CITY OF BRUNSWICK

BRUNSWICK, GEORGIA

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

CITY OF BRUNSWICK, GEORGIA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2012

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INTRODUCTORY SECTION

CITY OF BRUNSWICK

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

Bryan Thompson, Mayor
James H. Brooks, Sr., Mayor Pro Tem
Cornell L. Harvey, Commissioner
Julie T. Martin, Commissioner
John A. Cason, III, Commissioner

City Attorney
Nathan T. Williams

City Manager
William M. Weeks

January 24, 2013

THE 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, 2012, 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 for 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 (5) sections – Introductory, Financial, Additional Schedules, Statistical, and Single Audit.

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

Management's Discussion and Analysis includes summarized financial information about the City, analysis of the past year's operations of general government and major enterprise activities, and overview of the City's current and future economic picture, as well as its major initiatives and financial accomplishments for the year.

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 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

Revenues and expenditures for the first six (6) months of FY2013 have remained on target with budget projections and reflect a balanced financial condition at midyear.

In 2013, Georgia's economy is expected to perform slightly better than the overall US economy. Lower economic activity, high unemployment, and collapsed property values brought about by the recession of 2008-2009 have increased demand for government services. At the same time, falling revenues have brought about sharp limits to what governments can deliver. The City of Brunswick is no exception.

Sales Tax and Advalorem Taxes comprise 82% of the revenue stream for the City of Brunswick's General Fund. In 2013, retail sales growth will be sustained by gradual improvements in the labor market and this expansion in jobs will give people more confidence and the wherewithal to spend slightly more for retail items. Even though credit conditions are still tighter than pre-recession ones, credit is gradually becoming more available to credit-worthy households, lowering barriers to retail sales growth. However, moderate increases in the household savings rate and continued "de-leveraging" by households is expected to discipline retail sales growth to only a slightly improved level in 2013 over 2012.

While the slowly improving economy will generate modest increases in sales tax revenue for local governments in Glynn County, gains will be significantly offset by the Intergovernmental Revenue Sharing agreement negotiated in late 2012 with the associated reduction in the City's share.

The prolonged and traumatic free-fall in single-family homebuilding stabilized in 2012. Nonetheless, the underlying demand for housing remains quite weak despite record low mortgage rates and reduced home prices. This huge inventory of unsold homes and bank foreclosures will limit home price appreciation in 2013 and for several years beyond. This slow return of property values will be reflected by no anticipated growth in the property tax digest in 2013 and only modest gains thereafter as increases in assessed values will lag market sales.

MAJOR INITIATIVES

Budgetary issues forced by continued declining revenue streams over the past year have been addressed by the City of Brunswick by restrained spending, privatization of sanitation services, and the transfer of select governmental services (recreation, animal control, and traffic maintenance) to Glynn County government. These actions in total will shed in excess of $1,000,000 from the expense side of the General Fund Ledger. Looking forward in 2013, careful, continued investigation and analysis of outsourcing opportunities, un-realized operating efficiencies and rigorous cost control will continue.

With the use of Special Option Sales Tax (SPLOST) revenues, the City of Brunswick has been successful and will continue its efforts to upgrade major storm water systems in all areas of the City. Other major projects utilizing SPLOST funds were active in FY2012 and are now completed. These include relocation of our Public Works Facility, replacement of Fire Suppression rolling stock, and numerous site-specific storm water projects.

Community Development Block Grant Funds (CDBG) and Georgia DNR Incentive Grant Funds have been invested in continued housing stock rehabilitation, demolition of unfit structures, and construction of a bike and pedestrian trail addition.

Continued investment of SPLOST V revenues will continue in the 2012-2013 fiscal year with the expansion and renovation of our Police Complex, sidewalk restoration and additions, upgrades to our recreational parks and squares, additional downtown development of City property and buildings, and various intersection improvements. A number of grant submissions are pending approval and would add to the City's funding advantage for expanded housing rehabilitation and downtown redevelopment.

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 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, 2012 noted no instances of material weaknesses in the internal controls.

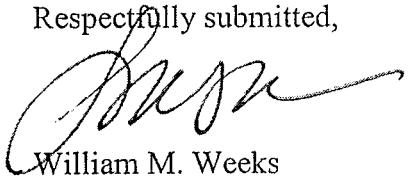
Budgeting Controls – In addition, the government maintains Budgetary Controls. The objective of these Budgetary Controls is to ensure compliance with legal provisions embodied in the Annual Appropriated Budget approved by the government's governing body. Activities of the General Fund and certain special 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 INFORMATION

Independent Audit – State statutes require an annual audit by an independent Certified Public Accountant. 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 audit 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,



William M. Weeks
City Manager

WMW/gm

City of Brunswick, Georgia
Principal Officials

Mayor	Bryan V. Thompson
Mayor Pro-Tem	James H. Brooks
City Commissioner	Cornell L. Harvey
City Commissioner	John A. Cason, III
City Commissioner	Julie T. Martin
City Manager/CD Director	William M. Weeks
Clerk of Council	Naomi Atkinson
City Attorney	Nathan Williams
Municipal Court Judge	Andrew Lakin
City Auditor	Fowler, Holley Rambo & Stalvey, PC Certified Public Accountants
Human Resources	Bonnie D. Roberts
Finance Director	Kathy D. Mills
City Engineer	Dan McFee
Fire Chief	Randy D. Mobley
Police Chief	Tobe Green
Public Works Director	Jose Pereles
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.

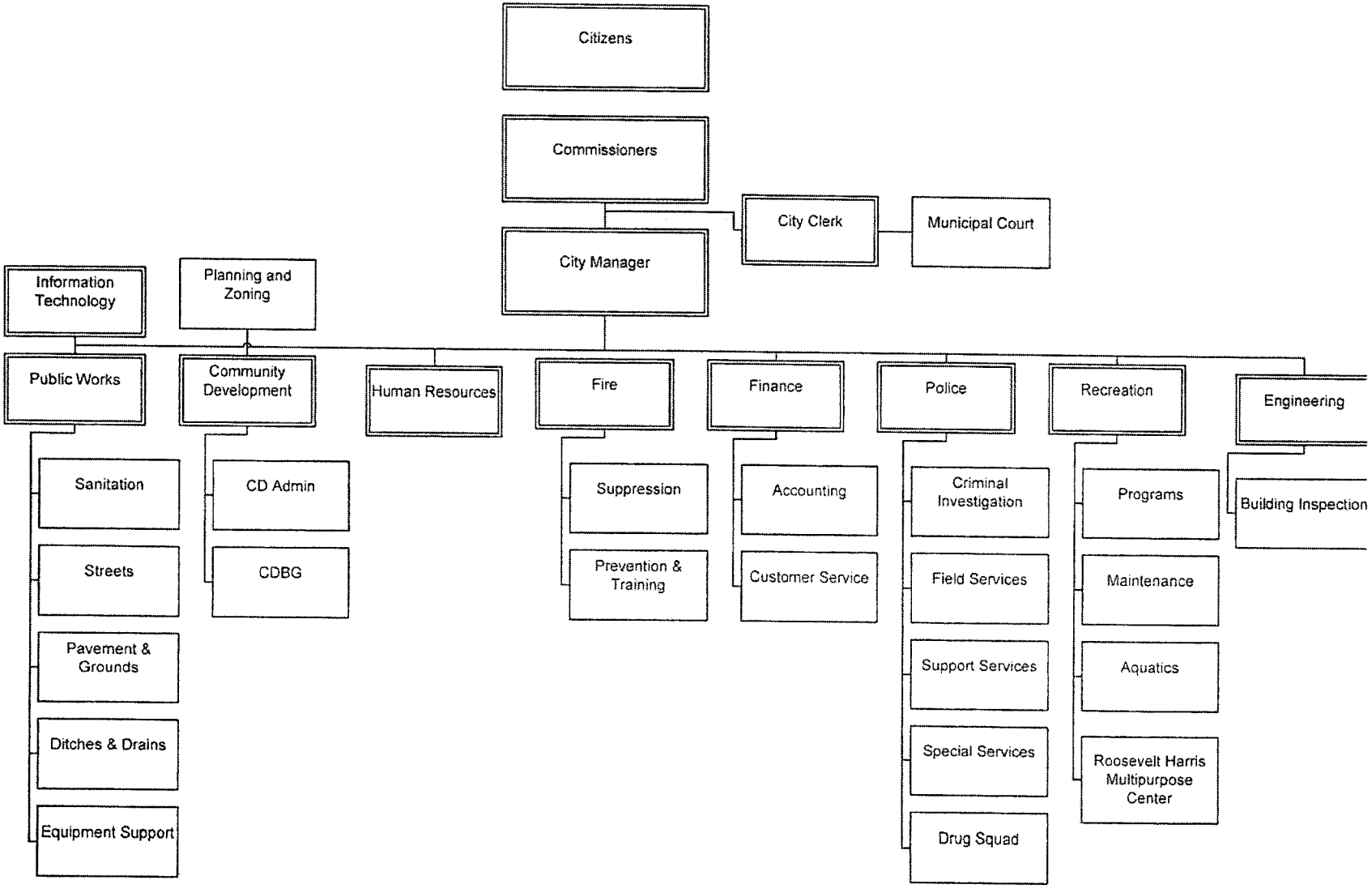
Brunswick, down but far from out, recovered quickly. In 1900, a beautiful new Post Office was built. It now serves

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, 2012



FINANCIAL SECTION

INDEPENDENT AUDITORS' 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

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and 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, 2012, 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, 2012, 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 fund financial statements consisting of the business-type activities, the General Fund, the Community Development Fund, the SPLOST Funds, the aggregate remaining fund information, fiduciary net assets 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, fiduciary net assets and the discretely presented component unit of the City of Brunswick, Georgia, as of June 30, 2012 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 Commissioners
City of Brunswick, Georgia

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2013, 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 11 and 50 through 52, 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, schedules of revenue, expenditures and changes in fund balance-budget and actual, GAAP budget basis-non-major governmental funds, statistical section, schedule of projects constructed with special sales tax proceeds and annual report of 9-1-1 collections and expenditures are presented for purposes of additional analysis and are not a required part of the 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, schedules of revenue, expenditures and changes in fund balance-budget and actual, GAAP budget basis-non-major governmental funds, schedule of projects constructed with special sales tax proceeds, annual report of 9-1-1 collections and expenditures 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 introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Valdosta, Georgia
February 7, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BRUNSWICK, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

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, 2012. 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 increased from $41,264,500 at June 30, 2011 to $43,314,468 at June 30, 2012. Net assets for governmental activities increased $2,103,455 while business-type activities net assets decreased by ($53,487). The primary reasons for the increase in the City's net assets can be attributable to an increase in capital assets and a decrease in expenditures.

Unrestricted net assets totaled $1,875,040 for Governmental Activities and ($474,177) (deficit) for Business-type Activities.

The General Fund had an excess of revenue over expenditures before operating transfers and proceeds from capital leases of $828,314 for 2012 improving on an excess of $212,478 in 2011. This improvement was influenced primarily by a reduction in expenditures of $788,461 over the prior year.

The Water Fund had no activity during the year.

The Sanitation Fund had a net operating income (loss) of ($313,971) compared to ($318,024) operating income (loss) in the prior year. The decrease in the loss for the current year is due primarily to a reduction of fee revenue in the Sanitation Fund from $1,142,596 in 2011 to $1,114,851 in 2012 and a reduction of operating expenses of $15,676.

Net assets in the Defined Benefit Pension Plan increased by $42,731, while paying out benefits totaling $1,290,733. The increase in net assets was due primarily to employee contributions to the plan. 2012 was the first year in which employees were required to contribute to the plan.

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 the *government-wide financial statements* are the *fund-level 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 funds, Proprietary funds, and Fiduciary funds.

CITY OF BRUNSWICK, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

The *Governmental Funds* report on the activities which are most associated with government, such as public safety, public works, recreation, 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, the SPLOST IV Fund and the SPLOST V Fund.

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. In 2011 GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established new criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard did not affect the total amount of reported fund balances, but did substantially change the categories and terminology used to describe their components. The City evaluated each of its funds at June 30, 2012 and classified fund balances in the following five categories:

- Nonspendable - items that cannot be spent because they are not spendable. Prepaid expenses are an example of nonspendable items.

- Restricted - items that are restricted by external parties, such as creditors, or imposed by grants, law or legislation. The City has restrictions on grant revenues and expenditures in the Community Development Fund, as well as legislative restrictions on collection and expenditures in the SPLOST IV Fund and the SPLOST V Fund.

- Committed - items that have been committed by formal action by the entity's "highest level of decision-making authority"; this level of authority the City considers to be Commission resolutions. The City had no committed fund balances at June 30, 2012.

- Assigned - items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The City considers this level of authority to be the Budget Committee. There are no such restrictions on the City's fund balances at June 30, 2012

- Unassigned - this category is for any balances that have no restrictions placed upon them. Deficit fund balances in non-major governmental funds are classified as unassigned funds.

The City reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. The City reduces committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

GASB Statement No. 54 also clarifies definitions for governmental fund types. The City evaluated each of its funds at June 30, 2012. This evaluation did not result in a reclassification of funds within the governmental fund types for fiscal year 2012.

CITY OF BRUNSWICK, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

Governmental fund types under GASB 54 are as follows at June 30, 2012:

	General Fund	Community Development Fund	SPLOST IV Fund	SPLOST V Fund	Roosevelt Harris Center Fund	Police Seizure Fund	E 911 Fund	Sidney Lanier Park Fund	City Pier Fund	Hotel-Motel Tax Fund	Total Governmental Funds
FUND BALANCES:											
Nonspendable:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for:											
Community Development	-	960,681	-	-	-	-	-	73,188	16,084	1,610	1,051,563
SPLOST Capital Projects	-	-	122,268	11,235,751	-	-	-	-	-	-	11,358,019
Public Safety						48,136	783	-	-	-	48,919
Committed to:	-	-	-	-	-	-	-	-	-	-	-
Assigned to:	-	-	-	-	-	-	-	-	-	-	-
Unassigned:	239,903	-	-	-	(105,436)	-	-	-	-	-	134,467
Total Fund Balance:	$ 239,903	$ 960,681	$ 122,268	$ 11,235,751	$ (105,436)	$ 48,136	$ 783	$ 73,188	$ 16,084	$ 1,610	$ 12,592,968

Deficit fund balances in non-major governmental funds in the above table are classified as unassigned funds.

The City maintains one *Proprietary Fund,* the Sanitation Fund. This fund is a business-type activities fund, and its operations are financed through sanitation fees charged to customers.

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. The purpose of the fund is to meet the obligations for benefits payable 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 financial accounting activities. 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.

CITY OF BRUNSWICK, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

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 increased by $2,049,966 in the current year. Net assets for the Governmental Activities increased by $2,103,453 from 2011 to 2012, primarily due to capital assets acquired.

The net assets for the Sanitation Fund (business-type activities fund) decreased by ($53,487). The decrease is due primarily to a decrease in sanitation fees.

Change in Government-Wide Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program Revenues						
Charges for Services	$ 1,672,221	$ 1,390,369	$ 1,114,851	$ 1,142,597	$ 2,787,072	$ 2,532,966
Operating Grants and Contributions	1,767,998	1,660,246	-	-	1,767,998	1,660,246
Capital Grants and Contributions	2,036,678	8,660,069	-	-	2,036,678	8,660,069
Total Program Revenues	5,476,897	11,710,684	1,114,851	1,142,597	6,591,748	12,853,281
General Revenues						
Property Taxes Levied for General Purposes	4,246,279	4,417,789	-	-	4,246,279	4,417,789
Franchise Taxes	1,438,127	1,390,541	-	-	1,438,127	1,390,541
Hotel/Motel Tax	7,499	5,094	-	-	7,499	5,094
Local Option Sales Tax	6,462,660	3,769,716	-	-	6,462,660	3,769,716
Selective Sales and Use Tax	1,248,388	1,375,407	-	-	1,248,388	1,375,407
Unrestricted Investment Earnings	13,608	18,001	-	24	13,608	18,025
Restricted investment earnings	-	258	-	-	-	258
Miscellaneous	7,713	106,774	16,122	-	23,835	106,774
Total General Revenues	13,424,274	11,083,580	16,122	24	13,440,396	11,083,604
Total Revenues	18,901,171	22,794,264	1,130,973	1,142,621	20,032,144	23,936,885
Expenses						
General Government	(3,123,919)	(2,537,922)	-	-	(3,123,919)	(2,537,922
Judicial	(420,800)	(474,169)	-	-	(420,800)	(474,169
Public Safety	(7,467,780)	(7,758,168)	-	-	(7,467,780)	(7,758,168
Public Works	(2,737,629)	(2,945,394)	-	-	(2,737,629)	(2,945,394
Culture & Recreation	(1,093,144)	(1,126,943)	-	-	(1,093,144)	(1,126,943
Cemetery	(178,401)	(403,142)	-	-	(178,401)	(403,142
Community Development	(1,335,525)	(1,468,905)	-	-	(1,335,525)	(1,468,905
Economic Development - Component Unit	(80,000)	(80,000)	-	-	(80,000)	(80,000
Debt Service	(119,018)	(115,244)	-	(2,172)	(119,018)	(117,416
Water & Sewer	-	-	-	-	-	-
Sanitation	-	-	(1,444,944)	(1,460,621)	(1,444,944)	(1,460,621
Total Expenses	(16,556,216)	(16,909,887)	(1,444,944)	(1,462,793)	(18,001,160)	(18,372,680
	2,344,955	5,884,377	(313,971)	(320,172)	2,030,984	5,564,205
Transfers in (out)	(241,500)	(271,597)	241,500	271,597	-	-
Elimination of Water Fund net assets balance	-	-	-	(84,447)	-	(84,447
Sale of equipment	-	-	18,984	8,650	18,984	8,650
Special items	-	2,467,895	-	-	-	2,467,895
Total	(241,500)	2,196,298	260,484	195,800	18,984	2,392,098
Change in Net Assets	2,103,455	8,080,675	(53,487)	(124,372)	2,049,968	7,956,303
Net Assets, Beginning of Year	41,636,064	33,555,389	(371,564)	(247,192)	41,264,500	33,308,197
Net Assets (Deficit), End of Year	$ 43,739,519	$ 41,636,064	$ (425,051)	$ (371,564)	$ 43,314,468	$ 41,264,500

CITY OF BRUNSWICK, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

Governmental Activities.

Taxes accounted for $15,453,418 or 81.8% of the City's general and program revenues including $8,513,125 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 $7,467,780 which is approximately 45.1% of the total cost of government activities.

Business-type Activities. The Sanitation Fund had total operating expenses of $1,444,944 of which $533,075 was expended for payroll and benefits and $595,681 was expended for technical and waste disposal services.

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
ASSETS						
Cash, Investments & Receivables	$ 17,473,751	$ 16,413,585	$ 214,511	$ 228,701	$ 17,688,262	$ 16,642,286
Inventories	-	-	57,489	41,215	57,489	41,215
Capital Assets	32,384,689	30,704,750	71,626	163,165	32,456,315	30,867,915
Deferred Items	18,049	40,803	-	-	18,049	40,803
Total Assets	$ 49,876,489	$ 47,159,138	343,626	$ 433,081	$ 50,220,115	$ 47,592,219
LIABILITIES						
Current Liabilities	3,938,397	2,904,748	728,627	748,490	$ 4,667,024	$ 3,653,238
Net Pension Obligation	191,025	247,024	-	-	191,025	247,024
Long-term Liabilities	2,007,548	2,371,302	40,050	56,155	2,047,598	2,427,457
Total Liabilities	6,136,970	5,523,074	768,677	804,645	6,905,647	6,327,719
NET ASSETS						
Invested in Capital Assets, net of related debt	30,457,541	27,318,226	49,126	60,136	30,506,667	27,378,362
Restricted**	11,406,938	11,411,879	-	-	11,406,938	11,411,879
Unrestricted	1,875,040	2,905,959	(474,177)	(431,700)	1,400,863	2,474,259
Total Net Assets (Deficit)	43,739,519	41,636,064	(425,051)	(371,564)	43,314,468	41,264,500
Total Liabilities & Net Assets	$ 49,876,489	$ 47,159,138	$ 343,626	$ 433,081	$ 50,220,115	$ 47,592,219

** Additional SPLOST Fund Net Assets were Reclassified from Unrestricted in Prior Year.

CITY OF BRUNSWICK, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

Governmental Funds.

Of the Governmental Funds, the General Fund is where the majority of the results from operations associated with municipal government are recorded. 89.9% of total General Fund revenues come from taxes; of the 89.9% of revenue from taxes, 43.5% is from sales tax and 46.4% is from property taxes, franchise taxes and other taxes. 48.8% of the General Fund expenditures (including capital outlay) are expended for Public Safety purposes.

General Fund Revenues & Expenditures

	2012	% of Total	2011	% of Total
REVENUES				
Taxes	$ 13,355,588	89.9%	$ 13,372,158	89.0%
Licenses	318,993	2.1%	374,628	2.5%
Fines & Forfeitures	416,833	2.8%	332,979	2.2%
Charges for Services	408,110	2.7%	416,909	2.8%
All Other	349,616	2.4%	525,091	3.5%
Total Revenues	14,849,140	100.0%	15,021,765	100.0%
EXPENDITURES				
General Government	2,825,965	20.2%	2,847,904	19.2%
Judicial	420,800	3.0%	474,169	3.2%
Public Safety	6,840,239	48.8%	7,020,281	47.4%
Public Works	2,227,889	15.9%	2,211,647	14.9%
Community Development	153,330	1.1%	149,886	0.0%
Culture & Recreation	910,201	6.5%	955,295	6.5%
Cemetery	179,721	1.3%	390,645	2.6%
Economic Development	80,000	0.6%	80,000	0.5%
Debt Service	382,681	2.7%	679,460	4.6%
Total Expenditures	14,020,826	100.0%	14,809,287	100.0%
Excess (Deficiency) Revenues over Expenditures	828,314		212,478	
OTHER FINANCING SOURCES (USES)				
Transfers in	-		-	
Transfers (out)	(620,032)		(529,713)	
Proceeds from Capital Leases	19,000		-	
Total Other	(601,032)		(529,713)	
Net Change in Fund Balance	227,282		(317,235)	
Fund Balance, Beginning of Year	12,621		329,856	
Fund Balance, End of Year	$ 239,903		$ 12,621	

CITY OF BRUNSWICK, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

Proprietary Funds.

During the current fiscal year, the Sanitation Fund had a net operating loss of ($313,971).

Proprietary Fund Revenues & Expenses

	Water/Wastewater		Sanitation	
	06/30/12	06/30/11	06/30/12	06/30/11
Operating Revenues				
Sanitation Fees	$ -	$ -	$ 1,114,851	$ 1,142,596
Other	-	-	16,122	-
Total Operating Revenues	-	-	1,130,973	1,142,596
Operating Expenses				
Personnel Services	-	-	533,075	600,390
Professional Services	-	-	595,681	487,984
General Supplies	-	-	40,370	26,760
Depreciation	-	-	91,539	91,539
Energy	-	-	77,799	93,472
All Other	-	-	106,480	160,475
Total Operating Expenses	-	-	1,444,944	1,460,620
Operating Income (Loss)	-	-	(313,971)	(318,024)
Non-operating Revenues (Expenses)				
Investment Return	-	-	-	24
Interest on Bonds & Leases	-	-	-	(2,172)
Sale of equipment	-	-	18,984	8,650
Total Non-op Revenues (Expenses)	-	-	18,984	6,502
Income (Loss) Before Contributions and Transfers	-	-	(294,987)	(311,522)
Transfers				
Transfers (to) from Brunswick-Glynn JWSC	-	(84,447)	-	-
Transfers in (out)	-	-	241,500	271,597
Total Transfers in, (out)	-	(84,447)	241,500	271,597
Change in Net Assets	-	(84,447)	(53,487)	(39,925)
Net Assets (Deficit), Beginning of Year	-	84,447	(371,564)	(331,639)
Net Assets (Deficit), End of Year	$ -	$ -	$ (425,051)	$ (371,564)

There was no activity in the Water Fund during the current year.

Fiduciary Fund. The Defined Benefit Pension Plan paid $1,290,733 in monthly and lump-sum payments to retirees during the plan year. Net assets in the plan increased by $42,731 to $7,717,146.

This year the City has reported a liability of $191,025 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 $247,024. There are no other underfunded amounts to report in the financial statements. Please see Note 7 on page 41 for additional information.

CITY OF BRUNSWICK, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

Budgeting.

The City adopts an operating budget annually on the modified accrual basis with revenue estimates and expenditure limits. In December 2012 the City amended the budget to balance budget amounts to actual amounts so there are zero variances.

General Fund Comparison of Budget to Actual

	2012			2011		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Taxes						
Property taxes	$ 4,206,413	$ 4,206,413	$ -	$ 4,379,301	$ 4,379,301	$ -
Franchise taxes	1,438,127	1,438,127	-	1,390,541	1,390,541	-
Local option sales tax	6,462,660	6,462,660	-	6,221,815	6,221,815	-
Selective sales and use tax	1,248,388	1,248,388	-	1,380,501	1,380,501	-
Licenses	318,993	318,993	-	374,628	374,628	-
Fines	416,833	416,833	-	332,979	332,979	-
Intergovernmental revenues and gratns	282,785	282,785	-	361,315	361,315	-
Charges for Services	408,110	408,110	-	416,909	416,909	-
Rental income	19,609	19,609	-	42,227	42,227	-
Investment earnings	13,608	13,608	-	17,951	17,951	-
Miscellaneous	33,614	33,614	-	103,598	103,598	-
Total Revenues	14,849,140	14,849,140	-	15,021,765	15,021,765	-
EXPENDITURES						
General Government	2,825,966	2,825,966	-	2,847,904	2,847,904	-
Judicial	420,800	420,800	-	474,169	474,169	-
Public Safety	6,840,239	6,840,239	-	7,020,281	7,020,281	-
Public Works	2,227,889	2,227,889	-	2,211,647	2,211,647	-
Cemetery	179,721	179,721	-	390,645	390,645	-
Building inspection and planning	153,330	153,330	-	149,886	149,886	-
Cultural & Recreation	910,201	910,201	-	955,295	955,295	-
Economic Development	80,000	80,000	-	80,000	80,000	-
Debt Service	382,680	382,680	-	679,460	679,460	-
Total Expenditures	14,020,826	14,020,826	-	14,809,287	14,809,287	-
Excess of Revenues Over Expenditures	828,314	828,314	-	212,478	212,478	-
Other Financing Sources (Uses)						
Proceeds from Capital Leases	19,000	19,000	-	-	-	-
Prior year resources	(227,282)	-	227,282	317,235	-	(317,235)
Transfers (Out)	(620,032)	(620,032)	-	(529,713)	(529,713)	-
Transfers In	-	-	-	-	-	-
Total Other Financing (Uses)	(828,314)	(601,032)	227,282	(212,478)	(529,713)	(317,235)
Net Change in Fund Balance	-	227,282	$ 227,282	-	(317,235)	$ (317,235)
Fund Balance (deficit), Beginning of Year	(1,164,046)	12,621		(824,555)	329,856	
Fund Balance (deficit), End of Year	$ (1,164,046)	$ 239,903		$ (824,555)	$ 12,621	

CITY OF BRUNSWICK, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

Capital Asset and Debt Administration

Capital Assets

The City's cost of capital assets for its governmental activities and business-type activities was $32,456,315 (net of depreciation). This is an increase of $1,588,400 over the cost (net of depreciation) of the prior year. Capital assets include land, buildings, improvements, machinery and equipment, and infrastructure.

Long-Term Debt

The amount of the City's long-term debt at June 30, 2012 was $4,457,562, an increase of $867,859 over the prior year.

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
Kathy Mills, Finance Director
P. O. Box 550
Brunswick, GA 31521

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash and cash equivalents	$ 14,618,878	$ 89,450	$ 14,708,328	$ 2,082
Accrued interest receivable	16,374	-	16,374	-
Receivables, net	1,317,049	125,061	1,442,110	-
Due from other governments	1,521,450	-	1,521,450	1,125
Inventories	-	57,489	57,489	3,057
Prepaid costs	18,049	-	18,049	-
Capital assets				
Land	4,161,284	-	4,161,284	540,500
Construction-in-progress	6,282,018	-	6,282,018	-
Other capital assets, net of accumulated depreciation	21,941,387	71,626	22,013,013	-
Total Assets	$ 49,876,489	$ 343,626	$ 50,220,115	$ 546,764
Liabilities				
Accounts payable	$ 376,752	$ 88,083	$ 464,835	$ -
Accrued expenses	164,660	5,911	170,571	14,290
Claims payable	689,798	-	689,798	-
Due to other governments	107,623	-	107,623	-
Payable to fiduciary fund	966,635	48,623	1,015,258	-
Internal balances	(563,510)	563,510	-	-
Long-term liabilities				
Due within one year:				
Capital leases payable for capital assets	370,165	22,500	392,665	-
Tax anticipation note payable	1,500,000	-	1,500,000	-
Accrued compensated absenses	326,272	-	326,272	-
Due in more than one year:				
Capital leases payable for capital assets	1,556,983	-	1,556,983	-
Accrued compensated absenses	450,567	-	450,567	-
Customer deposits payable	-	40,050	40,050	-
Net pension obligation	191,025	-	191,025	-
Total Liabilities	6,136,970	768,677	6,905,647	14,290
Net Assets				
Invested in capital assets, net of related debt	30,457,541	49,126	30,506,667	-
Restricted for:				
Capital projects	11,358,019	-	11,358,019	-
Public safety	48,919	-	48,919	-
Unrestricted	1,875,040	(474,177)	1,400,863	532,474
Total Net Assets (Deficit)	43,739,519	(425,051)	43,314,468	532,474
Total Liabilities and Net Assets	$ 49,876,489	$ 343,626	$ 50,220,115	$ 546,764

The notes to the financial statements are an integral part of this statement.

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

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	$ (3,123,919)	$ 929,819	$ 56,951	$ 2,036,678	$ (100,471)	$ -	$ (100,471)	$ -
Judicial	(420,800)	416,833	-	-	(3,967)	-	(3,967)	-
Public safety	(7,467,780)	17,401	217,437	-	(7,232,942)	-	(7,232,942)	-
Public works	(2,737,629)	25,646	65,000	-	(2,646,983)	-	(2,646,983)	-
Culture and recreation	(1,093,144)	97,697	-	-	(995,447)	-	(995,447)	-
Cemetery	(178,401)	119,320	-	-	(59,081)	-	(59,081)	-
Community development	(1,335,525)	65,505	1,428,610	-	158,590	-	158,590	-
Economic development-component unit	(80,000)	-	-	-	(80,000)	-	(80,000)	-
Interest on long-term debt	(119,018)	-	-	-	(119,018)	-	(119,018)	-
Total Governmental Activities	(16,556,216)	1,672,221	1,767,998	2,036,678	(11,079,319)	-	(11,079,319)	-
Business-type activities								
Sanitation	(1,444,944)	1,114,851	-	-	-	(330,093)	(330,093)	-
Total Business-Type Activities	(1,444,944)	1,114,851	-	-	-	(330,093)	(330,093)	-
Total primary government	$ (18,001,160)	$ 2,787,072	$ 1,767,998	$ 2,036,678	(11,079,319)	(330,093)	(11,409,412)	-
Component Unit								
Downtown Development Authority	$ (121,273)	$ 3,386	$ 113,160	$ 478,054				$ 473,327
General Revenues:								
Taxes:								
Property taxes levied for general purposes					4,246,279	-	4,246,279	-
Franchise taxes					1,438,127	-	1,438,127	
Hotel/Motel Tax					7,499	-	7,499	-
Selective sales and use tax					1,248,388	-	1,248,388	-
Local option sales tax					6,462,660	-	6,462,660	
Unrestricted investment earnings					13,608	-	13,608	11
Miscellaneous					7,713	16,122	23,835	-
Sale of property					-	18,984	18,984	-
Total General Revenues					13,424,274	35,106	13,459,380	11
Transfers in (out)					(241,500)	241,500	-	-
Total Transfers					(241,500)	241,500	-	-
Change in Net Assets					2,103,455	(53,487)	2,049,968	473,338
Net Assets (Deficit), Beginning of Year					41,636,064	(371,564)	41,264,500	59,136
Net Assets (Deficit), End of Year					$ 43,739,519	$ (425,051)	$ 43,314,468	$ 532,474

The notes to the financial statements are an integral part of this statement.

CITY OF BRUNSWICK, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Community Development Fund	SPLOST IV Fund	SPLOST V Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 1,685,419	$ 988,684	$ 203,722	$ 11,248,037	$ 95,862	$ 14,221,724
Receivables, net	1,135,715	133,100	-	16,374	48,234	1,333,423
Deferred Expenditures	-	13,548	-	-	-	13,548
Due from other governments	1,232,582	139,799	-	4,898	144,171	1,521,450
Due from other funds	815,858	122,811	-	-	51,061	989,730
Total Assets	$ 4,869,574	$ 1,397,942	$ 203,722	$ 11,269,309	$ 339,328	$ 18,079,875
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 93,769	$ 178,464	$ 57,954	$ 33,558	$ 13,007	$ 376,752
Notes payable - current portion	1,500,000	-	-	-	-	1,500,000
Accrued expenditures	160,609	1,422	-	-	2,629	164,660
Due to other funds	1,063,795	246,282	-	-	220,461	1,530,538
Due to other governments	34,030	-	23,500	-	50,093	107,623
Due to Fiduciary Fund	936,769	11,093	-	-	18,773	966,635
Deferred revenue	840,699	-	-	-	-	840,699
Total Liabilities	4,629,671	437,261	81,454	33,558	304,963	5,486,907
Fund balances:						
Restricted for:						
Community Development	-	960,681	-	-	90,882	1,051,563
Completion of projects	-	-	122,268	11,235,751	-	11,358,019
Public safety	-	-	-	-	48,919	48,919
Unassigned	239,903	-	-	-	-	239,903
Unassigned, reported in non-major special revenue funds	-	-	-	-	(105,436)	(105,436)
Total Fund Balances (Deficit)	239,903	960,681	122,268	11,235,751	34,365	12,592,968
Total Liabilities and Fund Balances	$ 4,869,574	$ 1,397,942	$ 203,722	$ 11,269,309	$ 339,328	$ 18,079,875

The notes to the financial statements are an integral part of this statement.

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, 2012

Total Fund Balances - Governmental Funds			12,592,968
Amounts reported for governmental activities in the statement			
Additional assets shown in governmental activities that are not shown in the funds due to differences in revenue recognition criteria			840,699
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds			
Cost of the assets	45,842,541		
Less accumulated depreciation	(13,457,852)		32,384,689
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	521,069		
Workers compensation fund	292,855		813,924
Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds.			(4,395,011)
Tax anticipation note reported in general fund			1,500,000
Total Net Assets - Governmental Activities		$	43,739,519

The notes to the financial statements are an integral part of this statement.

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	General Fund	Community Development Fund	SPLOST IV Fund	SPLOST V Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property taxes	$ 4,206,413	$ -	$ -	$ -	$ -	$ 4,206,413
Franchise taxes	1,438,127	-	-	-	-	1,438,127
Local option sales tax	6,462,660	-	-	-	-	6,462,660
Selective sales and use taxes	1,248,388	-	-	-	-	1,248,388
Hotel/Motel Taxes	-	-	-	-	7,499	7,499
Licenses and permits	318,993	-	-	-	-	318,993
Fines, forfeitures and penalties	416,833	-	-	-	-	416,833
Intergovernmental revenues	282,785	-	-	2,020,304	-	2,303,089
Collections on loans	-	43,810	-	-	-	43,810
Grant revenues	-	933,332	-	-	525,091	1,458,423
Charges for services and assessments	408,110	-	-	-	76,649	484,759
Unrestricted investment earnings	13,608	-	-	16,374	-	29,982
Rental income	19,609	-	-	-	-	19,609
Miscellaneous and sale of property	33,614	872	-	-	-	34,486
Total Revenues	14,849,140	978,014	-	2,036,678	609,239	18,473,071
EXPENDITURES						
Current:						
General government	2,825,965	-	-	-	-	2,825,965
Judicial	420,800	-	-	-	-	420,800
Public safety	6,840,239	-	-	-	367,174	7,207,413
Public works	2,227,889	-	-	-	-	2,227,889
Culture and recreation	910,201	-	-	-	-	910,201
Cemetery	179,721	-	-	-	-	179,721
Building inspection and planning	153,330	-	-	-	-	153,330
Community development	-	1,390,615	-	-	744,901	2,135,516
Economic development	80,000	-		-	-	80,000
Debt-service						
Principal	296,029	-	-	153,230	-	449,259
Interest	86,652	-	-	32,366	-	119,018
Capital outlay						
General government	-	-		-	-	-
Public safety	-	-	65,575	15,809	-	81,384
Public works	-	-	455,497	1,541,972	-	1,997,469
Culture and recreation	-	-	6,500	18,632	-	25,132
Total Expenditures	14,020,826	1,390,615	527,572	1,762,009	1,112,075	18,813,097
Excess (Deficiency) of Revenues Over Expenditures	828,314	(412,601)	(527,572)	274,669	(502,836)	(340,026)
OTHER FINANCING SOURCES (USES)						
Capital Leases	19,000	-	-	-	-	19,000
Transfers in	-	36,000	-	-	738,646	774,646
Transfers (out)	(620,032)	(360,114)	-	-	(36,000)	(1,016,146)
Total Other Financing Sources (Uses)	(601,032)	(324,114)	-	-	702,646	(222,500)
Net Change in Fund Balances	227,282	(736,715)	(527,572)	274,669	199,810	(562,526)
Fund Balances (Deficit), Beginning of Year	12,621	1,697,396	649,840	10,961,082	(165,445)	13,155,494
Fund Balances (Deficit), End of Year	$ 239,903	$ 960,681	$ 122,268	$ 11,235,751	$ 34,365	$ 12,592,968

The notes to the financial statements are an integral part of this statement.

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, 2012

Net Change in Fund Balances - Governmental Funds		$	(562,526)
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	3,204,649		
Depreciation expense	(1,524,710)		1,679,939
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, net of proceeds	430,258		
Payment on cemetery property note	50,000		480,258
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds			39,861
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 compensated allowances	21,706		
Decrease in net pension obligation	55,999		
Rounding	1		77,706
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			388,217
Change in Net Assets-Governmental Activities		$	2,103,455

The notes to the financial statements are an integral part of this statement.

CITY OF BRUNSWICK, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2012

	Enterprise Fund			Internal Service Funds
	Water/Waste-Water System	Sanitation	Total	
ASSETS				
Current assets				
Cash and cash equivalents	$ -	$ 89,450	$ 89,450	$ 397,154
Accounts receivable, net	-	125,061	125,061	-
Claims reimbursement receivable	-	-	-	2,250
Due from other funds	-	8,919	8,919	1,104,318
Inventories	-	57,489	57,489	-
Total current assets	-	280,919	280,919	1,503,722
Non-current assets				
Property, plant and equipment, net				
Machinery and equipment	-	1,395,085	1,395,085	-
Less accumulated depreciation	-	(1,323,459)	(1,323,459)	-
Total non-current assets	-	71,626	71,626	-
Total Assets	$ -	$ 352,545	$ 352,545	$ 1,503,722
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Accounts payable	$ -	$ 88,083	$ 88,083	$ -
Accrued and other liabilities	-	5,911	5,911	-
Due to other funds	-	572,429	572,429	-
Due to Fiduciary Fund	-	48,623	48,623	-
Capital leases payable - current	-	22,500	22,500	-
Claims payable	-	-	-	689,798
Total Current Liabilities	-	737,546	737,546	689,798
Long-term liabilities				
Customer deposits payable	-	40,050	40,050	-
Total Long-term Liabilities	-	40,050	40,050	-
Total Liabilities	-	777,596	777,596	689,798
NET ASSETS				
Invested in capital assets, net of related debt	-	49,126	49,126	-
Unrestricted	-	(474,177)	(474,177)	813,924
Total Net Assets (Deficit)	-	(425,051)	(425,051)	813,924
Total Liabilities and Net Assets	$ -	$ 352,545	$ 352,545	$ 1,503,722

The notes to the financial statements are an integral part of this statement.

CITY OF BRUNSWICK, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended Juner 30, 2012

	Enterprise Fund			Internal Service Funds
	Water/Waste-Water System	Sanitation	Total	
OPERATING REVENUES				
Sanitation fees	-	$ 1,114,851	$ 1,114,851	$ -
Contributions-employer	-	-	-	1,664,407
Contributions-employees	-	-	-	328,322
Reimbursements	-	-	-	836,881
Miscellaneous income	-	16,122	16,122	-
Total Operating Revenues	-	1,130,973	1,130,973	2,829,610
OPERATING EXPENSES				
Personnel services - salaries and wages	-	340,543	340,543	-
Personnel services - employee benefits	-	192,532	192,532	-
Professional/Technical services	-	595,681	595,681	-
Repairs and maintenance	-	51,377	51,377	-
Insurance	-	-	-	-
Communications	-	1,771	1,771	-
Travel	-	-	-	-
Education and training	-	1,494	1,494	-
Contractual and other expenses	-	-	-	249,105
General Supplies	-	40,370	40,370	-
Energy	-	77,799	77,799	-
Small equipment	-	677	677	-
Provision for bad debts	-	34,658	34,658	-
Depreciation	-	91,539	91,539	-
Administrative expense	-	16,503	16,503	-
Claims	-	-	-	2,192,288
Total Operating Expenses	-	1,444,944	1,444,944	2,441,393
Operating Income (Loss)	-	(313,971)	(313,971)	388,217
NON-OPERATING REVENUES (EXPENSES)				
Investment return	-	-	-	-
Sale of equipment (non-capital)	-	18,984	18,984	-
Total Non-Operating Revenues (Expenses)	-	18,984	18,984	-
Income (Loss) Before Transfers	-	(294,987)	294,987	388,217
Transfers in, (out)	-	241,500	241,500	-
Total Transfers in, (out)	-	241,500	241,500	-
Changes In Fund Net Assets	-	(53,487)	(53,487)	388,217
Net Assets (Deficit), Beginning of Year	-	(371,564)	(371,564)	425,707
Net Assets (Deficit), End of Year	$ -	$ (425,051)	$ (425,051)	$ 813,924

The notes to the financial statements are an integral part of this statement.

CITY OF BRUNSWICK, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2012

	Enterprise Fund			Internal Service Funds
	Water/Waste-Water System	Sanitation	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Sanitation fees	$ -	$ 1,124,670	$ 1,124,670	$ -
Employee salaries and benefits	-	(532,596)	(532,596)	-
Payments to suppliers	-	(797,935)	(797,935)	-
Administrative expenses	-	(16,503)	(16,503)	(249,106)
Receipts for services	-	-	-	1,664,409
Contributions from employees	-	-	-	328,322
Reimbursements	-	-	-	836,879
Payments of claims	-	-	-	(2,305,243)
Net Cash Provided (Used) by Operating Activities	-	(222,364)	(222,364)	275,261
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Customer deposits, net increase (decrease)	-	6,350	6,350	-
Transfers	-	241,500	241,500	-
Sale of capital assets (non-capital)	-	18,984	18,984	-
Borrowings from other funds	-	31,688	31,688	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	298,522	298,522	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments on capital leases	-	(80,529)	(80,529)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(80,529)	(80,529)	-
Net Increase (Decrease) in Cash and Cash Equivalents	-	(4,371)	(4,371)	275,261
Cash and Cash Equivalents, Beginning of Year	-	93,821	93,821	121,893
Cash and Cash Equivalents, End of Year	$ -	$ 89,450	$ 89,450	$ 397,154

The notes to the financial statements are an integral part of this statement.

CITY OF BRUNSWICK, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2012

	Enterprise Fund			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)	$ -	$ (313,971)	$ (313,971)	$ 388,217
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	-	91,539	91,539	-
Change in assets and liabilities				
(Increase) decrease in assets				
Receivables	-	9,819	9,819	-
Inventories	-	(16,274)	(16,274)	-
Increase (decrease) in liabilities				
Accounts Payable	-	35,169	35,169	-
Accrued and other liabilities	-	(28,646)	(28,646)	(112,956)
Net Cash Provided (Used) By Operating Activities	$ -	$ (222,364)	$ (222,364)	$ 275,261

The notes to the financial statements are an integral part of this statement.

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
DEFINED BENEFIT PENSION PLAN
June 30, 2012

ASSETS	
Cash and cash equivalents	$ 1,666,939
Receivables:	
Due From General Fund	936,769
Due from Community Development Fund	11,093
Due from Roosevelt Harris Center Fund	18,773
Due from Sanitation Fund	48,623
Employee Contributions Receivable	3,769
Interest and dividends	21,697
Total Receivables	1,040,724
Investments, at fair value:	
U. S. Government obligations	90,464
Fixed Income	1,317,629
Equities	3,601,390
Total Investments	5,009,483
Total Assets	$ 7,717,146
NET ASSETS	
Net assets held in trust for pension benefits (See Footnote 7 for a schedule of funding progress)	7,717,146
Total Liabilities and Net Assets	$ 7,717,146

The notes to the financial statements are an integral part of this statement.

CITY OF BRUNSWICK, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
DEFINED BENEFIT PENSION PLAN
June 30, 2012

ADDITIONS:		
Contributions:		
Employer	$	1,029,095
Employee		53,669
		1,082,764
Investment income:		
Interest and dividends		188,241
Gain (loss) on security sales		83,294
Net appreciation (depreciation) in fair value of plan investments		51,725
Net Investment Earnings		323,260
Total Additions		1,406,024
DEDUCTIONS:		
Pension benefits paid		1,290,733
Contractual and administrative expenses		72,560
Total Deductions		1,363,293
Net increase (decrease) in plan net assets		42,731
Net Assets, Beginning of Year		7,674,415
Net Assets, End of Year	$	7,717,146

The notes to the financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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, community development and historic preservation.

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.

The City's Board of Commissioners appoints two of its board members to the Board of Commissioners of the Brunswick-Glynn County Joint Water & Sewerage Commissioners, but the City's accountability for this organization does not extend beyond making the appointments. The City has no control over the budgets, fee structure, management or other powers of its governing authority. Complete financial statements can be obtained from its administrative offices at 700 Gloucester Street, Suite 300, 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, 2012. 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 $108,245 under this cost-reimbursement contract during the year ended June 30, 2012.

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 did not provide funding to the library for the year ended June 30, 2012.

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 is 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, the proprietary fund, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and a major individual enterprise fund 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 assets 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, 2013) 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.

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

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

Proprietary Fund
A Proprietary Fund accounts 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, Federal Grants, and other City funds.

The City reports the following proprietary fund which is considered a major fund:

Enterprise Fund
A Proprietary fund separates *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 fund and of the City's internal service funds are charges to customers for services. Operating expenses for the enterprise fund and the 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.

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 for 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 unassigned/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, 2012.

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 Fund represents an estimated amount for services rendered but not yet billed as of the close of June 30, 2012.

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 capital asset additions in the Proprietary Fund is 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, 2012, 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. 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

M. 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, 2012 has been recorded in the government-wide statements representing the City's commitment to fund such costs from future operations.

N. 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.

O. 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.

P. Deferred Revenue

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

Q. 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

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. ***GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions***, established new criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. The City implemented GASB No. 54 in the prior year. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds.

The City evaluated each of its funds at June 30, 2012 and classified fund balances in the following five categories:

- ***Nonspendable*** - items that cannot be spent because they are not in spendable such as prepaid items are reported in the general fund.
- ***Restricted*** - items that are restricted by external parties such as creditors or imposed by grants, law or legislation. The City has restrictions on grant revenues and expenditures in the Community Development Fund as well as legislative restrictions on collection and expenditures in SPLOST IV and SPLOST V.
- ***Committed*** - items that have been committed by formal action by the entity's "highest level of decision-making authority"; which the City considers to be Commission resolutions. The City had no committed fund balances at June 30, 2012.
- ***Assigned*** - items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The City considers this level of authority to be the Budget Committee. There are no such restrictions on the City's fund balances at June 30, 2012.
- ***Unassigned*** - this category is for any balances that have no restrictions placed upon them as well as (deficit) fund balances in non-major governmental funds.

The City reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. The City reduces committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

GASB Statement No. 54 also clarifies definitions for governmental fund types. The City evaluated each of its funds at June 30, 2012. This evaluation did not result in a reclassification of funds within the governmental fund types for fiscal year 2012.

Governmental fund types under GASB 54 are as follows at June 30, 2012:

	General Fund	Community Development Fund	SPLOST IV Fund	SPLOST V Fund	Roosevelt Harris Center Fund	Police Seizure Fund	E 911 Fund	Sidney Lanier Park Fund	City Pier Fund	Hotel-Motel Tax Fund	Total Governmental Funds
FUND BALANCES:											
Nonspendable:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for:											
Community Development	-	960,681	-	-	-	-	-	73,188	16,084	1,610	1,051,563
SPLOST Capital Projects	-	-	122,268	11,235,751	-	-	-	-	-	-	11,358,019
Public Safety						48,136	783	-	-	-	48,919
Committed to:	-	-	-	-	-	-	-	-	-	-	-
Assigned to:	-	-	-	-	-	-	-	-	-	-	-
Unassigned:	239,903	-	-	-	(105,436)	-	-	-	-	-	134,467
Total Fund Balance	$ 239,903	$ 960,681	$ 122,268	$ 11,235,751	$ (105,436)	$ 48,136	$ 783	$ 73,188	$ 16,084	$ 1,610	$ 12,592,968

Deficit fund balances in non-major governmental funds are classified as unassigned funds.

Fund Balance Deficits

The following funds had deficits at June 30, 2012.

The Roosevelt Harris Fund had a deficit fund balance of ($105,436) due to the excess of expenditures over revenue.

The Sanitation Fund has a deficit in net assets of ($425,051) due to a decrease in revenue and a decrease in support from the General Fund.

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

R. 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.

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, 2012, the City's bank depositories reported government-wide balances held of $15,063,400 and $2,082 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	$ 14,959,514	$ 103,886	$ 15,063,400	$ 2,082
Plus Petty cash	3,578	-	3,578	-
Less Uncleared transactions	(344,214)	(14,436)	(358,650)	-
Financial statement balance	$ 14,618,878	$ 89,450	$ 14,708,328	$ 2,082

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.

The City's deposits, before deductions for outstanding and uncleared items, are classified by risk category at June 30, 2012, as follows:

	Category 1	2	3	Total
Primary Government	$ 15,063,400	$ -	$ -	$ 15,063,400
Component Unit	2,082	-	-	2,082
	$ 15,065,482	$ -	$ -	$ 15,065,482

Under current FDIC programs, 100% of the City's bank deposits at June 30, 2012 are covered by FDIC insurance through December 31, 2012. 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* - 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* - 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* - 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 & Fair Value June 30, 2012
U.S. Government Securities	$ 90,464	$ -	$ -	$ 90,464
Equities	3,601,390	-	-	3,601,390
Fixed Income	1,317,629	-	-	1,317,629
Total Investments	$ 5,009,483	$ -	$ -	$ 5,009,483
Investments Reported in:				
Government-Wide Statement of Net Assets				$ -
Fiduciary Fund Statement of Plan Net Assets				5,009,483
Total Investments				$ 5,009,483

All investments are measured at fair value based on quoted prices in active markets for identical assets.

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.

NOTE 3. RECEIVABLES

Receivables as of June 30, 2012 consisted of the following balances:

	Governmental Activities	Business-Type Activities
General Fund:		
Property taxes receivable	$ 904,834	$ -
Other taxes receivable	239,929	-
Community Development Fund:		
Loans to commercial enterprises	156,394	-
Rehabilitation loans	20,823	-
Other	52,249	-
Multi-Purpose Center		
Adult day services	945	-
Police Seizure Fund	-	-
City Pier Fund		
Fees receivable	46,580	-
Hotel/Motel Tax Fund		
Accounts receivable	709	-
Sanitation Fund:		
Accounts receivable		
Billed	-	47,420
Unbilled	-	87,423
Total receivables	1,422,463	134,843
Less valuation allowances		
Allowance for uncollectible accounts	105,414	9,782
Total allowances	105,414	9,782
Receivables, net	$ 1,317,049	$ 125,061

Property taxes, based on assessed values at January 1, 2012, became due and payable on November 15, 2012. Property taxes are administered on a calendar-year basis subject to the following dates:

Levy date	September 15, 2012
Collection period	September 16, 2012 – November 15, 2012
Due Date	November 15, 2012
Delinquent date	November 16, 2012
Lien date	December 16, 2012

NOTE 4. INTERFUND RECEIVABLES/PAYABLES

The schedule of interfund receivable and payable balances as of June 30, 2012 begin on the next page.

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Fund	Due From Other Funds	Due To Other Funds
Major Governmental Funds		
General Fund:		
Sanitation	$ 505,138	$ -
Community Development	225,719	7,115
Roosevelt Harris Center	85,001	-
E-911	-	50,093
Hotel/Motel Tax Fund	-	968
Internal Service - Group Health	-	366,965
Internal Service - Workers' Compensation	-	638,654
	815,858	1,063,795
Community Development Fund:		
City Pier	69,696	-
General Fund	7,115	225,719
Sidney Lanier	46,000	-
Sanitation	-	8,919
Internal Service - Group Health	-	3,711
Internal Service - Workers Compensation	-	7,933
	122,811	246,282
Other Governmental Funds		
Roosevelt Harris Center		
General Fund	-	85,001
Group Health	-	6,622
Workers Compensation	-	13,142
	-	104,765
Sidney Lanier Park		
Community Development	-	46,000
E-911 Fund - General Fund	50,093	-
City Pier		
Community Development	-	69,696
Hotel/Motel Tax Fund		
General Fund	968	-
Major Business-type Funds		
Proprietary Funds		
Sanitation Fund		
General Fund	-	505,138
Water/Wastewater	-	-
Community Development	8,919	-
Group Health	-	34,351
Workers Compensation	-	32,940
	8,919	572,429
Internal Service Funds		
Group Health		
General Fund	366,965	-
Water/Wastewater	-	-
Roosevelt Harris Center	6,622	-
Community Development	3,711	-
Sanitation	34,351	-
	411,649	-
Workers Compensation		
General Fund	638,654	-
Roosevelt Harris Center	13,142	-
Community Development	7,933	-
Sanitation	32,940	-
	692,669	-
Total Government - Wide Balances	2,102,967	2,102,967
Fiduciary		
Pension Fund		
General Fund	936,769	936,769
Community Development	11,093	11,093
Roosevelt Harris Center	18,773	18,773
Water/Wastewater Fund	-	-
Sanitation	48,623	48,623
	1,015,258	1,015,258
Total Balances	3,118,225	3,118,225
Internal Balances	$ (563,510)	$ 563,510

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 Roosevelt Harris 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 consisted of the following balances:

General Fund		
Glynn County Tax Commisioner - Sales Tax	$	1,211,436
Glynn County, Georgia		9
GA Department of Transportation		2,137
GEMA		19,000
Total - General Fund		1,232,582
Community Development		
NSP Funds - City of Fitzgerald		136,366
EPA - Brownsfield Grant		3,433
Total - Community Development		139,799
Sidney Lanier Park Fund		
GA Department of Transportation		118,745
SPLOST V		
Glynn County, Georgia Board of Commissioners		4,898
Other Governmental Funds		
Roosevelt Harris Center Fund - Due from Coastal Georgia Regional Commission		25,426
Total Other Governmental Funds		25,426
Total due from other governments	$	1,521,450

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions and Transfers	Retirements and Transfers	Balance June 30, 2012
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 4,161,284	$ -	$ -	$ 4,161,284
Construction-in-Progress	4,361,288	2,370,133	(449,403)	6,282,018
Total capital assets, not being depreciated	8,522,572	2,370,133	(449,403)	10,443,302
Capital assets, being depreciated:				
Buildings	6,471,258	162,205	-	6,633,463
Equipment	9,916,536	153,402	-	10,069,938
Infrastructure	17,727,526	968,312	-	18,695,838
Total capital assets being depreciated	34,115,320	1,283,919	-	35,399,239
Less accumulated depreciation for:				
Buildings	(3,005,977)	(232,744)	-	(3,238,721)
Equipment	(7,709,328)	(805,374)	-	(8,514,702)
Infrastructure	(1,217,837)	(486,592)	-	(1,704,429)
Total accumulated depreciation	(11,933,142)	(1,524,710)	-	(13,457,852)
Total capital assets, being depreciated, net	22,182,178	(240,791)	-	21,941,387
Governmental activities capital assets, net	$ 30,704,750	$ 2,129,342	$ (449,403)	$ 32,384,689
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	$ 1,395,085	$ -	$ -	$ 1,395,085
Total capital assets, being depreciated	1,395,085	-	-	1,395,085
Less accumulated depreciation for:				
Equipment	(1,231,920)	(91,539)	-	(1,323,459)
Total accumulated depreciation	(1,231,920)	(91,539)	-	(1,323,459)
Total capital assets, being depreciated, net	163,165	(91,539)	-	71,626
Business-type activities capital assets, net	$ 163,165	$ (91,539)	$ -	$ 71,626

Depreciation expense was charged to governmental functions as follows:

Governmental Depreciation:	
General Government	$ 316,462
Community Development	36,725
Public Safety	367,182
Public Works	607,548
Cemetery	14,330
Culture & Recreation	182,463
Total governmental depreciation	1,524,710
Business-Type Depreciation:	
Sanitation	91,539
Total business-type depreciation	91,539
Total depreciation expense	$ 1,616,249

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 Plan had two major amendments effective April 1, 2012. The Plan provides retirement and death benefits to plan participants and beneficiaries. The Plan's financial report is disclosed on pages 22 and 23 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, 2012, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	29
Terminated plan members entitled to, but not yet receiving benefits	96
Active plan members	193
Total	318

Changes in Actuarial Methods and Assumptions

The salary increase and mortality assumptions have been changed to better reflect anticipated plan experience. The net impact of these changes was a loss of $417,237 which will be amortized over 30 years.

Amendments to the Plan Effective April 1, 2012

Amendment No. 6 requires employee contributions of three percent (3%) of compensation beginning April 1, 2012.

Amendment No. 7 provides for participants terminated after March 31, 2012 prior to becoming vested to receive a refund of contributions with interest at 7.50% per annum.

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, level percentage of pay method,*** is used to determine the Plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits for each individual member is allocated on a level basis over the earnings of the member between the

valuation date nearest the member's commencement of employment and the assumed exit date. The portion of the actuarial present value of benefits not provided for at the valuation date by future normal costs is the actuarial accrued liability (AAL). Under this method, actuarial gains and (losses), as they occur, reduce or (increase) 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.

The City's contribution to the Plan for 2012 was actuarially determined at a rate of 16.20% 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 Plan does not provide for other postemployment benefits (OPEB).

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 3.00% through 2016 and increase at 4.25% thereafter.
c. Inflation rate assumption of 3.50% per annum
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.
e. Actuarial period for unfunded actuarial accrued liability is 30 years.

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 30 years.

For the fiscal year ended June 30, 2012, the actuarially determined pension contribution is $1,029,095. During the plan year, the City made cash contributions of $1,242,458 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, 2012 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, 2012:

	June 30, 2012
1. Actuarial Accrued Liability (AAL)	$ 15,427,615
2. Actuarial Value of Assets	7,050,832
3. Unfunded AAL (UAAL) [(1)-(2)]	8,376,783
4. Funded Ratio [(2)/(1)]	45.7%
5. Annual Covered Payroll	6,351,487
6. UAAL as a Percentage of Payroll [(3)/(5)]	131.9%

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. (See next page).

	Fiscal year ending June 30, 2012	Fiscal year ending June 30, 2011
Annual Required Contribution due at beginning of year	$ 1,195,556	$ 1,380,262
Interest on Net Pension Obligation (Asset)	19,762	29,813
Adjustment to Annual Required Contribution	(28,860)	(43,539)
Annual Pension Cost	1,186,458	1,366,536
Employer Contributions	1,242,457	1,492,580
Increase (decrease) in Net Pension Obligation	(55,999)	(125,644)
Net Pension Obligation at beginning of year	247,024	372,668
Net Pension Obligation at end of year	$ 191,025	$ 247,024

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
12/31/2005	13,612,321	4,708,351	8,903,970	34.6%	8,152,334	109.2%
12/31/2006	14,645,871	5,689,359	8,956,512	38.8%	8,223,426	108.9%
12/31/2007	16,231,322	7,122,473	9,108,849	43.9%	6,672,357	136.5%
12/31/2008	17,405,629	7,373,444	10,032,185	42.4%	7,939,460	126.4%
12/31/2009	16,701,337	7,066,553	9,634,784	42.3%	8,371,467	115.1%
12/31/2010	15,018,988	6,898,227	8,120,761	45.9%	7,078,841	114.7%
12/31/2011	15,427,615	7,050,832	8,376,783	45.7%	6,351,487	131.9%

Schedule of Contributions

Fiscal Year Ending	Annual City Pension Cost	City Contributions	City Contributions as a % of Annual City Pension Cost	Net Pension Obligation (Asset)
6/30/2004	$ 1,354,892	$ 708,356	52.3%	$ 1,241,242
6/30/2005	1,163,877	1,440,850	123.8%	964,269
6/30/2006	1,127,156	1,257,581	111.6%	833,844
6/30/2007	1,178,850	1,290,791	109.5%	721,903
6/30/2008	1,229,101	1,345,000	109.4%	606,004
6/30/2009	1,115,663	1,205,200	108.0%	516,467
6/30/2010	1,334,508	1,478,307	110.8%	372,668
6/30/2011	1,366,936	1,492,580	109.2%	247,024
6/30/2012	1,186,458	1,242,457	104.7%	191,025

This year the City has reported a liability of $191,025 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 $247,024. There are no other underfunded amounts to report in the financial statements.

NOTE 8. LONG-TERM DEBT and CAPITAL LEASES

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

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Due Within One Year
Governmental Activities					
GMA capital leases payable	$ 2,357,405	$ 19,000	$ (449,257)	$ 1,927,148	$ 370,165
TAN Note - Series 2012	-	1,500,000	-	1,500,000	1,500,000
Accrued compensated absences	798,545	-	(21,706)	776,839	326,272
Oak Grove Cemetery Land	50,000	-	(50,000)	-	-
Net pension obligation	247,024	-	(55,999)	191,025	-
Total - governmental activities	$ 3,452,974	$ 1,519,000	$ (576,962)	$ 4,395,012	$ 2,196,437

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Within One Year
Business-Type Activities					
GMA capital leases payable	$ 103,029	$ -	$ (80,529)	$ 22,500	$ 22,500
Customer deposits payable	33,700	6,350	-	40,050	-
Total - business-type activities	$ 136,729	$ 6,350	$ (80,529)	$ 62,550	$ 22,500

For the governmental activities listed above - the GMA capital leases payable and the accrued compensated absences payable are liquidated by the General Fund.

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.

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, 2012 is $93,202.

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	4,221,873	589,814
Less: Accumulated depreciation	(2,530,163)	(503,614)
Total	$ 3,221,710	$ 86,200

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, 2012. For purposes of this schedule, an assumed interest rate of 0% was used on all GMA leases, which was the effective rate as of June 30, 2012.

Fiscal Year Ending June 30,	Minimum Lease Payment Governmental Activities	Minimum Lease Payment Business-Type Activities
2013	$ 456,949	$ 22,500
2014	350,389	-
2015	374,985	-
2016	264,053	-
2017	109,389	-
2018-2022	527,945	-
2023-2027	263,967	
Total Minimum Lease Payments	2,347,677	22,500
Less amount representing interest	(420,530)	-
Present value of future minimum lease payments	$ 1,927,147	$ 22,500

Debt Service Requirements

Debt service requirements at June 30, 2012 were as follows:

	Governmental Activities		Business-Type Activities	
Year Ended June 30	General Obligation		Sanitation	
	Principal	Interest	Principal	Interest
2013	$ 2,200,336	$ 82,984	$ 22,500	$ -
2014	313,160	69,414	-	-
2015	354,394	52,775	-	-
2016	254,456	41,783	-	-
2017	106,244	35,329	-	-
2018-2022	569,261	119,550	-	-
2023-2027	597,161	18,695	-	-
	$ 4,395,012	$ 420,530	$ 22,500	$ -

NOTE 9. 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.

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.

Government-Wide transfers are as shown below:

	Transfer (Out)	Transfer In
General Fund		
From the General Fund to the Sanitation Proprietary Fund	$ (241,500)	$ -
From the General Fund to the E-911 nonmajor fund	(378,532)	-
Total General Fund	(620,032)	-
Community Development Fund		
From the Community Development Fund to the Roosevelt Harris Center Fund	(185,114)	-
From the Community Development Fund to the Sidney Lanier Park Fund	(175,000)	-
From the City Pier Fund to the Community Development Fund	-	36,000
Total Community Development Fund	(360,114)	36,000
Nonmajor Governmental Funds		
From the Community Development Fund to the Roosevelt Harris Center Fund	-	185,114
From the Community Development Fund to the Sidney Lanier Park Fund	-	175,000
From the City Pier Fund to the Community Development Fund	(36,000)	-
From the General Fund to the E-911 nonmajor fund	-	378,532
Total nonmajor funds	(36,000)	738,646
Proprietary Funds		
Sanitation Fund		
From the General Fund to the Sanitation Proprietary Fund	-	241,500
Total Sanitation Proprietary Fund	-	241,500
Total	(1,016,146)	1,016,146
Less transfers between governmental funds	774,646	(774,646)
	$ (241,500)	$ 241,500

NOTE 10. 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

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 $450,000. 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, 2012 is $225,170 and $464,628 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 Fund				
June 30, 2011	$ 276,738	$ 1,718,809	$ 1,794,911	$ 200,636
June 30, 2012	200,636	1,767,412	1,742,878	225,170
Workers Compensation Fund				
June 30, 2011	$ 596,957	$ 526,983	$ 521,822	$ 602,118
June 30, 2012	602,118	424,876	562,366	464,628

NOTE 11. 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 12. COMMITMENTS AND CONTINGENCIES

A. Construction Commitments

The City has several on-going construction projects as of June 30, 2012 including general government projects and SPLOST projects. The status of the various projects including the contract amounts, the amounts paid on the projects and the remaining committed balance of the projects was not available as of the date of this report.

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 other than two lawsuits that could pose a serious and adverse financial impact on the City.

NOTE 13. SPLOST IV and SPLOST V CAPITAL PROJECTS FUNDS

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, 2012:

2003	$	6,115,836
2004		4,685,639
2005		4,509,669
2006		5,746,718
2007		3,527,447
2008		-
2009		-
2010		-
2011		-
2012		-
	$	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, 2011, 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, 2012:

2009	$	1,408,631
2010		4,243,993
2011		8,620,682
2012		2,020,304
	$	16,293,610

NOTE 14. HOTEL/MOTEL TAX

The City is required to disburse 70% of the funds received from the collection of hotel/motel taxes pursuant to O.C.G.A. 48-1351 (a)(1). The City received $7,499 from the collection of the hotel/motel tax during fiscal year ended June 30, 2012 and remitted $5,844 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.

NOTE 15. 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 16. SHORT-TERM TAX ANTICIPATION NOTES

In July 2011, the City borrowed $1,500,000 in a tax anticipation note with an interest rate of 1.65% to finance the general obligations of the City. The note was repaid in December 2011.

In March 2012 City borrowed $1,500,000 in a tax anticipation note at an interest rate of 1.75%to finance the general obligations of the City.

NOTE 17. SUBSEQUENT EVENTS

On December 31, 2012 the City paid in full the March 2012 tax anticipation note of $1,500,000.

Subsequent events were evaluated through February 7, 2013 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL 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, 2012

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	$ 4,600,125	$ 4,206,413	$ 4,206,413	$ -
Franchise taxes	1,387,136	$ 1,438,127	1,438,127	-
Local option sales tax	6,199,602	$ 6,462,660	6,462,660	-
Selective sales and use taxes	1,298,560	$ 1,248,388	1,248,388	-
Licenses and permits	288,225	$ 318,993	318,993	-
Fines, forfeitures and penalties	337,000	$ 416,833	416,833	-
Investment earnings	-	$ 13,608	13,608	-
Intergovernmental revenues and grants	172,034	$ 282,785	282,785	-
Charges for services and assessments	732,765	$ 408,110	408,110	-
Rental income	19,500	$ 19,609	19,609	-
Miscellaneous income	5,000	33,614	33,614	-
Total Revenues	15,039,947	14,849,140	14,849,140	-
EXPENDITURES				
Current:				
General government	2,820,011	2,825,965	2,825,965	-
Judicial	420,240	420,800	420,800	-
Public safety	7,453,249	6,840,239	6,840,239	-
Public works	2,073,441	2,227,889	2,227,889	-
Cemetery	223,348	179,721	179,721	-
Building inspection and planning	146,783	153,330	153,330	-
Culture and recreation	934,212	910,201	910,201	-
Economic development	80,000	80,000	80,000	-
Debt-service				
Principal	360,064	296,029	296,029	-
Interest	16,500	86,652	86,652	-
Total Expenditures	14,527,848	14,020,826	14,020,826	-
Excess (Deficiency) of Revenues Over Expenditures	512,099	828,314	828,314	-
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases and debt	-	19,000	19,000	-
Transfers in	40,000	-	-	-
Transfers (out)	(622,099)	(620,032)	(620,032)	-
Sale of property	70,000	-	-	-
Total Other Financing Sources (Uses)	(512,099)	(601,032)	(601,032)	-
Prior year resources	-	(227,282)	-	227,282
Net Change in Fund Balance	-	-	227,282	227,282
Fund Balance (deficit), Beginning of Year	(1,164,046)	(824,555)	12,621	837,176
Fund Balance (deficit), End of Year	$ (1,164,046)	$ (824,555)	$ 239,903	$ 1,064,458

See independent auditors' report.

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, 2012

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Program fees /revenues	$ 27,200	$ 44,682	$ 44,682	$ -
Grant revenues	1,346,213	$ 933,332	933,332	-
Investment earnings and interest	-	-	-	-
Total Revenues	1,373,413	978,014	978,014	-
EXPENDITURES				
Community development Program administration	1,602,722	1,390,615	1,390,615	-
Total Expenditures	1,602,722	1,390,615	1,390,615	-
Excess (Deficiency) of Revenues Over Expenditures	(229,309)	(412,601)	(412,601)	-
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	229,309	(324,114)	(324,114)	-
	229,309	(324,114)	(324,114)	-
Prior year resources	-	736,715	-	(736,715)
Net Change in Fund Balance	-	-	(736,715)	(736,715)
Fund Balance (deficit), Beginning of Year	(271,082)	574,712	1,697,396	1,122,684
Fund Balance (deficit), End of Year	$ (271,082)	$ 574,712	$ 960,681	$ 385,969

See independent auditors' report.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BRUNSWICK, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2012

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, 2012 because certain departmental expenditures did not exceed their budget at the legal level of control. The Georgia statutes define legal level of control at a minimum to be the departmental level.

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

	Modified Accrual Basis- net change in fund balances	Net accrual adjustments	Budget Basis - net change in fund balances
General Fund	$ 227,282	-	$ 227,282
Community Development Fund	(736,715)	-	(736,715)

SUPPLEMENTARY INFORMATION

CITY OF BRUNSWICK, GEORGIA
COMBINING BALANCE SHEET SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue Funds						
	Roosevelt Harris 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	$ 6,081	$ 48,136	$ 783	$ 443	$ 39,200	$ 1,219	$ 95,862
Accounts Receivable	945	-	-	-	46,580	709	48,234
Due from other funds	-	-	50,093	-	-	968	51,061
Due from other governments	25,426	-	-	118,745	-	-	144,171
Total Assets	$ 32,452	$ 48,136	$ 50,876	$ 119,188	$ 85,780	$ 2,896	$ 339,328
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 11,721	$ -	-	-	-	1,286	13,007
Accrued expenditures	2,629	-	-	-	-	-	2,629
Due to other funds	104,765	-	-	46,000	69,696	-	220,461
Due to other governments	-	-	50,093	-	-	-	50,093
Due to fiduciary fund	18,773	-	-	-	-	-	18,773
Total Liabilities	137,888	-	50,093	46,000	69,696	1,286	304,963
Fund Balances (Deficit):							
Restricted for public safety	-	48,136	783	-	-	-	48,919
Restricted for capital projects	-	-	-	-	-	-	-
Restricted for community development	-	-	-	73,188	16,084	1,610	90,882
Unassigned, reported in non-major special revenue funds	(105,436)	-	-	-	-	-	(105,436)
Total Fund Balances (Deficit)	(105,436)	48,136	783	73,188	16,084	1,610	34,365
Total Liabilities and Fund Balances	$ 32,452	$ 48,136	$ 50,876	$ 119,188	$ 85,780	$ 2,896	$ 339,328

See independent auditors' report.

CITY OF BRUNSWICK, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue Funds						
	Roosevelt Harris 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	$ 21,695	$ -	$ -	$ -	$ 54,954	$ -	$ 76,649
Hotel/Motel Taxes	-	-	-	-	-	7,499	7,499
Grant revenues	108,848	29,813	-	386,430	-	-	525,091
Total Revenues	130,543	29,813	-	386,430	54,954	7,499	609,239
EXPENDITURES							
Current							
Community development	329,783	-	-	409,229	-	5,889	744,901
Public safety	-	45,246	321,928	-	-	-	367,174
Total Expenditures	329,783	45,246	321,928	409,229	-	5,889	1,112,075
Excess (Deficiency) of Revenues Over Expenditures	(199,240)	(15,433)	(321,928)	(22,799)	54,954	1,610	(502,836)
OTHER FINANCING SOURCES (USES)							
Transfers in	185,114	-	378,532	175,000	-	-	738,646
Transfers (out)	-	-	-	-	(36,000)	-	(36,000)
Total Other Financing Sources (Uses)	185,114	-	378,532	175,000	(36,000)	-	702,646
Net Change in Fund Balances	(14,126)	(15,433)	56,604	152,201	18,954	1,610	199,810
Fund Balances (Deficit), Beginning of Year	(91,310)	63,569	(55,821)	(79,013)	(2,870)	-	(165,445)
Fund Balances (Deficit), End of Year	$ (105,436)	$ 48,136	$ 783	$ 73,188	$ 16,084	$ 1,610	$ 34,365

See independent auditors' report.

CITY OF BRUNSWICK, GEORGIA
COMBINING SCHEDULE OF NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2012

	Group Health Fund	Workers' Compensation Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 332,340	$ 64,814	$ 397,154
Due from other funds	411,649	692,669	1,104,318
Due from outside sources	2,250	-	2,250
Total Assets	$ 746,239	$ 757,483	$ 1,503,722
LIABILITIES			
Current Liabilities			
Claims payable	225,170	464,628	689,798
	225,170	464,628	689,798
NET ASSETS			
Unrestricted	521,069	292,855	813,924
Total Liabilities and Net Assets	$ 746,239	$ 757,483	$ 1,503,722

See independent auditors' report.

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, 2012

	Group Health Fund	Workers' Compensation Fund	Total
OPERATING REVENUES			
Contributions			
Employer	$ 1,458,598	$ 205,809	$ 1,664,407
Employee	328,322	-	328,322
Reimbursements	430,979	405,902	836,881
Total Operating Revenues	2,217,899	611,711	2,829,610
OPERATING EXPENSES			
Contractual and administrative expenses			
Contractual	249,105	-	249,105
Claims	1,767,412	424,876	2,192,288
Total Operating Expenses	2,016,517	424,876	2,441,393
Operating Income (Loss)	201,382	186,835	388,217
NON-OPERATING REVENUES			
Investment return	-	-	-
Total Non-Operating Revenues	-	-	-
Change In Net Assets	201,382	186,835	388,217
Net Assets, Beginning of Year	319,687	106,020	425,707
Net Assets, End of Year	$ 521,069	$ 292,855	$ 813,924

See independent auditors' report.

CITY OF BRUNSWICK, GEORGIA
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2012

	Group Health Fund	Workers' Compensation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for services	$ 1,458,598	$ 205,809	$ 1,664,407
Contributions from employees	328,322	-	328,322
Reimbursements	430,979	405,902	836,881
Payments for claims	(1,742,877)	(562,366)	(2,305,243)
Payments for other expenses	(249,106)	-	(249,106)
Net Cash Provided (Used) By Operating Activities	225,916	49,345	275,261
Net Increase (Decrease) In Cash and Cash Equivalents	225,916	49,345	275,261
Cash and Cash Equivalents, Beginning of Year	106,424	15,469	121,893
Cash and Cash Equivalents, End of Year	$ 332,340	$ 64,814	$ 397,154

See independent auditors' report.

CITY OF BRUNSWICK, GEORGIA
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2012

	Group Health Fund	Workers' Compensation Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 201,382	$ 186,835	$ 388,217
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
(Increase) decrease in assets			
Other Assets	-	-	-
Increase (decrease) in liabilities			
Claims Payable	24,534	(137,490)	(112,956)
Net Cash Provided (Used) By Operating Activities	$ 225,916	$ 49,345	$ 275,261

See independent auditors' report.

CITY OF BRUNSWICK, GEORGIA
ROOSEVELT HARRIS 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, 2012

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Program fees/revenues	$ 32,000	$ 21,695	$ 21,695	$ -
Grant revenues	117,668	108,848	108,848	-
Investment earnings and interest	-	-	-	-
Total Revenues	149,668	130,543	130,543	-
EXPENDITURES				
Multi-Purpose				
Program administration	312,282	329,783	329,783	-
Total Expenditures	312,282	329,783	329,783	-
Excess (Deficiency) of Revenues Over Expenditures	(162,614)	(199,240)	(199,240)	-
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	162,614	185,114	185,114	-
Prior year resources	-	14,126	-	(14,126)
Net Change in Fund Balance	-	-	(14,126)	(14,126)
Fund Balance (deficit), Beginning of Year	(336,857)	(364,716)	(91,310)	273,406
Fund Balance (deficit), End of Year	$ (336,857)	$ (364,716)	$ (105,436)	$ 259,280

See independent auditors' report.

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, 2012

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Grant revenues/seizure funds	$ 68,758	$ 29,813	$ 29,813	$ -
Total Revenues	68,758	29,813	29,813	-
EXPENDITURES				
Public safety	68,758	45,246	45,246	-
Total Expenditures	68,758	45,246	45,246	-
Excess (Deficiency) of Revenues Over Expenditures	-	(15,433)	(15,433)	-
Prior year resources	-	15,433	-	(15,433)
Net Change in Fund Balance	-	-	(15,433)	(15,433)
Fund Balance, Beginning of Year	-	-	63,569	63,569
Fund Balance, End of Year	$ -	$ -	$ 48,136	$ 48,136

See independent auditors' report.

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, 2012

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Public Safety	$ 367,207	$ 321,928	$ 321,928	$ -
Total Expenditures	367,207	321,928	321,928	-
Excess (Deficiency) of Revenues Over Expenditures	(367,207)	(321,928)	(321,928)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	367,207	378,532	378,532	-
Prior year resources	-	(56,604)	-	56,604
Net Change in Fund Balance	-	-	56,604	56,604
Fund Balance (deficit), Beginning of Year	1,100	29,854	(55,821)	(85,675)
Fund Balance (deficit), End of Year	$ 1,100	$ 29,854	$ 783	$ (29,071)

See independent auditors' report.

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, 2012

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Grant revenues	$ 386,430	$ 386,430	$ 386,430	$ -
Total Revenues	386,430	386,430	386,430	-
EXPENDITURES				
Community Development	409,229	409,229	409,229	-
Total Expenditures	409,229	409,229	409,229	-
Excess (Deficiency) of Revenues Over Expenditures	(22,799)	(22,799)	(22,799)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	175,000	175,000	175,000	-
Prior year resources	(152,201)	(152,201)	-	152,201
Net Change in Fund Balance	-	-	152,201	152,201
Fund Balance, Beginning of Year	-	(126,412)	(79,013)	47,399
Fund Balance, End of Year	$ -	$ (126,412)	$ 73,188	$ 199,600

See independent auditors' report.

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, 2012

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Program fees/revenues	$ -	$ 54,954	$ 54,954	$ -
Other income	5,000	-	-	-
Total Revenues	5,000	54,954	54,954	-
EXPENDITURES				
Community Development	12,800	-	-	-
Total Expenditures	12,800	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	(7,800)	54,954	54,954	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	(36,000)	(36,000)	-
Prior year resources	7,800	(18,954)	-	18,954
Net Change in Fund Balance	-	-	18,954	18,954
Fund Balance (deficit), Beginning of Year	2,645	2,645	(2,870)	(5,515)
Fund Balance (deficit), End of Year	$ 2,645	$ 2,645	$ 16,084	$ 13,439

See independent auditors' report.

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, 2012

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Hotel/Motel Tax	$ 5,200	$ 7,499	$ 7,499	$ -
Total Revenues	5,200	7,499	7,499	-
EXPENDITURES				
Community Development	3,640	5,889	5,889	-
Total Expenditures	3,640	5,889	5,889	-
Excess (Deficiency) of Revenues Over Expenditures	1,560	1,610	1,610	-
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(1,560)	-	-	-
Prior year resources	-	(1,610)	-	1,610
Net Change in Fund Balance	-	-	1,610	1,610
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	$ -	$ -	$ 1,610	$ 1,610

See independent auditors' report.

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, 2012

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Culture and recreation	$ 185,597	$ 6,500	$ 6,500	$ -
Public safety	139,994	65,575	65,575	-
Public works	504,409	455,497	455,497	-
Total Expenditures	830,000	527,572	527,572	-
Excess (Deficiency) of Revenues Over Expenditures	(830,000)	(527,572)	(527,572)	-
Prior year resources	830,000	527,572	-	(527,572)
Net Change in Fund Balance	-	-	(527,572)	(527,572)
Fund Balance, Beginning of Year	-	-	649,840	649,840
Fund Balance, End of Year	$ -	$ -	$ 122,268	$ 122,268

See independent auditors' report.

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, 2012

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local option sales tax - intergovernmental	$ 4,678,081	$ 2,020,304	$ 2,020,304	$ -
Investment earnings and interest	-	16,374	16,374	-
Total Revenues	4,678,081	2,036,678	2,036,678	-
EXPENDITURES				
Public safety	3,043,081	15,809	15,809	-
Public works	5,885,000	1,541,972	1,541,972	-
Culture and recreation	750,000	18,632	18,632	-
Debt-service				
Principal	153,230	153,230	153,230	-
Interest	32,366	32,366	32,366	-
	9,863,677	1,762,009	1,762,009	-
Excess (Deficiency) of Revenues Over Expenditures	(5,185,596)	274,669	274,669	-
Prior year resources	5,000,000	(274,669)	-	274,669
Net Change in Fund Balance	(185,596)	-	274,669	274,669
Fund Balance (Deficit), Beginning of Year	3,466,015	3,441,019	10,961,082	7,520,063
Fund Balance (Deficit), End of Year	$ 3,280,419	$ 3,441,019	$ 11,235,751	$ 7,794,732

See independent auditors' report.

ADDITIONAL SCHEDULES

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

To the Honorable Mayor and 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, 2012. This schedule is the responsibility of City of Brunswick, Georgia's management. Our responsibility is to express our opinion on the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax 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 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 opinions.

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 Commissioners
City of Brunswick, Georgia
Page Two

In our opinion, 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, 2012, 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 7, 2013

CITY OF BRUNSWICK, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Fiscal Year Ended June 30, 2012

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

CITY OF BRUNSWICK, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Fiscal Year Ended June 30, 2012

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	Roosevelt Harris Center Upgrade	175,000	175,000	199,195	-	199,195
706	Ritz Theater	1,700,000	1,700,000	127,970	6,500	134,470
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	65,575	587,748
702	Public Works Complex	3,750,000	3,671,145	1,459,539	455,497	1,915,036
	Water/Wastewater Complex	1,500,000	-	-	-	-
	Sidewalks	85,000	85,000	-	-	-
	Street Paving	190,000	190,000	-	-	-
	SPLOST V					
	Public Safety Complex	-	-	-	15,809	15,809
	Capital Lease Payments	-	-	-	185,596	185,596
	Roosevelt Harris Center	-	-	-	479	479
	Aquatics - Site Improvements	-	-	-	5,578	5,578
	Mary Ross Site Improvements	-	-	-	12,575	12,575
	Sidewalks	-	-	-	208,223	208,223
	Storm Drainage	5,810,000	5,810,000	2,361,377	1,333,749	3,695,126
		$ 53,380,000	$ 52,050,004	$ 42,895,205	$ 2,289,581	$ 45,184,786

See independent auditors' report.

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INDEPENDENT AUDITORS' 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, 2012 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, 2012 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 7, 2013

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, 2012

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:			$ 0
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)		
	_____			$ 0
	_____			$ 0
9b	State (UCOA Revenue Source 33.4000) Identify each funding agency individually. Attach list, if necessary.	46-5-134(j)		
	_____			$ 0
	_____			$ 0
9c	Local (UCOA Revenue Source 33.6000) Identify each unit of local government individually. Attach list, if necessary.	46-5-134(j)		
	_____			$ 0
	_____			$ 0
9d	Private (UCOA Revenue Source 37.1000) Identify each private source individually. Attach list, if necessary.	46-5-134(j)		
	_____			$ 0
	_____			$ 0

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, 2012

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.		
	_____		$ 0
	_____		$ 0
	_____		$ 0
	_____		$ 0
	_____		$ 0
	_____		$ 0
	_____		$ 0
	_____		$ 0
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)	
	_____		$ 0
	_____		$ 0
	_____		$ 0
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)	$ 0
14b	Purchase costs	46-5-134(f)(1)	$ 0
14c	Maintenance costs	46-5-134(f)(1)	$ 0
15	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	46-5-134(f)(2)	$ 0
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 _____ Part time _____		
16a	Salaries and wages	46-5-134(f)(3)	$ 0
16b	Employee benefits	46-5-134(f)(3)	$ 0

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, 2012

Line No.		O.C.G.A. Reference:	
17	Cost of training of employees who work as dispatchers	46-5-134(f)(3)	$ 0
18	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	46-5-134(f)(4)	$ 0
19a	Building used as a public safety answering point:		
19a1	Lease costs	46-5-134(f)(5)	$ 0
19a2	Purchase costs	46-5-134(f)(5)	$ 0
19b	Has the local government completed its street addressing plan? (choose one)	46-5-134(f)(5)	$ 0
	_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)	$ 0
20b	Purchase costs	46-5-134(f)(6)	$ 0
20c	Maintenance costs	46-5-134(f)(6)	$ 0
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)	$ 0
22	Logging recorders used at a public safety answering point to record telephone and radio traffic:		
22a	Lease costs	46-5-134(f)(8)	$ 0
22b	Purchase costs	46-5-134(f)(8)	$ 0
22c	Maintenance costs	46-5-134(f)(8)	$ 0
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		$ 321,928
			$
			$ 0
			$ 0
			$ 0
			$ 0
			$ 0
			$ 0
24	Total Expenditures (total of all amounts reported on Lines 13 through 23 above)		$ 321,928

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, 2012

Line No.		O.C.G.A. Reference:	
25	Transfers From Other Funds (identify by fund)		
	General Fund		$ 378,532
			$
26	Transfers To Other Funds (identify by fund)		
			$
			$ 0
27	Proceeds from Capital Lease (identify by asset class and, if equipment, purpose)		
			$ 0
			$ 0
28	Net Change in Fund Balance (Line 12 - Line 24 + Line 25 - Line 26 + Line 27)		$ 56,604
29	Fund Balance - Beginning of Year		$ (55,821)
30	Fund Balance - End of Year		$ 783

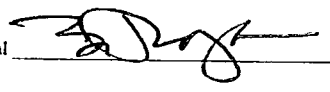
31a Do amounts on Lines 12, 24, 28, 29, and 30 agree to amounts reported in the government's audited financial statements submitted to the Georgia Department of Audits and Accounts?

_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 DEC 11, 2012

Print Name of Chief Elected Official Bryan Thompson

Title of Chief Elected Official Mayor

Signature of Chief Financial Officer Kathy D. Mills CPA Date 12/12/12

Print Name of Chief Financial Officer Kathy D. Mills, CPA

See independent auditors' report.

STATISTICAL SECTION

CITY OF BRUNSWICK, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUE BY SOURCE
LAST TEN FISCAL YEARS
June 30, 2012

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
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
2011	13,372,158	374,628	416,909	332,979	17,693	361,315	146,083	-	15,021,765
2012	13,355,588	318,993	408,110	416,833	13,608	282,785	53,223	-	14,849,140

See independent auditors' report.

CITY OF BRUNSWICK, GEORGIA
GENERAL FUND
SCHEDULE OF TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS
June 30, 2012

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
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
2011	4,379,301	6,221,815	1,390,541	467,077	1,924	909,600	13,370,258
2012	4,206,413	6,462,660	1,438,127	453,650	-	794,738	13,355,588

See independent auditors' report.

CITY OF BRUNSWICK, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2012

Fiscal Year	General Government	Public Safety	Highways and Streets	Parks, Squares and Cemeteries	Culture and Recreation	Judicial	Debt Service	Special Appropriations and Unclassified	Total
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
2011	2,997,790	7,020,281	2,211,647	390,645	955,295	474,169	679,460	80,000	14,809,287
2012	2,979,295	6,840,239	2,227,889	179,721	910,201	420,800	382,681	80,000	14,020,826

See independent auditors' report.

CITY OF BRUNSWICK, GEORGIA
NET BONDED DEBT PER CAPITA AND
GENERAL FUND BALANCE PER CAPITA
LAST TEN FISCAL YEARS
June 30, 2012

Fiscal Year	Estimated Population	Net General Bonded Debt	Net General Bonded Debt Per Capita	General Fund Balance	General Fund Balance Per Capita
2003	15,545	$ -	$ -	$ 1,080,847	$ 69
2004	15,558	-	-	1,116,310	72
2005	15,670	-	-	2,074,926	133
2006	15,913	-	-	3,143,781	198
2007	16,000	-	-	2,915,104	182
2008	16,208	-	-	1,264,855	78
2009	16,326	-	-	75,773	5
2010	15,383	-	-	329,856	21
2011	15,525	-	-	12,621	1
2012	15,383	-	-	239,903	16

See independent auditors' report.

CITY OF BRUNSWICK, GEORGIA
PROPERTY ESTIMATED AND ASSESSED VALUE, TAX RATES AND TAX LEVIES
LAST TEN FISCAL YEARS
June 30, 2012

Year	Estimated Value	Assessed Value	Tax Rate Per $1,000 Assessed Value	Tax Levy
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	316,592,333	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	5,039,959
2010	1,059,444,967	423,777,987	12.25	5,191,280
2011	1,020,554,290	408,221,716	12.72	5,192,580
2012	813,621,915	325,448,766	12.72	4,139,708

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CITY OF BRUNSWICK, GEORGIA
PROPERTY TAX EXECUTIONS RECEIVABLE BY FISCAL YEAR OF LEVY
June 30, 2012

Fiscal Year	Amount
2003	$ 3,800
2004	9,163
2005	22,014
2006	7,089
2007	136,765
2008	117,220
2009	188,100
2010	163,620
2011	257,063
2012	-
	$ 904,834

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

See independent auditors' report.

SINGLE AUDIT

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CERTIFIED PUBLIC ACCOUNTANTS
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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 Commissioners
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, 2012, which collectively comprise the City of Brunswick, Georgia's basic financial statements and have issued our report thereon dated February 7, 2013. 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

Management of City of Brunswick, Georgia is responsible for establishing and maintaining effective 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 12-01, 12-03 and 12-04 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 12-02 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 certain matters that we reported to management of City of Brunswick, Georgia in a separate letter dated February 7, 2013.

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, others within the entity 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 7, 2013

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Fowler, Holley, Rambo & Stalvey, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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INDEPENDENT AUDITORS' 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 Commissioners
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, 2012. 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 of City of Brunswick, Georgia's compliance with those requirements.

In our opinion, 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, 2012.

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 the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Brunswick, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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.

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

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, others within the entity 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 7, 2013

CITY OF BRUNSWICK, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

A. SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

1. The auditors' 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. Three material weaknesses in internal control over financial reporting were disclosed during the audit of the financial statements.

4. The audit of the City of Brunswick, Georgia disclosed no instances of noncompliance which would be required to be reported in accordance with *Government Auditing Standards.*

FEDERAL AWARDS

5. No material weaknesses in the internal control over major programs were identified and no significant deficiencies not considered material weaknesses were reported.

6. The auditors' report on compliance for the major federal award programs for the City of Brunswick, Georgia expresses an unqualified opinion. The audit disclosed no findings relating to major programs that are required to be reported under Section 510(a) of OMB Circular A-133.

7. The following programs were tested as major programs:

	CFDA Number	Amount
Community Dev Block Grants/Entitlement Grants	14.218	$ 579,850
Community Dev Block Grant – Disaster Recovery Grant	14.218	$ 220,000

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

9. 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, 2012

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

12-01 Recording of Infrastructure Assets per GASB 34 (Repeat violation No. 11-01 from June 30, 2011)

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, 2012, 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.

12-02 Segregation of Duties (Repeat violation No. 11-02 from June 30, 2011)

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; however, we are working on procedures, particularly in the Finance Department, to manage our current personnel so that the most critical functions can be segregated as effectively as possible.

12-03 Reconciliation of Accounts Payable Subsidiary Ledger to the General Ledger

Criteria – The Accounts Payable Subsidiary Ledger should be reconciled to each fund's respective accounts payable general ledger account to ensure that transactions are properly and accurately recorded and amounts due to vendors reflect the accurate amount due to them.

Condition - During our testing procedures, we noted that the subsidiary ledger for accounts payable was not being reconciled to the general ledger. This control function serves as a check on the accuracy of the recording of accounts payable and the disbursement process.

Effect – Balances due to individual vendors cannot be accurately determined and documented sufficiently to ensure that all amounts due to various vendors are paid in a timely and accurate manner and records are adequate to resolve disputes regarding disbursements if they should arise.

Cause – Procedures were not in place to ensure that each fund's account payable balance is sufficiently monitored and agreed to the accounts payable subsidary ledger.

Recommendation – The detailed listing of the accounts payable subsidary ledger should be reconciled to the general ledger on an ongoing basis and at the end of each month. Any differences should be investigated, approved by supervisory personnel and be resolved.

Managements Response – Concur. The City has put procedures in place to ensure that the Accounts Payable Subsidiary Ledger balances to the General Ledger on at least a monthly basis.

12-04 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 were not in balance. As a result, The City's due to-from accounts were not in agreement; however, the due to-from accounts were balanced during the audit.

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.

Management's Response - Concur. The City has put procedures in place to ensure that all Due To – Due From Accounts, as well as all Internal Transfer Accounts, are reconciled to each other on a monthly basis.

CITY OF BRUNSWICK, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

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

The audit of the City of Brunswick, Georgia disclosed no findings or questioned costs relating to major federal award programs.

CITY OF BRUNSWICK, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR
FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS
Year Ended June 30, 2012

MATERIAL WEAKNESS

11-04 Timely Use of CDBG Funds Under 24 CFR 570.902

Criteria – CDBG funded activities should be carried out in a timely manner.

Condition - The timeliness provision involving the accelerated drawdown of funds and delayed payment of vendors involving HUD-CDBG Funds is occuring. During testing procedures and review of subsequent events, it was noted that there was drawdown requests for items needed for a volunteer project approximately 2 months prior to the beginning of the project. In addition, vendors should be paid within 3 days upon receiving a transfer from HUD. HUD Funds were in the bank account for up to a period of 5 months before various vendors were eventually paid.

Questioned Costs - Drawdown of HUD Funds of $32,662.36 two-months before project was to begin

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

Cause - The City did not comply with the timeliness provision used to determine if CDBG funded activities are being carried out in a timely manner.

Recommendation - City and grant personnel should ensure that timely drawdown and payment of vendors is occuring and that CDBG funded activities are being carried out in a timely manner.

Status of Finding - This finding is corrected.

CITY OF BRUNSWICK, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012

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	2012-17	$ 54,070
Nutrition Services Incentive Program	93.053	2012-17	13,376
Subtotal Aging Cluster			67,446
Total-U.S. Department of Health and Human Services			67,446
U.S. Department of Justice Direct Programs			
Federal Seizure Equitable Sharing Through U.S. Dept. of Treasury	16.710		19,293
COPS Grant	16.710	2011-UM-WX-0048	53,064
OJP - Weed & Seed 2010	16.595	2010-WS-QX-0030	59,709
Subtotal U.S. Department of Justice Direct Programs			132,066
U.S. Department of Justice			
Pass-Through Programs From:			
Justice Assistance Cluster:			
JAG Grant - 2009	16.738	2009-DJ-BX-1492	7,670
JAG - Great Grant - ARRA	16.083	B-82-8-172	17,959
JAG Grant - 2011-DJ-BX-2194	16.804	2011-DJ-BX-2194	39,222
Subtotal Justice Assistance Cluster			64,851
Total-U.S. Department of Justice			196,917
U.S. Department of Housing and Urban Development Direct Programs		B-09-MC-130010	
Community Development Block Grants/Entitlement Grants	14.218	B-10-MC-130010	579,850
Pass-Through Programs From:			
Georgia Department of Community Affairs			
CDGB Disaster Recovery Grant	14.218	09DRh-x-063-2-5214	220,000
Total U.S. Department of Housing and Urban Development			799,850
Environmental Protection Agency Direct Programs			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		81,329
Total-Environmental Protection Agency			81,329
U.S. Department of Energy			
Pass-Through Programs From:			
Georgia Environmental Facilities Authority			
EECBG-ARRA-GOV-2010-109	81.128	DE-EE0000806	3,153
Total-U.S. Department of Energy			3,153
Total			$ 1,148,695

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.