



City of Brunswick, Maryland

FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

FOR THE YEAR ENDED JUNE 30, 2013



DRAPER & MCGINLEY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS • FINANCIAL CONSULTANTS
FREDERICK, MARYLAND

CITY OF BRUNSWICK, MARYLAND

SUMMARY OF ELECTED AND APPOINTED OFFICIALS

AS OF JUNE 30, 2013

MAYOR

Karin B. Tome

CITY COUNCIL

Andy Alger
Mary Elizabeth Bowie
Ellis Burruss

Jeff Snoots
Walt Stull
Angel White

CITY AUDITOR

Draper & McGinley, P.A.

CITY ATTORNEY

Severn, O'Connor & Kresslein, P.A.

CITY ENGINEER

Jeff Holtzinger

CHIEF OF POLICE

Milton Frech

CITY OF BRUNSWICK, MARYLAND

FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

FOR THE YEAR ENDED JUNE 30, 2013

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Draper & McGinley, P.A.

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AND FINANCIAL CONSULTANTS

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Mayor & City Council of the
City of Brunswick, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Brunswick, Maryland, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Brunswick, Maryland, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 - 10 and 39 - 41 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013, on our consideration of City of Brunswick, Maryland'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Brunswick, Maryland's internal control over financial reporting and compliance.

Drew A. McGinley, P.A.

Frederick, Maryland
December 11, 2013



Draper & McGinley, P.A.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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 Mayor & City Council of the
City of Brunswick, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Brunswick, Maryland, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Brunswick, Maryland's basic financial statements and have issued our report thereon dated December 11, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 as Findings 13-1 and 13-2 in the accompanying schedule of findings and responses to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Brunswick, Maryland's financial statements are free from 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Brunswick, Maryland's Response to Findings

City of Brunswick, Maryland's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Brunswick, Maryland's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Drapen & McGinley, P.A.

Frederick, Maryland
December 11, 2013

Management's Discussion and Analysis

As management of the City of Brunswick ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have finished in the City's financial statements, which follow this narrative.

Financial Highlights

- The City's assets totaled \$42,930,595. Capital assets were \$38,707,360 of this total.
- The City's liabilities totaled \$4,477,139. Long term debt was \$3,956,967 of this total.
- The City's deferred inflows of resources totaled \$12,843,481. Developer unearned revenue was \$12,792,062 of this total.
- The City's governmental long-term debt obligations increased \$44,363 during the current fiscal year, largely due to a new capital lease agreement for copiers and printers. Business-type long-term debt decreased \$64,305.
- Unearned revenue in the proprietary funds amounted to \$12,831,239. The \$1,994,093 increase is primarily due to water and sewer tap fee credits allocated to Brunswick Crossing. Unearned revenue arises when monies are received by the government but cannot be realized as revenue.
- The assets of the City exceeded its liabilities at the close of the fiscal year by \$25,609,975.
- The City's government-wide net position decreased by \$135,311. Net position for governmental activities increased \$575,915, while business-type activities decreased \$711,226.
- Depreciation expense for business-type activities amounted to \$1,387,438. This expense is the replacement cost of an asset at the end of its useful life. Industry standard is to set Service Fees to cover these costs to prevent borrowing the cost of the replacement. While the City does not currently calculate the full value of depreciation expense in the water and sewer fees charged to customers, a percentage of depreciation was included in FY 2013 rate-setting.
- As of the close of the current fiscal year, the City's governmental funds (General, Special Revenue, and Capital Projects) reported combined ending fund balances of \$2,956,379, an increase of \$541,917 in comparison with the prior year. Approximately 50 percent of this amount is available for spending at the government's discretion; 50 percent is assigned to Capital Projects.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City of Brunswick's basic financial statements.

The City's basic financial statements are comprised of three components: 1) government-wide financial statement, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, current year revenues and expenses are included in this statement regardless of when the actual cash is received or paid. This format shows the financial reliance of the City's individual functions on revenues provided by the City's taxpayers. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, economic development, and recreation. The business-type activities offered by the City are water treatment and waste water treatment operations.

The government-wide financial statements are on pages 11 and 12 of this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories; governmental and proprietary funds.

Governmental funds - These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how assets can readily be converted into cash and what monies are left at year-end that will be available for spending in the next year. Governmental fund financial statements give a detailed short-term view that can be used to determine if there are more or less financial resources available to finance City programs.

Because the focus of governmental funds is narrower than government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget on pages 39 - 41.

Proprietary funds - The City maintains two different types of proprietary funds. Proprietary, or enterprise, funds are used to report the same functions as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water treatment and wastewater treatment operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information, as well as a combined total, for the water treatment and wastewater treatment operations. Both are considered to be major funds of the City. Conversely, both service funds are combined into a single, aggregated presentation in the government-wide financial statements. Individual fund data for the internal funds is provided in the form of combining statements elsewhere in this report.

Notes to the Financial Statements -- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 20-36 of this report.

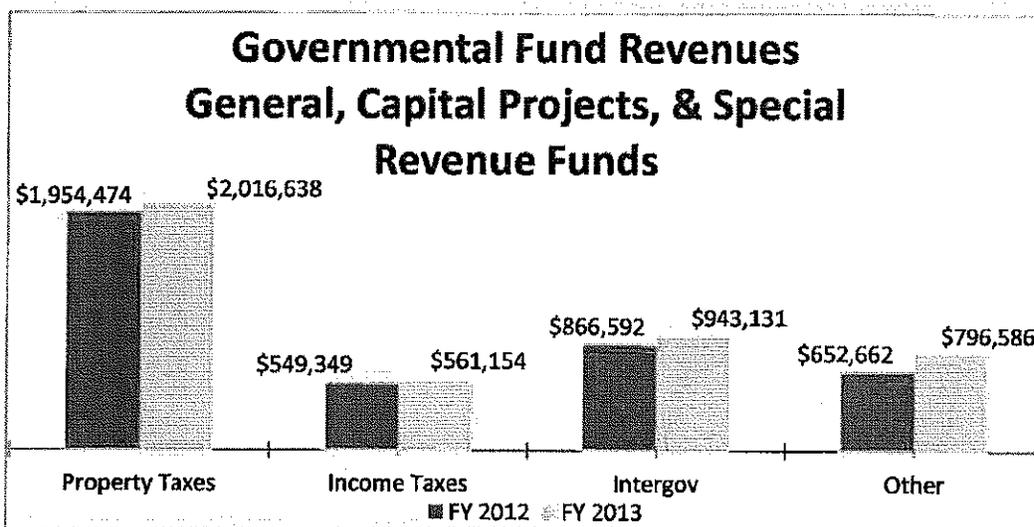
Government-Wide Financial Analysis

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the city as a whole. As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition.

The assets of the City exceeded liabilities by \$25,609,975 as of June 30, 2013; however, this is a \$135,311 decrease from FY 2012. The majority of these net assets are capital assets, which are used to provide services to citizens; consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources.

Governmental activities increased the City's net position by \$575,915; while business-type activities decreased net position by \$711,226. Additionally, government-wide statements show that the City's total revenue was \$6,781,129, which is a 7% increase from the prior year's revenue of \$6,354,332.

See the chart below for detailed revenue categories.



Financial Analysis of the City's Funds

Unassigned fund balance can be a useful measure of a City's net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,487,802. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

General Fund Budget Variances

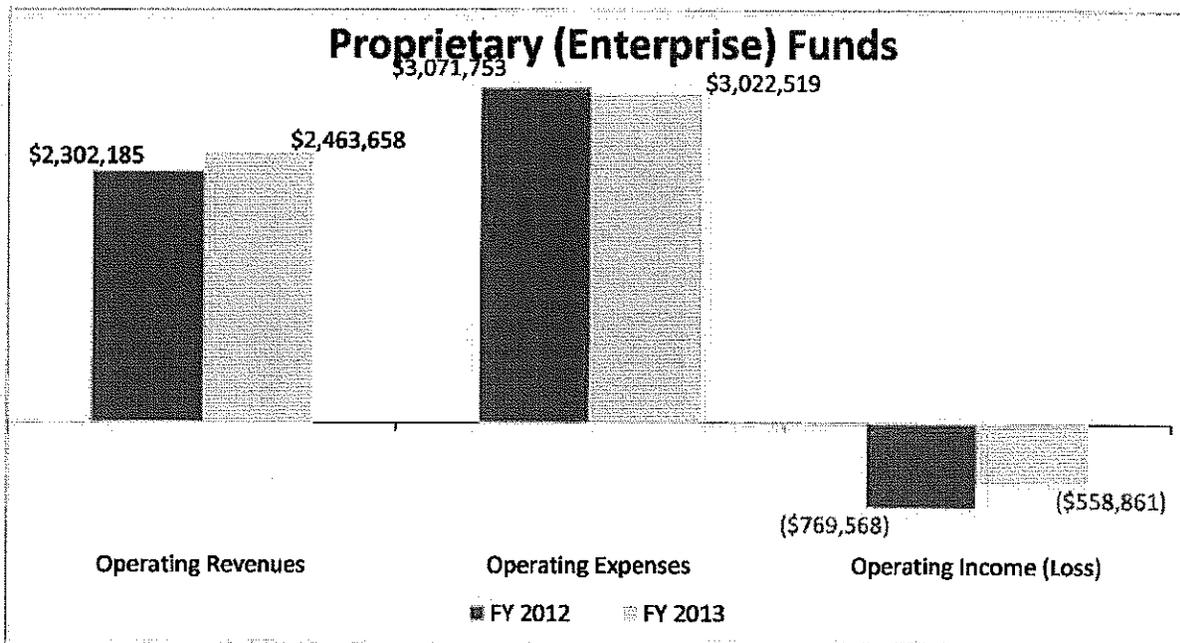
During FY 2013, the Mayor & City Council publicly amended the budget. As a result of these amendments, actual revenues were over budget by \$49,709. More specifically, local property taxes were \$42,838 more than expected as were local income taxes \$57,154. While intergovernmental revenues were (\$57,074) less than budgeted.

Total expenditures were more than the final budgetary estimates by \$320,440. A large portion of this difference is attributable to debt service expenses of \$364,381 related to the bond refinance. These expenses were offset by unbudgeted loan proceeds and a \$34,726 in expense savings in the Public Works department.

Propriety Funds

As discussed above, the City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Operating Revenue is calculated using charges for services, reimbursements from developers, and miscellaneous revenues. Operating Expense is calculated using actual personnel, operating, and depreciation costs, without consideration of budgeted use of net assets.

The Water Fund had an operating loss of (\$30,040) as compared to (\$111,845) in FY 2012; the Sewer Fund had an operating loss of (\$528,821) as compared to (\$657,723) in FY2012. The operating loss is derived by calculating the difference between operating revenues and operating expenses. For both Water and Sewer, the operating loss can be largely attributed to the effects of depreciation expense on the funds. In FY 2013, operating expenses for these funds included depreciation and amortization costs of \$1,387,438.



The following table summarizes revenues and expenses for the governmental activities of the City and totals for the government overall.

	Governmental Activities		Total Government	
	2012	2013	2012	2013
REVENUES				
Program Revenues				
Operating grants and contributions	138,626	142,611	138,626	167,811
Charges for services	390,810	398,235	2,659,017	2,807,027
General Revenues				
Taxes	2,532,402	2,678,836	2,532,402	2,678,836
Intergovernmental	491,888	761,274	491,888	761,274
Interest	3,700	5,245	5,037	5,907
Miscellaneous	213,766	270,299	247,745	299,965
Capital grants and contributions	251,885	60,309	279,617	60,309
Total Revenues	<u>4,023,077</u>	<u>4,316,809</u>	<u>6,354,332</u>	<u>6,781,129</u>
PROGRAM EXPENSES				
General government	567,054	791,901	567,054	791,901
Public safety	922,829	1,004,666	922,829	1,004,666
Public works	1,697,005	1,591,792	1,697,005	1,591,792
Recreation and culture	325,328	315,404	325,328	315,404
Economic development	22,341	15,981	22,341	15,981
Bond issuance costs	-	4,197	-	4,197
Interest	18,326	16,953	18,326	16,953
Business-type activities	-	-	3,215,524	3,175,546
TOTAL PROGRAM EXPENSES	<u>3,552,883</u>	<u>3,740,894</u>	<u>6,768,407</u>	<u>6,916,440</u>
CHANGES IN NET ASSETS	<u>470,194</u>	<u>575,915</u>	<u>(414,075)</u>	<u>(135,311)</u>

Fiscal Year 2014

- The General Fund is expected to experience a slight increase in property tax receipts as an increasing number of newly constructed single-family properties go to settlement during the buildout of a recently platted subdivision. Property assessments, other than appeals, should remain static in FY 2014 (within the three-year assessment cycle), but general economic trends may indicate modest increases in real property values prior to the next assessment.
- Tax Equity revenue received from Frederick County is projected to see a slight increase to \$822,546 as opposed to \$761,274.
- In FY 2014, approximately \$228,000 will be transferred from the General Fund to the Capital Projects Fund for projects.
- Vehicle purchases planned for FY 2014 in both the proprietary and general funds are planned as cash purchases, to avoid adding additional debt service.
- The City anticipates reviewing its methodology for booking capital assets to better capture and account for the internal and external costs of its infrastructure investments. The Gum Springs Road Stormwater Management Project, for example, was deferred to completion in FY 2014 and involved significant in-house labor and equipment expenses.
- The City anticipates drawing down its remaining unspent bond proceeds for various capital projects in FY 2014. No new external debt is anticipated for FY 2014.
- The expansion of the Water Treatment Plant will come on line in FY 2014. The City should anticipate a significant increase in its depreciation expense from the addition of this asset, which could appear as a deficit unless other changes are made.

Request for more information:

This financial report is designed to provide a general overview of the City of Brunswick's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City Administrator, One West Potomac Street, Brunswick, Maryland 21716.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,538,041	\$ 239,439	\$ 2,777,480
Restricted cash	428,192	184,517	612,709
Taxes receivable	32,735		32,735
Accounts receivable, net of allowance	119,906	504,268	624,174
Other receivables	2,379	6,782	9,161
Other assets	-	10,954	10,954
Due from other governmental agencies	109,723	46,299	156,022
Capital assets:			
Projects under construction	104,120	3,036,120	3,140,240
Land	149,147	28,068	177,215
Capital assets, being depreciated	9,203,394	41,104,502	50,307,896
Less: Accumulated depreciation	<u>(2,541,057)</u>	<u>(12,376,934)</u>	<u>(14,917,991)</u>
Capital assets, net	<u>6,915,604</u>	<u>31,791,756</u>	<u>38,707,360</u>
Total Assets	<u>\$ 10,146,580</u>	<u>\$ 32,784,015</u>	<u>\$ 42,930,595</u>
Liabilities			
Accounts payable	\$ 75,886	56,309	\$ 132,195
Interest payable	-	11,261	11,261
Accrued liabilities	55,039	-	55,039
Compensated absences	104,483	56,304	160,787
Escrow deposits	95,948	29,460	125,408
Other liabilities	35,482	-	35,482
Bond and loans payable:			
Due within one year	30,020	104,043	134,063
Due in more than one year	<u>473,344</u>	<u>3,349,560</u>	<u>3,822,904</u>
Total Liabilities	<u>870,202</u>	<u>3,606,937</u>	<u>4,477,139</u>
Deferred Inflows of Resources			
Unearned revenue:			
Developers	-	12,792,062	12,792,062
Other	<u>12,242</u>	<u>39,177</u>	<u>51,419</u>
Total Deferred Inflows of Resources	<u>12,242</u>	<u>12,831,239</u>	<u>12,843,481</u>
Net Position			
Net investment in capital assets	6,412,240	28,338,153	34,750,393
Unrestricted	<u>2,851,896</u>	<u>(11,992,314)</u>	<u>(9,140,418)</u>
Total Net Position	<u>\$ 9,264,136</u>	<u>\$ 16,345,839</u>	<u>\$ 25,609,975</u>

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Position		
						Governmental Activities	Business-type Activities	Total
	Primary government							
	Governmental activities							
	General government	\$ (791,901)	\$ 117,933	\$ 1,103	13,370	\$ (659,495)	\$ -	\$ (659,495)
	Public safety	(1,004,666)	-	52,409	22,947	(929,310)	-	(929,310)
	Public works	(1,591,792)	220,480	63,672	10,995	(1,296,645)	-	(1,296,645)
	Recreation and culture	(315,404)	59,822	25,427	5,127	(225,028)	-	(225,028)
	Economic development	(15,981)	-	-	7,870	(8,111)	-	(8,111)
	Bond issuance costs	(4,197)	-	-	-	(4,197)	-	(4,197)
	Interest expense	(16,953)	-	-	-	(16,953)	-	(16,953)
	Total governmental activities	<u>(3,740,894)</u>	<u>398,235</u>	<u>142,611</u>	<u>60,309</u>	<u>(3,139,739)</u>	<u>-</u>	<u>(3,139,739)</u>
	Business-type activities							
	Water services	(1,319,437)	1,205,110	-	-	(114,327)	(114,327)	(114,327)
	Sewer services	(1,856,109)	1,203,682	25,200	-	(627,227)	(627,227)	(627,227)
	Total primary government	<u>\$ (6,916,440)</u>	<u>\$ 2,807,027</u>	<u>\$ 167,811</u>	<u>\$ 60,309</u>	<u>(3,139,739)</u>	<u>(741,554)</u>	<u>(3,881,293)</u>
	General Revenues							
	Taxes							
	Property taxes, levied for general purposes					2,016,638	-	2,016,638
	Income taxes					561,154	-	561,154
	Other local taxes					101,044	-	101,044
	County tax equity					761,274	-	761,274
	Income on investments					5,245	662	5,907
	Administrative fees					5,000	10,000	15,000
	Miscellaneous income					265,299	19,666	284,965
	Total general revenues					<u>3,715,654</u>	<u>30,328</u>	<u>3,745,982</u>
	Change in net position					575,915	(711,226)	(135,311)
	Net position - beginning of year, restated					8,688,221	17,057,065	25,745,286
	Net position - end of year					<u>\$ 9,264,136</u>	<u>\$ 16,345,839</u>	<u>\$ 25,609,975</u>

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 2,538,166	\$ (125)	\$ 2,538,041
Restricted cash	143,672	284,520	428,192
Receivables			
Taxes	32,735	-	32,735
Customers	119,906	-	119,906
Other governments	97,729	11,994	109,723
Other	2,379	-	2,379
Due from other funds	-	1,202,098	1,202,098
Total Assets	<u>\$ 2,934,587</u>	<u>\$1,498,487</u>	<u>\$ 4,433,074</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 45,976	\$ 29,910	\$ 75,886
Accrued liabilities	55,039	-	55,039
Escrow deposits	95,948	-	95,948
Other liabilities	35,482	-	35,482
Due to other funds	1,202,098	-	1,202,098
Total Liabilities	<u>1,434,543</u>	<u>29,910</u>	<u>1,464,453</u>
Deferred Inflows of Resources			
Unearned revenue	12,242	-	12,242
Total Deferred Inflows of Resources	<u>12,242</u>	<u>-</u>	<u>12,242</u>
Fund Balances			
Assigned for capital projects	-	1,468,577	1,468,577
Unassigned	1,487,802	-	1,487,802
Total Fund Balances	<u>1,487,802</u>	<u>1,468,577</u>	<u>2,956,379</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,934,587</u>	<u>\$1,498,487</u>	<u>\$ 4,433,074</u>

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Local property taxes	\$2,016,638	\$ -	\$ 2,016,638
Local income taxes	561,154	-	561,154
Other local taxes	101,044	-	101,044
Licenses and permits	90,063	-	90,063
Intergovernmental revenues	905,768	37,363	943,131
Service charges	297,066	-	297,066
Fines and forfeitures	11,105	-	11,105
Miscellaneous	296,611	697	297,308
	<u>4,279,449</u>	<u>38,060</u>	<u>4,317,509</u>
Total Revenues			
Expenditures			
General government	843,410	-	843,410
Public safety	1,009,964	-	1,009,964
Public works	1,427,189	217,332	1,644,521
Recreation and culture	168,482	64,398	232,880
Economic development	15,981	7,870	23,851
Debt service	402,044	-	402,044
Miscellaneous	44,178	-	44,178
	<u>3,911,249</u>	<u>289,600</u>	<u>4,200,849</u>
Total Expenditures			
Excess (Deficiency) of			
Revenues over Expenditures	368,200	(251,540)	116,660
Other Financing Sources (Uses)			
Loan proceeds	425,257	-	425,257
Operating transfers	(278,000)	278,000	-
	<u>147,257</u>	<u>278,000</u>	<u>425,257</u>
Total Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources			
over Expenditures and Other Uses	515,457	26,460	541,917
Fund Balance July 1, 2012	972,345	1,442,117	
Fund Balance June 30, 2013	<u>\$1,487,802</u>	<u>\$1,468,577</u>	
Adjustments for the Statement of Activities			
Debt service expenditures			380,894
Loan proceeds			(425,257)
Depreciation expense			(366,210)
Capital outlay			458,596
Loss on sale of asset			(699)
Compensated absences			(13,326)
Change in Net Position of Governmental Activities			<u>\$ 575,915</u>

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
RECONCILIATION OF FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013

Fund balances - governmental funds \$ 2,956,379

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, therefore are not reported in the funds

Property and equipment, net 6,915,604

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds

Long-term debt (503,364)
 Compensated absences (104,483)

Net position - governmental activities \$ 9,264,136

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 160,427	\$ 79,012	\$ 239,439
Restricted cash	103,291	81,226	184,517
Accounts receivable - customers	241,588	262,680	504,268
Other receivables	6,782	-	6,782
Other assets	10,954	-	10,954
Due from other governmental agencies	-	46,299	46,299
Total Current Assets	523,042	469,217	992,259
Non-current Assets			
Internal balances	-	2,843,209	2,843,209
Projects under construction	3,007,653	28,467	3,036,120
Capital assets	13,181,110	27,951,460	41,132,570
Accumulated depreciation	(4,841,322)	(7,535,612)	(12,376,934)
Capital assets, net	11,347,441	20,444,315	31,791,756
Total Non-current Assets	11,347,441	23,287,524	34,634,965
Total Assets	\$ 11,870,483	\$ 23,756,741	\$ 35,627,224
Liabilities			
Current Liabilities			
Current portion of bonds and loans payable	\$ 40,616	\$ 63,427	\$ 104,043
Accounts payable	35,652	20,657	56,309
Interest payable	4,909	6,352	11,261
Compensated absences	20,035	36,269	56,304
Escrow deposits	11,784	17,676	29,460
Total Current Liabilities	112,996	144,381	257,377
Non-current Liabilities			
Internal balances	2,843,209	-	2,843,209
Bonds and loans payable	1,577,077	1,772,483	3,349,560
Total Non-current Liabilities	4,420,286	1,772,483	6,192,769
Total Liabilities	4,533,282	1,916,864	6,450,146
Deferred Inflows of Resources			
Unearned revenue - developers	5,661,546	7,130,516	12,792,062
Unearned revenue - other	23,353	15,824	39,177
Total Deferred Inflows of Resources	5,684,899	7,146,340	12,831,239
Net Position			
Net investment in capital assets	9,729,748	18,608,405	28,338,153
Unrestricted	(8,077,446)	(3,914,868)	(11,992,314)
Total Net Position	\$ 1,652,302	\$ 14,693,537	\$ 16,345,839

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$1,205,110	\$ 1,203,682	\$ 2,408,792
Administrative fees	5,000	5,000	10,000
Grants	-	25,200	25,200
Miscellaneous	10,496	9,170	19,666
Total Operating Revenues	1,220,606	1,243,052	2,463,658
Operating Expenses			
Personnel services	451,538	410,663	862,201
Operating	355,902	416,978	772,880
Depreciation and amortization	443,206	944,232	1,387,438
Total Operating Expenses	1,250,646	1,771,873	3,022,519
Operating loss	(30,040)	(528,821)	(558,861)
Non-operating Revenues (Expenses)			
Interest on invested funds	215	447	662
Interest expense and fees	(68,791)	(84,236)	(153,027)
Total Non-operating Expenses	(68,576)	(83,789)	(152,365)
Change in net position	(98,616)	(612,610)	(711,226)
Total Net Position, beginning of year, restated	1,750,918	15,306,147	17,057,065
Total Net Position, end of year	<u>\$1,652,302</u>	<u>\$ 14,693,537</u>	<u>\$ 16,345,839</u>

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers and users	\$ 3,407,161	\$ 940,992	\$ 4,348,153
Cash received from other governments	-	140,613	140,613
Cash received from developers	165,287	4,988	170,275
Other cash receipts	3,331	128	3,459
Cash payments to suppliers	(494,310)	(408,405)	(902,715)
Cash payments to employees for services	(438,144)	(398,333)	(836,477)
Net cash provided by operating activities	<u>2,643,325</u>	<u>279,983</u>	<u>2,923,308</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	(71,032)	(59,430)	(130,462)
Acquisition and construction of capital assets - current year	(2,327,139)	(203,038)	(2,530,177)
Proceeds from capital debt	1,355,862	1,561,141	2,917,003
Principal paid on capital debt	(1,374,007)	(1,607,301)	(2,981,308)
Interest paid on capital debt	(72,411)	(87,786)	(160,197)
Net cash used in capital and related financing activities	<u>(2,488,727)</u>	<u>(396,414)</u>	<u>(2,885,141)</u>
Cash flows from investing activities			
Investment income	215	447	662
Net cash provided by investing activities	<u>215</u>	<u>447</u>	<u>662</u>
Net increase (decrease) in cash and cash equivalents	154,813	(115,984)	38,829
Cash and cash equivalents, beginning of year	<u>108,905</u>	<u>276,222</u>	<u>385,127</u>
Cash and cash equivalents, end of year	<u>\$ 263,718</u>	<u>\$ 160,238</u>	<u>\$ 423,956</u>

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (30,040)	\$ (528,821)	\$ (558,861)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation and amortization	443,206	944,232	1,387,438
Developer connection fees and other	2,179,435	(189,746)	1,989,689
Net change in operating assets and liabilities			
Accounts receivable - customers	18,208	21,802	40,010
Accounts receivable - other governments	-	20,667	20,667
Accounts receivable - developers	165,467	-	165,467
Other assets	1,990	-	1,990
Accounts payable	(140,398)	8,573	(131,825)
Compensated absences	1,057	3,288	4,345
Escrow deposits	(8)	(12)	(20)
Deferred revenue	4,408	-	4,408
Net cash provided by operating activities	<u>\$2,643,325</u>	<u>\$ 279,983</u>	<u>\$ 2,923,308</u>

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The financial statements of the City of Brunswick, Maryland, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards Board Codification Section 2100 have been considered and there are no agencies or entities which should be presented with the City.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City follows GASB 62 in applying GASB guidance to its proprietary activities, which incorporates Financial Accounting Standards Board statements and interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The statement of net position and the statement of activities report information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and managerial requirements. The following is a brief description of the specific funds used by the City in fiscal year 2013:

Governmental Fund Types

General Fund – This Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the City, (i.e., police, recreation, public works, general government, etc.). These activities are funded principally by property and income taxes on individuals and businesses, and grants from other governmental units.

Special Revenue Fund – This fund accounts for the disposition of Federal Housing and Urban Development grant monies.

Capital Projects Fund – This fund accounts for the purchase, construction or renovation of major general fixed assets over an extended period of time (other than those financed by the Proprietary Funds). While capital outlay accounts are used in each function reported in the General Fund, longer-term projects, those with mixed funding or projects of a large amount or spanning several fiscal years, are accounted for in this fund.

Proprietary Fund Types

Enterprise Funds – Water and sewer services are accounted for in Enterprise Funds. The primary measurement focus is upon the determination of net income, financial position, and cash flow. The generally accepted accounting principles are similar to those used in the private business sector.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide statements are prepared using the economic resources measurement focus and 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. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental fund.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net position is reported as restricted when constraints placed on net position use are externally imposed by grantors or contributors. 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.

Government 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 recognized when cash is received and when amounts to be received are both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues as available if they are collected within 60 days after year-end.

Expenditures generally are recorded when the related 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.

Business type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash, Cash Equivalents, and Investments

For purposes of the statement of cash flows, the City considers cash on hand, demand deposits, and all highly liquid investments and debt instruments with maturities of three months or less from the date of acquisition to be cash and cash equivalents. Generally, cash resources of the individual funds are combined to form a pool of cash and investments; investments consist primarily of certificates of deposit, Maryland Local Government Investment Pool (MLGIP), and an investment checking account (BB&T Money Rate Savers). Investments are carried at market value in all funds. Investment income earned as a result of pooling is distributed to the appropriate funds based on the ending balance of cash and investments of each fund.

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The capitalization threshold for infrastructure has been established at \$10,000. Capital assets purchased or acquired are recorded at cost or, if donated, at the estimated fair market value upon receipt. Depreciation of property and equipment is computed on the straight-line method for financial reporting purposes. Depreciation is provided for over the estimated useful lives of the assets.

Buildings	20 – 50 years
Improvements	10 – 50 years
Software	3 – 5 years
Vehicles	3 – 5 years
Machinery and equipment	3 – 10 years

Budgets and Budgetary Accounting

The budget document is a comprehensive financial plan showing all revenues and expenditures expected for the General Fund, Capital Projects Fund, Special Revenue Fund, and the Proprietary Funds of the City. Budgets are adopted on an annual cycle for all funds, except the capital projects fund, which adopts a project-length budget on an annual basis.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. City officials request all departments to submit their proposed operating budgets for the fiscal year commencing the following July 1.
2. All budget requests are compiled by the Finance Committee, and after making departmental reviews of the requests, a recommended budget is presented to the Mayor and Council.
3. Public hearings are required by law to be scheduled by City officials with approval of the Mayor and Council.

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Prior to the commencement of the fiscal year, the property tax rate is set and the budget is adopted.
5. Appropriations lapse at the end of the fiscal year (except in the Capital Projects Fund).
6. During the year, the Mayor and Council may amend the budget at a regularly scheduled public meeting.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the statement of net position. Short-term interfund loans are classified as “interfund receivables/payables.”

Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation, compensatory, and sick pay benefits. Employees are entitled to receive payment for all unused vacation and compensatory hours upon termination. An employee is entitled to receive payment for all unused vacation hours upon termination only if he/she resigns. Terminated employees are not paid out accrued vacation leave. Accumulated vacation and compensatory hours are accrued when incurred in the government-wide and proprietary fund financial statements.

Fund Balance

The City has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for its governmental funds. Under GASB Statement No. 54, fund balances are required to be reported according to the following classifications:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the City’s highest level of decision-making authority, the Mayor and Council.

Assigned fund balance – Amounts that are constrained by the City’s intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Mayor and Council, or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Estimates

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from estimates.

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(2) CASH, INVESTMENTS, AND EQUITY IN POOLED INVESTED CASH

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments exists when, in the event of the failure of the counterparty to a transaction, a government may be unable to recover the value of investment or collateral securities that are in the possession of an outside party. At year-end, the City's carrying amount of deposits was \$2,905,159; the bank balance was \$3,030,080; and cash on hand was \$810. The balances were fully covered by the Federal Deposit Insurance Corporation and collateral held by the pledging financial institution's trust department in the City's name.

Investments held by the City are stated at fair value. Investments at June 30, 2013, include certificates of deposit. The carrying amount was \$351,886 and the bank balances were \$351,886. This amount was covered by collateral held in the pledging bank's trust department or by its agent. Also, the City had \$132,334 invested in the Maryland Local Government Investment Pool (MLGIP) which was fully collateralized at June 30, 2013.

The City's cash and investments as of June 30, 2013, as presented in the Statement of Net Position reconciled to the City's deposits and investments, are as follows:

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 2,538,041	\$ 239,439	\$ 2,777,480
Restricted cash	428,192	184,517	612,709
	<u>\$ 2,966,233</u>	<u>\$ 423,956</u>	<u>\$ 3,390,189</u>

	Governmental Activities	Business-Type Activities	Total
Cash on hand	\$ 810	\$ -	\$ 810
Deposits in banks	2,481,203	423,956	2,905,159
Certificates of deposit	351,886	-	351,886
Investment Pools (MLGIP)	132,334	-	132,334
	<u>\$ 2,966,233</u>	<u>\$ 423,956</u>	<u>\$ 3,390,189</u>

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(2) CASH, INVESTMENTS, AND EQUITY IN POOLED INVESTED CASH (CONTINUED)

At June 30, 2013, the City had the following investments:

Investment Type (All funds)	Fair Value	Investment Maturities		% of Portfolio
		< 1 Year	1-5 Years	
Certificates of deposit	\$ 351,886	\$ -	\$ 351,886	72.67%
Investment Pool (MLGIP)	132,334	132,334	-	27.33%
	<u>\$ 484,220</u>	<u>\$ 132,334</u>	<u>\$ 351,886</u>	<u>100.00%</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy is not explicit as to how interest rate risk is managed. The interest rate in the MLGIP fluctuates throughout the year. The applicable interest rate at June 30, 2013 was 0.08% for the MLGIP and between 0.25% and 1.95% for the certificates of deposit.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The City shall invest only in the following types of securities, which are authorized by the State:

- Obligations of U.S. governmental agencies
- Fully insured or collateralized certificates of deposit
- Repurchase agreements and reverse repurchase agreements not to exceed 360 days to stated maturity
- Bankers acceptances with the highest quality letter and numerical rating
- Municipal securities with the highest quality letter and numerical rating
- Money market mutual funds containing securities of U.S. governmental agencies
- Local Government Investment Pool administered by the State Treasurer

The City's investment policy states that collateralization is required on bank accounts, certificates of deposit, and repurchase agreements at 102% of the market value of principal and accrued interest for balances not covered by FDIC Insurance.

The City's investments have received the following ratings by Standard & Poor's: Maryland Local Government Investment Pool (MLGIP) rated AAAm. There are no ratings on the certificates of deposit.

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(2) CASH, INVESTMENTS, AND EQUITY IN POOLED INVESTED CASH (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer, not applicable to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, and external investment pools or other pooled investments. More than 10% of the City's portfolio is invested in debt instruments (certificates of deposit).

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The City does not maintain cash or investments of foreign currency, thus there are no associated risks.

(3) UNEARNED REVENUE

Unearned revenue arises in governmental funds when revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. unearned revenue also arises, in both governmental and proprietary funds, when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. Unearned revenue in the governmental funds amounted to \$12,242 at June 30, 2013, due to not meeting the recognition criteria. Unearned revenue in the proprietary funds amounted to \$12,831,239 due to the government not having a legal claim to the funds.

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

Governmental Activities	Balance July 1, 2012	Additions	Adjustments/ Disposals	Transfers	Balance June 30, 2013
Capital assets, not being depreciated					
Land and land improvements	\$ 149,147	\$ -	\$ -	\$ -	\$ 149,147
Construction in progress	233,217	249,781		(378,878)	104,120
Total capital assets not being depreciated	<u>382,364</u>	<u>249,781</u>	<u>-</u>	<u>(378,878)</u>	<u>253,267</u>
Capital assets, being depreciated					
Buildings	1,299,688	-	-	-	1,299,688
Infrastructure	2,837,570	-	-	372,861	3,210,431
Improvements	3,286,241	-	-	-	3,286,241
Machinery and equipment	636,369	186,250	(49,000)	6,017	779,636
Vehicles	636,789	22,565	(58,676)	-	600,678
Software	26,720	-	-	-	26,720
Total capital assets being depreciated	<u>8,723,377</u>	<u>208,815</u>	<u>(107,676)</u>	<u>378,878</u>	<u>9,203,394</u>
Less: accumulated depreciation	<u>(2,281,824)</u>	<u>(366,210)</u>	<u>106,977</u>	<u>-</u>	<u>(2,541,057)</u>
Total capital assets being depreciated, net	<u>6,441,553</u>	<u>(157,395)</u>	<u>(699)</u>	<u>378,878</u>	<u>6,662,337</u>
Governmental Activities capital assets, net	<u>\$ 6,823,917</u>	<u>\$ 92,386</u>	<u>\$ (699)</u>	<u>\$ -</u>	<u>\$ 6,915,604</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 33,109
Public safety	34,839
Public works	215,738
Parks and recreation	82,524
Total depreciation expense – Governmental activities	<u>\$ 366,210</u>

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(4) CAPITAL ASSETS (CONTINUED)

<u>Business-Type Activities</u>	Balance	Adjustments/			Balance
	July 1, 2012	Additions	Disposals	Transfers	June 30, 2013
Capital assets, not being depreciated					
Land and land improvements	\$ 28,068	\$ -	\$ -	\$ -	\$ 28,068
Construction in progress	738,759	2,530,177	-	(232,816)	3,036,120
Total capital assets, not being depreciated	<u>766,827</u>	<u>2,530,177</u>	<u>-</u>	<u>(232,816)</u>	<u>3,064,188</u>
Capital assets, being depreciated					
Buildings and improvements	9,056,048	-	-	-	9,056,048
Infrastructure	30,119,743	44,167	-	232,816	30,396,726
Machinery and equipment	1,524,393	61,180	-	-	1,585,573
Vehicles	59,323	25,115	(18,283)	-	66,155
Total capital assets being depreciated	40,759,507	130,462	(18,283)	232,816	41,104,502
Less: accumulated depreciation	<u>(11,007,779)</u>	<u>(1,387,438)</u>	<u>18,283</u>	<u>-</u>	<u>(12,376,934)</u>
Total capital assets being depreciated, net	<u>29,751,728</u>	<u>(1,256,976)</u>	<u>-</u>	<u>232,816</u>	<u>28,727,568</u>
Business-Type Activities capital assets, net	<u>\$ 30,518,555</u>	<u>\$ 1,273,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,791,756</u>

Depreciation expense was charged to functions/programs as follows:

Business-Type activities	
Water	\$ 443,206
Sewer	944,232
Total depreciation expense – Business-Type activities	<u>\$ 1,387,438</u>

(5) LONG-TERM DEBT

Debt outstanding at June 30, 2013 is as follows:

<u>Governmental Activities Debt</u>	<u>Rate</u>	<u>Amount</u>
Maryland Department of the Environment; Due 2019; Annual principal and interest payments of approximately \$15,000	1.10%	\$ 79,803
2012 Tax-Exempt Bond payable to PNC Bank; Due 2030; Annual principal and interest payments fluctuate throughout the life of the bonds	2.90%	364,381
2013 U.S. Bank Copier Lease; Due 2018; Annual principal and interest payments of approximately \$13,000	5.00%	<u>59,180</u>
Total Governmental Activities Debt		<u>\$ 503,364</u>

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(5) LONG-TERM DEBT (CONTINUED)

<u>Enterprise Debt</u>	<u>Rate</u>	<u>Amount</u>
Water Quality Bond Series 2004 payable to Maryland Water Quality Financing Administration; Due 2024; Annual principal and interest payments of approximately \$27,000.	0.40%	\$ 294,770
Reservoir Bond payable to the Maryland Water Quality Financing Administration; Due 2026; Annual principal and interest payments of approximately \$25,000	1.10%	261,878
2012 Tax-Exempt Bond payable to PNC Bank; Due 2030; Annual principal and interest payments fluctuate throughout the life of the bonds	2.90%	2,500,253
2012 Taxable Bond payable to PNC Bank; Due 2020; Annual principal and interest payments fluctuate throughout the life of the bonds	4.45%	395,000
2013 U.S. Bank Copier Lease; Due 2018; Annual principal and interest payments of approximately \$13,000	5.00%	<u>1,702</u>
Total Enterprise Fund Debt		<u>\$ 3,453,603</u>

Debt service payment requirements are as follows:

	<u>Enterprise</u>		<u>General Government</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 104,043	\$ 96,676	\$ 30,020	\$ 14,726
2015	106,008	94,367	31,806	14,117
2016	191,661	92,000	39,142	13,219
2017	220,570	86,535	43,340	12,098
2018	249,526	80,160	46,493	10,832
2019-2023	1,140,708	295,563	113,960	34,412
2024-2028	1,010,190	151,500	135,806	21,250
2029-2033	430,896	18,875	62,798	2,751

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(5) LONG-TERM DEBT (CONTINUED)

Interest expense

For the year ended June 30, 2013, total interest was \$136,399 and reported as follows: interest expense of \$16,953 for governmental activities and \$119,446 for business-type activities.

Changes in Long-Term Liabilities

During the year ended June 30, 2013 the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in 1 year
Governmental activities:					
Bonds payable	\$ 459,001	\$ 364,381	\$ (379,198)	\$ 444,184	\$ 20,436
Capital Lease		60,876	(1,696)	59,180	9,584
Governmental activities - Long-term liabilities	<u>\$ 459,001</u>	<u>\$ 425,257</u>	<u>\$ (380,894)</u>	<u>\$ 503,364</u>	<u>\$ 30,020</u>
Business-type activities:					
Bonds payable	\$ 3,517,908	\$ 2,915,253	\$ (2,981,260)	\$ 3,451,901	\$ 103,767
Capital Lease	-	1,750	(48)	1,702	276
Business-type activities - Long-term liabilities	<u>\$ 3,517,908</u>	<u>\$ 2,917,003</u>	<u>\$ (2,981,308)</u>	<u>\$ 3,453,603</u>	<u>\$ 104,043</u>

During fiscal year 2007, the City issued \$36,310,000 in Special Obligation Bonds for the Brunswick Crossing Special Tax District. The bonds are not a liability to the City nor are they backed by the full faith and credit of the City. The City by Ordinance created a special tax district whereby a special tax will be levied by the City on real property located within the Special Tax District. The special taxes are expected to be levied in subsequent years.

During fiscal year 2009, the City issued \$1,153,453 of infrastructure refunding bonds with an interest rate of 3.78%. These refunding bonds were issued to advance refund and defease the Water System Bond of 1993. The refunding resulted in an economic gain of \$108,786 with a total savings of \$176,478.

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(5) LONG-TERM DEBT (CONTINUED)

During fiscal year 2013, the City issued \$2,864,634 of tax-exempt infrastructure refunding bonds with an interest rate of 2.90%. These refunding bonds were issued to currently refund the Infrastructure Project and Refunding Bond Series 2010A. The City also issued \$415,000 of taxable infrastructure refunding bonds with an interest rate of 4.45%. These refunding bonds were issued to currently refund the Infrastructure Project and Refunding Bond Series 2010B. The total refundings resulted in a total savings of \$408,554.

(6) COMMITMENTS AND CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although it is believed by management that such disallowances will be immaterial.

(7) EMPLOYEE BENEFITS

All permanent employees of the City that work more than 500 hours per fiscal year are provided retirement benefits through the Employee Pension System of the State of Maryland ("Pension System"). During fiscal year 1980, the State changed from the Retirement System to the Pension System for new employees. Employees hired before December 31, 1979 had the option of remaining in the Retirement System or joining the Pension System on July 1st of each year. There were no employees that opted for the Retirement System and, therefore, only the Pension System is used.

The Pension System is a defined-benefit plan and multiple employer system. The plan involves state-wide participation of employees from numerous other state and local governmental units. The system is administered by the Maryland State Retirement Agency pursuant to the Annotated Code of Maryland.

Under the Pension System, members may retire after 30 years of service or the attainment of age 62 with five years of service, age 63 with four years of service, age 64 with three years of service or age 65 or over with two years of service. Effective November 1999, the City began participation in the State of Maryland's Contributory Pension System, an amendment of the Pension System. Effective July 2006, the City began participation in the State of Maryland's Alternate Contributory Pension Plan. The employees are required to contribute 5% of their base salaries. The revised plan also requires an employer contribution from the City. All current and future permanent employees will participate in this plan. The benefit formula changed as a result of the revisions to provide benefits based on service before and after June 30, 1998.

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(7) EMPLOYEE BENEFITS (CONTINUED)

The “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among Systems and employers.

The Maryland State Retirement and Pension System issues a comprehensive annual financial report each year. The report can be obtained from the agency's office at:

Maryland State Retirement and Pension System
120 East Baltimore Street
Baltimore, Maryland 21202

The City is required to contribute all amounts necessary for the Pension System.

City employees contribute 7% of their gross compensation to the plan. The total contributions from the employees for the years ended June 30 were:

2011	\$ 87,288
2012	133,685
2013	144,206

The City contributed to the System, which was equal to 100% of the required contributions for the years ended June 30:

2011	\$ 142,964
2012	128,921
2013	109,297

(8) GRANTS FROM GOVERNMENTAL UNITS

Federal and state governmental units represent an important source of supplementary funding used to finance construction, maintenance, employment programs, and other activities beneficial to the community. The grants received by the City specify the purpose for which the grant funds are to be used, and such grants are subject to audit by the granting agency or its representative. For the year ended June 30, 2013, the City's federal grant expenditures did not exceed \$500,000; therefore, they are not subject to the Single Audit Act.

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(9) PROPERTY TAXES

The City's property taxes are levied each July 1 at rates enacted by the Mayor and Council on the total assessed value as determined by the Maryland State Department of Assessments and Taxation.

Property taxes become delinquent on October 1. Interest accrues at 1% monthly for delinquent property taxes. Tax liens on real property are sold at public auction the second Monday in May on taxes delinquent since October 1 of the current fiscal year. Total assessed value on which levies were made for the year ended June 30, 2013 was \$438,287,371. The property tax rate was \$0.462 per \$100 of assessed value.

(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; and natural disasters. The City's general liability risks are financed through the City's participation in the Local Government Insurance Trust (LGIT). The City pays an annual premium to LGIT for its general insurance coverage. The City has coverage of \$1,000,000 for each occurrence under commercial general liability and automobile liability. The annual aggregate limit is \$3,000,000 under the commercial policy and is the most the Trust will pay under the City's agreement. In addition, the City carries property insurance limited to \$30,129,537. The City continues to carry commercial insurance for employee health, accident insurance and workers compensation. Settled claims resulting from these risks have not exceeded insurance coverage, and no significant reductions in insurance coverage have occurred in any of the past three fiscal years.

(11) RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

The City has implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* for fiscal year 2013. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure.

The City has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* for fiscal year 2013. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No.4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The components of net position were renamed to reflect the requirements of this statement.

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(11) RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The City has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for fiscal year 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. As a result of this statement, a prior period adjustment of \$113,125 was made to fully amortize bond issuance costs as of June 30, 2012. Of the total adjustment, \$12,761 was attributable to government funds and \$100,364 was attributable to proprietary funds.

(12) SUBSEQUENT EVENTS

Subsequent events are defined as events or transactions that occur after the Statement of Net Position date through the date that the financial statements are available to be issued. The City performed an evaluation as of December 11, 2013, the date the financial statements were available to be issued.

It is anticipated that the improvements to the water treatment plant will be presented to the Mayor and Council for final acceptance by February 2014. The total cost of the project was \$2,983,848.41.

**CITY OF BRUNSWICK, MARYLAND
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

Finding 13-1 – Bank account reconciliations

Condition: As noted in the prior year, the City's internal control procedures state that the bank account reconciliations will be completed and reviewed, as evidenced by the date and initials of appropriate staff, within sixty days of the ending date of the period covered by the corresponding bank statements.

The internal control procedures were not consistently followed in fiscal year 2013. Of particular concern, the operating account was not reconciled timely during fiscal year 2013. We noted that the bank account reconciliations were reviewed; however the reviews occurred more than sixty days after the end of the period.

Criteria: Monthly reconciliations should be prepared to determine that all cash transactions have been recorded properly and to discover any errors timely. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, making future reconciliations easier to perform.

Cause: Several months of the operating account reconciliations were not prepared on a timely basis in FY 2013, largely due to time constraints of the City Accountant.

Effect: The bank reconciliations were not performed and reviewed in a timely manner and established procedures were not followed. Timely preparation and review of the monthly bank account reconciliations reduces the risk that errors may not be detected.

Recommendation: We recommend that you follow your established procedures for preparation and review of the bank account reconciliations.

Response: Great strides to correct the back log of accounting tasks.

It is important to note that the City Administrator position was vacant from May through July, which caused a lapse in reconciliations and review as staff members took on higher priority responsibilities. Effective for FY 2014, the City adjusted its internal control procedures to align with peer practices. They now reflect the necessity of quarterly reconciliations as opposed to the sixty day deadline. The City will continue to improve its practice in this area in FY 2014 with all key positions fully staffed.

**CITY OF BRUNSWICK, MARYLAND
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

Finding 13-2 – Account reconciliations

Condition: The utility billings and revenue were not reconciled to the general ledger during the year, which required a significant amount of time at year-end to identify and resolve variances.

We recognize that additional processes were implemented to help facilitate the quarterly reconciliation and identification of errors more timely; however, continued improvement is necessary.

Criteria: Management is responsible for implementing an effective control environment and ensuring that account reconciliations are performed on a regular basis (i.e. monthly, quarterly, etc).

Cause: It appears that issues with Main Street, the accounting software, contributed to the continuous delays in the account reconciliations.

Effect: Account reconciliations were not performed on a regular basis resulting in delays in the year-end closing process.

Recommendation: We recommend that you review and evaluate your current procedures to ensure that account reconciliations are performed on a consistent basis allowing for accurate internal financial reporting.

Response: The Accountant worked closely with the Front Desk staff to be more aware of utility issues and correct the issues more timely. The City has budgeted funds to enable upgrading of financial software systems to improve in this area.

It is important to note that the City Administrator position was vacant from May through July, which caused a lapse in reconciliations and review as staff members took on higher priority responsibilities. Effective for FY 2014, the City adjusted its internal control procedures to align with peer practices. They now reflect the necessity of quarterly reconciliations as opposed to the sixty day deadline. The City will continue improve its practice in this area in FY 2014 with all key positions fully staffed. Quarterly reconciliations should be completed within 45 days after quarter end, starting with second quarter of FY 2014.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

For the year ended June 30, 2013	Budget		(Budgetary Basis) Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Local Property Taxes	\$1,997,143	\$1,973,800	\$2,016,638	\$ 42,838
Local Income Taxes	431,720	504,000	561,154	57,154
Other Local Taxes	35,260	113,760	101,044	(12,716)
Licenses and Permits	76,737	87,737	90,063	2,326
Intergovernmental Revenues	922,968	962,842	905,768	(57,074)
Service Charges				
Highways and streets	23,000	23,000	23,330	330
General government charges	45,450	38,350	27,870	(10,480)
Recreation charges	53,000	53,000	59,822	6,822
Tipping fees - landfill charge	177,000	184,000	186,044	2,044
Total Service Charges	298,450	298,350	297,066	(1,284)
Fines and Forfeitures	7,800	8,900	11,105	2,205
Miscellaneous Revenues	216,856	280,351	296,611	16,260
Total Revenues	\$3,986,934	\$4,229,740	\$4,279,449	\$ 49,709

The accompanying notes are an integral part of this schedule.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

For the year ended June 30, 2013	Budget		(Budgetary Basis) Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENSES				
General Government				
Mayor & Council	\$ 55,361	\$ 56,661	\$ 53,945	\$ 2,716
Elections	1,600	775	610	165
Planning, Zoning & Enforcement	198,419	173,594	177,425	(3,831)
Financial Administration	534,419	595,319	594,868	451
Legal	40,000	17,000	16,562	440
Total General Government	829,799	843,349	843,410	(61)
Public Safety				
Police Department	958,557	995,461	989,964	5,497
Fire and Rescue Contributions	20,000	20,000	20,000	-
Total Public Safety	978,557	1,015,461	1,009,964	5,497
Public Works				
Highways and Streets	975,576	1,104,715	1,071,038	33,677
Sanitation and Waste Removal	325,000	357,200	356,151	1,049
Total Public Works	1,300,576	1,461,915	1,427,189	34,726
Recreation and Culture				
Parks	17,800	26,500	25,459	1,041
Swimming Pool	82,860	65,824	60,116	5,708
Campground	13,800	20,000	19,193	807
Skateboard Park		1,800	2,646	(846)
Special Events	67,700	64,220	61,068	3,152
Total Recreation and Culture	182,160	178,344	168,482	9,862
Economic Development				
Economic Development Commission	5,760	14,260	15,981	(1,721)
Total Economic Development	5,760	14,260	15,981	(1,721)

The accompanying notes are an integral part of this schedule.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

For the year ended June 30, 2013	Budget		(Budgetary Basis) Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Other				
Contributions	\$ 23,800	\$ 33,800	\$ 32,864	\$ 936
Miscellaneous	-	9,000	11,314	(2,314)
Total Other	<u>23,800</u>	<u>42,800</u>	<u>44,178</u>	<u>(1,378)</u>
Debt Service	<u>56,143</u>	<u>34,680</u>	<u>402,044</u>	<u>(367,364)</u>
Total Expenditures	<u>3,376,795</u>	<u>3,590,809</u>	<u>3,911,249</u>	<u>(320,440)</u>
Other Financing Sources (Uses)				
Loan proceeds	-	-	425,257	425,257
Transfer to Capital Projects	(608,000)	(278,000)	(278,000)	-
Total Other Financing Sources (Uses)	<u>(608,000)</u>	<u>(278,000)</u>	<u>147,257</u>	<u>425,257</u>
Net Change in fund balance	<u>\$ 2,139</u>	<u>\$ 360,931</u>	<u>\$ 515,457</u>	<u>\$ 154,526</u>

The accompanying notes are an integral part of this schedule.