are accounted for using the consumption method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

L. Restricted Assets

Certain proceeds of the City's Water/Wastewater bonds, as well as funds set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Effective on June 30, 2010 all the investment accounts included related bond sinking funds as well as the Series 1992 and Series 2001 bonds payable were transferred to the Brunswick – Glynn County Joint Water & Sewer Commission (JWSC).

M. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's policy sets the capitalization threshold for recording capital assets at $5,000. All purchased capital assets are recorded at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair market value on the date received.

Expenditures for maintenance and repairs which do not add to the value of the assets or materially extend their lives are expensed when incurred. However, expenditures for repairs and upgrading which do materially add to the value or life of an asset are capitalized.

Depreciation is provided on the straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Assets	Life - Years
Buildings	50
Machinery and Equipment	05-20
Vehicles	05-20
Infrastructure	15-50

N. Bond Discounts and Issuance Costs

Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges. The balances in these accounts have been reduced to zero as of June 30, 2010 in connection with the transfer of the Series 1992 and Series 2001 Bonds obligation to the Brunswick – Glynn County Joint Water & Sewer Commission (JWSC).

O. Compensated Absences

It is the City's policy to permit employees to accumulate varying days of vacation benefits depending on length of service, which can be taken either through time off or as pay upon termination. Additionally, employees can accrue sick leave which can be taken only due to personal illness, or the death or critical illness of an immediate family member. In governmental funds, the cost of compensated absences is recognized when payments are made to employees. In proprietary funds, the liability and associated costs are recognized as accrued and earned. The liability for compensated absences as of June 30, 2010 has been recorded in the government-wide statements representing the City's commitment to fund such costs from future operations.

P. Long-Term Obligations

Long-term liabilities used to finance proprietary fund operations are paid from revenue of the proprietary funds are recorded in the respective fund. Principal payments reduce the liability and interest is recorded as an expense.

Q. Pension Plan

Annual costs of the pension plan are actuarially computed and include amortization of past service costs over a period of 30 years. The City's policy is to fund the annual pension costs in the annual budget.

R. Deferred Revenue

Deferred revenue recognition is required where asset recognition criteria has been met, but for which revenue recognition criteria (collected with 60 days after year-end) has not been met. Such amounts have been deemed to be measurable but not available.

S. Fund Equity

Government-Wide/Proprietary Presentation

"Invested in capital assets, net of related debt" measures the entity's value of capital assets, the cost of capital assets, less accumulated depreciation and outstanding debt related to asset acquisition. Restricted net assets indicates the amount of funds subject to restrictions, either externally or internally-imposed, and beyond the government's control.

Governmental Funds

Reserved/Unreserved Fund Balance - A reservation of fund balance indicates that a portion of the fund equity is not available for spending in the subsequent year's budget, or has been legally segregated for specific purposes.

Designated/Undesignated Fund Balance - A designation of fund balance indicates a portion of fund equity for which the City has made tentative plans. Undesignated indicates funds available for budgeting in future periods.

Fund Balance Deficits

The following funds had deficits at June 30, 2010:

The Multi-Purpose Fund had a deficit fund balance of ($63,451) due to the excess of expenditures over revenues.

The Sanitation Fund has a deficit in nets assets of ($331,639) due to the write-off of a large amount of bad debts during the year and an increase in expenses.

The City is evaluating these negative fund balances and anticipates increasing revenue and cost controls to manage these fund operations.

T. Estimates

Preparing the City's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about unsettled transactions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results upon settlement could differ from those estimates, but are not expected to be material.

NOTE 2. DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Collateralization of Deposits

The Official Code of Georgia Annotated (O.C.G.A.), Section 45-8-12 provides that there shall not be on deposit at any time in any one depository for a time longer than ten days, a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. 45-8-13.1), the aggregate of the market value of the securities pledged to secure a pool of public funds shall not be less than 110 percent of the daily pool balance. O.C.G.A. Section 45-8-11(b) provides that an officer holding public funds may, at his/her discretion, waive the requirements in the case of operating funds placed in demand deposit checking accounts.

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Acceptable security for deposits consists of any one of or any combination of the following:

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation,
3. Bonds, bills, notes, certificates of indebtedness or other obligations of the United States or of the State of Georgia,
4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia, and Bonds of any public authority created by laws of the State of Georgia, provided that the statute that created the authority authorized the use of the bonds for this purpose,
5. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government which are fully guaranteed by the United States government both as to principal and interest; or debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

As of June 30, 2010, the City's bank depositories reported government-wide balances held of $5,303,185 and $1,479 for the Component Unit. These amounts are reconciled to the financial statements as shown below:

	Governmental Activities	Business-Type Activities	Total	Component Unit
Reported Bank Balances	$ 5,114,134	$ 189,051	$ 5,303,185	$ 1,479
Plus Petty cash	3,378	-	3,378	-
Less Uncleared transactions	(235,402)	(30,532)	(265,934)	-
Financial statement balance	$ 4,882,110	$ 158,519	$ 5,040,629	$ 1,479

The amounts of the total bank deposits are classified into three categories of credit risk:

Category 1 – Cash that is insured (e.g., federal depository insurance) or collateralized with securities held by the City or by the City's agent in the City's name.

Category 2 – Cash collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 – Uncollateralized deposits. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The City's deposits, before deductions for outstanding and uncleared items, are classified by risk category at June 30, 2010, as follows:

	Category			
	1	2	3	Total
Primary Government	$ 5,303,185	$ -	$ -	$ 5,303,185
Component Unit	1,479	-	-	1,479
	$ 5,304,664	$ -	$ -	$ 5,304,664

Under the FDIC Transaction Account Guarantee Program, effective through December 31, 2010, all the City deposits are covered by FDIC insurance. In addition the City's deposits are collateralized by securities held by the financial institutions of 110% of the deposits on hand.

B. Investments

The City is authorized to make direct investments in securities of the U.S. government, federal agencies and instrumentalities of the State of Georgia. The City may also invest in obligations of any corporation of the U.S. government, prime bankers' acceptances, the local government investment pool established by Georgia state law, repurchase agreements, and obligations of other political subdivisions of the State of Georgia.

Investments of cities and other state or local governments are classified into three categories to give an indication of the level of credit risk assumed by the entity at year-end.

- Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.
- Category 2 includes uninsured and unregistered investments for which the securities are held by the counter-party's trust department or agent in the City's name.
- Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party, or by its trust department or agent but not in the City's name.

	Category			
	1	2	3	Carrying Amount
U.S. Government Securities	$ 956,417	$ -	$ -	$ 956,417
Equities	3,079,414	-	-	3,079,414
Other Investments	1,553,538	-	-	1,553,538
Total Investments	$ 5,589,369	$ -	$ -	$ 5,589,369
Investments Reported in:				
Government-Wide Statement of Net Assets				$ -
Fiduciary Fund Statement of Plan Net Assets				5,589,369
Total Investments				$ 5,589,369

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

Fair Value Measurements

The following table presents the City of Brunswick's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

	FAIR VALUE MEASUREMENTS AT REPORTING DATE USING	
	FAIR VALUE	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)
Investments	$ 5,589,369	$ 5,589,369

C. Custodial Credit Risk – Deposits and Investments

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities.

Credit Risk: The City has no formal policy regarding credit risk. The City does follow its policy of being authorized to make direct investments in securities of the U. S. government, federal agencies and instrumentalities of the State of Georgia. Credit ratings for investment in debt securities (other than debt issued by or explicitly guaranteed by the U. S. government), if any, are not available for this financial report.

Inherent Rate Risk: The City has no formal policy regarding interest rate risk.

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

NOTE 3. RECEIVABLES

Receivables as of June 30, 2010 are analyzed below:

	Governmental Activities	Business-Type Activities
General Fund:		
Property taxes receivable	$ 824,116	$ -
Other taxes receivable	208,410	-
Community Development Fund:		
Loans to commercial enterprises	2,502,342	-
Rehabilitation loans	245,399	-
Miscellaneous loans	-	-
SPLOST V Fund		
SPLOST taxes receivable	1,077,578	-
Multi-Purpose Center		
Adult day services	993	-
City Pier Fund		
Fees receivable	8,445	-
Internal Service Funds		
Group Health Fund Fund	14,499	-
Worker's Compensation Fund	6,908	-
Sanitation Fund:		
Accounts receivable		
Billed	-	121,015
Unbilled	-	120,897
Total receivables	4,888,690	241,912
Less valuation allowances		
Allowance for uncollectible accounts	8,241	22,007
Discount to present value of long-term receivables	1,267,894	-
Total allowances	1,276,135	22,007
Receivables, net	$ 3,612,555	$ 219,905

Property taxes, based on assessed values at January 1, 2010, became due and payable on November 15, 2010. Property taxes are administered on a calendar-year basis subject to the following dates:

Levy date	September 15, 2010
Collection period	September 16, 2010 – November 15, 2010
Due Date	November 15, 2010
Delinquent date	November 16, 2010
Lien date	December 16, 2010

In the above receivables of $2,502,342, $2,351,895 represents non-interest bearing contracts due over long-terms. These amounts have been reduced to their net present value by deducting a discount from face value. This amount is due in varying terms from June 30, 2010 until June 30, 2026. Also see Note 21.

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

NOTE 4. INTERFUND RECEIVABLES/PAYABLES

Interfund receivable and payable balances as of June 30, 2010 are as follows:

(THE SCHEDULE OF INTERFUND RECEIVABLE AND PAYABLE BALANCES BEGINS ON THE NEXT PAGE)

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

Fund	Due From Other Funds	Due To Other Funds
Major Governmental Funds		
General Fund:		
Sanitation	$ 451,947	$ -
Community Development	77,273	215,000
Multi-Purpose	68,878	-
E-911	17,664	-
Internal Service - Group Health	-	366,965
Internal Service - Workers' Compensation	-	638,654
Police Seizure Funds	-	-
	615,762	1,220,619
Community Development Fund:		
Rounding	(1)	(2)
City Pier	12,696	-
General Fund	215,000	77,273
Internal Service - Group Health	-	3,711
Internal Service - Workers Compensation	-	7,933
	227,695	88,915
SPLOST Funds	134,177	134,177
Other Governmental Funds		
Multi-Purpose Center		
General Fund	-	68,878
Group Health	-	6,622
Workers Compensation	-	13,142
	-	88,642
E-911 Fund - General Fund	-	17,664
City Pier		
Community Development	-	12,696
Major Business-type Funds		
Proprietary Funds		
Sanitation Fund		
General Fund	-	451,947
Water/Wastewater	-	-
Group Health	-	34,351
Workers Compensation	-	32,940
	-	519,238
Internal Service Funds		
Group Health		
General Fund	366,965	-
Multi-Purpose Center	6,622	-
Community Development	3,711	-
Sanitation	34,351	-
	411,649	-
Workers Compensation		
General Fund	638,654	-
Multi-Purpose Center	13,142	-
Community Development	7,933	-
Sanitation	32,940	-
	692,669	-
Total Government - Wide Balances	2,081,952	2,081,951
Fiduciary		
Pension Fund		
General Fund	880,752	880,752
Community Development	63,287	63,287
Multi-Purpose Center	10,145	10,145
Sanitation	75,960	75,960
	1,030,144	1,030,144
Total Balances	3,112,096	3,112,095
Internal Balances	$ (519,238)	$ 519,238

In prior years, cash was transferred to the Internal Service Funds to cover claims expense. The Internal Service Funds have recorded a receivable of $1,104,318 to cover this shortfall, repayment of which is also

unscheduled. The amount is due from the following funds: General Fund - $1,005,619, Community Development Fund - $11,644, Sanitation - $67,291 and Multi-Purpose Center Fund - $19,764. All other interfund balances result from short-term borrowings between funds. It is the City's intent to repay these interfund balances during the next fiscal year.

NOTE 5. DUE FROM OTHER GOVERNMENTS

The amount due from other governments is analyzed below:

General Fund		
Glynn County Tax Commisioner - Sales Tax	$	1,106,724
Other		43,979
Dept. of Justice		1,209
Brunswick Housing Authority		14,210
Total - General Fund		1,166,122
Community Development		147,736
Other Governmental Funds		
Multi-Purpose Center Fund - Due from Coastal Georgia Regional Commission		20,688
Police Seizure Fund		1,640
E-911 Fund		17,664
Total Other Governmental Funds		39,992
Total Governmental Funds		1,353,850
Proprietary Funds		
Water Fund		-
Sanitation Fund		-
		-
Total Proprietary Funds		
Total due from other governments	$	1,353,850

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance 06/30/09	Additions and Transfers	Retirements and Transfers	Balance 06/30/10
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 4,061,284	$ 100,000	$ -	$ 4,161,284
SPLOST Construction-in-Progress	4,222,612	1,032,371	(1,894,874)	3,360,109
Total capital assets, not being depreciated	8,283,896	1,132,371	(1,894,874)	7,521,393
Capital assets, being depreciated:				
Buildings	5,631,239	225,252	-	5,856,491
Equipment	9,202,218	597,954	-	9,800,172
Infrastructure	15,016,245	2,117,474	-	17,133,719
Total capital assets being depreciated	29,849,702	2,940,680	-	32,790,382
Less accumulated depreciation for:				
Buildings	(2,576,306)	(207,021)	-	(2,783,327)
Equipment	(5,801,170)	(954,942)	-	(6,756,112)
Infrastructure	(384,303)	(349,849)	-	(734,152)
Total accumulated depreciation	(8,761,779)	(1,511,812)	-	(10,273,591)
Total capital assets, being depreciated, net	21,087,923	1,428,868	-	22,516,791
Governmental activities capital assets, net	$ 29,371,819	$ 2,561,239	$ (1,894,874)	$ 30,038,184
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	$ 1,381,440	$ -	$ -	$ 1,381,440
Total capital assets, being depreciated	1,381,440	-	-	1,381,440
Less accumulated depreciation for:				
Equipment	(1,049,069)	(91,312)	-	(1,140,381)
Total accumulated depreciation	(1,049,069)	(91,312)	-	(1,140,381)
Total capital assets, being depreciated, net	332,371	(91,312)	-	241,059
Business-type activities capital assets, net	$ 332,371	$ (91,312)	$ -	$ 241,059

Depreciation expense was charged to governmental functions as follows:

Governmental Depreciation:	
General Government	$ 212,488
Community Development	35,954
Public Safety	437,110
Public Works	627,216
Cemetery	12,919
Culture & Recreation	186,125
Total governmental depreciation	1,511,812
Business-Type Depreciation:	
Water/Wastewater	-
Sanitation	91,312
Total business-type depreciation	91,312
Total depreciation expense	$ 1,603,124

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

NOTE 7. PENSION PLAN

The City sponsors a single-employer pension plan covering substantially all City employees. The pension plan is further described below.

Defined Benefit Pension Plan Description
The City of Brunswick Defined Benefit Pension Plan (the Plan) is a single-employer defined benefit pension plan administered by the City through an appointed Pension Committee. The Brunswick City Commission has the authority to establish and amend benefit provisions of the plan. Trustees for the plan are the City Manager, the Finance Director, and the Human Resources Director. The original effective date of the plan established by the Brunswick City Commission following guidelines issued by the State of Georgia was January 1, 1977. The most recent amendment was October 10, 2008. The Plan provides retirement and death benefits to plan participants and beneficiaries. The Plan's financial report is disclosed on pages 25 and 26 of this report. Every two years, the Plan's actuary must complete an actuarial investigation of the Plan and file it with the Georgia state auditor. At the same time of the actuarial investigation's filing, a financial report of the plan also must be filed with the Georgia state auditor.

Plan Membership
There is one class of employees covered by the plan. Membership of the plan consisted of the following as of January 1, 2010, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	22
Terminated plan members entitled to, but not yet receiving benefits	129
Active plan members	243
Total	394

Funding Policy and Annual Pension Cost

The City is required to comply with Chapter 20 of Title 47 of the Official Code of Georgia, which sets forth minimum funding standards for governmental entities in the State of Georgia.

The ***Entry Age Normal Cost Method*** is used to determine the Plan's funding liabilities and costs. Under this cost method, the cost of each participant's projected retirement benefit is funded through a series of annual payments, determined as a level percentage of each year's earnings from age at hire to assumed exit age. This level percentage, known as normal cost, is thus computed as though the Plan had always been in effect. A yearly normal cost for each participant is individually determined by multiplying each participant's level percentage by the applicable yearly earnings, then adding together to obtain the normal cost amount for the Plan for that year. The accrued value of normal cost payments due prior to the valuation date is termed the actuarial accrued liability (AAL). This amount minus the actuarial value of assets is known as the unfunded actuarial accrued liability (UAAL).

The Plan normal cost for the 12-month period beginning on the valuation date has been determined by first calculating for each participant an individual yearly normal cost (that changes in dollar amount as pay increases, but is constant as a percent of each individual's pay), then adding together to obtain the Plan normal cost as of the beginning of the year. This preliminary total is then adjusted for interest credits assuming contributions are made monthly and an amount to allow for expected annual expenses.

Plan members are not required to contribute to the plan. The City's contribution to the Plan for 2010 was actuarially determined at a rate of 16.51% of covered payroll. Contribution requirements of the plan are determined annually by the actuary who certifies to the state auditor that the contribution has been made.

The actuarial assumptions included in the Entry Age Normal Cost Method are:

a. Investment rate of return of 8.00%
b. Projected salary increases of 4.25% per year
c. Inflation rate assumption of 3.50% compounded annually
d. Termination rates used in the calculation of the liabilities and contingent assets range from 11.35% at age 25 decreasing incrementally to 0.0% at age 55 and older.

The actuarial values of plan assets are stated at their current market value as of the valuation date. A closed group is used. The amortization period for the unfunded actuarial accrued liability is open.

For the fiscal year ended June 30, 2010, the actuarial determined pension contribution is $1,441,219. During the plan year, the City made cash contributions of $1,478,307 to the plan.

Investments

Title 47 of the Official Code of the State of Georgia requires that plan investments in equities not exceed more than 55% of the retirement system assets. As of June 30, 2010 investments in equities comprised 43% of total plan assets.

GASB Funded Status

The following table represents the Plan's GASB-27 funded status as of June 30, 2010:

1. Actuarial Accrued Liability (AAL)	$	16,701,337
2. Actuarial Value of Assets		7,066,553
3. Unfunded AAL (UAAL) [(1)-(2)]		9,634,784
4. Funded Ratio [(2)/(1)]		42.3%
5. Annual Covered Payroll		8,371,467
6. UAAL as a Percentage of Payroll [(3)/(5)]		115.1%

Annual Pension Cost and Net Pension Obligation

The Annual Pension Cost (APC) consists of the Annual Required Contribution (ARC), plus interest on the beginning of the year NPO, minus an adjustment equal to the amortization of beginning of the year NPO.

A positive NPO represents a liability. A negative NPO represents an asset.

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For the Fiscal Year Ended June 30, 2010

	Fiscal year ending June 30, 2010	Fiscal year ending June 30, 2009
Annual Required Contribution due at beg. of year	$ 1,353,530	$ 1,137,982
Interest on Net Pension Obligation	41,317	48,480
Adjustment to Annual Required Contribution	(60,339)	(70,799)
Annual Pension Cost	1,334,508	1,115,663
Contributions made	1,478,307	1,205,200
Increase (decrease) in Net Pension Obligation	(143,799)	(89,537)
Net Pension Obligation at beginning of year	516,467	606,004
Net Pension Obligation at end of year	$ 372,668	$ 516,467

Schedule of Funding Progress

Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL (UAAL)	Percentage Funded	Annual Covered Payroll	UAAL as Percentage of Payroll
1/1/2005	$ 12,855,254	$ 3,730,674	$ 9,124,580	29.2%	$ 8,213,807	111.1%
1/1/2006	13,612,321	4,708,351	8,903,970	34.6%	8,152,334	109.2%
1/1/2007	14,645,871	5,689,359	8,956,512	38.9%	8,223,426	108.9%
1/1/2008	16,231,322	7,122,473	9,108,849	43.9%	6,672,357	136.5%
1/1/2009	17,405,629	7,373,444	10,032,185	42.4%	7,939,460	126.4%
1/1/2010	16,701,337	7,066,553	9,634,784	42.3%	8,371,467	115.1%

Schedule of Contributions

Fiscal Year Ending	Annual City Pension Cost	City Contributions	Contributions as a % of Annual City Pension Cost	Net Pension Obligation (Asset)
6/30/2003	1,013,931	1,125,000	111%	594,706
6/30/2004	1,354,892	708,356	52%	1,241,242
6/30/2005	1,163,877	1,440,850	124%	964,269
6/30/2006	1,127,156	1,257,581	112%	833,844
6/30/2007	1,178,850	1,290,791	109%	721,903
6/30/2008	1,229,101	1,345,000	109%	606,004
6/30/2009	1,115,663	1,205,200	108%	516,467
6/30/2010	1,334,508	1,478,307	111%	372,668

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NOTE 8. LONG-TERM DEBT AND CAPITAL LEASES

A summary of activity in long-term debt, including capital leases payable is shown below followed by a narrative of the details of such liabilities:

	Balance 06/30/09	Additions	Retirements	Balance 06/30/10	Due Within One Year
Governmental Activities					
GMA capital leases payable	$ 2,526,050	$ 1,369,412	$ (973,841)	$ 2,921,621	$ 557,977
Accrued compensated absences	998,407	-	(55,371)	943,036	396,075
Oak Grove Cemetary Land	-	100,000	-	100,000	50,000
Net pension obligation	-	372,668	-	372,668	-
Housing development grant settlement agreement payable	99,000	-	(99,000)	-	-
Total - governmental activities	$ 3,623,457	$ 1,842,080	$ (1,128,212)	$ 4,337,325	$ 1,004,052

	Balance 06/30/09	Additions	Retirements	Balance 06/30/10	Due Within One Year
Business-Type Activities					
Revenue bonds payable:					
Series 1992	$ 11,160,000	$ -	$ (11,160,000)	$ -	$ -
Series 2001	3,500,000	-	(3,500,000)	-	-
GMA capital leases payable	301,299	-	(99,135)	202,164	99,181
Customer deposits payable	2,600	19,010	-	21,610	-
Sub-total	14,963,899	19,010	(14,759,135)	223,774	$ 99,181
Less bond discount and deferred refunding loss	133,155	-	(133,155)	-	
Total - business-type activities	$ 14,830,744	$ 19,010	$ (14,625,980)	$ 223,774	

For the governmental activities listed above - the GMA capital leases payable and the accrued compensated absences payable are liquidated by the General Fund. The housing development grant settlement agreement payable was liquidated by the Community Development Fund. The Series 1992 and Series 2001 Bonds obligation was assumed by the Brunswick – Glynn County Joint Water & Sewer Commission on June 30, 2010. The bond discount and deferred refunding loss was eliminated as of June 30, 2010.

The City has entered into lease agreements financing the acquisition of capital assets. The terms of the lease agreements classify the contracts as capital leases for accounting purposes and, therefore, the liability for repayment of the principal has been recorded as debt with a corresponding capitalization of the asset cost. As payments are made, the principal portion reduces the debt balance and the payment representing interest is charged to expense.

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Certain lease transactions were facilitated with the Georgia Municipal Association's 1998A Lease Pool Series. The City's share of the 1998A Lease Pool Series is $1,166,000. The balance as of June 30, 2010 is $514,446.

Under the terms of the program, the City is required to make lease payments in sufficient amounts to pay, when due, the principal and interest on its pro rata share of outstanding Certificates in each year, as well as its portion of administrative expenses of the Trust and costs of issuance of the Certificates. The City's obligation to pay such lease payments is conditioned on the annual appropriation of funds to make those payments by the City Commission.

The assets acquired through capital leases are as follows:

	Governmental Activities	Proprietary Activities
Asset:		
Land	$ 1,530,000	$ -
Equipment and other tangible assets	4,202,873	589,814
Less: Accumulated depreciation	(2,042,305)	(320,763)
Total	$ 3,690,568	$ 269,051

The following is a schedule of future minimum lease payments under these capital leases and the present value of the net minimum lease payments as of June 30, 2010. For purposes of this schedule, an assumed interest rate of .65% was used on all GMA leases, which was the effective rate as of June 30, 2010.

Fiscal Year Ending June 30,	Minimum Lease Payment Governmental Activities	Minimum Lease Payment Business-Type Activities
2011	$ 585,325	$ 100,513
2012	624,997	81,696
2013	453,149	22,853
2014	346,589	-
2015	371,185	-
2016-2020	682,609	-
Total Minimum Lease Payments	3,063,854	205,062
Less amount representing interest	(142,233)	(2,898)
Present value of future minimum lease payments	$ 2,921,621	$ 202,164

The Housing Development Grant settlement agreement payable resulted from excess disbursements drawn by the City under a "Housing Development Grant" from the U.S. Department of Housing and Urban Development. The disbursements drawn were advanced by the City to a developer as a Housing Development Grant Loan to be repaid without interest in forty years. The settlement agreement entered into on May 10, 1990 resulted in accelerating repayment of $718,605 of the original $3,189,500 loan as follows:

$300,000 on closing of settlement agreement
$ 43,424 per annum including interest at 8.35%, for twelve years
$ 99,000 on the twentieth anniversary of the settlement agreement

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The above payments are to be made simultaneously with compensating and equal payments made to the City by the developer. The Housing Development Grant Loan is collateralized by the development project. The final $99,000 was paid during the year ended June 30, 2010.

The Series 1992 and Series 2001 Bonds were assumed by the Brunswick – Glynn County Joint Water & Sewer Commission on June 30, 2010. Although the account balances of the bonds are zero in the Water/Wastewater Fund at June 30, 2010, disclosure information is being presented due to the activity recorded on the books during the year ended June 30, 2010. Disclosure information in subsequent years will not be required.

Series 1992 Water/Wastewater Revenue Bonds, $15,850,000, issued December 1, 1992, maturing serially to 10/01/19, with interest rates ranging from 2.75 to 6.27 percent. Payable in future annual installments ranging from $500,000 to $1,695,000.	$ -
Series 2001 Water/Wastewater Revenue Bonds, $5,920,000, issued December 6, 2001, maturing serially to 10/01/16, with interest rates ranging from 2.05 to 4.30 percent. Payable in future annual installments ranging from $325,000 to $500,000	-
Total bonds payable	-
Less: Unamortized discount and deferred refunding loss	-
Bonds payable, net	$ -

Revenue bond debt service requirements to maturity on the bonds assumed by the Brunswick – Glynn County Water & Sewer Commission is as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2011	$ 1,868,520	$ 1,105,000	$ 763,520
2012	1,866,305	1,160,000	706,305
2013	1,865,725	1,220,000	645,725
2014	1,870,655	1,290,000	580,655
2015	1,866,310	1,355,000	511,310
2016-2020	8,804,520	7,475,000	1,329,520
Total	$ 18,142,035	$ 13,605,000	$ 4,537,035

Water/Wastewater Fund- 1992 Series Revenue Bonds
Proceeds from the issuance of the Water/Wastewater 1992 Series Revenue Bonds were used to provide for certain improvements to the Water/Wastewater System including overhead storage, rehabilitation and renovation, and the construction of a new composting facility. Funds provided by the issue were also used to defease $8,315,000 of Water/Wastewater Revenue Series 1986 Bonds.

Water/Wastewater Bonds are secured by the revenues of the Water/Wastewater System. The terms of the ordinance authorizing the Water/Wastewater 1992 Series Revenue Bonds provide that all revenue from the operations of the Water/Wastewater System shall be deposited and used as follows:

First –

Second –
After the above payments are made, net revenues of the combined system are pledged to secure payment of principal and interest on the Series 1992 bonds and any future parity issues. For this purpose the following monthly payments are to be deposited into established sinking funds. From December 1992 until March 1993, $256,133 per month is due. From April 1993 and from month-to-month thereafter, an amount equal to 1/6 of the interest due on the next succeeding interest payment date and 1/12 of the principal due on the next succeeding October 1.

Third –
After the payments above have been made, there shall be deposited into a debt service reserve account such monies as are necessary to maintain a reserve equal to the debt service reserve requirement. The debt service reserve requirement is equal to, at the date of calculation, the highest debt service requirement in any succeeding sinking fund year, provided such amount does not exceed the amount permitted as a reasonably required reserve.

Fourth –
After the above payments, deposits shall be made into the Renewal and Extension Fund in amounts of not less than $5,000 until a sum of $200,000 is accumulated and maintained in the Renewal and Extension Fund. Only one Renewal and Extension Fund is required for the 1990 and 1992 bond issues. Among other things, the bond ordinance imposes the following covenants:

1. Schedules of rates and charges for services are to be in effect, and such rates and charges will be to the extent necessary to produce funds sufficient to operate, maintain, and repair the system on a sound business-like basis and to maintain the special funds created by the ordinances.

2. Adequate fidelity bond, public liability, property, fire and extended coverage insurance is to be maintained.

3. Detailed records and accounts with respect to physical properties are to be maintained so that additions and retirements can be identified.

Water/Wastewater Fund- 2001 Series Revenue Bonds
Proceeds from the issuance of the Water/Wastewater 2001 Series Revenue Bonds were used to currently refund and redeem all outstanding Series 1990 Bonds, pay the necessary cost of issuing the Series 2001 Bonds, and provide $707,839 for system improvements.

Funds provided by the issue defeased $4,895,000 of Water/Wastewater Revenue Series 1990 Bonds.

Water/Wastewater Bonds are secured by the revenues of the Water/Wastewater System. The terms of the ordinance authorizing the Water/Wastewater 2001 Series Revenue Bonds provide that all revenue from the operations of the Water/Wastewater System shall be deposited and used as follows:

First –
Payment of reasonable and necessary costs of operating, maintaining and repairing the combined Water/Wastewater System.

Second –
After the above payments are made, net revenues of the combined system are pledged to secure payment of principal and interest on the Series 2001 bonds and any future parity issues. For this purpose the following monthly payments are to be deposited into established sinking funds. From December 2001 until October 2002, an amount equal to the monthly pro-rata amount of principal

coming due on October 1, 2002. From October 2002 and from month-to-month thereafter, an amount equal to 1/6 of the interest due on the next succeeding interest payment date and 1/12 of the principal due on the next succeeding October 1.

Third –
After the payments above have been made, there shall be deposited into a debt service reserve account such monies as are necessary to maintain a reserve equal to the debt service reserve requirement. The debt service reserve requirement is equal to, at the date of calculation, the highest debt service requirement in any succeeding sinking fund year, provided such amount does not exceed the amount permitted as a reasonably required reserve.

Fourth –
After the above payments, deposits shall be made into the Renewal and Extension Fund in amounts of not less than $5,000 until a sum of $200,000 is accumulated and maintained in the Renewal and Extension Fund. Only one Renewal and Extension Fund is required for the 1992 and 2001 bond issues.

Among other things, the bond ordinance imposes the following covenants:

1. The municipality will promptly pay the principal of and interest on each and every bond at the place, on the dates and in the manner of the resolution.
2. Enforce reasonable rules and regulations governing the system and the operations.
3. Adequate fidelity bond, public liability, property, fire and extended coverage insurance is to be maintained.
4. Detailed records and accounts with respect to physical properties are to be maintained so that additions and retirements can be identified.

Water/Wastewater Fund – Annual Report and Continuing Disclosure Certificate

The Water/Wastewater Fund is required to submit an Annual Report and a Continuing Disclosure Certificate to the National Repositories in connection with the issuance of its Water and Sewerage Revenue Bonds no later than six months after the end of the City's fiscal year. The Water and Sewerage Revenue Bonds were assumed by the Brunswick – Glynn County Joint Water & Sewer Commission on June 30, 2010. Therefore, the City is no longer required to submit a Continuing Disclosure Certificate.

CITY OF BRUNSWICK, GEORGIA
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Debt Service Requirements

Debt service requirements at June 30, 2010 were as follows:

Year ended June 30,	Governmental Activities General Obligation Principal	Governmental Activities General Obligation Interest	Business-Type Activities Water/Wasterwater System & Sanitation Principal	Business-Type Activities Water/Wasterwater System & Sanitation Interest
2011	$ 1,004,052	$ 27,348	$ 99,181	$ 1,332
2012	540,712	175,738	80,528	1,168
2013	411,618	82,983	22,415	398
2014	327,342	60,702	21,650	-
2015	359,863	52,775	-	-
2016-2020	695,467	161,028	-	-
2021-2025	998,271	54,335	-	-
	$ 4,337,325	$ 614,909	$ 223,774	$ 2,898

NOTE 9. DEBT SERVICE FORWARD DELIVERY AND RESERVE FUND AGREEMENTS

On March 9, 1995, the City entered into a Debt Service Forward Delivery Agreement. Under the terms of the agreement, the custodian of the City's bond sinking fund will purchase securities, supplied by providers, to be held in the sinking fund until the funds are needed to pay principal and interest on the related bond issues. The securities are to be purchased on specific delivery dates at specified amounts which dates and amounts coincide with payments made into the sinking fund as required by the 1992 bond resolution. The first delivery date was July 1, 1995, and continues monthly through September 15, 2019. In exchange for this agreement the providers paid the City a fee totaling $303,611, which represents the present values of all of the interest earnings in the sinking fund over the life of the outstanding revenue bonds.

The City is amortizing these interest earnings over the life of the bonds using the interest method of amortization.

Also on March 9, 1995, the City entered into a Reserve Fund Agreement by which the custodian of the City's debt service reserve account will purchase from a qualified dealer, investment obligations yielding a return of 6.67% per annum. These securities were purchased for $1,876,505 in 1995, matured and were replaced in 2003 by purchasing substitute securities for $1,823,126; and will be repurchased by August 15, 2019.

U.S. Bank, the custodian under the agreements mentioned above, informed the City on November 3, 2008 that Lehman Brothers, Inc., a party to the agreements, is in a Chapter 11 proceeding as of the date of this report. The effect of the Lehman Brothers, Inc. Chapter 11 filing on the agreements and the financial statements is not known as of the date of this report.

The Series 1992 and Series 2001 Bonds were assumed by the Brunswick – Glynn County Joint Water & Sewer Commission on June 30, 2010. Therefore, the Debt Service Forward Delivery and Reserve Fund Agreements will not be applicable to the City subsequent to June 30, 2010.

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10. AMORTIZATION

Amortization of bond issuance costs reported in the enterprise fund totaled $80,383.

Amortization of bond discounts reported in the enterprise fund totaled $70,734.

Amortization of deferred loss on 2001 refunding of 1990 bonds reported in the enterprise fund totaled $62,422.

Amortization of deferred legal fees pertaining to the JWSC Agreement reported in the enterprise fund totaled $55,093.

NOTE 11. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources to provide services. The Internal Service Funds record charges for services to all City departments and funds as operating revenue. Both Governmental and Proprietary Funds record these payments and accruals to the Internal Service Funds as operating expenses/expenditures.

The remaining transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers, and are reported as other financial sources in the Governmental Funds and transfers section in the Proprietary Funds. These transfers occur principally to move revenues from the General Fund to Special Revenue Funds; and to transfers assets acquired with special purpose local option sales tax proceeds to the Enterprise Funds. These transfers should be normal and recurring, except for those generated by the special purpose local option sales tax funds. These will naturally discontinue when the collections cease and funds are expended.

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Government-Wide transfers are as shown below:

	Transfer (Out)	Transfer In
General Fund		
From the Community Development Fund to the General Fund	$ -	$ -
From the General Fund to the Sanitation Proprietary Fund	(1,332)	-
From the General Fund to the Community Development Fund	(116,677)	258,926
From the General Fund to the E-911 nonmajor fund	(348,406)	-
From the General Fund to the Group Health Fund	(784,600)	-
From the Hotel-Motel Tax Fund to the General Fund	-	1,901
From the General Fund to SPLOST IV Fund	(92,004)	-
From the SPLOST V Fund to the General Fund	-	596,918
Rounding	(1)	1
Total General Fund	(1,343,020)	857,746
Community Development Fund		
From the Community Development Fund to the Multi-Purpose Center Fund	(85,000)	-
From the General Fund to the Community Development Fund	-	116,677
From the Community Development Fund to the General Fund	(258,926)	-
Total Community Development Fund	(343,926)	116,677
SPLOST Funds		
From the General Fund to the SPLOST IV Fund		92,004
From the SPLOST V Fund to the General Fund	(596,918)	-
Total SPLOST Funds	(596,918)	92,004
Nonmajor Governmental Funds		
From the Hotel-Motel Tax Fund to the General Fund	(1,901)	-
From the Community Development Fund to the Multi-Purpose Center Fund	-	85,000
From the General Fund to the E-911 nonmajor fund	-	348,406
Total nonmajor funds	(1,901)	433,406
Internal Service Funds - fron the General Fund to the Group Health Fund	-	784,600
Proprietary Funds		
Sanitation Fund		
From the General Fund to the Sanitation Proprietary Fund	-	1,332
Total Sanitation Proprietary Fund	-	1,332
Total	(2,285,765)	2,285,765
Less transfers between governmental funds	2,284,433	(2,284,433)
	$ (1,332)	$ 1,332

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; injury to participants at city facilities; and natural disasters. Protection from all of these risks is provided by contracts with commercial insurance carriers, except for employees' health and workers' compensation risks. The City is self-insured for group health and workers' compensation. These liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liabilities include an estimate for claims that have been incurred but not reported (IBNR).

The City of Brunswick has established a self-insurance program for the provision of medical benefits to the City's employees and their dependents, if elected. The City pays the specific stop loss fee, and the administrative fee monthly for each employee. Employees have the option of covering their dependents under the plan, at an additional cost to the employee. The City has specific caps under the plan which limits its exposure as follows. For any one employee, claims paid by the City which exceed $80,000 are reimbursed by an insurance company.

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The City's current individual plan cap is $1,000,000. However, the plan's aggregate cap is based on the number of lives multiplied by a funding factor.

On November 1, 1991, the City of Brunswick established a self-insurance program for workers' compensation. All costs (premiums, administrative costs, etc.) are funded by the City through a charge to its various funds. Similar to the program noted above, it also provides for specific caps to limit the City's liability for claims. For any one occurrence the maximum payout liability for the City is $400,000. The aggregate cap is determined by state law.

All funds of the City participate in the above programs and make payments to the risk management funds based on the individual funds' experience. The claims liability as of June 30, 2010 is $276,738 and $596,957 for the Group Health Fund and the Workers' Compensation Fund, respectively. Changes in the respective funds' claims liability amount were:

	Unpaid claims beginning of fiscal year	Claims (including IBNR)	Claim Payments	Unpaid claims end of fiscal year
Group Health				
June 30, 2009	$ 327,926	$ 1,181,470	$ 1,333,970	$ 175,426
June 30, 2010	175,426	2,287,660	2,186,348	276,738
Workers Compensation				
June 30, 2009	$ 154,627	$ 767,192	$ 446,665	$ 475,154
June 30, 2010	475,154	523,102	401,299	$ 596,957

NOTE 13. GRANTS FROM OTHER GOVERNMENTAL UNITS

Federal and state governmental units represent an important source of supplementary funding used to finance housing, employment and construction programs and other activities beneficial to the City. This funding, primarily in the form of grants, is recorded in each appropriate fund.

Under the terms of the grants, the programs are subject to program compliance audits by the grantors or their representatives. Such audits could question certain costs as not being appropriate expenditures under the terms of the grants and, therefore, require reimbursement to the grantor agencies. Grantor audits of the programs are conducted by the City or its representative on an on-going basis.

NOTE 14. CURRENT REFUNDING OF REVENUE BONDS

On December 6, 2001, the City issued Water/Wastewater System Revenue Bonds of $5,920,000 to currently refund 1990 Water/Wastewater System Revenue Bonds of $4,895,000. After paying issuance costs, net proceeds were $707,829. The net proceeds from the issuance of the system revenue bonds are to be used for Water/Wastewater System improvements. As a result of the current refunding, the City recognized an economic loss of $246,652, which is being amortized over the life of the new issue. The unamortized balance as of June 30, 2010 was eliminated in connection with the assumption of the bonds by the Brunswick – Glynn County Water & Sewer Commission.

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. COMMITMENTS AND CONTINGENCIES

A. Construction Commitments

The following is a summary of major construction contract commitments at year-end. Amounts are for contractors only and do not include architects and engineers.

Project	Contract Amount	Completed-to-Date	Balance Committed
N Street Project	$ 2,798,732	$ 2,798,732	$ -
Total	$ 2,798,732	$ 2,798,732	$ -

B. Contingencies

The City of Brunswick is a defendant in various lawsuits that expectedly result from its varying involvement in business and employment issues. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City Attorney that final settlement will not pose significant financial responsibility above insurance coverage.

NOTE 16. CAPITAL PROJECTS FUND / SPECIAL PURPOSE LOCAL OPTION SALES TAX

On November 18, 2001, the voters of Glynn County voted to continue the 1% Special Purpose Local Option Sales Tax (SPLOST IV) to pay for various capital projects within the City of Brunswick and surrounding areas of Glynn County. The City of Brunswick entered into a contract with the Glynn County government assigning Glynn County the authority to collect the tax and disburse a pro-rata share of the proceeds up to $28,470,000 to the City of Brunswick. The tax is scheduled to be collected until December 31, 2006, or until the City's pro-rata share is fully collected. The following revenues have been reported by the Capital Projects Fund as of June 30, 2010:

2003	$ 6,115,836
2004	4,685,639
2005	4,509,669
2006	5,746,718
2007	3,527,447
2008	-
2009	-
	$ 24,585,309

On November 8, 2005, the voters of Glynn County voted to continue the 1% Special Purpose Local Option Sales Tax (SPLOST V) to pay for various capital projects within the City of Brunswick and surrounding areas of Glynn County. The City of Brunswick entered into a contract with the Glynn County government assigning Glynn County the authority to collect the tax and disburse 23.09% of the proceeds up to a maximum of $25,964,616 to the City of Brunswick. The tax is scheduled to be collected until December 31, 2111, or until the City's pro-rata share is fully collected. The following revenues have been reported by the Capital Projects Fund as of June 30, 2010:

2009	$ 1,408,631
2010	4,243,993
	$ 5,652,624

CITY OF BRUNSWICK, GEORGIA
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NOTE 17. HOTEL/MOTEL TAX

The City is required to disburse funds received from the collection of hotel/motel taxes pursuant to OCGA 48-13-51. The City collected funds of $8,192 received from the collection of the hotel/motel tax during fiscal year ended June 30, 2010 to the Brunswick-Golden Isles Visitor Bureau, which is a non-profit organization whose purpose is to create and coordinate the promotion of tourism in Brunswick and the Golden Isles. This disbursement represented 77% of collections.

NOTE 18. COMPONENT UNIT DISCLOSURES

A. Summary of Significant Accounting Policies

The Downtown Development Authority is presented as a component unit on the government-wide financial statements. Its financial operations are accounted for under the accrual basis of accounting. See Note 1C

B. Cash and Cash Equivalents

The Downtown Development Authority's unrestricted cash and cash equivalents are held in an insured deposit account with a financial institution.

NOTE 19. SPECIAL ITEMS

The Series 1992 and Series 2001 Bonds in the Water/Wastewater Fund were assumed by the Brunswick – Glynn County Joint Water & Sewer Commission on June 30, 2010. The balances in the bonds payable accounts, the related investment accounts, the lease receivable account, the bond discount and deferred refunding loss accounts and the interfund receivables and payables were eliminated as well. The transactions are described as follows:

	Governmental Activities	Business-Type Activities
Net accounting effect of the assumption of the Series 1992 and Series 2001 Bonds by the Brunswick - Glynn County Joint Water & Sewer Commission	$ (253,434)	$ (5,616,636)
Elimination of interfund receivables and payables between the Water/Wastewater Fund and other funds	-	388,099
	$ (253,434)	$ (5,228,537)

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

NOTE 20. SHORT-TERM TAX ANTICIPATION NOTES

In December 2009, the City borrowed $1,000,000 in a tax anticipation note to finance the general obligations of the City. The interest rate of the note was 5%. The note was paid off in full on December 14, 2009.

NOTE 21. SUBSEQUENT EVENTS

In December 2010, the City received a settlement payment of $1,200,000 to satisfy the loan receivable of $2,466,895 for the Cypress Mills Project in the Community Development Fund.

In July 2010, the City borrowed $1,500,000 in a tax anticipation note to finance the general obligations of the City. The interest rate on the note was 1.3%. The note was paid off in full on December 28, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BRUNSWICK, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MODIFIED ACCRUAL BUDGET BASIS
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	$ 4,730,300	$ 4,686,541	$ 4,802,245	$ 115,704
Franchise taxes	1,417,936	1,353,644	1,360,043	6,399
Local option sales tax	6,700,864	6,267,123	6,433,994	166,871
Selective sales and use taxes	1,349,500	1,364,410	1,370,142	5,732
Licenses and permits	238,520	240,693	256,823	16,130
Fines, forfeitures and penalties	418,500	451,995	342,442	(109,553)
Investment earnings	1,000	1,000	1,900	900
Intergovernmental revenues and grants	377,090	468,237	460,747	(7,490)
Charges for services and assessments	570,966	457,892	406,953	(50,939)
Rental income	20,000	30,000	30,694	694
Miscellaneous income	12,500	29,400	83,020	53,620
Sale of municipal property	750,000	-	-	-
Total Revenues	16,587,176	15,350,935	15,549,003	198,068
EXPENDITURES				
Current:				
General government	3,111,159	3,174,269	2,981,666	192,603
Judicial	626,379	599,525	533,324	66,201
Public safety	7,363,692	7,633,144	7,415,184	217,960
Public works	2,693,650	2,761,292	2,563,397	197,895
Cemetery	378,141	364,010	313,050	50,960
Culture and recreation	1,236,235	1,195,283	1,181,342	13,941
Economic development	103,676	103,676	103,676	-
Debt-service				
Principal	599,571	969,916	969,916	-
Interest	91,667	117,503	117,503	-
Total Expenditures	16,204,170	16,918,618	16,179,058	739,560
Excess (Deficiency) of Revenues Over Expenditures	383,006	(1,567,683)	(630,055)	937,628

CITY OF BRUNSWICK, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MODIFIED ACCRUAL BUDGET BASIS
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases and debt	-	1,369,412	1,369,412	-
Prior year resources	-	856,315	-	(856,315)
Transfers in	187,997	666,450	857,746	191,296
Transfers (out)	(571,003)	(1,324,494)	(1,343,020)	(18,526)
Total Other Financing Sources (Uses)	(383,006)	1,567,683	884,138	(683,545)
Net Change in Fund Balance	-	-	254,083	254,083
Fund Balance (deficit), Beginning of Year	(1,164,046)	(824,555)	75,773	900,328
Fund Balance (deficit), End of Year	$ (1,164,046)	$ (824,555)	$ 329,856	$ 1,154,411

CITY OF BRUNSWICK, GEORGIA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MODIFIED ACCRUAL BUDGET BASIS
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Program fees /revenues	$ 75,450	$ 75,450	$ 65,869	$ (9,581)
Grant revenues	1,294,006	1,314,006	709,364	(604,642)
Other income	41,755	41,755	132,315	90,560
Investment earnings and interest	9,400	9,400	764	(8,636)
Total Revenues	1,420,611	1,440,611	908,312	(532,299)
EXPENDITURES				
Community development Program administration	2,152,953	2,121,844	1,440,587	681,257
Total Expenditures	2,152,953	2,121,844	1,440,587	681,257
Excess (Deficiency) of Revenues Over Expenditures	(732,342)	(681,233)	(532,275)	148,958
OTHER FINANCING SOURCES (USES)				
Prior year resources	1,022,147	1,095,476	-	(1,095,476)
Transfers in (out)	(289,805)	(414,243)	(227,249)	186,994
	732,342	681,233	(227,249)	(908,482)
Net Change in Fund Balance	-	-	(759,524)	(759,524)
Fund Balance (deficit), Beginning of Year	(271,082)	(271,082)	1,611,126	1,882,208
Fund Balance (deficit), End of Year	$ (271,082)	$ (271,082)	$ 851,602	$ 1,122,684

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Budgets and Budgetary Accounting

State law requires that the City adopt by ordinance or resolution, an annual balanced budget for its upcoming fiscal year (June 30). A budget is balanced when the sum of estimated net revenues and unreserved/unappropriated fund balance is equal to appropriations. Budgetary control over expenditures is exercised by the City at the departmental level for all governmental funds. Appropriations lapse at year-end. The Board of Commissioners has the authority to amend its budget as follows:

1. Any increase in appropriation in any fund for a department, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the Board of Commissioners.

2. Transfers of appropriations in any fund among the various accounts within a department shall require only the approval of the budget officer, except that transfers of appropriations within a department which increases the salary appropriation shall require the approval of the Board of Commissioners.

Budgets are adopted for the General Fund and the Community Development Fund. Budgets for non-major governmental funds and capital project funds are not required by generally accepted accounting principles. However, Georgia Budget Statutes do require budgets to be presented for non-governmental funds and capital project funds. The budgets for these funds are presented as Supplementary Information.

The City was not in violation of State budget statutes for the year ended June 30, 2010, because certain departmental expenditures did not exceed their budget at the legal level of control. The Georgia statues define legal level of control at a minimum to be the departmental level.

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2010

Adjustments necessary to convert the results of operations at the end of the year on the GAAP basis to the budget basis (cash basis) are as follows:

	Modified Accrual Basis- net change in fund balances	Net accrual adjustments	Budget Basis - net change in fund balances
General Fund	$ 254,083	$ -	$ 254,083
Community Development Fund	(759,524)	-	(759,524)

SUPPLEMENTARY INFORMATION

CITY OF BRUNSWICK, GEORGIA
COMBINING BALANCE SHEET SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue Funds						
	Multi-Purpose Center Fund	Police Seizure Fund	E 911 Fund	Sidney Lanier Park Fund	City Pier Fund	Hotel-Motel Tax	Total Non-Major Governmental Funds
ASSETS							
Cash and cash equivalents	$ 32,576	$ 52,855	$ -	$ 47,474	$ 37,359	$ -	$ 170,264
Accounts Receivable	993	-	-	-	8,445	-	9,438
Due from other governments	20,688	1,640	17,664	-	-	-	39,992
Total Assets	$ 54,257	$ 54,495	$ 17,664	$ 47,474	$ 45,804	$ -	$ 219,694
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 14,355	$ 2,818	$ -	$ 75	$ -	$ -	$ 17,248
Accrued expenses	4,566	-	-	-	-	-	4,566
Due to other funds	88,642	-	17,664	-	12,696	-	119,002
Due to fiduciary fund	10,145	-	-	-	-	-	10,145
Deferred revenue	-	950	-	-	-	-	950
Total Liabilities	117,708	3,768	17,664	75	12,696	-	151,911
Fund Balances (Deficit):							
Reserved for public safety	-	50,727	-	-	-	-	50,727
Unreserved, reported in non-major Special revenue funds	(63,451)	-	-	47,399	33,108	-	17,056
Total Fund Balances (Deficit)	(63,451)	50,727	-	47,399	33,108	-	67,783
Total Liabilities and Fund Balances	$ 54,257	$ 54,495	$ 17,664	$ 47,474	$ 45,804	$ -	$ 219,694

CITY OF BRUNSWICK, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue Funds						
	Multi-Purpose Center Fund	Police Seizure Fund	E 911 Fund	Sidney Lanier Park Fund	City Pier Fund	Hotel-Motel Tax	Total Non-Major Governmental Funds
REVENUES							
Program fees/revenues	$ 26,432	$ -	$ -	$ -	$ -	$ 8,192	$ 34,624
Grant revenues	140,331	55,104	-	-	-	-	195,435
Other income	-	-	-	-	45,332	-	45,332
Contributions and donations	1,466	-	-	-	-	-	1,466
Investment earnings and interest	29	77	-	48	21	-	175
Total Revenues	168,258	55,181	-	48	45,353	8,192	277,032
EXPENDITURES							
Current							
Community development	262,923	-	-	450	-	6,291	269,664
Public safety	-	159,350	348,406	-	-	-	507,756
Capital outlay							
Public safety	-	-	-	-	-	-	-
Total Expenditures	262,923	159,350	348,406	450	-	6,291	777,420
Excess (Deficiency) of Revenues Over Expenditures	(94,665)	(104,169)	(348,406)	(402)	45,353	1,901	(500,388)
OTHER FINANCING SOURCES (USES)							
Transfers in (out)	85,000	-	348,406	-	-	(1,901)	431,505
Total Other Financing Sources (Uses)	85,000	-	348,406	-	-	(1,901)	431,505
Net Change in Fund Balances	(9,665)	(104,169)	-	(402)	45,353	-	(68,883)
Fund Balances (Deficit), Beginning of Year	(53,786)	154,896	-	47,801	(12,245)	-	136,666
Fund Balances (Deficit), End of Year	$ (63,451)	$ 50,727	$ -	$ 47,399	$ 33,108	$ -	$ 67,783

CITY OF BRUNSWICK, GEORGIA
COMBINING SCHEDULE OF NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2010

	Group Health Fund	Workers' Compensation Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 45,799	$ 257	$ 46,056
Due from other funds	411,649	692,669	1,104,318
Due from outside sources	14,499	6,908	21,407
Total Assets	$ 471,947	$ 699,834	$ 1,171,781
LIABILITIES			
Current Liabilities			
Claims payable	276,738	596,956	873,694
	276,738	596,956	873,694
NET ASSETS			
Unrestricted	195,209	102,878	298,087
Total Liabilities and Net Assets	$ 471,947	$ 699,834	$ 1,171,781

CITY OF BRUNSWICK, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2010

	Group Health Fund	Workers' Compensation Fund	Total
OPERATING REVENUES			
Contributions			
Employer	$ 973,800	$ 90,000	$ 1,063,800
Employee	341,515	-	341,515
Reimbursements	314,626	354,472	669,098
Total Operating Revenues	1,629,941	444,472	2,074,413
OPERATING EXPENSES			
Contractual and administrative expenses			
Contractual	266,601	-	266,601
Administrative	40	-	40
Claims	2,214,145	401,299	2,615,444
Total Operating Expenses	2,480,786	401,299	2,882,085
Operating Income (Loss)	(850,845)	43,173	(807,672)
NON-OPERATING REVENUES			
Investment return	128	43	171
Total Non-Operating Revenues	128	43	171
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	784,600	-	784,600
Total Other Financing Sources (Uses)	784,600	-	784,600
SPECIAL ITEM			
Elimination of interfund balances with the water fund due to assumption of bonds payable and related assets by the Brunswick - Glynn County Joint Water and Sewer Commission (Note 20)	(101,102)	(152,332)	(253,434)
Change In Net Assets	(167,219)	(109,116)	(276,335)
Net Assets, Beginning of Year	362,428	211,994	574,422
Net Assets, End of Year	$ 195,209	$ 102,878	$ 298,087

CITY OF BRUNSWICK, GEORGIA
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2010

	Group Health Fund	Workers' Compensation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for services	$ 973,800	$ 90,000	$ 1,063,800
Contributions from employees	341,515	-	341,515
Reimbursements	302,378	347,564	649,942
Payments for claims	(2,112,833)	(279,497)	(2,392,330)
Payments for other expenses	(266,641)	-	(266,641)
Net Cash Provided (Used) By Operating Activities	(761,781)	158,067	(603,714)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers and Borrowings from other funds	784,600	(155,000)	629,600
Net Cash Provided (Used) By Non-Capital Financing Activities	784,600	(155,000)	629,600
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	-	-	-
Interest received on investments	127	43	170
Net Cash Provided Provided (Used) By Investing Activities	127	43	170
Net Increase (Decrease) In Cash and Cash Equivalents	22,946	3,110	26,056
Cash and Cash Equivalents (overdraft), Beginning of Year	22,853	(2,853)	20,000
Cash and Cash Equivalents (overdraft), End of Year	$ 45,799	$ 257	$ 46,056

CITY OF BRUNSWICK, GEORGIA
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2010

	Group Health Fund	Workers' Compensation Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ (850,845)	$ 43,173	$ (807,672)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
(Increase) decrease in assets			
Claims Reimbursement Receivable	-	-	-
Due from Other Funds	-	-	-
Other Assets	(12,248)	(6,909)	(19,157)
Increase (decrease) in liabilities			
Due to Other Funds	-	-	-
Claims Payable	101,312	121,803	223,115
Net Cash Provided (Used) By Operating Activities	$ (761,781)	$ 158,067	$ (603,714)

CITY OF BRUNSWICK, GEORGIA
MULTI-PURPOSE CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MODIFIED ACCRUAL BUDGET BASIS
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Program fees/revenues	$ 30,300	$ 30,300	$ 26,432	$ (3,868)
Grant revenues	135,381	135,381	140,331	4,950
Contributions and donations	1,762	1,762	1,466	(296)
Investment earnings and interest	100	100	29	(71)
Total Revenues	167,543	167,543	168,258	715
EXPENDITURES				
Multi-Purpose				
Program administration	286,363	277,900	262,923	14,977
Total Expenditures	286,363	277,900	262,923	14,977
Excess (Deficiency) of Revenues Over Expenditures	(118,820)	(110,357)	(94,665)	15,692
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	118,820	110,357	85,000	(25,357)
Net Change in Fund Balance	-	-	(9,665)	(9,665)
Fund Balance (deficit), Beginning of Year	(336,857)	(336,857)	(53,786)	283,071
Fund Balance (deficit), End of Year	$ (336,857)	$ (336,857)	$ (63,451)	$ 273,406

CITY OF BRUNSWICK, GEORGIA
POLICE SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MODIFIED ACCRUAL BUDGET BASIS
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Program fees/revenues	$ -	$ -	$ -	$ -
Grant revenues/seizure funds	56,000	56,000	55,104	(896)
Contributions, donations and other	-	-	-	-
Investment earnings and interest	100	100	77	(23)
Total Revenues	56,100	56,100	55,181	(919)
EXPENDITURES				
Public safety	172,017	172,017	159,350	12,667
Total Expenditures	172,017	172,017	159,350	12,667
Excess (Deficiency) of Revenues Over Expenditures	(115,917)	(115,917)	(104,169)	11,748
OTHER FINANCING SOURCES (USES)				
Prior Years Resources	115,917	115,917	-	(115,917)
Transfers in	-	-	-	-
Net Change in Fund Balance	-	-	(104,169)	(104,169)
Fund Balance, Beginning of Year	-	-	154,896	154,896
Fund Balance, End of Year	$ -	$ -	$ 50,727	$ 50,727

CITY OF BRUNSWICK, GEORGIA
E911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MODIFIED ACCRUAL BUDGET BASIS
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Program fees/revenues	$ -	$ -	$ -	$ -
Grant revenues	-	-	-	-
Contributions and donations	-	-	-	-
Investment earnings and interest	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Public Safety	423,217	423,217	348,406	74,811
Total Expenditures	423,217	423,217	348,406	74,811
Excess (Deficiency) of Revenues Over Expenditures	(423,217)	(423,217)	(348,406)	74,811
OTHER FINANCING SOURCES (USES)				
Transfers in	423,217	423,217	348,406	(74,811)
Net Change in Fund Balance	-	-	-	-
Fund Balance (deficit), Beginning of Year	1,100	29,854	-	(29,854)
Fund Balance (deficit), End of Year	$ 1,100	$ 29,854	$ -	$ (29,854)

CITY OF BRUNSWICK, GEORGIA
SIDNEY LANIER PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MODIFIED ACCRUAL BUDGET BASIS
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Program fees/revenues	$ -	$ -	$ -	$ -
Grant revenues	700,000	700,000	-	(700,000)
Contributions and donations	-	-	-	-
Investment earnings and interest	-	-	48	48
Total Revenues	700,000	700,000	48	(699,952)
EXPENDITURES				
Community Development	875,000	875,000	450	874,550
Total Expenditures	875,000	875,000	450	874,550
Excess (Deficiency) of Revenues Over Expenditures	(175,000)	(175,000)	(402)	174,598
OTHER FINANCING SOURCES (USES)				
Transfers in	175,000	175,000	-	(175,000)
Net Change in Fund Balance	-	-	(402)	(402)
Fund Balance, Beginning of Year	-	-	47,801	47,801
Fund Balance, End of Year	$ -	$ -	$ 47,399	$ 47,399

CITY OF BRUNSWICK, GEORGIA
CITY PIER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MODIFIED ACCRUAL BUDGET BASIS
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Program fees/revenues	$ -	$ -	$ -	$ -
Grant revenues	-	-	-	-
Other income	40,000	40,000	45,332	5,332
Contributions and donations	-	-	-	-
Investment earnings and interest	-	-	21	21
Total Revenues	40,000	40,000	45,353	5,353
EXPENDITURES				
Community Development	40,000	40,000	-	40,000
Total Expenditures	40,000	40,000	-	40,000
Excess (Deficiency) of Revenues Over Expenditures	-	-	45,353	45,353
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Net Change in Fund Balance	-	-	45,353	45,353
Fund Balance (deficit), Beginning of Year	2,645	2,645	(12,245)	(14,890)
Fund Balance (deficit), End of Year	$ 2,645	$ 2,645	$ 33,108	$ 30,463

CITY OF BRUNSWICK, GEORGIA
HOTEL - MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MODIFIED ACCRUAL BUDGET BASIS
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Program fees/revenues	$ 8,000	$ 8,000	$ 8,192	$ 192
Total Revenues	8,000	8,000	8,192	192
EXPENDITURES				
Community Development	6,291	6,291	6,291	-
Total Expenditures	6,291	6,291	6,291	-
Excess (Deficiency) of Revenues Over Expenditures	1,709	1,709	1,901	192
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(1,709)	(1,709)	(1,901)	(192)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	$ -	$ -	$ -	$ -

CITY OF BRUNSWICK, GEORGIA
SPLOST IV CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MODIFIED ACCRUAL BUDGET BASIS
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Option sales tax - intergovernmental	$ 1,934,716	$ 1,934,716	$ -	$ (1,934,716)
Investment earnings and interest	1,200	1,200	933	(267)
Total Revenues	1,935,916	1,935,916	933	(1,934,983)
EXPENDITURES				
Culture and recreation	74,770	74,770	25,046	49,724
Public Safety	139,994	139,994	-	139,994
Public Works	1,721,152	1,721,152	825,418	895,734
Total Expenditures	1,935,916	1,935,916	850,464	1,085,452
Excess (Deficiency) of Revenues Over Expenditures	-	-	(849,531)	(849,531)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	92,004	92,004
Net Change in Fund Balance	-	-	(757,527)	(757,527)
Fund Balance, Beginning of Year	-	-	1,660,117	1,660,117
Fund Balance, End of Year	$ -	$ -	$ 902,590	$ 902,590

CITY OF BRUNSWICK, GEORGIA
SPLOST V CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MODIFIED ACCRUAL BUDGET BASIS
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Option sales tax - intergovernmental	$ 4,243,993	$ 4,243,993	$ 4,243,993	$ -
Investment earnings and interest	847	847	847	-
Total Revenues	4,244,840	4,244,840	4,244,840	-
EXPENDITURES				
Professional and technical services	-	-	-	-
Public Safety	-	-	-	-
Public works	181,907	181,907	181,907	-
Culture and recreation	-	-	-	-
Total Expenditures	181,907	181,907	181,907	-
Excess (Deficiency) of Revenues Over Expenditures	4,062,933	4,062,933	4,062,933	-
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(596,918)	(596,918)	(596,918)	-
Net Change in Fund Balance	3,466,015	3,466,015	3,466,015	-
Fund Balance (Deficit), Beginning of Year	-	(24,996)	(24,996)	-
Fund Balance (Deficit), End of Year	$ 3,466,015	$ 3,441,019	$ 3,441,019	$ -

ADDITIONAL SCHEDULE

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INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

To the Honorable Mayor and Members of the City Commissioners
City of Brunswick, Georgia

We have audited the accompanying Schedule of Projects Constructed with Special Purpose Local Option Sales Tax for the City of Brunswick, Georgia, for the year ended June 30, 2010. This schedule is the responsibility of City of Brunswick, Georgia's management. Our responsibility is to express an opinion on the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax based on our audit.

Except as discussed in the following paragraph, 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 Schedule of Projects Constructed with Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

During our audit, it was determined that the accounting procedures in place to properly record and apply project expenditures to the correct project were not adequate for us to apply effective audit procedures to verify the balances of those projects.

The accompanying Schedule of Projects Constructed with Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121, was prepared on the accrual basis of accounting as described in Note 1, and is not intended to be a complete presentation of the City of Brunswick, Georgia's revenues and expenditures.

To the Honorable Mayor and Members of the City Commissioners
City of Brunswick, Georgia
Page Two

In our opinion, except for the effect of such adjustments to the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax, if any, might have been determined to be necessary had we been able to determine the project expenditures, the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost and current and prior year expenditures for each project in the City of Brunswick, Georgia's resolution or ordinance calling for the tax for the year June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

Fowler, Holley, Rambo & Stalvey, P.C.
Fowler, Holley, Rambo & Stalvey, P.C.

Valdosta, Georgia
February 28, 2011

CITY OF BRUNSWICK, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Fiscal Year Ended June 30, 2010

Project Number	Project Description	Original Estimated Cost	Current Estimated Cost	Expenditures		
				Prior Years	Current Year	Total
	SPLOST III					
501	College Park	$ 400,000	$ 400,000	$ 339,501	$ -	$ 339,501
502	Kaiser Street	370,000	370,000	7,651	-	7,651
503	L Street	340,000	340,000	544,380	-	544,380
504	Lanier Blvd. at 5th Ave.	240,000	240,000	393,563	-	393,563
505	Magnolia Park	350,000	350,000	388,806	-	388,806
506	Riverside Drive	250,000	250,000	1,064,801	-	1,064,801
507	Wildwood Drive	350,000	350,000	588	-	588
508	Union Street, F to G Street	350,000	350,000	216,457	-	216,457
509	Albany Street	200,000	200,000	97,408	-	97,408
510	Miscellaneous Small Road Drainage	950,000	950,000	1,138,995	-	1,138,995
601	Multipurpose Community Center	1,000,000	1,000,000	1,297,825	-	1,297,825
602	Three Athletic Fields	400,000	400,000	423,343	-	423,343
603	New Playground Equipment	150,000	150,000	158,149	-	158,149
604	Renovation of Howard Coffin Park	150,000	150,000	396,152	-	396,152
701	Upgrade Academy Creek Wastewater Plant	1,800,000	1,800,000	2,333,587	-	2,333,587
702	South end Sanitary Sewer Improvements	600,000	600,000	1,039,308	-	1,039,308
703	Newcastle Street Sewer Improvement	440,000	440,000	620,367	-	620,367
704	K Street Sewer Improvement	400,000	400,000	84,045	-	84,045
705	Replace Pump Station #13	100,000	100,000	106,227	-	106,227
706	Replace Pump Station #10	35,000	35,000	-	-	-
707	Repair Pump Station #6	100,000	100,000	293,878	-	293,878
708	Replace Pump Station #19	465,000	465,000	375	-	375
709	Sewer Line Rehabilitation	1,000,000	1,000,000	60,832	-	60,832
710	Repair Pump Station #28	80,000	80,000	125,609	-	125,609
711	Repair Pump Station #48	80,000	80,000	105,253	-	105,253
712	Extension of Water Lines	500,000	500,000	1,030,303	-	1,030,303
713	Overhead Storage Tank I-95/US-341	500,000	500,000	786,633	-	786,633
801	MLK Blvd Utility Relocation/Right of Way	360,000	360,000	93,644	-	93,644
802	I-95 / U.S. 341 Utility Relocation	390,000	390,000	29,225	-	29,225
803	U.S. 17 Utility Relocation	500,000	500,000	1,808,221	-	1,808,221
901	Repair/Replace/Construct Sidewalks	750,000	750,000	569,056	-	569,056
902	Miscellaneous Paving	-	-	90,009	-	90,009
1001	Osborne Street	200,000	200,000	67,676	-	67,676
1201	Construct/Equip Fire Station	560,000	560,000	623,389	-	623,389
1401	Restore Old City Hall	2,500,000	2,500,000	2,831,595	-	2,831,595
1402	Renovate New City Hall	1,700,000	1,700,000	2,346,202	-	2,346,202
1403	Repair Police Station	640,000	640,000	684,930	-	684,930

Fowler, Holley, Rambo & Stalvey, P.C.

CITY OF BRUNSWICK, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Fiscal Year Ended June 30, 2010

Project Number	Project Description	Original Estimated Cost	Current Estimated Cost	Expenditures		
				Prior Years	Current Year	Total
	SPLOST IV - Tier I					
601	Sanitary Sewer - K Street	$ 4,650,000	$ 7,650,000	$ 7,115,389	$ -	$ 7,115,389
602	15" Gravity Sewer - Dixville	2,425,000	2,425,000	1,339,263	-	1,339,263
603	Sludge Dryer	1,750,000	1,750,000	925,955	-	925,955
604	30" Gravity Sewer	535,000	535,000	322,322	-	322,322
605	Gravity Sewer - FLETC	2,000,000	2,000,000	496,944	-	496,944
606	ARCO 12" Water Main	400,000	400,000	155,186	-	155,186
607	Storm Drain - Albany/Howe Street	1,500,000	1,500,000	1,851,138	-	1,851,138
608	City Halls	800,000	800,000	1,032,635	-	1,032,635
608	City Halls	-		13,384	-	13,384
	SPLOST IV - Tier II/III					
609	Multipurpose Center Upgrade	175,000	175,000	199,195	-	199,195
706	Ritz Theater	1,700,000	1,700,000	19,563	25,046	44,609
701	Oglethorpe Study	-	78,000	23,471	-	23,471
	Sanitary Sewer - K Street	3,000,000	-	-	-	-
704	Water Reclamation Project	1,410,000	1,410,000	1,026,171	-	1,026,171
705	Storm Drain - N Street	1,750,000	1,920,859	1,725,110	-	1,725,110
703	Public Safety Complex	750,000	750,000	522,173	-	522,173
702	Public Works Complex	3,750,000	3,671,145	464,355	825,418	1,289,773
	Water/Wasetwater Complex	1,500,000	1,500,000	-	-	-
	Sidewalks	85,000	85,000	-	-	-
	Street Paving	190,000	190,000	-	-	-
	SPLOST V					
	"N" Street	5,810,000	5,810,000	1,039,842	181,907	1,221,749
		$ 53,380,000	$ 53,550,004	$ 40,470,079	$ 1,032,371	$ 41,502,450

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INDEPENDENT ACCOUNTANT'S REPORT

We have examined management's assertion included in the accompanying Annual Report of 9-1-1 Collections and Expenditures about City of Brunswick, Georgia's compliance during the fiscal year ended June 30, 2010 with the requirement to expend 9-1-1 funds in compliance with the expenditure requirements of the Official Code of Georgia Annotated, Section 46-5-134. Management is responsible for City of Brunswick, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about City of Brunswick, Georgia's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about City of Brunswick, Georgia's compliance with this requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on City of Brunswick, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that City of Brunswick, Georgia complied with the aforementioned requirement during the fiscal year ended June 30, 2010 is fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Georgia Department of Audits and Accounts and is not intended to be and should not be used by anyone other than the specified parties.

Fowler, Holley, Rambo & Stalvey, P.C.
Fowler, Holley, Rambo & Stalvey, P.C.

Valdosta, Georgia
February 28, 2011

Fowler, Holley, Rambo & Stalvey, P.C.

City of Brunswick
601 Gloucester Street
Brunswick, GA 31521

Annual Report of 9-1-1 Collections and Expenditures
For the Year Ended
June 30, 2010

Line No.		O.C.G.A. Reference:		
1	Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one):			
	__X__ Special Revenue Fund ____ Enterprise Fund			
2	Monthly 9-1-1 charge billed to each exchange access facility subscriber:	46-5-134(a)(1)	$ 1.50	
3	Total revenue from exchange access facility subscribers:			$ -
4	Does 9-1-1 system provide automatic number identification of a wireless telecommunications connection? (choose one)			
	__X__ Yes ____ No			
5	If the answer to Line 4 is "yes", indicate below which of the following apply (choose one)			
	____ System provides location of base station or cell site	46-5-134(a)(2)(A)		
	__X__ System provides automatic location identification	46-5-134(a)(2)(B)		
6	If the answer to Line 4 is "yes", identify the monthly 9-1-1 charge billed to each wireless telecommunications connection subscriber:	46-5-134(a)(2)	$ 1.50	
7	Total revenue from wireless telecommunications connection subscribers:			$ -
8	Total Line 3 plus Line 7 (should equal UCOA Revenue Source 34.2500)			$ -
9	Additional revenue sources:			
9a	Federal (UCOA Revenue Source 33.1000) Identify each funding agency individually. Attach list, if necessary.	46-5-134(j)		
	_____			$ -
	_____			$ -
9b	State (UCOA Revenue Source 33.4000) Identify each funding agency individually. Attach list, if necessary.	46-5-134(j)		
	_____			$ -
	_____			$ -
9c	Local (UCOA Revenue Source 33.6000) Identify each unit of local government individually. Attach list, if necessary.	46-5-134(j)		
	_____			$ -
	_____			$ -
9d	Private (UCOA Revenue Source 37.1000) Identify each private source individually. Attach list, if necessary.	46-5-134(j)		
	_____			$ -
	_____			$ -

Fowler, Holley, Rambo & Stalvey, P.C.

City of Brunswick
601 Gloucester Street
Brunswick, GA 31521
Annual Report of 9-1-1 Collections and Expenditures
For the Year Ended
June 30, 2010

Line No.		O.C.G.A. Reference	
10	Investment Income (UCOA Revenue Source 36.1000 through 36.3000)		$ -
11	Other revenue sources not included above. Identify each source individually. Transfers from other funds of the local government should be reported on Line 25 and not included here.		
	_____		$ -
	_____		$ -
12	Total Revenues (total of all amounts reported on Lines 8 through 11)		$ -
	Expenditures (UCOA Activity 3800)		
13	Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	46-5-134(e)	
	_____		$ -
	_____		$ -
	_____		$ -
14	Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:		
14a	Lease costs	46-5-134(f)(1)	$ -
14b	Purchase costs	46-5-134(f)(1)	$ -
14c	Maintenance costs	46-5-134(f)(1)	$ -
15	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	46-5-134(f)(2)	$ -
16	Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system: Number of employees classified as: Full time ___0___ Part time ___0___		
16a	Salaries and wages	46-5-134(f)(3)	$ -
16b	Employee benefits	46-5-134(f)(3)	$ -

Fowler, Holley, Rambo & Stalvey, P.C.

City of Brunswick
601 Gloucester Street
Brunswick, GA 31521

Annual Report of 9-1-1 Collections and Expenditures
For the Year Ended
June 30, 2010

Line No.		O.C.G.A. Reference	
17	Cost of training of employees who work as dispatchers	46-5-134(f)(3)	$ -
18	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	46-5-134(f)(4)	$ -
19a	Building used as a public safety answering point:		
19a1	Lease costs	46-5-134(f)(5)	$ -
19a2	Purchase costs	46-5-134(f)(5)	$ -
19b	Has the local government completed its street addressing plan? (choose one)	46-5-134(f)(5)	$ -
	_X_ Yes ____ No		
20	Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems:		
20a	Lease costs	46-5-134(f)(6)	$ -
20b	Purchase costs	46-5-134(f)(6)	$ -
20c	Maintenance costs	46-5-134(f)(6)	$ -
21	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(7)	$ -
22	Logging recorders used at a public safety answering point to record telephone and radio traffic:		
22a	Lease costs	46-5-134(f)(8)	$ -
22b	Purchase costs	46-5-134(f)(8)	$ -
22c	Maintenance costs	46-5-134(f)(8)	$ -
23	Other expenditures not included in Lines 13 through 22 above. Identify by object and purpose. Transfers to other funds of the local government should be reported on Line 26 and not included here.		
	Glynn County Government - Shared Expenditures		$ 348,606
			$ -
			$ -
			$ -
24	Total Expenditures (total of all amounts reported on Lines 13 through 23 above)		$ 348,606

Fowler, Holley, Rambo & Stalvey, P.C.

City of Brunswick
601 Gloucester Street
Brunswick, GA 31521
Annual Report of 9-1-1 Collections and Expenditures
For the Year Ended
June 30, 2010

Line No.		OCGA Reference	
25	Transfers From Other Funds (identify by fund)		
	General Fund		$ 348,606
			$ -
26	Transfers To Other Funds (identify by fund)		
			$ -
			$ -
27	Proceeds from Capital Lease (identify by asset class and, if equipment, purpose)		
			$ -
			$ -
28	Net Change in Fund Balance (Line 12 - Line 24 + Line 25 - Line 26 + Line 27)		$ -
29	Fund Balance - Beginning of Year		$ -
30	Fund Balance - End of Year		$ -

31a Do amounts on Lines 12, 24, 28, 29, and 30 agree to amounts reported in the government's audited financial statements submitted to the Georgia Department of Audits and Accounts?

_X_ Yes _____ No

31b If the answer to Line 31a is "no", provide explanation (including amounts) to reconcile each line item specified in Line 31a above to government's audited financial statements. Reconciliation should be attached to this report.

Certification of Local Government Officials

I have reviewed the information presented in this report and certify that it is accurate and correct. I further certify that the 9-1-1 funds were expended in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134. I understand that, in accordance with OCGA Section 46-5-134(m)(2), any local government which makes expenditures not in compliance with this Code section may be held liable for pro rata reimbursement to telephone and wireless telecommunications subscribers of amounts improperly expended. Further, the noncompliant local government shall be solely financially responsible for the reimbursement and for any costs associated with the reimbursement. Such reimbursement shall be accomplished by service providers abating the imposition of the 9-1-1 charges and 9-1-1 wireless enhanced charges until such abatement equals the total amount of the rebate.

Signature of Chief Elected Official _____ Date 11/22/10

Print Name of Chief Elected Official Bryan Thompson

Title of Chief Elected Official Mayor

Signature of Chief Financial Officer Martha B. Hendley Date 11/16/10

Print Name of Chief Financial Officer Martha B. Hendley

STATISTICAL SECTION

CITY OF BRUNSWICK, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUE BY SOURCE
LAST TEN FISCAL YEARS
June 30, 2010

Fiscal Year	Taxes	Licenses and Permits	Charges for Services and Assessments	Fines, Forfeitures, and Penalties	Unrestricted Investment Earnings	Inter-governmental Revenues	Sales, Rentals, and Other Revenues	Other Financing Sources	Total
2001	10,756,922	285,883	946,093	338,097	61,466	28,114	146,011	435,387	12,997,973
2002	10,806,425	286,041	190,512	368,134	22,740	29,182	115,803	624,217	12,443,054
2003	10,877,363	280,642	203,628	460,076	12,391	106,948	1,084,795	99,808	13,125,651
2004	11,372,047	267,979	248,034	534,114	29,896	29,267	98,614	-	12,579,951
2005	12,056,792	324,767	240,229	545,580	51,713	764,080	108,148	-	14,094,310
2006	13,419,874	262,294	217,783	415,087	112,566	258,125	89,672	-	14,775,401
2007	13,849,169	358,572	240,562	636,380	254,907	536,439	63,544	-	15,939,573
2008	15,108,593	357,655	237,073	603,119	135,418	712,574	350,486	235,996	17,740,914
2009	14,591,760	342,183	283,292	602,800	8,394	455,501	623,621	-	16,907,551
2010	13,966,424	256,823	406,953	342,442	991	460,747	114,623	-	15,549,003

CITY OF BRUNSWICK, GEORGIA
GENERAL FUND
SCHEDULE OF TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS
June 30, 2010

Fiscal Year	Property Taxes	Local Option Sales Tax	Tax on Receipts of Public Utilities	Alcoholic Beverage Taxes	Hotel and Motel Taxes	Insurance Premiums/Fin Institutions Tax	Total
2001	2,742,737	5,835,994	1,015,288	407,444	31,967	716,920	10,750,350
2002	2,963,615	5,721,751	1,102,917	415,567	35,683	566,892	10,806,425
2003	3,241,658	5,439,582	1,138,947	396,288	39,138	621,750	10,877,363
2004	3,200,765	5,852,920	1,202,460	407,709	38,093	670,100	11,372,047
2005	3,825,888	6,289,765	920,390	441,871	43,301	726,206	12,056,792
2006	3,844,884	7,247,186	1,021,284	482,600	42,196	781,724	13,419,874
2007	3,822,582	7,554,229	1,040,067	503,474	35,051	893,767	13,849,170
2008	4,381,256	7,827,430	1,462,055	478,070	20,763	939,019	15,108,593
2009	4,870,321	6,841,353	1,451,384	457,368	4,307	967,027	14,591,760
2010	4,802,245	6,433,994	1,360,043	431,898	1,901	936,343	13,966,424

CITY OF BRUNSWICK, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2010

Fiscal Year	General Government	Public Safety	Highways and Streets	Sanitation	Parks, Squares and Cemeteries	Culture and Recreation	Judicial	Debt Service	Special Appropriations and Unclassified	Total
2001	1,877,486	6,409,441	1,702,184	1,596,134	356,167	529,808	-	194,930	1,407,436	14,073,586
2002	2,414,930	6,645,421	1,977,311	-	-	961,633	157,174	239,475	-	12,395,944
2003	2,241,466	6,109,726	1,429,569	-	380,470	874,648	260,778	575,379	86,646	11,958,682
2004	2,206,720	6,312,879	1,573,563	-	304,509	802,604	325,933	599,136	-	12,125,344
2005	2,765,260	5,968,580	1,992,702	-	351,379	857,699	429,366	176,803	85,000	12,626,789
2006	4,107,227	6,151,859	1,330,200	-	342,062	1,050,045	323,919	130,346	85,000	13,520,658
2007	6,673,221	6,509,102	1,270,396	-	319,604	1,065,941	380,557	433,775	85,000	16,737,596
2008	8,240,710	7,342,510	2,632,052	-	365,219	1,178,175	490,180	586,945	120,000	20,955,791
2009	3,947,203	8,001,199	2,821,400	-	362,266	1,227,760	858,031	2,230,257	114,089	19,562,205
2010	2,981,666	7,415,184	2,563,397	-	313,050	1,181,342	533,324	1,087,419	103,676	16,179,058

CITY OF BRUNSWICK, GEORGIA
NET BONDED DEBT PER CAPITA AND GENERAL FUND BALANCE PER CAPITA
LAST TEN FISCAL YEARS
June 30, 2010

Fiscal Year	Estimated Population	Net General Bonded Debt	Net General Bonded Debt Per Capita	General Fund Balance	General Fund Balance Per Capita
2000	15,163			3,935,355	$ 260
2001	15,333			2,452,774	$ 160
2002	15,333			875,079	$ 57
2003	15,600			1,080,847	$ 69
2004	15,600			1,116,310	$ 72
2005	15,600			2,074,926	$ 133
2006	15,600			3,143,781	$ 202
2007	15,600			2,915,104	$ 187
2008	15,600			1,264,855	$ 81
2009	15,600			75,773	$ 5
2,010	16,269			329,856	$ 20

CITY OF BRUNSWICK, GEORGIA
PROPERTY ESTIMATED AND ASSESSED VALUE,
TAX RATES AND TAX LEVIES
LAST TEN FISCAL YEARS
June 30, 2010

Year	Estimated Value	Assessed Value	Tax Rate Per $1,000 Assessed Value	Tax Levy
2000	551,842,953	220,737,181	11.00	2,428,109
2001	576,471,475	230,588,590	11.00	2,536,474
2002	604,077,680	241,631,072	11.00	2,657,942
2003	620,508,803	248,203,521	13.00	3,226,646
2004	691,057,235	276,422,894	12.25	3,386,180
2005	748,443,283	299,377,313	12.25	3,667,372
2006	791,480,833	316,592,353	12.25	3,878,256
2007	999,950,813	399,980,325	12.25	4,899,759
2008	1,051,457,970	420,583,188	12.25	5,152,144
2009	1,039,583,558	415,833,423	12.25	4,765,420
2010	1,059,444,967	423,777,987	12.25	4,097,824

CITY OF BRUNSWICK, GEORGIA
PROPERTY TAX EXECUTIONS RECEIVABLE BY FISCAL YEAR OF LEVY
June 30, 2010

Fiscal Year	Amount
2002 and prior	$ -
2003	4,702
2004	9,648
2005	23,543
2006	10,741
2007	149,322
2008	192,931
2009	433,229
2010	-
	$ 824,116

Note: Amounts indicated are not net of reserve for bad debts.

SINGLE AUDIT

FH R&S

Fowler, Holley, Rambo & Stalvey, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Curtis G. Fowler, CPA, PFS, CFP® • Carlton W. Holley, CPA • C. Wayne Rambo, CPA, CVA • Richard A. Stalvey, CPA

3208 Wildwood Plantation Drive • Post Office Box 1887 • Valdosta, GA 31603-1887 • (229) 244-1559 • (800) 360-3123 • Fax (229) 245-7369

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*

To the Honorable Mayor and Members of the City Commission
City of Brunswick, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Brunswick, Georgia, as of and for the year ended June 30, 2010, which collectively comprise the City of Brunswick, Georgia's basic financial statements and have issued our report thereon dated February 28, 2011. The report on the City of Brunswick, Georgia was qualified for the effects of not capitalizing certain infrastructure assets and recording depreciation in the governmental activities of the government wide financial statements. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Brunswick, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Brunswick, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Brunswick, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Item 10-01 and Items 10-3 through 10-04 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Item 10-02 to be a significant deficiency.

Compliance and Other Matters

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

We noted additional matters that we reported to management of City of Brunswick, Georgia in a separate letter dated February 28, 2011.

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

This report is intended solely for the information and use of the audit committee, management, City Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fowler, Holley, Rambo & Stalvey, P.C.
Fowler, Holley, Rambo & Stalvey, P.C.

Valdosta, Georgia
February 28, 2011

FH R&S

Fowler, Holley, Rambo & Stalvey, P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and Members of the City Commission
City of Brunswick, Georgia

Compliance

We have audited City of Brunswick, Georgia's, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Brunswick, Georgia's major federal programs for the year ended June 30, 2010. City of Brunswick, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Brunswick, Georgia's management. Our responsibility is to express an opinion on City of Brunswick, Georgia's compliance based on our audit.

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

As described in items 10-6 and 10-7 in the accompanying schedule of findings and questioned costs, City of Brunswick, Georgia did not comply with requirements regarding procurement procedures that are applicable to Community Development Block and Entitlement Grants. Compliance with such requirements is necessary, in our opinion, for City of Brunswick, Georgia to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, City of Brunswick, Georgia 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, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 10-5.

Internal Control Over Compliance

Management of City of Brunswick, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Brunswick, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance, control and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Brunswick Georgia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that *all* deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and others that we consider to be significant deficiencies.

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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-6 and 10-7 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 10-5 to be a significant deficiency.

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

This report is intended solely for the information and use of the audit committee, management, City Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fowler, Holley, Rambo & Stalvey, P.C.
Fowler, Holley, Rambo & Stalvey, P.C.

Valdosta, Georgia
February 28, 2011

CITY OF BRUNSWICK, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

A. SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

1. The auditor's opinion on the City of Brunswick, Georgia's financial statements was qualified due to the City not recording certain infrastructure assets and related depreciation expense in governmental activities.

2. A significant deficiency in internal control over financial reporting was disclosed during the audit of the financial statements.

3. The audit of the City of Brunswick, Georgia disclosed no instances of noncompliance.

4. Material weaknesses were identified.

FEDERAL AWARDS

5. One significant deficiency and two material weaknesses in the internal control over major programs were identified.

6. The auditor's report on compliance for the major federal award programs for the City of Brunswick, Georgia expresses a qualified opinion for Community Development Block and Entitlement Grants.

7. The audit disclosed three findings relating to major programs that are required to be reported under Section 510(a) of OMB Circular A-133.

8. The following programs were tested as major programs:

	CFDA Number	Amount
Community Dev Block Grants/Entitlement Grants	14.218	$ 403,450
JAG Grant - ARRA	16.804	$ 123,336
Contaminated Soil Cleanup - CDBG-R – ARRA	14.253	$ 118,121

9. The threshold for distinguishing between Types A and B programs was $300,000.

10. The City of Brunswick, Georgia did not qualify as a low-risk auditee as defined by Section .530 of OMB Circular A-133.

CITY OF BRUNSWICK, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

10-01 Recording of Infrastructure Assets per GASB 34 (Repeat violation No. 09-01 from June 30, 2009)

Criteria – The Governmental Accounting Standards Board (GASB) requires the City to account for and record its infrastructure assets per Statement 34.

Condition - The City has not accumulated the necessary information concerning certain infrastructure assets in governmental activities. As a result, certain infrastructure assets have not been capitalized and the associated depreciation expense related to governmental activities has not been recorded.

Effect – Understatement of assets, depreciation expense and net assets on the government-wide statement of net assets and government-wide statement of activities.

Cause – Failure to implement GASB Statement 34 related to certain infrastructure assets and associated depreciation expense for governmental activities.

Recommendation – The City should record infrastructure assets and related depreciation expense related to governmental activities to comply with the guidelines set forth in GASB 34.

Management's Response – Concur. The City stated in the prior year's findings that due to staff limitations and other issues that take priority, the City has not gathered all of the necessary information to record its infrastructure assets per GASB 34. We intended to have this completed by June 30, 2011, but haven't had the resources to follow through as stated in the prior year's findings. Due to staff reductions and the availability of revenue, it was not possible.

10-02 Segregation of Duties

Criteria – Internal control systems are typically more effective when the number of employees is sufficient to create a proper separation of duties.

Condition - Due to the limited number of employees in some of the City's offices, including the Finance Department, there is not a proper separation of duties to create an effective system of internal control.

Effect – Transactions might not be processed in conformity with the internal control system of the City and, if material, the financial statements might not conform with generally accepted accounting

principles and-or lack of compliance with applicable laws and regulations could occur. Further, failure to properly segregate duties between recording, distribution and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Cause – Overlapping of duties is occurring in the recording, distribution, and reconciliation of accounts internal control function.

Recommendation – While it may not be practical or economical to hire sufficient personnel in each department, we do recommend that the heads of each department be made aware of this condition, and that it is their responsibility to monitor the activities of their respective department and to properly account for all transactions of said department.

Management's Response – Concur. The City currently doesn't have the resources to hire more personnel to eliminate this finding.

10-03 **Management of Due to-From (Interfund and Internal) Accounts**

Criteria – Generally accepted accounting principles require reporting of interfund activity expected to be repaid within a reasonable time as due to-from (interfund receivables and payables) accounts. As part of that process, the City should review the amounts that should be included in due to-from accounts in each fund to determine the proper amounts to be reported at any given time during the fiscal year. Those amounts should be reconciled to the general ledger account, and its respective reciprocal interfund account.

Condition - In our testing procedures, we noted the City did not properly report the due to-from other funds accounts in various funds. In some instances, the City's due-to from balances were not in agreement with its reciprocal interfund account.

Effect – Several due to-from general ledger balances are not in balance. As a result, The City's due to-from accounts are not in agreement.

Cause – All due to-from activity between funds is not being properly recorded and differences reconciled at the end of each financial reporting cycle.

Recommendation – We recommend the City implement procedures to properly record, reconcile and review all due to-from activity on a monthly basis.

CITY OF BRUNSWICK, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

Management's Response - Concur. We will review and reconcile "due-to due-from" accounts monthly.

10-04 Reconciliation of Municipal Court Deposits to Collection Reports

Criteria – Agency funds are used to account for resources held by or for the City in a custodial capacity. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements and any remainder of funds that are to be paid at a later date. Such listings should be reconciled to the respective cash balances maintained.

Condition - During our audit testing procedures we noted Municipal Court deposits that did not reconcile with generated reports from the Municipal Court, as well as unavailable reports from several collection days that were not submitted to the Finance Department for review and reconciliation to deposited amounts.

Effect – There were differences in amounts per generated reports and actual amounts deposited in the Municipal Court Account, as well as amounts that could not be reconciled to the amount deposited due to unavailable collection reports.

Cause – Deposited amounts from the Municipal Court are not reconciled to accounting records due to inaccurate or unavailable collection reports from the Municipal Court office.

Recommendation – The Municipal Court should maintain adequate records, including detailed listings to support the balances held in the fund, as well as submit all collection reports to the Finance Department.

Management's Response - Concur. The Finance Staff has scheduled a meeting with the Municipal Court office to devise a plan to eliminate this problem and finding. The Finance Department is recommending that Municipal Court Staff submit daily cash reports to the Finance Department for verification along with the collections for the day. By receiving the reports daily, a discrepancy can be detected and reconciled on a timely basis.

C. NON-COMPLIANCE WITH LAWS AND REGULATIONS

The audit of the City of Brunswick, Georgia disclosed no instances of noncompliance.

D. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

CITY OF BRUNSWICK, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

10-05 Subrecipient Monitoring for Community Development Block Grant

Criteria – Before disbursing any CDBG funds to a subrecipient or subgrantee, the City shall sign a written agreement with the subrecipient or subgrantee. The agreement shall include provisions concerning the statement of work, records and reports and administrative requirements to provide reasonable assurance that Federal award information and compliance requirements are identified to subrecipients and those subrecipient activities are monitored.

Condition - For one of the subrecipients tested, the Department of Community Development did not receive quarterly reports in a timely manner as set forth as per the contract and conditions set forth with the City.

Questioned Costs - N/A

Effect - The City did not fully fulfill its requirement to monitor requirements of subrecipients under the grant agreement.

Cause - Grant subrecipient did not submit quarterly report with the City in a timely manner as set forth in the grant agreement.

Recommendation - City and grant personnel should ensure that subrecipients remit reports in a timely and accurate manner to ensure that conditions in the grant agreement are being complied with.

Management's Response - Concur. The City of Brunswick Department of Community Development will follow the recommendations provided by the Auditors in the Schedule of Findings. The Community Development Staff will ensure that the subrecipients remit reports in a timely manner to ensure that conditions in the grant agreement are being complied with. The Community Development Staff will continue to send deadline and late email reminders to the subrecipients and document them in the appropriate subrecipient file. The Finance Department will adhere to the Community Development Department's response and monitor for compliance.

10-06 Contract Exception for Community Development Block Grant

Criteria – Before beginning a CDBG rehabilitation project a valid contract between the City and the contractor should be in force.

Condition - For one of the rehabilitation projects tested, the construction contract dated March 30, 2010 was unsigned by the contractor and was not notarized before work commenced. In addition,

Davis-Bacon Act exemption documentation for the same project was not noted and the repayment agreement associated with the rehabilitation project was not notarized.

Questioned Costs - $5,505.00.

Effect - The City may not be reimbursed or repaid for expenditures for this project or possibly have to repay the grant funds for non-compliance.

Cause - The City did not have a valid contract with the contractor, as well as documentation exceptions due to the contract not being signed or notarized and the repayment agreement being un-notarized. In addition, required preliminary Davis Bacon Act exemption documentation relevant to the same contractor was not performed in the preliminary stages of the project.

Recommendation - City and grant personnel should ensure that rehabilitation contracts are in force, documentation is perfected and that required procedures are performed in the applicable timeframe, and the associated file documentation is in place.

Management's Response - Concur. In response to this finding, the Department of Community Development Staff will ensure that the rehabilitation contracts are signed and notarized before the work is commenced. The Finance Department will adhere to the Community Development Department's response and monitor for compliance.

10-07 Procurement Irregularities for Community Development Block Grant

Criteria – To provide reasonable assurance that procurement of goods and services are made in compliance with provisions and that there is clear assignment of authority for issuing purchase orders, change orders, contracting for goods and services and approved disbursement of funds.

Condition - During subsequent events testing procedures, it was noted that rehabilitation project services were obtained and the cost of the project well exceeded the original approved submission amount.

Questioned Costs - $4,800.00.

Effect - The City may not be reimbursed or repaid for expenditures for this project or possibly have to repay the grant funds for non-compliance.

CITY OF BRUNSWICK, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

Cause - The City did not fully segregate duties between departments responsible for contracting and accounts payable and disbursing of funds. The modification of the original service was not approved by The Finance Department prior to commencing. The amount was presented for payment after the project was completed and the amount to disburse was questioned by The Finance Department.

Recommendation - City and grant personnel should ensure that rehabilitation expenditures are approved by all departments and are reasonable in nature before projects, or modifications of projects, are undertaken.

Management's Response - Concur. In response to this finding, the Community Development Staff has updated the CDBG policies and procedures to include the Finance Department before modifications to rehabilitation projects are undertaken. The Finance Department will adhere to the Community Development Department's response and monitor for compliance.

CITY OF BRUNSWICK, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

No significant deficiencies or material weaknesses in internal control pertaining to major federal awards programs were noted for the year ended June 30, 2009.

CITY OF BRUNSWICK, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
U.S. Department of Health and Human Services			
Pass-Through Programs From:			
Coastal Georgia Regional Commission			
Aging Cluster:			
Special Programs for the Aging - Title III, Part C	93.045	Unknown	$ 67,794
Nutrition Services Incentive Program	93.053	Unknown	8,924
Subtotal Aging Cluster			76,718
ARRA - FY 2010 Congregate Meals	93.053	Unknown	9,809
Total-U.S. Department of Health and Human Services			86,527
U.S. Department of Justice Direct Programs			
COPS Grant	16.710		79,110
Targeting Violent Crime	16.580		27,995
Bulletproof Vest Partnership	16.607		1,298
OJP - Weed & Seed 2008	16.595		78,271
OJP - Weed & Seed 2009	16.595		89,290
U.S. Department of Justice			
Pass-Through Programs From:			
U.S. Department of Treasury Federal Equitable			
Sharing - Glynn County - NCIC No. GA0630200	16.710	Unknown	1,978
JAG Grant - 2009	16.738	2009-DJ-BX-1492	16,997
ARRA - JAG Grant - 2009	16.804	2009-SB-B9-1689	123,336
Total-U.S. Department of Justice			418,275
U.S. Department of Housing and Urban Development Direct Programs			
Community Development Block Grants/Entitlement Grants	14.218		403,450
ARRA - CDBG-R - Contaminated Soil Cleanup	14.253	B-09-MY-13-0010	118,121
U.S. Department of Health and Human Services			
Pass-Through Programs From:			
Georgia Department of Community Affairs			
Community Home Investment Program (CHIP)	14.239	08m-x-063-2-6000	86,850
Total U.S. Department of Housing & Urban Development			608,421
Environmental Protection Agency Direct Programs			
Brownsfields Assessment and Cleanup Cooperative Agreements	66.818		70,956
Total-Environmental Protection Agency			70,956
U.S. Department of Labor			
Pass-Through Programs From:			
City of Savannah/Coastal Workforce/GA DOL	17.258	11-09-11-12-020	9,854
Total			$ 1,194,033

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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