COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Garden City, Georgia

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

PREPARED BY

FINANCE DEPARTMENT


THE CITY OF GARDEN CITY
19
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FAITH
FREEDOM
FAMILY
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FUTURE

City of Garden City, Georgia
Comprehensive Annual Financial Report
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For the Year Ended December 31, 2012

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INTRODUCTORY SECTION


THE CITY OF GARDEN CITY
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GARDEN CITY

OFFICE OF
THE CITY MANAGER

Brian L. Johnson
City Manager

Rhonda Ferrell-Bowles
Assistant to the City Manager

May 6, 2013

Mayor
Members of Council
Citizens of Garden City

We are pleased to submit the Comprehensive Annual Financial Report of the City of Garden City, Georgia for the year ended December 31, 2012 to Your Honorable Body, the Mayor and Citizens of Garden City. This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups to the City. All disclosures necessary to enable the reader to gain a full understanding of the City's financial activities have been included. This report also fulfills the state law to publish an annual audit within six months of the close of each fiscal year.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and compliance section. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis; basic financial statements for governmental and proprietary funds; notes to the financial statements and the combining and individual funds statements; and schedules for the non-major governmental, special revenue, capital project, and proprietary funds. The statistical section presents selected and un-audited financial and demographic information.

The City's primary government financial statements have been audited by Karp, Ronning, & Tindol, P.C.'s. They have issued an unqualified ("clean") opinion of the City's financial statements for the year ended December 31, 2012. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic Management's Discussion and Analysis (MD&A). The MD&A immediately follows the independent auditor's report. The MD&A complements the letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Located in the heart of Chatham County, Garden City stands apart as one of the leading municipalities in coastal Georgia. Featuring a progressive blend of industry and small business, Garden City boasts a rich history, friendly neighborhoods, vibrant economy and quality services for residents. Garden City is home to the Port of Savannah's Garden City Terminal, which is the fourth-largest container port in the United States and the largest single-terminal operation in North America.

On February 8, 1939, the Superior Court of Chatham County granted the residents of Industrial City Gardens, Georgia a charter of municipal incorporation. Thus began the story of a town that became what is known today as Garden City. Prior to incorporation, from the time after the Civil War, the area was home to three major plantations: the Brampton, Givens, and Telfair. Early residents of the area were simple farmers and mill workers, many of whom eventually found work in the rapidly growing cotton and shipping industries.

Since its incorporation and until recently, Garden City operated under a Mayor-Council form of government where the Mayor was the designated chief executive of the City and presiding officer of a 7-member City Council that was elected at-large for staggered four-year terms. While responsibility for day-to-day operations was delegated to an appointed City Administrator, the Mayor maintained the ultimate authority to hire and fire, prepare and administer the budget and veto acts of the elected body. The City Council maintained responsibility for adopting the budget, passage of resolutions and ordinances, auditing the performance of the government and adoption of general policy positions.

Recent legislation has changed the structure within Garden City to a Council-Manager form of government. This system of government combines the strong political leadership of elected officials with the strong managerial experience of an appointed City Manager, enabling the Mayor and City Council to share legislative functions. The Mayor continues to be recognized as the political head of the City but now becomes a voting member of the City Council. As the governing body of the City, the Council provides legislative direction whereas a City Manager is appointed by the Council to carry out the policies it establishes and is responsible for the administrative operation of the City based on the Council's recommendations. Thus, the Mayor and Council as a collegial body are responsible for setting policy, approving the budget and adopting resolutions and ordinances. The City Manager serves at the pleasure of the Council as their chief advisor and is responsible for preparing the budget, directing day-to-day operations, hiring, and firing personnel.

In addition to the change in the form of government, the recent legislation also included the use of a mixed election system and a change in the composition of the City Council. During the 2011 election, the City Council was reduced by one member. Now, the City Council consists of seven members, one being the Mayor. Five members are elected from single-member districts with the Mayor and Mayor Pro-Tem being elected at-large. This mixed election system, combining at-large and single-member elections, blends the citywide perspective of the at-large council members with the local concerns and accountability of district council members and ensures that all geographic and minority populations continue to be properly represented.

The City of Garden City is also financially accountable for a legal separate tourism board and downtown development authority, both of which are reported separately within the City's financial statements. Additional information of the City's component units can be found in the notes to the financial statements (See Note I.A).

The annual budget currently serves as the foundation for the City's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Mayor and Council. An annual operating budget is adopted for the general fund and special revenue funds. An annual operating budget is prepared for enterprise funds for planning, control, cost allocation and evaluation purposes. All annual appropriations lapse at the fiscal year end. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

ECONOMIC CONDITION AND OUTLOOK

Summary of Local Economy

The past fiscal year showed some slight improvements. The City saw an increase in several major revenue sources that are directly linked to the economy. In FY 2012, occupational tax and Local Option Sales Tax (LOST) proceeds increased 25.2% and 4.5% respectively. The City's Insurance Premium Tax also increased by 6.2%. However, the City's franchise tax revenues decreased by 10.0% due to a reduction in the City's population during the 2010 Census.

Employment statistics reported by the Georgia Department of Labor showed that Garden City's unemployment rate is 10.7% of the civilian labor force compared to 9.4% for Chatham County. The Georgia Department of Labor indicates that the annualized average unemployment rate for Chatham County for 2011 was 9.2%.

While the City's unemployment rate remains higher than Chatham County, the City has some reason for optimism. Over the past two years, the City has seen the completion of two major distribution centers. Coastal Logistics Group, Inc. (CLG), the 16th fastest growing private logistics company in the nation, completed construction of a 320,000 square-foot facility in 2011, which also serves as their headquarters. The Judge Organization completed construction of a 270,000 square-foot warehouse and distribution center in 2012. The project is expected to generate at least 45 jobs over the next three years.

In addition, the City had 93 new applications for occupational tax certificates in 2012. This represents a 35% increase from 2011. The majority of these businesses (34%) were in the retail trade and services. Logistics and trucking related businesses represented 11% of the new applications. The City has also annexed the following businesses in 2012: Savannah Tire, Carey Hilliard's, Sonic, and InTown Suites.

Prospects for the Economy and Major initiatives

The City of Garden City recently embarked on an ambitious project to relocate its city center and build a new mixed-use downtown anchored by a New City Hall. Upon build out, the Town Center will accommodate more than 800,000 square feet of commercial, retail and residential development, which should increase the City's population base, create new employment opportunities and serve as the new "heart and soul" of the City. However, during the economic downturn, there has not been much development at the Garden City Town Center. Construction began on two projects that have been in planning phases for the last few years. Those are the Dean Forest Road Widening project and the new Chatham County public library.

- **Dean Forest Road Widening Project:** In an effort to better facilitate traffic flow and to create a more attractive curb appeal for motorists, pedestrians and bicyclists, Dean Forest Road will be widened and will feature a scenic landscaped boulevard, tree-lined streets, sidewalks and bike paths from Southbridge Blvd. to Sunshine Road. This project should be completed in FY 2013.
- **New Public Library:** In an effort to continually enhance Garden City in all areas, we have entered into a joint venture with Chatham County in having a library built. The new library will provide a convenience to the citizens, as well as a valuable resource for all the residents of Garden City and Chatham County. The project began late in FY 2012 and should be completed in FY 2014.

The City will continue to market the Town Center as much as possible, and we will continue to look for resources to continue progress at Town Center.

Mayor and Council realize that a City without a well-defined vision cannot achieve its full potential. Therefore, the City plans to develop a Strategic Master Plan to guide the community into 2025. The goal of this plan is to develop concrete and useful goals, strategies, projects, and initiatives to help guide the City as it shapes its future for the next ten years. It will be critical for the City to get as much participation as possible from citizens and stakeholders, so their desires for the City can be documented and carried out as part of the final plan.

The City must continue to maintain our current assets and reinvest in the community. The City understands the importance of maintaining and reinvesting in public facilities and infrastructure, as evidenced by the appropriation of $600,000 in FY 2012 for renovation projects. Additionally, the City was awarded $500,000 from the Georgia Department of Transportation in order to help fund the resurfacing of two major industrial roads that serve the Port of Savannah and its commerce.

Finally, Mayor and Council recognize the importance of measuring performance. As such, the City enrolled in ICMA's Center for Performance Measurements Program 101 and are in the development stages of our performance management system. The FY2013 Budget will be the first year the City will have a dedicated section in the budget for performance measures. The City will work towards using these performance measures, along with the Strategic Master Plan, to develop future budgets.

Long-Term Financial Planning

In November 2011, the City revised its fund balance policy to conform to the Governmental Accounting Standards Board (GASB) Statement 54. Part of the new policy outlines the minimum requirements for the City's Rainy Day fund balance. It states that the City Council will commit a minimum fund balance of 25% of budgeted General Fund operating expenditures for use in meeting unanticipated needs and/or emergencies. The City will maintain minimum cash reserves equaled to 15% of the General Fund budgeted operating expenditures. **This reserve will be part of the Rainy Day fund balance.**

If existing reserves exceed the required level, such funds may be used to provide for non-recurring expenditures as approved by Mayor and Council.

Awards and Acknowledgement

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Garden City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2011. This was the fourth year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the effective and dedicated services of the entire Finance Department staff.

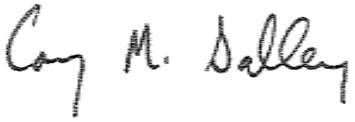
The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its FY 2012 annual budget document dated December 5, 2011. In order to qualify for the Distinguished Budget Presentation Award the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. We also express appreciation to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in management of the City of Garden City's finances for the year ending December 31, 2012.

Respectfully submitted,





Brian L. Johnson,
City Manager

Cory M. Salley,
Finance Director

City of Garden City, Georgia

List of Principal Officials

December 31, 2012

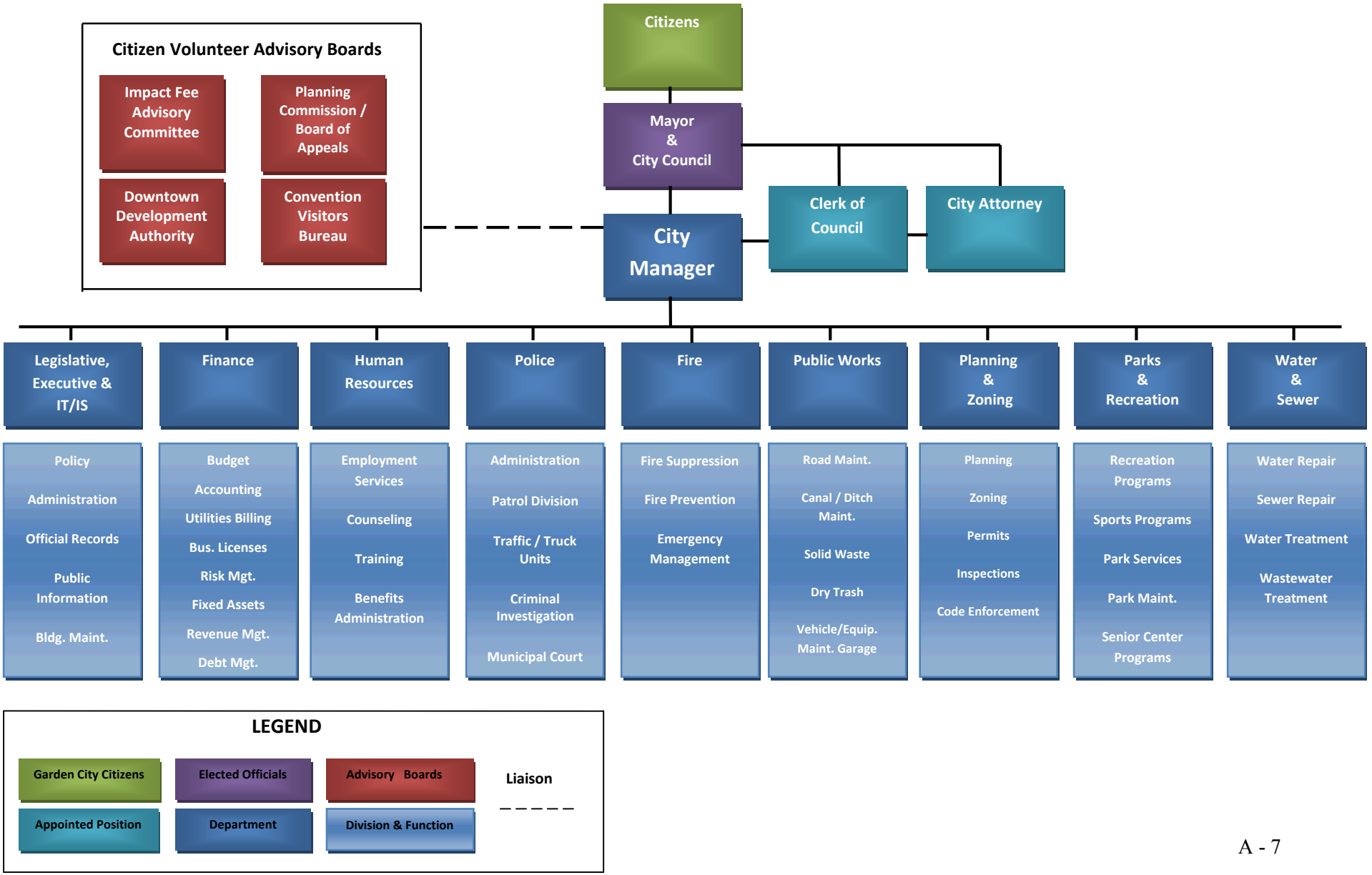
City Hall
(912) 966-7777
Fax (912) 966-7792

Mayor	Tennyson Holder
City Manager	Brian Johnson
City Clerk	Rhonda Ferrell Bowles
Director of Finance	Cory Salley
Chief of Police	David Lyons
Chief of Fire	Jimmy Crosby
Director of Public Works	Benny Googe
Director of Human Resources	Pamela Franklin
Director of Code Enforcement	Scott Allison
Director of Recreation	Cliff Ducey
Director of Information Technology	Ben Brengman
City Attorney	Jim Gerard

City Councilmembers

Scott George	Mayor Pro - Tem
Don Bethune	President of Council
Judy Shuman	Councilmember
Bruce Campbell	Councilmember
Rosetta Cody	Councilmember
Bessie Kicklighter	Councilmember

CITY OF GARDEN CITY, GEORGIA
ORGANIZATION CHART
By Department / Function



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Garden City

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P Morrill

President

Jeffrey L. Esser

Executive Director

BASIC FINANCIAL STATEMENTS


THE CITY OF GARDEN CITY
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KARP, RONNING & TINDOL
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Garden City, Georgia

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 the City of Garden City, Georgia, as of and for the year ended December 31, 2012, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the City of Garden City, Georgia, as of December 31, 2012, 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 the required supplementary information other than Management's Discussion and Analysis beginning on page C-1 and E-1 respectively 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 Information

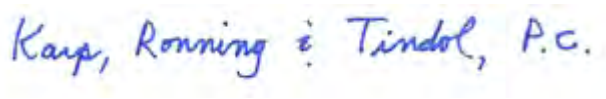
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Garden City, Georgia's basic financial statements. The supplementary data, combining fund financial statements and schedules, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary data, combining fund financial statements and schedules, listed in the table of contents and the Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data, combining fund financial statements and schedules, listed in the table of contents and the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2013 on our consideration of the City of Garden City, 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 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 Garden City, Georgia's internal control over financial reporting and compliance.



Karp, Ronning & Tindol, P.C.
Savannah, Georgia
April 18, 2013


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As management of the City of Garden City (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Garden City, Georgia for the fiscal year ended December 31, 2012. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The City's assets exceeded its liabilities by $29,156,087 (net assets) for the fiscal year reported. Of this amount, $5,296,845 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by $1,217,038.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $4,137,880, an increase of $724,112 in comparison with the prior year. The general fund reported an increase in fund balance of $528,815, and the other governmental funds reported an increase of $195,297. The increase in the general fund is a result of sound financial management by Council and City staff.
- Unassigned fund balance for the general fund was $1,149,729 or 16% of the total general fund operating expenditures. In addition, the City has $533,000 in assigned fund balance and $1,923,724 in committed fund balance for emergencies.

Overview of the Financial Statements

This annual report consists of four parts – Management's Discussion and Analysis, the basic financial statements, required supplementary information and other supplementary information that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City of Garden City. The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the City's overall health, the reader needs to consider additional nonfinancial factors such as the condition of the City's capital assets.

The government-wide financial statements of the City are divided into two categories:

- Governmental activities – Most of the City's basic services are included here, such as police, public works, court, streets, recreation, parks, and general administration. Sales taxes, franchise taxes, charges for services, and fines and forfeitures provide most of the funding.
- Business-type activities – The City charges fees to customers to help cover the costs of certain services it provides. The City's water and sewer system, solid waste collection, stormwater, and fire protection are treated as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. State law requires some funds. The City Council establishes other funds to control and manage money for particular purposes.

The City has two kinds of funds:

- Governmental funds – Most of the City's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information.

Financial Overview

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Garden City, Georgia, assets exceeded liabilities by $29.2 million at the close of the most recent fiscal period. Governmental activities comprise $16.6 million, and business-type activities make up $12.5 million of the total net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	$ 5,284,141	$ 4,471,779	$ 1,383,502	$ 2,308,145	$ 6,667,643	$ 6,779,924
Capital assets	20,803,432	21,454,656	16,568,200	16,701,178	37,371,632	38,155,834
Total assets	26,087,573	25,926,435	17,951,702	19,009,323	44,039,275	44,935,758
Current liabilities	516,392	688,474	516,093	2,277,873	1,032,485	2,966,347
Long-term liabilities	8,932,301	9,222,289	4,918,401	4,808,073	13,850,702	14,030,362
Total liabilities	9,448,693	9,910,763	5,434,494	7,085,946	14,883,187	16,996,709
Net assets:						
Invested in capital assets - net of related debt	11,928,004	12,329,724	11,678,706	11,693,200	23,606,710	24,022,924
Restricted	252,534	116,276	-	-	252,534	116,276
Unrestricted	4,458,341	3,569,672	838,502	230,177	5,296,843	3,799,849
Total net assets	$ 16,638,879	$ 16,015,672	$ 12,517,208	$ 11,923,377	$ 29,156,087	$ 27,939,049

The largest portion of the City's net assets (81%) represents its investment in capital assets such as land, buildings, infrastructure, and equipment, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City has unrestricted net assets totaling $5,296,845 or 18.2% of total net assets, which may be used to meet the City's ongoing obligations to citizens and creditors. The

remaining balance of total net assets contains resources that are subject to external restrictions on how they may be used, such as SPLOST money and confiscated assets.

The total net assets increased by $1,217,038 or 4.4% from the prior year. Governmental activities net assets increased by $623,207 or 3.9%, while business-type activities' net assets increased by $593,831 or 5.0%

Changes in Net Assets

The following table shows the changes in net assets for 2012:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue						
Program revenue:						
Charges for services	$ 1,450,844	$ 1,454,841	$ 4,974,884	$ 4,401,169	$ 6,425,728	$ 5,856,010
Operating grants and contributions	254,356	259,378	200,189	201,426	454,545	460,804
Capital grants and contributions	1,203,611	1,169,793	401,069	22,441	1,604,680	1,192,234
General Revenue:						
Sales and use taxes	3,659,228	3,503,451	-	-	3,659,228	3,503,451
Business taxes	1,192,452	1,018,253	-	-	1,192,452	1,018,253
Franchise taxes	841,543	816,915	-	-	841,543	816,915
Selective sales and use taxes	323,003	326,298	-	-	323,003	326,298
Other taxes	26,132	28,491	-	-	26,132	28,491
Unrestricted investment	2,500	2,152	816	438	3,316	2,590
Miscellaneous	142,866	208,855	13,509	-	156,375	208,855
Total revenue	9,096,535	8,788,427	5,590,467	4,625,474	14,687,002	13,413,901
Expenses						
General government	2,018,107	1,957,364	-	-	2,018,107	1,957,364
Judiciary	97,000	97,289	-	-	97,000	97,289
Public safety	3,691,402	3,990,758	-	-	3,691,402	3,990,758
Public works	706,294	1,010,737	-	-	706,294	1,010,737
Health and welfare	185,716	142,685	-	-	185,716	142,685
Culture and recreation	836,979	632,721	-	-	836,979	632,721
Housing and development	323,100	311,098	-	-	323,100	311,098
Interest on long-term debt	637,930	348,678	-	-	637,930	348,678
Water and sewer	-	-	2,952,549	3,047,325	2,952,549	3,047,325
Sanitation	-	-	399,333	385,114	399,333	385,114
Stormwater	-	-	722,104	829,794	722,104	829,794
Fire protection services	-	-	899,450	747,183	899,450	747,183
Total expenses	8,496,528	8,491,330	4,973,436	5,009,416	13,469,964	13,500,746
Excess (deficiency) before special item and transfers	600,007	297,097	617,031	(383,942)	1,217,038	(86,845)
Transfers	23,200	(292,911)	(23,200)	292,911	-	-
Change in net assets	623,207	4,186	593,831	(91,031)	1,217,038	(86,845)
Net assets, beginning, restated	16,015,672	16,011,486	11,923,377	12,014,408	27,939,049	28,025,894
Net assets, ending	$ 16,638,879	$ 16,015,672	$ 12,517,208	$ 11,923,377	$ 29,156,087	$ 27,939,049

Governmental Activities

Revenues for governmental activities totaled $9.1 million in 2012, which represents an increase of 3.5% over 2011. Sales and use taxes account for $3.7 million or 40.2% of total revenue in 2012 and reported an increase of $155,777 compared to 2011. Business taxes, which include the insurance premium tax, accounted for $1.2 million or 13.1% of total revenue in 2012 and reported a decrease of $174,199 or 17.1% from 2011. An increase in occupational taxes is responsible for this increase. Charges for services generated $1.5 million or 15.9% of total revenue for 2012. Franchise taxes increased slightly totaling $841,544 in 2012.

Expenses for governmental activities totaled $8.5 million in 2012, which represents no change compared to 2011.

Business-type Activities

The City has four business-type activities: water and sewer operations, solid waste collection services, stormwater fees, and fire protection services. Revenues for business-type activities were $5.6 million, which represents an increase of 20.9% over 2011. This increase can be attributed to slight increases in water, sewer, and fire protection rates. The fire protection fund also received several federal grants in 2012 increasing the overall revenues.

Expenses for business-type activities totaled $5.0 million in 2012, which represents no change compared to 2011.

Financial Analysis of City Funds

General Fund

The general fund is the chief operating fund of the City. At year-end, the total fund balance in the general fund was $3,732,896. The total amount of unassigned fund balance for the general fund is $1,149,729.

One measure of the general fund's liquidity is to compare its unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance and total fund balance represents 16.0% and 51.9% percent of total general fund expenditures respectively.

The fund balance of the general fund increased $528,815 million during 2012. The increase in fund balance can be attributed to higher sales tax revenues as well as close monitoring of the City's expenditures by City staff. Also, Mayor and Council appropriated funds for several projects that did not get paid for by the end of the year.

Capital Projects Fund

The capital projects fund balance at December 31, 2012 is $239,409, which must be used for SPLOST projects. The fund balance increased $134,304 over the prior year's balance. In November 2012, the City was able to take advantage of a favorable bond market and refinanced the City Hall loan. The City was able to reduce its annual payments enough to eliminate a $300,000 transfer from the General Fund, meet current debt service payments for Police vehicles, and contribute $350,000 towards a Georgia Department of Transportation grant match.

Proprietary Funds

Proprietary fund statements provide the same information as in the business-type activities column of the government-wide financial statements, only in greater detail. The City uses four enterprise funds at this time in the proprietary fund financial statements, the water and sewer fund, the solid waste fund, the stormwater fund, and the fire protection fund. An enterprise fund is required to account for the operations for which a fee is charged to external users for goods or services. At year-end, total net assets of the four enterprise funds amounted to $12.5 million as compared to $11.9 million at December 31, 2011.

Capital Assets

Statement of net assets presents capital assets in two groups: those assets subject to depreciation, such as equipment or operational facilities and those assets not subject to depreciation such as land and construction in progress. At year-end, the City's net capital assets for both governmental activities and business-type activities totaled $37.4 million. Capital assets include assets purchased, constructed or donated.

Additional information on the City's capital assets can be found in Note III.C. beginning on page D-18.

Debt Administration

The long-term liabilities at December 31, 2012 totaled $13,850,702. Of this amount, $8,932,301 relates to governmental type activities and $4,918,401 relates to business-type activities. Overall, the City's long-term liabilities decreased from FY2011 by $404,160. The only addition to long-term liabilities in 2012 (other than compensated absences) was a slight increase totaling $227,721 to a GEFA project that was completed in 2012.

Additional information on the City's debt can be found in Note III.F. beginning on page D-21.

Current Economic Conditions, Next Year's Budget

Budget to actual schedules are provided in the required supplementary information other than MD&A for the General Fund and other major governmental funds. Individual columns are provided for both the adopted and amended budgets. A column for actual expenditures and a column for differences between final budget and actual expenditures follow these columns. These schedules can be found beginning on page E-1.

The City adopted a general fund budget of $7,736,149 for FY2013. The City is constantly reviewing opportunities to increase revenue by using its assets more efficiently and effectively.

In building the FY2013 Budget, the City considered outside factors that affect funding decisions such as state and local economic conditions, federal and state mandates, political and social environment, citizen concerns, and outside agency considerations. Based on these factors, the following assumptions were made to guide the development of the budget for FY2013.

- While the City expected a reduction in Local Option Sales Tax (LOST), the amount of the reduction was unknown at the time, and as such, the City developed the budget based on the amount received in FY 2012.
- Mayor and Council budgeted over $650,000 in Legislative Contingency to help buffer the City from any major reduction in LOST.
- The City built its fund balance level significantly over the last 12 months in the event that the City Council needs to utilize these funds in FY2013 and beyond.
- Investment earnings were projected to remain at extremely low levels.
- The City will bear an increase of up to 10% in health insurance premiums for employees.
- There will be no Cost of Living Adjustments (COLAs) for employees for the second consecutive year.

Mayor and Council approved a rate increase for water and wastewater services in order to cover all operating costs, including debt service, capital improvements and service expansion needs, and maintain an operating cash reserve for emergencies. The average customer will experience an increase in their base charge of $1.50 per month. Even with the rate increase, the City still offers a competitive rate within Chatham County. A detailed rate study was conducted in 2011 and is the basis for the revenue projections. Over $3.1 million in water and sewer infrastructure improvements was approved in the FY2013.

Since the inception of the stormwater fund in 2009, there have been some expenses, mainly personnel costs, which were not fully allocated to the fund. City staff examined the fund and determined that certain employees perform only stormwater related functions. As such, the decision was made to allocate 100% of their personnel costs to the Stormwater Fund. The stormwater fund is able to absorb this realignment and still maintain the services needed to keep the City's stormwater system functioning properly.

A $2.50 rate increase was approved for fire protection fees in the FY2013 Budget. This increase will help offset a reduction in the Federal portion of the SAFER Grant received by the City in 2010. The grant has allowed the City to hire five additional fire fighters to provide 24/7 fire protection throughout the City. In turn, the City's Insurance Services Office (I.S.O.) rating was reduced from a Class 5 to a Class 3, which resulted in an approximate savings of $80 - $120 per year on homeowners' insurance policies for the average homeowner/residential property.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact: The City of Garden City, Finance Director, Cory Salley, 100 Central Avenue, Garden City, Georgia 31405.

GOVERNMENT-WIDE FINANCIAL STATEMENTS


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City of Garden City, Georgia

Statement of Net Assets

December 31, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 665,573	$ 363,150	$ 1,028,723
Investments	1,888,969	600,656	2,489,625
Receivables	1,280,822	621,518	1,902,340
Internal balances	1,169,976	(1,169,976)	-
Inventories	-	7,241	7,241
Prepaid	126,443	28,924	155,367
Restricted assets			
Cash and cash equivalents	152,358	931,989	1,084,347
Capital assets			
Land and construction in progress	6,152,226	292,761	6,444,987
Other capital assets, net of depreciation	14,651,206	16,275,439	30,926,645
Total assets	26,087,573	17,951,702	44,039,275
LIABILITIES			
Accounts payable	273,312	161,552	434,864
Accrued interest	56,472	23,471	79,943
Other liabilities	186,609	331,070	517,679
Long-term liabilities:			
Due within one year	646,635	295,549	942,184
Due in more than one year	8,285,666	4,622,852	12,908,518
Total liabilities	9,448,694	5,434,494	14,883,188
NET ASSETS			
Invested in capital assets, net of related debt	11,928,004	11,678,706	23,606,710
Restricted for			
Capital projects	239,409	-	239,409
Other purposes	13,125	-	13,125
Unrestricted	4,458,341	838,502	5,296,843
Total net assets	$ 16,638,879	$ 12,517,208	$ 29,156,087

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

City of Garden City, Georgia

Statement of Activities

For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 2,018,107	$ 72,804	$ -	$ 572,059
Judiciary	97,000	-	-	-
Public safety	3,691,402	1,218,187	244,707	608,671
Public works	706,294	2,198	-	-
Health and welfare	185,716	-	-	-
Culture and recreation	836,979	128,288	-	-
Housing and development	323,100	29,367	9,649	22,881
Interest on long-term debt	637,930	-	-	-
Total governmental activities	8,496,528	1,450,844	254,356	1,203,611
Business-type activities:				
Water and Sewer	2,952,549	3,275,829	-	81,077
Sanitation	399,333	379,454	-	-
Stormwater	722,104	864,000	-	-
Fire protection services	899,450	455,601	200,189	319,992
Total business-type activities	4,973,436	4,974,884	200,189	401,069
Total	$ 13,469,964	$ 6,425,728	$ 454,545	$ 1,604,680

General revenues:
- Taxes:
  - General sales and use taxes
  - Business taxes
  - Franchise taxes
  - Selective sales and use taxes
  - Other taxes
- Unrestricted investment earnings
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	**Business-Type Activities**	**Total**
$ (1,373,244)		$ (1,373,244)
(97,000)		(97,000)
(1,619,837)		(1,619,837)
(704,096)		(704,096)
(185,716)		(185,716)
(708,691)		(708,691)
(261,203)		(261,203)
(637,930)		(637,930)
(5,587,717)		(5,587,717)
-	404,357	404,357
-	(19,879)	(19,879)
-	141,896	141,896
-	76,332	76,332
-	602,706	602,706
(5,587,717)	602,706	(4,985,011)
3,659,228	-	3,659,228
1,192,452	-	1,192,452
841,543	-	841,543
323,003	-	323,003
26,132	-	26,132
2,500	816	3,316
142,866	13,509	156,375
23,200	(23,200)	-
6,210,924	(8,875)	6,202,049
623,207	593,831	1,217,038
16,015,672	11,923,377	27,939,049
$ 16,638,879	$ 12,517,208	$ 29,156,087


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FUND FINANCIAL STATEMENTS


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City of Garden City, Georgia

Governmental Funds

Balance Sheet

December 31, 2012

	General	Special Purpose Local Option Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 469,990	$ -	$ 195,583	$ 665,573
Investments	1,888,969	-	-	1,888,969
Receivables	1,077,884	186,010	16,928	1,280,822
Due from other funds	1,312,872	-	5,642	1,318,514
Prepaid items	126,443	-	-	126,443
Restricted cash and cash equivalents	-	151,213	1,145	152,358
Total assets	$ 4,876,158	$ 337,223	$ 219,298	$ 5,432,679
Liabilities and fund balances				
Liabilities				
Accounts payable	$ 270,313	$ -	$ 2,999	$ 273,312
Other accrued payables	186,609	-	-	186,609
Due to other funds	-	97,814	50,724	148,538
Deferred revenue	686,340	-	-	686,340
Total liabilities	1,143,262	97,814	53,723	1,294,799
Fund balances				
Nonspendable	126,443	-	-	126,443
Restricted	-	239,409	13,125	252,534
Committed - rainy day	1,923,724	-	-	1,923,724
Assigned	533,000	-	152,450	685,450
Unassigned	1,149,729	-	-	1,149,729
Total fund balances	3,732,896	239,409	165,575	4,137,880
Total liabilities and fund balances	$ 4,876,158	$ 337,223	$ 219,298	$ 5,432,679

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

City of Garden City, Georgia

Reconciliation of Total Governmental Fund Balances

To Net Assets of Governmental Activities

December 31, 2012

Total Governmental Fund Balances		$ 4,137,880
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	$ 26,902,739	
Less: accumulated depreciation	(6,099,307)	20,803,432
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds balance sheet.		
Franchise taxes	686,340	686,340
Long-term and related liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.		
Capital leases	(135,428)	
Certificates of participation, net of unamortized discount	(8,694,420)	
Compensated absences	(102,453)	
Accrued interest payable	(56,472)	(8,988,773)
Net Assets of Governmental Activities		$ 16,638,879

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

City of Garden City, Georgia

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended December 31, 2012

	General	Special Purpose Local Option Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 5,845,312	$ -	$ 179,985	$ 6,025,297
Licenses and permits	102,171	-	-	102,171
Intergovernmental	304,233	1,144,052	9,649	1,457,934
Charges for services	139,499	-	-	139,499
Fines and forfeitures	1,196,453	-	12,721	1,209,174
Investment earnings	2,484	33	13	2,530
Miscellaneous	120,451	-	1,869	122,320
Total revenues	7,710,603	1,144,085	204,237	9,058,925
Expenditures				
Current				
General government	1,614,826	-	1,831	1,616,657
Judicial	97,000	-	-	97,000
Public safety	3,502,637	-	11,773	3,514,410
Public works	675,617	-	-	675,617
Health and welfare	185,716	-	-	185,716
Culture and recreation	775,429	-	-	775,429
Housing and development	293,097	-	9,643	302,740
Debt Service				
Principal	-	9,060,504	-	9,060,504
Interest	-	881,197	-	881,197
Intergovernmental:				
Assistance	43,813	-	30,003	73,816
Total expenditures	7,188,135	9,941,701	53,250	17,183,086
Excess (deficiency) of revenues over (under) expenditures	522,468	(8,797,616)	150,987	(8,124,161)
Other financing sources (uses)				
Transfers in	284,994	237,500	59,988	582,482
Transfers out	(409,300)	-	(149,982)	(559,282)
Certficates of participation issued	-	8,740,000	-	8,740,000
Discount on certificates of participation issued	-	(45,580)	-	(45,580)
Capital lease	71,000	-	-	71,000
Sale of general capital assets	39,107	-	-	39,107
Insurance recoveries	20,546	-	-	20,546
Total other financing sources (uses)	6,347	8,931,920	(89,994)	8,848,273
Net changes in fund balances	528,815	134,304	60,993	724,112
Fund balances at beginning of year	3,204,081	105,105	104,582	3,413,768
Fund balances at end of year	$ 3,732,896	$ 239,409	$ 165,575	$ 4,137,880

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

City of Garden City, Georgia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2012

Net change in Fund Balances - Total Governmental Funds		$ 724,112
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays	$ 268,968	
Depreciation expense	(874,374)	(605,406)
The net effect of various miscellaneous transactions involving capital assets is to increase net assets.		
Net Book value of assets disposed during the year		(45,818)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Franchise fees and intergovernmental revenues:		
Deferred at 12/31/12	686,340	
Deferred at 12/31/11	(669,276)	17,064
Governmental funds report debt proceeds as an other financing source. However, in the statement of activities, debt proceeds are recognized as a long-term liability.		
Capital leases		(71,000)
Certificates of participation, net of discount		(8,694,420)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Capital leases		62,717
Note payable		8,997,787
Change in accrued interest payable		243,267
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences at 12/31/12	(102,453)	
Compensated absences at 12/31/11	97,357	(5,096)
Change in Net Assets of Governmental Activities		$ 623,207

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

City of Garden City, Georgia

Proprietary Funds

Statement of Net Assets

December 31, 2012

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Solid Waste	Stormwater	Fire Protection	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 363,150	$ -	$ -	$ -	$ 363,150
Investments	600,656	-	-	-	600,656
Receivables (net of allowance)	107,083	130,834	284,944	98,657	621,518
Inventories	6,241	-	-	1,000	7,241
Prepaid items	13,852	89	3,943	11,040	28,924
Restricted cash and cash equivalents	333,098	24,023	-		357,121
Total current assets	1,424,080	154,946	288,887	110,697	1,978,610
Noncurrent assets:					
Restricted cash and cash equivalents	574,868	-	-	-	574,868
Capital assets:					
Land and construction in progress	119,060	-	90,900	82,801	292,761
Depreciable capital assets, net of depreciation	13,228,394	-	2,489,076	557,969	16,275,439
Total capital assets, net of depreciation	13,347,454	-	2,579,976	640,770	16,568,200
Total noncurrent assets	13,922,322	-	2,579,976	640,770	17,143,068
Total assets	15,346,402	154,946	2,868,863	751,467	19,121,678
LIABILITIES					
Current liabilities:					
Accounts payable	113,315	33,078	8,443	6,716	161,552
Other accrued payables	18,402	-	2,698	13,953	35,053
Due to other funds	384,829	317,419	219,398	248,330	1,169,976
Accrued interest	23,471	-	-	-	23,471
Compensated absences	16,959	-	1,868	10,080	28,907
Notes payable	266,642	-	-	-	266,642
Current liabilities payable from restricted assets:					
Customer deposits payable	272,952	23,065	-	-	296,017
Total current liabilities	1,096,570	373,562	232,407	279,079	1,981,618
Noncurrent liabilities:					
Notes payable	4,622,852	-	-	-	4,622,852
Total noncurrent liabilities	4,622,852	-	-	-	4,622,852
Total liabilities	5,719,422	373,562	232,407	279,079	6,604,470
NET ASSETS					
Invested in capital assets, net of related debt	8,457,960	-	2,579,976	640,770	11,678,706
Unrestricted	1,169,020	(218,616)	56,480	(168,382)	838,502
Total net assets	$ 9,626,980	$ (218,616)	$ 2,636,456	$ 472,388	$ 12,517,208

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

City of Garden City, Georgia

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Assets

For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Solid Waste	Stormwater	Fire Protection	Total
Operating revenues					
Charges for services	$ 3,075,090	$ 379,337	$ 864,000	455,961	$ 4,774,388
Other income	200,739	117	350	12,799	214,005
Total operating revenues	3,275,829	379,454	864,350	468,760	4,988,393
Operating expenses					
Personnel services	939,279	-	293,714	550,729	1,783,722
Purchased and contractual services	595,771	399,321	326,612	246,872	1,568,576
Materials and supplies	375,176	12	15,259	50,394	440,841
Depreciation	858,707	-	86,519	51,455	996,681
Total operating expenses	2,768,933	399,333	722,104	899,450	4,789,820
Operating income (loss)	506,896	(19,879)	142,246	(430,690)	198,573
Nonoperating revenues (expenses)					
Intergovernmental - noncapital	3,629	-	-	150,508	154,137
Investment earnings	805	11	-	-	816
Interest expense	(183,616)	-	-	-	(183,616)
Total nonoperating revenues (expenses)	(179,182)	11	-	150,508	(28,663)
Income before capital contributions and transfers	327,714	(19,868)	142,246	(280,182)	169,910
Capital contributions	77,448	-	-	369,673	447,121
Transfers in	-	25,000	-	171,800	196,800
Transfers out	(150,000)	-	(70,000)	-	(220,000)
Change in net assets	255,162	5,132	72,246	261,291	593,831
Net assets, beginning of year	9,371,818	(223,748)	2,564,210	211,097	11,923,377
Net assets, end of year	$ 9,626,980	$ (218,616)	$ 2,636,456	$ 472,388	$ 12,517,208

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

City of Garden City, Georgia

Proprietary Funds

Statement of Cash Flows

For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Solid Waste	Stormwater	Fire Protection	Total
Cash flows from operating activities:					
Cash received from customers	$ 3,339,922	$ 372,852	$ 835,347	$ 443,010	$ 4,991,131
Cash payments to suppliers for goods and services	(1,078,962)	(396,917)	(276,627)	(142,979)	(1,895,485)
Cash payments to employees for services	(937,258)	-	(289,148)	(549,596)	(1,776,002)
Net cash provided (used) by operating activities	1,323,702	(24,065)	269,572	(249,565)	1,319,644
Cash flows from noncapital financing activities:					
Interfund transfers in (out)	(150,000)	25,000	(70,000)	171,800	(23,200)
Interfund borrowings (repayments)	(356,246)	-	-	-	(356,246)
Net cash provided (used) by noncapital financing activities	(506,246)	25,000	(70,000)	171,800	(379,446)
Cash flows from capital and related financing activities:					
Proceeds from debt	109,237	-	-	-	109,237
Tap fees	77,448	-	-	-	77,448
Intergovernmental revenue	3,629	-	-	520,181	523,810
Acquisitions and construction of capital assets	(216,730)	-	(199,572)	(442,416)	(858,718)
Principal payments on debt	(227,721)	-	-	-	(227,721)
Interest payments on debt	(184,438)	-	-	-	(184,438)
Net cash (used) by capital and related financing activities	(438,575)	-	(199,572)	77,765	(560,382)
Cash flows from investing activities:					
Interest earned on cash and investments	805	11	-	-	816
Purchase of investments	(324,214)	-	-	-	(324,214)
Net cash provided (used) by investing activities	805	11	-	-	816
Net increase (decrease) in cash and cash equivalents	55,472	946	-	-	56,418
Cash and cash equivalents, beginning of year	1,215,644	23,077	-	-	1,238,721
Cash and cash equivalents, end of year	$ 1,271,116	$ 24,023	$ -	$ -	$ 1,295,139
Operating income (loss)	$ 506,896	$ (19,879)	$ 142,246	$ (430,690)	$ 198,573
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	858,707	-	86,519	51,455	996,681
Change in assets and liabilities:					
Decrease (increase) in accounts receivables	54,984	(22,709)	(29,003)	(25,750)	(22,478)
Decrease (increase) in inventories	(6,241)			(1,000)	
Decrease (increase) in prepaid items	(470)	-	(3,943)	18,193	13,780
(Decrease) Increase in accounts payable	(101,304)	2,416	(17,334)	(29,308)	(145,530)
(Decrease) Increase in accrued liabilities	2,021	-	4,566	4,129	10,716
(Decrease) increase in customer deposits	9,109	620	-	-	9,729
(Decrease) increase in interfund balances	-	15,487	86,521	163,406	265,414
Total adjustments	816,806	(4,186)	127,326	181,125	1,128,312
Net cash provided (used) by operating activities	$ 1,323,702	$ (24,065)	$ 269,572	$ (249,565)	$ 1,326,885

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


THE CITY OF GARDEN CITY
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NOTES TO THE FINANCIAL STATEMENTS


THE CITY OF GARDEN CITY
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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Garden City, Georgia was organized in 1930. The City operates under a council-manager form of government and provides the following services as authorized by its charter: general administrative services, public safety (police and fire), highways and streets, sanitation, culture and recreation, public improvements, and planning and zoning.

GASB Statement No. 14 defines the reporting entity for determining which potential component units should be included in a primary government's financial statements. Inclusion is based on financial accountability or the fact that exclusion would make the financial statements misleading or incomplete. The criteria for determining financial accountability includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose financial burdens on the City.

Blended Component Unit

Blended components units are separate legal entities that meet the component criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides service entirely to the City or exclusively for the benefit of the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City has one blended component unit, the Garden City Tourism Board. The Garden City Tourism Board's governing body is substantively the same as the governing body of the primary government. The Garden City Tourism Board does not issue separate financial statements.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The Downtown Development Authority for the City of Garden City is the City's only discretely presented component unit. The Authority has a calendar year end. At the time the Authority has no significant activity or assets and is in a dormant status.

Membership in a Regional Commission

Under Georgia law, the City is a member of the Coastal Regional Commission and is required to pay annual dues thereto. During the year ended December 31, 2012, the City paid $13,167 in such dues. Membership in an CRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the CRC in Georgia. The CRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an CRC. Management believes the CRC is currently accumulating sufficient financial resources to meet its obligations. Separate financial statements may be obtained from Coastal Regional Commission, P.O. Box 1917, Brunswick, Georgia 31521.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. 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 financial statements. 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 have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both measurable and available to finance expenditures of the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current 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.

Sales taxes, franchise taxes, occupational taxes and interest associated with the current period are all considered to be susceptible to accrual and have so been recognized as revenues of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General fund is the City's primary operating fund. It accounts for all financial resources of the City, except for those required to be accounted for in another fund.

The Special Purpose Local Option Sales Tax (SPLOST) capital projects fund accounts for the receipt and use of local government shared revenues (SPLOST proceeds) to be used for the acquisition, construction, or improvement of capital facilities approved in the City's intergovernmental agreement with Chatham County, Georgia.

The City reports the following major proprietary funds:

The Water and Sewer enterprise fund accounts for financial resources from the operation of the sewage treatment plant, sewage pumping stations and collection systems, and the distribution of water.

The Solidwaste enterprise fund accounts for financial resources from the operation of the City's sanitation services.

The Stormwater enterprise fund accounts for financial resources from the operation of the City's stormwater drainage systems.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Fire Protection enterprise fund accounts for financial resources from the operation of the City's fire protection services.

Additionally, the City reports the following fund types:

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes.

Capital project funds account for the receipt and use of resources to be used for the acquisition, construction, or improvements of capital facilities (other than those financed by proprietary funds).

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. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 on nonoperating revenues and expenses.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the United States Government and agencies of corporations of the United States Government; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers acceptances; repurchase agreements; and Georgia Fund I. Georgia Fund I is managed by the State of Georgia's Office of State Treasurer under Georgia Law (OCGA 36-83-8). The pool operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The fair value of the City's position in the pool is the same as the value of pool shares ($1 per share value). As a public fund, Georgia Fund 1 is exempt from any disclosure of custodial credit risk.

All investments are stated at fair value.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales taxes, franchise fees, grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements. Accounts receivable comprise the majority of proprietary fund receivables. Trade receivables are shown net of an allowance for doubtful accounts.

3. Prepaid Items

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.

4. Restricted Assets

Certain assets of the SPLOST fund, the Water and Sewer fund and the Solidwaste fund are classified as restricted assets because their use is limited by third party restrictions. When both restricted and non-restricted assets are available for use, it is the City's policy to use restricted resources first, then non-restricted resources, as they are needed.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. General infrastructure assets acquired prior to January 1, 2004 are not reported in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental fund financial statements. All capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized in the proprietary fund as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	30
Utility plant in service	30
Machinery and equipment	5 - 10
Infrastructure	30

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligation

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Bond issuance costs are amortized over the life of the bonds using the straight-line method.

8. Equity Classifications

Equity is classified as net assets and displayed in three components in the government-wide financial statements.

Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net assets consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The *nonspendable fund balance* classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance reflects constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the city council – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the city council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance reflects the amounts constrained by the city's "intent" to be used for specific purposes, but are neither restricted or committed. The city council and city manager have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General fund, that are not classified as nonspendable and are neither restricted nor committed.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Unassigned fund balance is the residual classification for the General fund. It is also used to report negative fund balances in other governmental funds.

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.

9. Interfund Transactions

Interfund transactions are reflected as loans, are for services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Actual results may differ from these estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

For the year ended December 31, 2012, maintenance shop expenditures exceeded appropriations in the general fund by $4,614. These over expenditures were funded by excess revenues in the general fund.

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III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits:

At year end the carrying amount of the City's cash-on-hand and deposits with financial institutions was $2,111,670 and the bank balance was $1,775,514. The bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. The Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by a 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% of the public funds being secured after the deduction of the amount of depository insurance. The City has no custodial credit risk policy that would require additional collateral requirements.

Investments:

In its investment of public funds, the City follows state statutes and adopted investment policies. As of December 31, 2012 the investments of the City were:

Investment	Average Credit Rating	Fair Value	Maturities in Years
Georgia Fund 1	Aaa	$ 2,489,625	less than 1 year

Deposit and investment transactions are subject to a variety of risks. The City seeks to promote the safety of principal, provide adequate liquidity for operational needs, earn market rates of return on investments consistent with liquidity needs and investment quality, and conform to legal requirements.

Interest rate risk is the risk that changes in interest rates that will adversely affect the value of an investment. The City does not have a policy that addresses this risk.

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The City does not have a policy that addresses this risk.

A reconciliation of cash and investments as shown on the government-wide Statement of Net Assets follows:

Basic Financial Statements:	
Cash and cash equivalents	$ 1,028,723
Investments	2,489,625
Cash and cash equivalents - restricted	1,084,347
Total cash and investments	$ 4,602,695
Notes to Financial Statements:	
Deposits with financial institutions	$ 2,111,670
Investments	2,489,625
Cash on hand	1,400
Total cash and investments	$ 4,602,695

III. DETAILED NOTES ON ALL FUNDS *(continued)*

B. Receivables

Receivables as of year end, including the applicable allowances for uncollectible accounts are as follows:

Receivable	General	SPLOST Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Fire Protection Fund	Total
Taxes	$ 1,023,315	$ -	$ 16,928	$ -	$ -	$ -	$ -	$ 1,040,243
Accounts	14,950	-	-	148,229	137,195	294,286	94,742	689,402
Intergovernmental	39,619	186,010	-	-	-	-	10,274	235,903
Other	-	-	-	-	-	-	-	-
Gross receivables	1,077,884	186,010	16,928	148,229	137,195	294,286	105,016	1,965,548
Less: allowance for doubtful accounts	-	-	-	(41,146)	(6,361)	(9,342)	(6,359)	(63,208)
Net total receivables	$ 1,077,884	$ 186,010	$ 16,928	$ 107,083	$ 130,834	$ 284,944	$ 98,657	$ 1,902,340

Substantially all receivables are expected to be collected within one year.

C. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Government Activities					
Capital assets, not being depreciated					
Land	$ 5,794,877	$ -	$ -	$ -	$ 5,794,877
Construction in progress	357,349	-	-	-	357,349
Total capital assets not being depreciated	6,152,226	-	-	-	6,152,226
Capital assets, being depreciated					
Buildings	14,289,194	-	-	-	14,289,194
Machinery and equipment	4,741,546	268,968	226,534	-	4,783,980
Infrastructure	1,677,339	-	-	-	1,677,339
Total capital assets, being depreciated	20,708,079	268,968	226,534	-	20,750,513
Less accumulated depreciation for:					
Buildings	(2,343,323)	(278,408)	-	-	(2,621,731)
Machinery and equipment	(2,648,952)	(513,868)	(180,716)	-	(2,982,104)
Infrastructure	(413,374)	(82,098)	-	-	(495,472)
Total accumulated depreciation	(5,405,649)	(874,374)	(180,716)	-	(6,099,307)
Total capital assets, being depreciated, net	15,302,430	(605,406)	45,818	-	14,651,206
Total governmental activities	$ 21,454,656	$ (605,406)	$ 45,818	$ -	20,803,432
Less related long-term debt outstanding					(8,875,428)
Invested in capital assets, net of related debt					$ 11,928,004

III. DETAILED NOTES ON ALL FUNDS *(continued)*

Depreciation expense for governmental activities is charged to functions as follows:

General government	$ 416,507
Public Safety	247,633
Public Works	148,684
Recreation	61,550
Total depreciation for governmental activities	$ 874,374

Capital asset activity for business-type activities for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated					
Land	$ 55,341	$ -	$ -	$ -	$ 55,341
Construction in progress	99,594	308,405	-	(170,579)	237,420
Total capital assets not being depreciated	154,935	308,405	-	(170,579)	292,761
Capital assets, being depreciated					
Utility plant in service	17,391,496	-	-	-	17,391,496
Buildings and systems	6,954,139	-	-	170,579	7,124,718
Other equipment	3,047,901	441,639	-	-	3,489,540
Infrastructure	2,559,343	108,674	-	-	2,668,017
Total capital assets, being depreciated	29,952,879	550,313	-	170,579	30,673,771
Less accumulated depreciation for:					
Utility plant in service	(10,201,903)	(517,525)	-	-	(10,719,428)
Buildings and systems	(595,403)	(230,236)	-	-	(825,639)
Other equipment	(2,516,910)	(157,416)	-	-	(2,674,326)
Infrastructure	(92,420)	(86,519)	-	-	(178,939)
Total accumulated depreciation	(13,406,636)	(991,696)	-	-	(14,398,332)
Total capital assets, being depreciated, net	16,546,243	(441,383)	-	170,579	16,275,439
Total business-type activities	$ 16,701,178	$ (132,978)	$ -	$ -	$ 16,568,200
Less related long-term debt outstanding					(4,889,494)
Invested in capital assets, net of related debt					$ 11,678,706

III. DETAILED NOTES ON ALL FUNDS *(continued)*

D. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2012, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	SPLOST Fund	$ 97,814
	Water and Sewer Fund	384,829
	Solid Waste Fund	317,419
	Stormwater Fund	219,398
	Fire Protection Fund	248,330
	Nonmajor governmental funds	45,082
		1,312,872
Nonmajor governmental fund	Nonmajor governmental fund	5,642
Totals		$ 1,318,514

Due To/From Other Funds

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund Transfers

	Transfers Out				
	Governmental Fund Type		Proprietary Fund Type		
	General Fund	Nonmajor Funds	Water and Sewer Fund	Stormwater Fund	Total
Transfers In:					
Governmental Fund Type					
General Fund	$ -	$ 89,994	$ 150,000	$ 45,000	$ 284,994
SPLOST Fund	237,500	-	-	-	237,500
Nonmajor Funds	-	59,988	-	-	59,988
Proprietary Fund Type					
Solidwaste Fund	-	-	-	25,000	25,000
Fire Protection Fund	171,800	-	-	-	171,800
Total transfers	$ 409,300	$ 149,982	$ 150,000	$ 70,000	$ 779,282

Throughout the course of the year, the City made occasional interfund transfers. These transfers are usually approved so that the fund receiving the money can continue to operate.

Interfund transfers are used to 1) move revenue from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

III. DETAILED NOTES ON ALL FUNDS *(continued)*

E. Capital Leases

The City has entered into lease agreements as lessee for financing of equipment and vehicles used in governmental activities. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Acitivities
Asset	
Machinery and equipment	$ 353,830
Less: accumulated depreciation	(155,134)
Total	$ 198,696

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012, were as follows:

	Governmental Activities	
Year Ending December 31,	Principal	Interest
2013	$ 77,221	$ 5,225
2014	13,460	3,039
2015	14,163	2,336
2016	14,903	1,597
2017	15,681	818
	$ 135,428	$ 13,015

F. Long-term Obligations

Governmental Activities

On October 1, 2012 the City issued Georgia Municipal Association, Inc. Certificates of Participation (Garden City Refunding Project), Series 2012, in the amount of $8,740,000 with a variable interest rate of 2.00% – 3.15%. The loan proceeds were used to (i) refund and pay in full all amounts due under the 2009 sale agreement, (ii) fund a debt service reserve and (iii) pay the costs incurred in connection with the issuance and delivery of the certificates. Payment of principal and interest payments on the note are secured by special purpose local option sales taxes and other revenues collected by the City.

Annual debt service requirements to maturity for the note payable is as follows:

Year Ending December 31,	Principal	Interest
2013	$ 470,000	$ 332,019
2014	510,000	295,585
2015	520,000	257,808
2016	530,000	218,636
2017	540,000	178,019
2018 - 2022	2,890,000	275,090
2023 - 2027	3,280,000	275,090
Totals	$ 8,740,000	$ 1,832,247

III. DETAILED NOTES ON ALL FUNDS *(continued)*

Business-type Activities

GEFA Loans. The City has entered into loan agreements with the Georgia Environmental Facilities City (GEFA), a state agency. The GEFA makes low interest long-term loans to fund improvements to publicly owned water and sewer systems.

The following shows the details of the business-type activities long-term liabilities through December 31, 2012:

Liability Description / Purpose	Original Amount	Interest Rate	Amount
GEFA 2000-L76WS - Water and Sewer Improvements	$ 978,522	5.15%	$ 611,799
GEFA 2001-L11WJ - Water and Sewer Improvements	2,395,602	4.45%	1,603,407
GEFA 2003-L43WS - Water and Sewer Improvements	255,446	3.82%	184,263
GEFA 2006-L51WS - Water and Sewer Improvements	496,650	4.12%	433,314
GEFA 2008-L08WQ - Water and Sewer Improvements	393,667	4.10%	347,043
GEFA 2008-L25WQ - Water and Sewer Improvements	1,737,484	4.27%	1,709,668
Total GEFA loans payable			4,889,494
Less current portion			(266,642)
Long-term portion of GEFA loans payable			$ 4,622,852

Annual debt service requirements to maturity are as follows:

Year Ending December 31,	GEFA Loans Principal	GEFA Loans Interest
2013	$ 266,642	$ 210,185
2014	278,726	198,101
2015	291,408	185,418
2016	304,628	172,197
2017	318,566	158,261
2018 - 2022	1,824,003	560,119
2023 - 2027	985,419	223,376
2028 - 2032	620,102	56,267
Totals	$ 4,889,494	$ 1,763,924

III. DETAILED NOTES ON ALL FUNDS *(continued)*

Long-term liability activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Capital leases	$ 127,145	$ 71,000	$ 62,717	$ 135,428	$ 77,221
Notes payable	8,997,787	-	8,997,787	-	-
Certificates of participation, series 2012	-	8,740,000	-	8,740,000	470,000
Unamortized discount	-	(45,580)	-	(45,580)	(3,039)
Compensated absences	97,357	274,642	269,546	102,453	102,453
Total governmental activities long-term liabilities	$ 9,222,289	$ 9,040,062	$ 9,330,050	$ 8,932,301	$ 646,635
Business-type Activities					
GEFA loans	$ 5,007,978	$ 109,237	$ 227,721	$ 4,889,494	$ 266,642
Total loans payable	5,007,978	109,237	227,721	4,889,494	266,642
Compensated absences	24,595	76,575	72,263	28,907	28,907
Total business-type activities long-term liabilities	$ 5,032,573	$ 185,812	$ 299,984	$ 4,918,401	$ 295,549

For governmental activities, long-term liabilities are generally liquidated by the SPLOST fund. For business-type activities, long-term liabilities are liquidated by the water and sewer enterprise fund.

G. Reserved Fund Balances / Retained Earnings and Restricted Asset Accounts

Amounts for specific purpose by classification and fund for the year ended December 31, 2012 are as follows:

Classification/Fund	Purpose	Amount
Nonspendable		
General fund	Prepaid items	$ 126,443
Restricted		
Special Purpose Sales Tax fund	Capital projects	239,409
Confiscated Asset fund	Public safety	11,980
Multiple Grant fund	Grant purposes	1,145
Committed		
General fund	Rainy day	1,923,724
Assigned		
General fund	Projects/improvements	533,000
Tourism Board	Promote tourism	152,450
Unassigned		
General fund		1,149,729
Total fund balance		$ 4,137,880

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and workers compensation for which the City carries the following insurance coverage:

Risk Pools. The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the City in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims – incurred but not reported (IBNR) – is established by an actuary. The City has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims, which the City is liable (up to the applicable deductible), which were outstanding and unpaid at December 31, 2012. No provisions have been made in the financial statements for any estimate of potential claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims.

However, the enabling statute creating the GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency, as management believes the likelihood for assessment is remote.

Self-Insurance. The City pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

B. Commitments and Contingencies

The City receives a number of grants that are subject to program compliance audits by the grantors. Noncompliance with the terms and provisions of these grant agreements could result in contingent liabilities to the grantor agencies.

Various claims are pending against the City. The City attorney estimates that the potential effect of these claims net of insurance coverage would not be material in relation to the overall financial statements.

C. Employee Retirement Systems and Plans

Plan Description. Management, as authorized by City Council, has established a noncontributory defined benefit plan (The Garden City Retirement Plan) covering all full-time employees. The plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Benefits are fully vested after 10 years of service. Participants become eligible to retire at age 65, with 5 years of participation in the plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.75% of final average earnings up to a participant's amount of covered compensation multiplied by the participant's years of total credited service. These benefit provisions and all other requirements are established by local ordinance.

IV. OTHER INFORMATION *(continued)*

As of July 1, 2012, the plan membership included the following categories of participants:

Retireed participants and beneficiaries	24
Terminated vested particpants	46
Active participants	103
Total participants	173

Funding Policy. The City's policy is to contribute the actuarially determined amount as recommended by the actuary. Employees do not contribute to the plan. The Board of Trustees of the GMEBS has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the plan. The annual recommended contribution is the sum of 1) the normal cost, 2) the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1988 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year during which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

For 2012, the actuarially determined rate was 9.90% of covered payroll. The City's contributions to the Plan for the years ended December 31, 2012, 2011, and 2010 were $400,893, $396,529 and $333,866 respectively and were equal to the required contributions for each year.

Annual Pension Cost. The City's annual pension cost of $400,893 equaled the City's actuarial required and actual contribution. The required contribution was determined as a part of the July 1, 2012 actuarial valuation, using the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets as described in the tables of Significant Actuarial Assumptions and Actuarial Assumptions and Methods. The period, and related method, for amortizing the initial unfunded actuarial accrued liability over 30 years from 1988 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for the plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar. These amortization periods, if applicable, are open for this plan year.

Trend Information. Trend information, which gives an indication of the progress made in accumulating sufficient assets to pay benefits when due, is presented below.

Schedule of Employer Contributions

Fiscal Year Funding	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
12/31/2010	$ 333,866	100%	$ -
12/31/2011	396,529	100%	-
12/31/2012	400,893	100%	-

Fund Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date, the plan was 83.63% funded. The actuarial accrued liability for benefits was $4,903,818 and the actuarial value of assets was $4,101,286. The covered payroll (annual payroll of active employees covered by the plan) was $4,140,529. The unfunded accrued actuarial liability (UAAL) was $802,532 and the ratio of the UAAL to the covered payroll was 19.38%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

IV. OTHER INFORMATION *(continued)*

Significant Actuarial Assumptions

Valuation Date	7/1/2012
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Method	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 50% of the market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.50% pluse age and service based merit increases
Social Security Wage Base Increase	3.50%
Inflation	3.50%
Cost of Living Adjustments	0.00%

Optional Defined Contribution Retirement Plan

Plan Description and Funding Requirements. The City of Garden City participates in a defined contribution plan administered by ICMA –RC to provide retirement benefits for employees. The plan is identified as a 457 retirement plan. The authority under which the plan provisions are established and may be amended rest with City Council. At December 31, 2012 there were 49 employees participating in the plan. All full-time employees are eligible to participate in the plan and all plan members are allowed to make voluntary contributions. The City contributes, on behalf of each participant, 50% of the contribution made by the participant for the plan year (not including participant contributions exceeding 6% of earnings). Total contributions for the year ended December 31, 2012, were $123,387 by the employees and $76,230 by the government.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION & ANALYSIS


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City of Garden City, Georgia
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues:				
Taxes	$ 5,598,000	$ 5,809,244	$ 5,845,312	$ 36,068
Licenses and permits	127,000	106,000	102,171	(3,829)
Intergovernmental revenues	229,849	275,800	304,233	28,433
Charges for services	129,600	141,930	139,499	(2,431)
Fines and forfeitures	1,200,000	1,245,420	1,196,453	(48,967)
Investment income	10,000	1,600	2,484	884
Other revenues	135,200	120,700	120,451	(249)
Total revenues	7,429,649	7,700,694	7,710,603	9,909
Expenditures:				
Current:				
General governmental:				
Council	448,905	150,581	54,013	96,568
City manager	726,287	828,252	759,446	68,806
General administration	766,108	818,159	801,367	16,792
Judicial:				
Municipal court	98,000	98,000	97,000	1,000
Public safety:				
Police	3,399,098	3,487,296	3,445,360	41,936
Emergency management	63,389	63,389	57,277	6,112
Public works:				
Public works administration	529,204	603,004	541,688	61,316
Maintenance and shop	101,313	129,315	133,929	(4,614)
Health and welfare:				
Senior citizens center	151,242	201,122	185,716	15,406
Culture and recreation:				
Recreation	590,830	906,905	754,662	152,243
Parks	8,000	22,141	20,767	1,374
Housing and development:				
Planning and zoning	315,473	326,730	293,097	33,633
Total current	7,197,849	7,634,894	7,144,322	490,572
Intergovernmental:				
Assistance	75,000	60,000	43,813	16,187
Total intergovernmental	75,000	60,000	43,813	16,187
Total expenditures	7,272,849	7,694,894	7,188,135	506,759
Excess (deficiency) of revenues over (under) expenditures	156,800	5,800	522,468	516,668
Other financing sources (uses):				
Transfers in	285,000	285,000	284,994	(6)
Transfers out	(471,800)	(421,800)	(409,300)	12,500
Capital lease	-	71,000	71,000	-
Sale of general capital assets	30,000	40,000	39,107	(893)
Insurance recoveries	-	20,000	20,546	546
Total other financing sources (uses)	(156,800)	(5,800)	6,347	12,147
Net change in fund balance	-	-	528,815	528,815
Fund balance, beginning of year	3,204,081	3,204,081	3,204,081	-
Fund balance, end of year	$ 3,204,081	$ 3,204,081	$ 3,732,896	$ 528,815

I. Budgetary Information

A. Budgets and Budgetary Accounting

State law requires the City to adopt by ordinances or resolutions an annual balanced budget for the general fund and each special revenue fund. A budget is balanced when the sum of estimated revenues and appropriated fund balance is equal to appropriations. The legal level of budgetary control over expenditures is exercised by the City at the department level for its general and special revenue funds. Appropriations lapse at year-end.

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

1. During the month of August, department heads prepare budget requests to submit to the City Manager.
2. The City Manager reviews the budget requests during September.
3. Committee meetings are held during October.
4. City Council holds budget hearings and approves the budget in November with a final budget adopted prior to December 31.
5. Amendments to the budget must be approved by the City Council.
6. Formal budgetary integration is employed for the General Fund and Special Revenue Funds on a basis consistent with generally accepted accounting principles. Project length budgets are adopted for the capital projects funds.

Supplemental appropriations and decreases in budget appropriations were properly approved by the City Council. For the year ended December 31, 2012, the following supplemental and decrease in appropriations were approved:

Fund Type	Original Appropriation	Supplemental Appropriation	Supplemental Decreases	Final Appropriation
General Fund	$ 7,744,649	$ 735,369	$ 363,324	$ 8,116,694
Special Revenue	244,711	-	-	244,711

B. Excess of Expenditures Over Appropriation in Individual Funds

General Fund:		
Maintenance and shop	$	4,614

City of Garden City, Georgia
Required Supplementary Information – Schedule of Funding Progress
December 31, 2012

The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), a state-wide, agent multiple-employer defined benefit plan. The amounts reflected herein represent the City's portion as reported by GMEBS.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability [AAL] (b)	Unfunded AAL [UAAL] (Funding Excess) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Funding Excess) As a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	$ 3,224,112	$ 4,129,205	$ 905,093	78.1%	$ 3,804,781	23.8%
7/1/2011	3,649,760	4,461,957	812,197	81.8%	3,982,278	20.4%
7/1/2012	4,101,286	4,903,818	802,532	83.6%	4,140,529	19.4%


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SUPPLEMENTARY DATA
COMBINING FUND FINANCIAL STATEMENTS AND SCHEDULES


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Nonmajor Governmental Funds

Special Revenue Funds:

The Special Revenue Funds are used to account for proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Confiscated Assets Fund – accounts for the receipt and disbursement of condemned monies awarded to the City by court order and expenditure of these funds.

Hotel – Motel Fund – accounts for revenues and expenditures of hotel – motel tax restricted by local ordinance for the promotion of tourism.

Garden City Tourism Board – accounts for operations of the Garden City Tourism Board. Transfers from the hotel/ motel tax fund provide the primary financing source for this fund. Expenditures of these funds are for the promotion of tourism.

Multiple Grant Fund – accounts for the receipt and disbursement of various grant resources awarded to the City.


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City of Garden City, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Special Revenue Funds				
	Confiscated Assets	Hotel - Motel	Tourism Board	Multiple Grant	Total
Assets					
Cash and cash equivalents	$ 13,016	$ 24,197	$ 158,370	$ -	$ 195,583
Taxes receivable	-	16,928	-	-	16,928
Due from other funds	-	-	5,642	-	5,642
Restricted cash and cash equivalents	-	-	-	1,145	1,145
Total assets	$ 13,016	$ 41,125	$ 164,012	$ 1,145	$ 219,298
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ -	$ 2,822	$ 177	$ -	$ 2,999
Due to other funds	1,036	38,303	11,385	-	50,724
Total liabilities	1,036	41,125	11,562	-	53,723
Fund balances					
Restricted	11,980	-	-	1,145	13,125
Assigned	-	-	152,450	-	152,450
Total fund balance	11,980	-	152,450	1,145	165,575
Total liabilities and fund balance	$ 13,016	$ 41,125	$ 164,012	$ 1,145	$ 219,298

City of Garden City, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Special Revenue Funds				
	Confiscated Assets	Hotel - Motel	Tourism Board	Multiple Grant	Total
Revenues:					
Taxes	$ -	$ 179,985	$ -	$ -	$ 179,985
Intergovernmental	-	-	-	9,649	9,649
Fines and forfeitures	12,721				12,721
Investment earnings	-	-	13	-	13
Miscellaneous	1,000	-	869	-	1,869
Total revenues	13,721	179,985	882	9,649	204,237
Expenditures:					
Current:					
General government	-	-	1,831	-	1,831
Public safety	11,773	-	-	-	11,773
Housing and development	-	-	-	9,643	9,643
Intergovernmental:					
Assistance	-	30,003	-	-	30,003
Total expenditures	11,773	30,003	1,831	9,643	53,250
Excess (deficiency) of revenues over (under) expenditures	1,948	149,982	(949)	6	150,987
Other financing sources (uses):					
Transfers in	-	-	59,988	-	59,988
Transfers out	-	(149,982)	-	-	(149,982)
Total other financing sources (uses)	-	(149,982)	59,988	-	(89,994)
Net change in fund balance	1,948	-	59,039	6	60,993
Fund balance, beginning of year	10,032	-	93,411	1,139	104,582
Fund balance, end of year	$ 11,980	$ -	$ 152,450	$ 1,145	$ 165,575

City of Garden City, Georgia
Confiscated Assets Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Fines and forfeitures	$ 10,000	$ 11,800	$ 12,721	$ 921
Other revenues	-	-	1,000	1,000
Total revenues	10,000	11,800	13,721	1,921
Expenditures:				
Current:				
Public safety	10,000	11,800	11,773	27
Total expenditures	10,000	11,800	11,773	27
Excess (deficiency) of revenues over (under) expenditures	-	-	1,948	1,948
Other financing sources (uses):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	1,948	1,948
Fund balance, beginning of year	10,032	10,032	10,032	-
Fund balance, end of year	$ 10,032	$ 10,032	$ 11,980	$ 1,948

City of Garden City, Georgia
Hotel – Motel Tax Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	$ 176,000	$ 180,000	$ 179,985	$ (15)
Total revenues	176,000	180,000	179,985	(15)
Expenditures:				
Intergovernmental:				
Assistance	29,339	30,006	30,003	3
Total expenditures	29,339	30,006	30,003	3
Excess (deficiency) of revenues over (under) expenditures	146,661	149,994	149,982	(12)
Other financing sources (uses):				
Transfers out	(146,661)	(149,994)	(149,982)	12
Total other financing sources (uses)	(146,661)	(149,994)	(149,982)	12
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

City of Garden City, Georgia
Tourism Board Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	$ 50	$ 50	$ 13	$ (37)
Miscellaneous	-	-	869	869
Total revenues	50	50	882	832
Expenditures:				
Current:				
General government	58,711	58,711	1,831	56,880
Total expenditures	58,711	58,711	1,831	56,880
Excess (deficiency) of revenues over (under) expenditures	(58,661)	(58,661)	(949)	57,712
Other financing sources (uses):				
Transfers in	58,661	58,661	59,988	1,327
Total other financing sources (uses)	58,661	58,661	59,988	1,327
Net change in fund balance	-	-	59,039	59,039
Fund balance, beginning of year	93,411	93,411	93,411	-
Fund balance, end of year	$ 93,411	$ 93,411	$ 152,450	$ 59,039

City of Garden City, Georgia
Multiple Grant Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	$ -	$ 9,700	$ 9,649	$ (51)
Total revenues	-	9,700	9,649	(51)
Expenditures:				
Current:				
Housing and development	-	9,700	9,643	57
Total expenditures	-	9,700	9,643	57
Excess (deficiency) of revenues over (under) expenditures	-	-	6	6
Net change in fund balance	-	-	6	-
Fund balance, beginning of year	1,139	1,139	1,139	-
Fund balance, end of year	$ 1,139	$ 1,139	$ 1,145	$ -

City of Garden City, Georgia
Schedule of Cash Receipts and Disbursements
Volunteer Fire Department
For the Year Ended December 31, 2012

	2012
Cash receipts:	
Donations	$ 36,802
Transfer from Garden City	5,711
Total receipts	42,513
Cash disbursements:	
Fire station - equipment and supplies	6,091
Training, education and conferences	1,805
Office equipment and supplies	723
Clothing and safety equipment	860
Food and beverage	6,610
Flowers, gifts and awards	19,549
Dues and subscriptions	705
Total disbursements	36,343
Excess (deficiency) of receipts over disbursements	6,170
Cash balance, beginning of year	9,172
Cash balance, end of year	$ 15,342

City of Garden City, Georgia
Schedule of Projects Constructed With
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2012

Project	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total Cost
2008 - 2013 SPLOST Referendum					
Other capital outlay:					
Regional Police Academy	$ 1,419,164	$ 1,419,164	$ -	$ -	$ -
Debt Service:					
Police Department - Vehicles	511,136	511,136	154,641	-	154,641
Fire Truck	47,395	47,395	142,049	-	142,049
Public Works	189,306	189,306	-	-	-
City Hall	3,932,999	3,932,999	1,392,674	1,009,781	2,402,455
Total SPLOST expenditures.....	$ 6,100,000	$ 6,100,000	$ 1,689,364	$ 1,009,781	$ 2,699,145

Reconciliation of Schedule of Projects Constructed with Special Sales Tax Proceeds to Expenditures Reported in the Special Purpose Local Option Sales Tax Fund:

Total SPOST Fund expenditures.....	$ 9,941,701
Transfer in from other funds.....	(237,500)
Certificates of participation issued, net of discount.....	(8,694,420)
Total SPLOST expenditures.....	$ 1,009,781

City of Garden City, Georgia
Schedule of Required Expenditures
Generated by the Hotel – Motel Tax
For the Year Ended December 31, 2012

Revenue:		
Hotel / Motel taxes	$	179,985
Expenditures:		
Tourism expenditures	$	89,993
Percentage of expenditures to revenues		50%


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STATISTICAL SECTION

This part of the City of Garden City, Georgia's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends..... G -2

These schedules contain trend information to help the reader understand how the city's financial position has changed over time.

Revenue Capacity..... G -12

These schedules contain information to help the reader understand and assess the factors affecting the city's ability to generate its most significant local revenue sources, the property tax and the sales tax.

Debt Capacity..... G -19

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Economic and Demographic Information..... G -23

These schedules offer economic and demographic indicators to help the reader understand the environment within which the city's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information..... G -26

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the City's financial reports for the relevant year. The City implemented GASBS 34 in 2004; schedules presenting government-wide information (unless otherwise indicated) include information beginning in that year.


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City of Garden City, Georgia

Net Assets by Component
Last Nine Calendar Years

	2004	2005	2006
Governmental activities			
Invested in capital assets, net of related debt	$ 3,927,136	$ 4,005,261	$ 4,147,765
Restricted	2,215,719	2,407,751	2,239,292
Unrestricted	7,035,381	8,096,822	10,132,572
Total governmental activities net assets	$ 13,178,236	$ 14,509,834	$ 16,519,629
Business-type activities			
Invested in capital assets, net of related debt	$ 7,148,230	$ 6,500,230	$ 6,876,834
Restricted	-	-	-
Unrestricted	1,096,835	2,386,991	3,005,025
Total business-type activities net assets	$ 8,245,065	$ 8,887,221	$ 9,881,859
Primary Government			
Invested in capital assets, net of related debt	$ 11,075,366	$ 10,505,491	$ 11,024,599
Restricted	2,215,719	2,407,751	2,239,292
Unrestricted	8,132,216	10,483,813	13,137,597
Total primary government net assets	$ 21,423,301	$ 23,397,055	$ 26,401,488

The City of Garden City implemented GASB 34 for the calendar year ended December 31, 2004.
Information prior to the implementation of GASB 34 is not available.

2007	2008	2009	2010	2011	2012
$ 4,691,714	$ 13,763,772	$ 12,909,489	$ 12,348,736	$ 12,329,724	$ 11,928,004
1,772,604	-	-	-	116,276	252,533
15,468,336	7,846,785	7,153,169	3,991,150	3,569,672	4,458,343
$ 21,932,654	$ 21,610,557	$ 20,062,658	$ 16,339,886	$ 16,015,672	$ 16,638,880
$ 7,688,460	$ 8,293,976	$ 11,266,753	$ 11,699,882	$ 11,693,200	$ 11,678,706
-	-	-	-	-	-
3,247,446	3,002,780	1,404,345	314,526	230,177	838,502
$ 10,935,906	$ 11,296,756	$ 12,671,098	$ 12,014,408	$ 11,923,377	$ 12,517,208
$ 12,380,174	$ 22,057,748	$ 24,176,242	$ 24,116,888	$ 24,022,924	$ 23,606,710
1,772,604	-	-	25,647	116,276	252,533
18,715,782	10,849,565	8,557,514	4,211,759	3,799,849	5,296,845
$ 32,868,560	$ 32,907,313	$ 32,733,756	$ 28,354,294	$ 27,939,049	$ 29,156,088

City of Garden City, Georgia

Changes in Net Assets
Last Nine Calendar Years

	2004	2005	2006
Expenses			
Governmental activities:			
General government	$ 570,118	$ 685,370	$ 585,223
Judiciary	37,127	52,312	54,283
Public safety	2,825,929	3,078,641	3,133,517
Public works	950,435	732,921	1,119,824
Health and welfare	101,966	111,975	132,714
Culture and recreation	582,559	694,767	597,490
Housing and development	152,745	219,277	266,430
Interest on long-term debt	12,206	10,876	9,133
Total governmental activities expenses	5,233,085	5,586,139	5,898,614
Business-type activities:			
Water and sewer	1,578,828	1,685,828	1,828,024
Sanitation	317,130	349,368	305,683
Stornwater	-	-	-
Fire protection services	-	-	-
Total business-type activities expense	1,895,958	2,035,196	2,133,707
Total primary government expenses	$ 7,129,043	$ 7,621,335	$ 8,032,321
Program Revenues			
Governmental activities:			
Charges for services:			
General government	$ 44,026	$ 45,512	$ 47,217
Public safety	358,491	553,876	588,548
Public works	1,735	3,280	621
Culture and recreation	52,380	69,225	61,581
Housing and recreation	67,706	78,032	247,837
Operating grants and contributions	113,517	94,020	185,678
Capital grants and contributions	320,523	55,503	64,087
Total governmental activities program revenues	958,378	899,448	1,195,569
Business-type activities:			
Charges for services	2,216,687	2,173,562	2,298,727
Operating grants and contributions	-	-	-
Capital grants and contributions	11,650	78,374	21,150
Total business type activities program revenues	2,228,337	2,251,936	2,319,877
Total primary government program revenues	$ 3,186,715	$ 3,151,384	$ 3,515,446
Net (Expense)/Revenue			
Governmental activities	$ (4,274,707)	$ (4,686,691)	$ (4,703,045)
Business-type activities	332,379	216,740	186,170
Total primary government net expense	$ (3,942,328)	$ (4,469,951)	$ (4,516,875)

2007	2008	2009	2010	2011	2012
$ 1,035,750	$ 1,229,916	$ 1,749,681	$ 2,272,465	$ 1,957,364	$ 2,018,107
71,619	72,997	71,619	98,187	97,289	97,000
3,341,151	3,984,387	4,410,216	6,332,933	3,990,758	3,691,402
1,349,616	1,523,871	1,459,347	1,553,248	1,010,737	706,294
137,767	265,131	146,905	157,645	142,685	185,716
743,384	733,409	859,249	744,323	632,721	836,979
310,464	524,466	414,517	496,820	311,098	323,100
7,321	9,181	12,593	380,030	348,678	637,930
6,997,072	8,343,358	9,124,127	12,035,651	8,491,330	8,496,528
1,866,494	2,406,423	2,879,332	2,924,569	3,047,325	2,952,549
383,870	384,738	461,521	434,560	385,114	399,333
-	-	765,146	766,005	829,794	722,104
-	-	-	-	747,183	899,450
2,250,364	2,791,161	4,105,999	4,125,134	5,009,416	4,973,436
$ 9,247,436	$ 11,134,519	$ 13,230,126	$ 16,160,785	$ 13,500,746	$ 13,469,964
$ 69,245	$ 286,287	$ 115,827	$ 119,688	$ 116,139	$ 72,804
628,232	765,113	1,057,234	1,014,791	1,210,341	1,218,187
-	600	450	720	1,045	2,198
80,133	89,426	67,558	106,654	106,017	128,288
230,177	85,648	42,478	52,476	21,299	29,367
66,925	138,576	141,953	768,046	259,378	254,356
63,251	15,983	2,170,273	15,059	1,169,793	1,203,611
1,137,963	1,381,633	3,595,773	2,077,434	2,884,012	2,908,811
2,215,695	2,967,045	3,589,799	3,587,896	4,401,169	4,974,884
-	-	-	-	201,426	200,189
441,774	81,741	50,200	205,910	22,441	401,069
2,657,469	3,048,786	3,639,999	3,793,806	4,625,036	5,576,142
$ 3,795,432	$ 4,430,419	$ 7,235,772	$ 5,871,240	$ 7,509,048	$ 8,484,953
$ (5,859,109)	$ (6,961,725)	$ (5,528,354)	$ (9,958,217)	$ (5,607,318)	$ (5,587,717)
407,105	257,625	(466,000)	(331,328)	(384,380)	602,706
$ (5,452,004)	$ (6,704,100)	$ (5,994,354)	$ (10,289,545)	$ (5,991,698)	$ (4,985,011)

continued

City of Garden City, Georgia

Changes in Net Assets
Last Nine Calendar Years

	2004	2005	2006
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes	$ 5,143,963	$ 5,104,172	$ 5,771,657
Grants and contributions not restricted to specific programs	606,310	899,037	1,036,458
Unrestricted investment earnings	136,328	323,205	528,454
Miscellaneous	67,108	71,155	80,276
Special Item - Gain on sale of municipal complex	17,775	-	-
Transfers	(85,792)	(379,280)	(704,006)
Total governmental activities	5,885,692	6,018,289	6,712,839
Business-type activities - water and sewer:			
Unrestricted investment earnings	8,366	46,136	104,462
Miscellaeous	-	-	-
Transfers	85,792	379,280	704,006
Total business-type activities	94,158	425,416	808,468
Total primary government	$ 5,979,850	$ 6,443,705	$ 7,521,307
Change in Net Assets			
Governmental activities	$ 1,610,985	$ 1,331,598	$ 2,009,794
Business-type activities	426,537	642,156	994,638
Total primary government	$ 2,037,522	$ 1,973,754	$ 3,004,432

The City of Garden City implemented GASB 34 for the calendar year ended December 31, 2004. Information prior to the implementation of GASB 34 is not available.

2007	2008	2009	2010	2011	2012
$ 5,846,673	$ 5,842,702	$ 5,500,889	$ 5,618,465	$ 5,693,408	$ 6,042,359
1,038,544	258,538	-	202,913	-	-
737,279	360,975	67,762	18,644	2,152	2,500
125,786	201,026	241,991	200,423	191,832	142,866
3,184,212	-	-	-	17,023	-
(486,703)	(23,613)	(1,830,187)	195,000	(292,911)	23,200
10,445,791	6,639,628	3,980,455	6,235,445	5,611,504	6,210,925
160,239	79,611	10,155	1,542	438	816
-	-	-	-	-	13,509
486,703	23,613	1,830,187	(195,000)	292,911	(23,200)
646,942	103,224	1,840,342	(193,458)	293,349	(8,875)
$ 11,092,733	$ 6,742,852	$ 5,820,797	$ 6,041,987	$ 5,904,853	$ 6,202,050
$ 4,586,682	$ (322,097)	$ (1,547,899)	$ (3,722,772)	$ 4,186	$ 623,208
1,054,047	360,849	1,374,342	(524,786)	(91,031)	593,831
$ 5,640,729	$ 38,752	$ (173,557)	$ (4,247,558)	$ (86,845)	$ 1,217,039

(concluded)

City of Garden City, Georgia

Fund Balances, Governmental Funds
Last Nine Calendar Years

	2004	2005	2006
General Fund			
Reserved	$ 257,454	$ 182,844	$ 134,708
Unreserved	6,257,691	7,447,373	9,480,603
Nonspendable	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total general fund	$ 6,515,145	$ 7,630,217	$ 9,615,311
All Other Governmental Funds			
Reserved	$ 13,453	$ -	$ -
Unreserved, reported in:			
Special reveneue funds	-	(2,694)	(46)
Capital projects fund	2,201,801	2,407,751	2,239,292
Restricted			
Special reveneue funds	-	-	-
Capital projects fund	-	-	-
Assigned			
Special reveneue funds	-	-	-
Total all other governmental funds	$ 2,215,254	$ 2,405,057	$ 2,239,246

The City of Garden City implemented GASB 54 for the calendar year ended December 31, 2011. Information prior to December 31, 2004 was not readily available.

2007	2008	2009	2010	2011	2012
$ 189,626	$ 107,194	$ 3,851,793	$ 1,689,362	$ -	$ -
14,190,311	10,675,968	6,001,695	4,088,793	-	-
-	-	-	-	125,386	126,443
-	-	-	-	1,757,128	1,923,724
-	-	-	-	-	533,000
-	-	-	-	1,321,567	1,149,729
$ 14,379,937	$ 10,783,162	$ 9,853,488	$ 5,778,155	$ 3,204,081	$ 3,732,896
$ -	$ -	$ -	$ -	$ -	$ -
276,499	215,896	21,384	42,928	-	-
1,772,604	(4,135,489)	(3,411,015)	(2,478,743)	-	-
-	-	-	-	11,171	13,125
-	-	-	-	105,105	239,409
-	-	-	-	93,411	152,450
$ 2,049,103	$ (3,919,593)	$ (3,389,631)	$ (2,435,815)	$ 209,687	$ 404,984

City of Garden City, Georgia

Changes in Fund Balances, Governmental Funds
Last Nine Calendar Years

	2004	2005	2006
Revenues			
Taxes	$ 4,652,726	$ 5,068,396	$ 5,720,070
Licenses and permits	111,732	123,444	295,054
Intergovernmental	1,038,753	1,047,311	1,286,398
Charges for services	74,361	89,633	82,295
Fines and fees	338,245	536,847	568,651
Interest revenues	136,328	323,205	528,454
Other revenues	68,705	72,407	79,905
Total revenue	6,420,850	7,261,243	8,560,827
Expenditures			
Current:			
General government	605,242	560,226	550,094
Judiciary	37,127	52,312	54,283
Public safety	2,709,450	2,577,763	2,859,653
Public works	899,259	1,025,822	991,831
Health and welfare	101,966	111,975	132,714
Culture and recreation	503,029	500,379	468,847
Housing and development	152,745	136,957	164,571
Capital outlay	413,349	424,722	612,620
Debt service:			
Principal	43,367	46,801	47,810
Interest and other charges	12,206	10,876	9,133
Intergovernmental:			
Assistance	-	129,256	145,983
Total expenditures	5,477,740	5,577,089	6,037,539
Excess (Deficiency) of revenues over (under) expenditures	943,110	1,684,154	2,523,288
Other Financing sources (uses)			
Capital leases and notes payable	31,528	-	-
Certificates of participation issued	-	-	-
Discount on certificates of participation issued	-	-	-
Sale of surplus property	163,000	-	-
Insurance recoveries	-	-	-
Transfers in	174,488	100,735	131,637
Transfers out	(260,280)	(480,014)	(835,643)
Total other financing sources (uses)	108,736	(379,279)	(704,006)
Special Item			
Proceeds from sale of municipal complex	-	-	-
Net change in fund balances	$ 1,051,846	$ 1,304,875	$ 1,819,282
Debt service as a percentage of noncapital expenditures	1.15%	1.13%	1.04%

Note: Noncapital expenditures are total expenditures less capital outlay.

[(a)] In calendar year 2011 management began reporting fire safety costs in the Fire Protection enterprise fund.

Information prior to December 31, 2004 was not readily available.

2007	2008	2009	2010	2011	2012
$ 6,067,002	$ 5,681,166	$ 5,862,825	$ 5,558,257	$ 5,792,343	$ 6,025,297
299,322	371,935	158,305	172,197	136,213	102,171
1,168,720	413,097	156,106	1,067,075	1,365,828	1,457,934
107,577	111,948	86,398	119,519	125,035	139,499
600,888	743,191	1,038,844	1,002,613	1,193,593	1,209,174
737,279	360,975	67,762	18,703	2,152	2,530
125,786	238,684	241,991	223,002	231,154	122,320
9,106,574	7,920,996	7,612,231	8,161,366	8,846,318	9,058,925
993,290	1,258,805	1,778,215	1,835,903	1,527,331	1,616,657
71,619	72,997	71,619	98,187	97,289	97,000
3,016,062	3,636,442	4,106,397	4,519,181	3,577,570 [(a)]	3,514,410
1,111,409	1,314,486	1,307,368	1,082,379	811,223	675,617
137,767	148,852	146,905	157,645	142,685	185,716
626,069	733,409	745,024	744,323	570,302	775,429
417,853	495,843	386,341	639,431	326,839	302,740
1,219,135	9,910,821	8,712,346	1,875,554	-	-
51,213	142,763	219,904	283,814	1,191,325	9,060,504
7,321	9,181	12,593	380,030	377,338	881,197
91,150	100,573	88,646	115,134	92,821	73,816
7,742,888	17,824,172	17,575,358	11,731,581	8,714,723	17,183,086
1,363,686	(9,903,176)	(9,963,127)	(3,570,215)	131,595	(8,124,161)
-	361,318	10,207,438	253,698	-	71,000
-	-	-	-	-	8,740,000
-	-	-	-	-	(45,580)
-	-	-	-	-	39,107
-	-	-	-	-	20,546
205,415	3,646,975	140,885	3,327,250	3,383,109	582,482
(692,118)	(3,670,588)	(784,908)	(3,132,250)	(3,443,276)	(559,282)
(486,703)	337,705	9,563,415	448,698	(60,167)	8,848,273
3,389,558	-	-	-	-	-
$ 4,266,541	$ (9,565,471)	$ (399,712)	$ (3,121,517)	$ 71,428	$ 724,112
0.89%	1.92%	2.73%	5.98%	18.14%	58.78%

City of Garden City, Georgia

Assessed and Actual Value of Taxable Property
Last Ten Calendar Years

Tax Digest Year	Real Property		Mobile Homes	Motor Vehicles	Industrial	Utility
	Residential	Commercial				
2003[1]	$ 65,904,992	$ 95,725,418	$ 5,656,200	$ 25,925,020	$ 59,960,735	$ 4,603,446
2004[1]	68,875,016	104,117,748	5,456,200	25,104,120	64,172,410	5,202,046
2005[2]	73,296,670	108,812,133	5,557,200	24,129,680	74,199,818	5,278,878
2006[2]	84,959,176	121,928,390	5,979,000	24,656,400	78,110,613	5,700,133
2007[2]	96,315,222	139,038,044	4,837,800	25,821,260	88,079,178	5,144,188
2008[2]	102,002,998	148,130,329	4,879,800	27,855,530	93,924,012	8,489,551
2009[2]	102,612,345	153,186,452	4,716,200	28,087,370	90,569,095	7,803,677
2010[2]	87,583,851	152,466,687	4,606,800	26,211,060	102,262,351	8,491,300
2011[2]	79,077,088	144,592,269	4,519,484	25,055,760	124,301,390	10,779,351
2012[2]	78,084,103	147,194,157	5,492,582	26,301,130	111,412,897	10,150,904

Note: The City of Garden City does not levy a property tax.

[1] *Source: Georgia Department of Revenue Property Tax Division Consolidation Summary*
[2] *Source: Chatham County Tax Assessor City Only Consolidation and Evaluation Digest*

Other Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ 1,138,307	$ (7,365,039)	$ 251,549,079	-	$ 628,872,698	40%
865,208	(1,281,761)	272,510,987	-	681,277,468	40%
838,182	(10,901,255)	281,211,306	-	703,028,265	40%
2,031,356	(17,102,673)	306,262,395	-	765,655,988	40%
3,795,220	(22,627,682)	340,403,230	-	851,008,075	40%
3,869,741	(23,262,625)	365,889,336	-	914,723,340	40%
5,138,351	(20,065,855)	372,047,635	-	930,119,088	40%
3,344,329	(13,739,715)	371,226,663	-	928,066,658	40%
2,332,308	(10,098,307)	380,559,343	-	951,398,358	40%
1,153,718	(9,670,092)	370,119,399	-	925,298,498	40%

City of Garden City, Georgia

Direct and Overlapping Property Tax Rates
Last Ten Calendar Years
(rate per $1,000 of assessed value)

	Direct	Overlapping Rates			
Tax Year	City	School District	County	State	Total
2003	-	17.768	10.367	0.250	28.385
2004	-	17.600	10.367	0.250	28.217
2005	-	17.277	11.037	0.250	28.564
2006	-	15.817	10.837	0.250	26.904
2007	-	13.795	10.537	0.250	24.582
2008	-	13.404	10.537	0.250	24.191
2009	-	13.404	10.537	0.250	24.191
2010	-	14.131	10.537	0.250	24.918
2011	-	14.631	11.109	0.250	25.990
2012	-	14.631	11.109	0.200	25.940

Source: Chatham County Commission - Board Minutes

City of Garden City, Georgia

Local Option Sales Tax History
Last Nine Calendar Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
January	$ 198,128	$ 235,358	$ 246,946	$ 280,728	$ 293,311	$ 344,503	$ 273,020	$ 250,824	$ 270,245
February	230,384	282,882	307,070	324,874	327,143	254,327	270,843	280,818	290,586
March	249,036	261,209	299,409	274,918	228,148	221,021	294,915	279,450	326,733
April	227,733	213,716	296,109	282,938	301,310	394,481	275,134	295,415	298,087
May	248,480	267,321	296,695	302,503	317,991	249,038	285,449	293,494	313,743
June	280,535	264,636	340,138	323,734	301,614	269,339	281,520	304,670	321,629
July	260,412	270,665	302,035	320,618	328,109	284,952	280,362	318,112	310,599
August	244,729	269,740	332,151	288,609	304,379	314,377	279,326	306,235	293,763
September	248,004	264,241	361,600	335,186	306,294	263,508	265,355	301,040	310,136
October	229,447	290,402	306,450	314,916	278,989	269,220	274,202	273,984	302,928
November	232,499	280,142	389,374	329,570	334,426	245,272	261,524	268,169	288,766
December	234,688	245,283	210,042	599,365	272,842	270,655	300,901	331,240	332,013
Pro Rata Adjustment	-	5,679	14,582	7,315	-	-	-	-	-
Total	$ 2,884,075	$ 3,151,274	$ 3,702,601	$ 3,985,274	$ 3,594,556	$ 3,380,693	$ 3,342,551	$ 3,503,451	$ 3,659,228

Sales tax information is presented using the accrual basis of accounting.

Information prior to December 31, 2004 was not readily available.

City of Garden City, Georgia

Schedule of Significant Tax Revenues and Franchise Fees
Last Nine Calendar Years

Tax Revenue	2004	2005	2006	2007	2008	2009	2010	2011	2012
Local Option Sales Taxes	$ 2,884,065	$ 3,151,274	$ 3,702,601	$ 3,985,274	$ 3,443,904	$ 3,380,693	$ 3,342,551	$ 3,503,451	$ 3,659,228
Franchise Taxes - Electric	380,759	408,724	474,867	471,962	527,708	691,275	589,091	722,827	655,423
Franchise Taxes - Gas	41,374	36,936	27,697	43,142	33,479	31,319	31,171	30,163	30,654
Franchise Taxes - Television Cable	66,367	68,090	68,507	73,286	81,123	81,315	79,960	110,206	90,787
Franchise Taxes - Telephone	81,424	81,586	81,393	79,419	97,988	51,511	59,272	52,654	47,615
Alcoholic Beverage Excise	199,541	192,778	191,367	185,202	172,002	172,217	157,393	151,710	140,161
Local Option Mixed Drink Excise Tax	-	-	987	4,312	5,436	5,421	2,340	3,015	2,860
Business and Occupation Taxes	362,873	402,987	400,033	425,807	440,543	642,642	524,025	570,643	714,569
Insurance Premium Taxes	472,965	508,848	532,383	558,647	568,637	563,302	546,931	411,725	437,321
Financial Institution Taxes	30,589	30,400	30,310	24,561	21,952	23,251	40,349	35,885	40,562

Information prior to December 31, 2004 was not readily available.

City of Garden City, Georgia

Water Rates
Last Ten Calendar Years

Years ended December 31,	Water - Inside the City		Water - Outside the City	
	Type of Charge	Charge	Type of Charge	Charge
2003	Cubic Feet- Residential		Cubic Feet	
	Up to 300	$6.75	Up to 500	$22.28
	Over 300, per 1,000	$9.45	Over 500, per 1,000	$16.80
	Cubic Feet- Commercial			
	Up to 500	$14.85		
	Over 500, per 1,000	$11.20		
2004-2005	Cubic Feet- Residential		Cubic Feet	
	Up to 500	$7.42	Up to 500	$24.50
	Over 500, per 1,000	$10.39	Over 500, per 1,000	$18.48
	Cubic Feet- Commercial			
	Up to 500	$16.33		
	Over 500, per 1,000	$12.32		
2006	Cubic Feet- Residential		Cubic Feet	
	Up to 500	$8.17	Up to 500	$26.96
	Over 500, per 1,000	$11.43	Over 500, per 1,000	$20.34
	Cubic Feet- Commercial			
	Up to 500	$17.97		
	Over 500, per 1,000	$13.56		
2007	Cubic Feet- Residential		Cubic Feet	
	Up to 500	$8.58	Up to 500	$28.31
	Over 500, per 1,000	$12.00	Over 500, per 1,000	$21.36
	Cubic Feet- Commercial			
	Up to 500	$18.87		
	Over 500, per 1,000	$14.24		
2008 - 2010	Base	$8.96 per REU*	Base	$10.54 per REU*
	Administration Fee	$1.85	Administration Fee	$1.85
	Gallons		Gallons	
	up to 5,000	$1.00	up to 5,000	$1.50
	5,001 - 10,000	$1.50	5,001 - 10,000	$2.25
	10,001 - 15,000	$2.00	10,001 - 15,000	$3.00
	15,001 - 20,000	$2.50	15,001 - 20,000	$3.75
	Over 20,000	$3.00	Over 20,000	$4.50
2011	Base	$10.68 per REU*	Base	$12.26 per REU*
	Administration Fee	$2.35	Administration Fee	$2.35
	Gallons		Gallons	
	up to 2,500	$1.00	up to 2,500	$1.50
	2,501 - 5,000	$1.25	2,501 - 5,000	$2.00
	5,001 - 10,000	$1.50	5,001 - 10,000	$2.25
	10,001 - 15,000	$2.00	10,001 - 15,000	$3.00
	15,001 - 20,000	$2.50	15,001 - 20,000	$3.75
	Over 20,000	$3.00	Over 20,000	$4.50
2012	Base	$11.68 per REU*	Base	$13.44 per REU*
	Administration Fee	$2.35	Administration Fee	$2.35
	Gallons		Gallons	
	up to 2,500	$1.25	up to 2,500	$1.88
	2,501 - 5,000	$1.50	2,501 - 5,000	$2.25
	5,001 - 10,000	$1.75	5,001 - 10,000	$2.63
	10,001 - 15,000	$2.25	10,001 - 15,000	$3.38
	15,001 - 20,000	$2.75	15,001 - 20,000	$4.13
	Over 20,000	$3.25	Over 20,000	$4.88

** REU - Residential Equivalent Unit*

City of Garden City, Georgia

Sewer Rates
Last Ten Calendar Years

Years ended December 31,	Sewer - Inside the City		Sewer - Outside the City	
	Type of Charge	Charge	Type of Charge	Charge
2003	Cubic Feet- Residential		Cubic Feet	
	Up to 300	$10.12	Up to 500	$28.35
	Over 300, per 1,000	$9.45	Over 500, per 1,000	$16.80
	Cubic Feet- Commercial			
	Up to 500	$18.90		
	Over 500, per 1,000	$11.20		
2004-2005	Cubic Feet- Residential		Cubic Feet	
	Up to 500	$11.13	Up to 500	$31.19
	Over 500, per 1,000	$10.39	Over 500, per 1,000	$18.48
	Cubic Feet- Commercial			
	Up to 500	$20.79		
	Over 500, per 1,000	$12.32		
2006	Cubic Feet- Residential		Cubic Feet	
	Up to 500	$12.25	Up to 500	$34.31
	Over 500, per 1,000	$11.43	Over 500, per 1,000	$20.34
	Cubic Feet- Commercial			
	Up to 500	$22.87		
	Over 500, per 1,000	$13.56		
2007	Cubic Feet- Residential		Cubic Feet	
	Up to 500	$12.86	Up to 500	$36.02
	Over 500, per 1,000	$12.00	Over 500, per 1,000	$21.36
	Cubic Feet- Commercial			
	Up to 500	$24.01		
	Over 500, per 1,000	$14.24		
2008 - 2010	Base	$10.00 per REU*	Base	$12.04 per REU*
	Administration Fee	$1.85	Administration Fee	$1.85
	Gallons		Gallons	
	up to 5,000	$1.30	up to 5,000	$1.95
	5,001 - 10,000	$1.95	5,001 - 10,000	$2.93
	10,001 - 15,000	$2.60	10,001 - 15,000	$3.90
	15,001 - 20,000	$3.25	15,001 - 20,000	$4.88
	Over 20,000	$3.90	Over 20,000	$5.85
2011	Base	$11.35 per REU*	Base	$13.39 per REU*
	Administration Fee	$2.35	Administration Fee	$2.35
	Gallons		Gallons	
	up to 2,500	$1.30	up to 2,500	$1.95
	2,501 - 5,000	$1.66	2,501 - 5,000	$2.55
	5,001 - 10,000	$1.95	5,001 - 10,000	$2.93
	10,001 - 15,000	$2.60	10,001 - 15,000	$3.90
	15,001 - 20,000	$3.25	15,001 - 20,000	$4.88
	Over 20,000	$3.90	Over 20,000	$5.85
2012	Base	$13.35 per REU*	Base	$15.35 per REU*
	Gallons		Gallons	
	up to 2,500	$1.55	up to 2,500	$2.33
	2,501 - 5,000	$1.91	2,501 - 5,000	$2.87
	5,001 - 10,000	$2.20	5,001 - 10,000	$3.30
	10,001 - 15,000	$2.85	10,001 - 15,000	$4.28
	15,001 - 20,000	$3.50	15,001 - 20,000	$5.25
	Over 20,000	$4.15	Over 20,000	$6.23

** REU - Residential Equivalent Unit*

City of Garden City

Ratios of Outstanding Debt by Type
Last Ten Calendar Years

Calendar Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income [(a)]	Per Capita [(a)]
	Water Credits	Capital Leases	Certificates of Participation	Note Payable	SRF Loan	GEFA Loans			
2003	12,856	285,090	-	-	638,290	2,722,323	3,658,559	2.00%	306
2004	9,936	276,171	-	-	558,601	2,650,403	3,495,111	1.83%	287
2005	6,665	232,641	-	-	477,306	3,425,365	4,141,977	2.07%	334
2006	4,128	187,368	-	-	394,373	3,298,113	3,883,982	1.88%	308
2007	-	140,283	-	-	309,768	3,164,919	3,614,970	1.69%	282
2008	-	358,838	-	-	223,458	3,913,483	4,495,779	2.03%	345
2009	-	396,372	-	9,950,000	135,411	4,999,932	15,481,715	6.66%	1,130
2010	-	366,256	-	9,950,000	45,588	5,079,901	15,441,745	9.49%	1,628
2011	-	127,145	-	8,997,787	-	5,007,978	14,132,910	11.39%	1,610
2012	-	135,428	8,740,000	-	-	4,889,494	13,764,922	11.09%	1,568

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

[(a)] These ratios are calculated using personal income and population for the prior calendar year.

City of Garden City, Georgia

Direct and Overlapping Governmental Activities Debt
As of December 31, 2012

	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Overlapping debt repaid with property taxes:			
Chatham County, Georgia:			
DSA Chatham County Projects Series 2005	$ 11,520,000	3.51%	$ 404,352
Chatham County Public Health Facilities Projects	340,000	3.51%	11,934
DSA Chatham County Projects Series 2005A	4,950,000	3.51%	173,745
DSA Union Mission Series 2009	2,230,000	3.51%	78,273
DSA Union Mission Series 2011	2,680,000	3.51%	94,068
Mosquito Control	3,903,143	3.51%	137,000
Chatham-Savannah School Board:			
General Obligation Bonded Debt	60,110,000	3.51%	2,109,861
Overlapping other debt:			
Capital leases:			
Chatham County, Georgia	57,898	3.31%	1,917
Savannah-Chatham County School Board	8,982,003	10.25%	920,655
Subtotal, overlapping debt			3,931,806
City of Garden City direct debt			135,428
Total direct and overlapping debt			$ 4,067,234

Sources: Assessed value data used to estimate applicable percentages provided by the Chatham County Board of Taxation. Debt outstanding data provided by each governmental unit.

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

[a] For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the city's boundaries and dividing it by each unit's total taxable value. For overlapping other debt (County), the percentage of overlapping applicable is estimated using the city's population and dividing it by the county's population. For overlapping other debt (School), the percentage of overlapping applicable is estimated using the city's school enrollment and dividing it by the school district's total enrollment.

City of Garden City, Georgia

Legal Debt Margin Information
Last Ten Calendar Years

	2003	2004	2005	2006	2007
Total assessed value of taxable property	$ 251,549,079	$ 272,510,987	$ 281,211,306	$ 306,262,395	$ 340,403,230
Less exemptions for bond purposes	-	-	-	-	-
Net assessed value for bond purposes	$ 251,549,079	$ 272,510,987	$ 281,211,306	$ 306,262,395	$ 340,403,230
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	$ 25,154,908	$ 27,251,099	$ 28,121,131	$ 30,626,240	$ 34,040,323
Total net debt applicable to limit: General obligation bonds (net of set aside)	-	-	-	-	-
Legal debt margin	$ 25,154,908	$ 27,251,099	$ 28,121,131	$ 30,626,240	$ 34,040,323
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	2008	2009	2010	2011	2012
Total assessed value of taxable property	$ 365,889,336	$ 372,047,635	$ 371,226,663	$ 326,142,237	$ 370,119,399
Less exemptions for bond purposes	-	-	-	-	-
Net assessed value for bond purposes	$ 365,889,336	$ 372,047,635	$ 371,226,663	$ 326,142,237	$ 370,119,399
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	$ 36,588,934	$ 37,204,764	$ 37,122,666	$ 32,614,224	$ 37,011,940
Total net debt applicable to limit: General obligation bonds (net of set aside)	-	-	-	-	-
Legal debt margin	$ 36,588,934	$ 37,204,764	$ 37,122,666	$ 32,614,224	$ 37,011,940
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

The present constitutional limit on direct general obligation bonds for the City of Garden City is the amount equivalent to 10% of the net assessed valuation of taxable property for debt service (bond) purposes.

The Constitutional debt limitation applies to all general obligation bonds authorized. Additional general obligation bonds may authorized to be issued if so approved by a majority of those voting in an election held for that purpose. The City of Garden City has no general obligation bonds authorized but unissued.

City of Garden City, Georgia

Pledged Revenue Coverage
Last Ten Calendar Years

	Water and Sewer Long-Term Obligations					
Fiscal Year	Utility Service Charges	Less: Operating Expenses [a]	Net Available Revenue	Debt Service [b] Principal	Debt Service [b] Interest	Coverage
2003	$ 1,765,317	$ 981,516	$ 783,801	$ 87,551	$ 68,352	5.03
2004	1,912,863	936,757	976,106	166,864	185,704	2.77
2005	1,871,854	940,158	931,696	169,508	169,386	2.75
2006	1,963,331	1,039,575	923,756	210,185	173,908	2.41
2007	1,907,805	1,070,148	837,657	217,799	160,339	2.22
2008	2,633,654	1,618,935	1,014,719	225,729	132,173	2.84
2009	2,503,945	1,970,551	533,394	250,064	170,105	1.27
2010	2,351,036	1,971,069	379,967	272,574	165,923	0.87
2011	2,890,439	2,030,635	859,804	236,906	155,337	2.19
2012	3,275,829	1,910,226	1,365,603	227,721	184,438	3.31

[a] Operating expenses do not include interest, depreciation, amortization expenses, or support departments such as administration and finance.

[b] Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City of Garden City, Georgia

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population*	Personal Income [1]	Per Capita Personal Income [1]	Median Age	Unemployment Rate [2]
2003	9,775	$ 149,860,525	$ 15,331	32	3.4%
2004	9,739	153,184,731	15,729	32	3.4%
2005	9,572	154,358,072	16,126	32	5.7%
2006	9,469	155,395,759	16,411	32	4.9%
2007	9,426	157,367,070	16,695	32	5.0%
2008	9,413	159,832,740	16,980	32	7.6%
2009	9,502	162,757,152	17,129	32	7.5%
2010	8,778	143,783,640	16,380	35	10.9%
2011	8,778	143,783,640	16,380	35	11.5%
2012	8,778	143,783,640	16,380	35	10.7%

Sources:

** US Census Bureau - Population estimates have been restated to reflect 2010 Census*

(1) *Personal income has been estimated based upon the municipal population and per capita personal income presented.*

(2) *State Department of Labor*

City of Garden City, Georgia

Principal Employers
Current Year and Nine Years Ago

	2012			2003		
Employer	**Employees**	**Rank**	**Percentage of Total Metro Area Employment**	**Employees**	**Rank**	**Percentage of Total Metro Area Employment**
Gulfstream Aerospace Corporation	7,300	1	6.00%	4,300	4	3.91%
Ft. Stewart/Hunter Army Airfield	4,719	2	3.88%	3,485	6	3.17%
Memorial Health	4,643	3	3.81%	4,583	2	4.17%
Savannah-Chatham Board of Ed.	4,600	4	3.78%	4,706	1	4.28%
St. Joseph's/Candler	3,170	5	2.60%	3,800	5	3.46%
Wal-Mart	2,935	6	2.41%	-	-	-
City of Savannah	2,500	7	2.05%	2,000	7	1.82%
Savannah College of Art and Design	1,750	8	1.44%	-	-	-
Chatham County	1,500	9	1.23%	1,600	8	1.46%
Georgia-Pacific Savannah River Mill	1,200	10	0.99%	-	-	-
Savannah International Airport	-	-	0.00%	4,500	3	4.10%
International Paper	-	-	0.00%	1,500	9	1.37%
Georgia-Pacific	-	-	0.00%	1,461	10	1.33%
Total	34,317		28.19%	31,935		29.07%

Source: Savannah Economic Development Authority and Georgia Department of Labor

Note: This data includes employer and employee information for the Savannah Metropolitan Service Area.

City of Garden City, Georgia

Full Time City Employees by Function/Program
Last Ten Calendar Years

Function/Program	2003	2004	2005	2006	2007
General government	15	14	13	8	11
Public safety	43	43	41	44	49
Public works	17	13	22	19	21
Culture and recreation	11	12	12	9	13
Utility services	12	12	11	11	13
Total	98	94	99	91	107

Function/Program	2008	2009	2010	2011	2012
General government	11	11	14	13	12
Public safety	49	51	57	56	54
Public works	13	13	14	11	12
Culture and recreation	15	14	12	12	12
Water and sewer services	15	17	17	15	18
Total	103	106	114	107	108

Source: City Personnel Records

City of Garden City, Georgia

Operating Indicators by Function
Last Ten Calendar Years

	2003	2004	2005	2006	2007
Police:					
Arrests	1796	1211	1859	1897	2375
Fire:					
Number of emergency calls	210	262	261	334	366
Inspections	unav	unav	unav	unav	unav
Public works:					
Ditch maintenance (miles)	unav	unav	unav	unav	unav
Canal maintenance (miles)	unav	unav	unav	unav	unav
Dry trash (tons)	unav	unav	unav	900	1100
Water:					
New connections	unav	unav	unav	unav	unav
Average daily consumption (millions of gallons)	unav	1.3	1.2	1.2	1.2
Sewer:					
New connections	unav	unav	unav	unav	unav
Average daily sewage treatment (millions of gallons)	unav	1.04	1.09	0.97	0.98

	2008	2009	2010	2011	2012
Police:					
Arrests	2149	1256	1385	1259	854
Fire:					
Number of emergency calls	390	348	379	394	362
Inspections	unav	unav	50	53	100
Public works:					
Ditch maintenance (miles)	unav	10.7	8.1	5.6	4.96
Canal maintenance (miles)	unav	120	84	109	1,530
Dry trash (tons)	1000	826	848	848	150
Water:					
New connections	unav	10	8	7	12
Average daily consumption (millions of gallons)	1.1	1.03	1.03	0.99	0.94
Sewer:					
New connections	unav	6	8	7	11
Average daily sewage treatment (millions of gallons)	0.96	1.05	1.05	0.83	0.86

Sources: City records

unav - This information is not available.

City of Garden City, Georgia

Capital Asset Statistics by Function
Last Ten Calendar Years

	2003	2004	2005	2006	2007
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	2	2	2	2	2
Public works:					
Streets (miles)	unav	unav	unav	unav	unav
Parks and recreation:					
Parks	4	4	4	4	4
Community centers	3	3	3	3	3
Water:					
Water mains (miles)	unav	unav	unav	unav	unav
Maximum daily capacity (millions of gallons)	1.5	1.5	1.5	1.5	1.5
Wastewater:					
Sanitary sewers (miles)	unav	unav	unav	unav	unav
Maximum daily treatment capacity (millions of gallons)	2.0	2.0	2.0	2.0	2.0

	2008	2009	2010	2011	2012
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	2	2	2	2	2
Public works:					
Streets (miles)	45	45	45	45	45
Parks and recreation:					
Parks	4	4	4	4	4
Community centers	3	3	3	3	3
Water:					
Water mains (miles)	39.9	39.9	39.9	41.9	41.9
Maximum daily capacity (millions of gallons)	1.5	1.5	1.5	1.3	1.3
Wastewater:					
Sanitary sewers (miles)	45	45	45	48	48
Maximum daily treatment capacity (millions of gallons)	2.0	2.0	2.0	2.0	2.0

Sources: City records and Technical Data Assessment Garden City Comprehensive Plan

unav - This information is not available.


THE CITY OF GARDEN CITY
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FAITH
FREEDOM
FAMILY
FAIRNESS
FUTURE

COMPLIANCE SECTION


THE CITY OF GARDEN CITY
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KARP, RONNING & TINDOL
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Garden City, Georgia

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 Garden City, Georgia, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated April 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Garden City, Georgia'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Garden City, Georgia'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*.

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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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Karp, Ronning & Tindol, P.C.

Karp, Ronning & Tindol, P.C.
Savannah, Georgia
April 18, 2013

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KARP, RONNING & TINDOL
CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Garden City, Georgia

Report on Compliance for Each Major Federal Program

We have audited City of Garden City, 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 Garden City, Georgia's major federal programs for the year ended December 31, 2012. City of Garden City, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Garden City, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United 2012States; 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 Garden City, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Garden City, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Garden City, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

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Report on Internal Control Over Compliance

Management of City of Garden City, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Garden City, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Garden City, 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Karp, Ronning & Tindol, P.C.

Karp, Ronning & Tindol, P.C.
Savannah, Georgia
April 18, 2013

City of Garden City, Georgia

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2012

Grant Title	CFDA Number	Grantor's Number	Federal Expenditures
U.S. Department of Housing and Development			
Pass-through the Georgia Department of Community Affairs			
Community Development Block Grants/Entitlement Grants	14.218	08-ns-5061	$ 9,649
U.S. Department of Justice			
Direct Award			
Public Safety Partnership and Community Policing Grants (CHRP)	16.710	2009RKWX0283	45,835
Pass-through the City of Savannah, Georgia			
2009 Edward Bryne Memorial Justice Assistance Grant	16.579	2011-DJ-BX-3152	13,067
Total U.S. Department of Justice			58,902
U.S. Department of Homeland Security			
Direct Award			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2008-FF-00045	98,465
Pass-through the Georgia Institute of Technology			
Port Security Grant	97.056	2008-GB-T8-K092	73,305
Port Security Grant	97.056	2009-PU-T9-K030	296,368
Port Security Grant	97.056	2009-PU-T9-K039	49,672
Total U.S. Department of Homeland Security			517,810
U.S. Department of Homeland Security			
Pass-through the Georgia Department of Natural Resources			
Coastal Incentive Grant	11.419	n/a	44,849
Total Federal Financial Assistance			$ 631,210

City of Garden City, Georgia

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2012

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Garden City, Georgia and is presented on the modified 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.

I. SCHEDULE OF FINDINGS AND QUESTIONED COSTS

A. Summary of Auditors' Results

Financial Statements

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the City of Garden City.

2. Internal control over financial reporting:
   a Material weakness(es) identified? _____ yes **X** no
   b Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes **X** none reported

3. Noncompliance material to financial statements noted? _____ yes **X** no

Federal Awards

4. Internal control over major programs:
   a Material weakness(es) identified? _____ yes **X** no
   b Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes **X** none reported

5. The auditors' report expresses an unqualified opinion for all major programs.

6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ yes **X** no

7. The programs tested as major programs include:

Name of Federal Program	CFDA Number
Port Security Grants	97.056

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

9. The City does not qualify as a low-risk auditee.

B. Financial Statement Findings

None reported

C. Federal Award Findings and Questioned Costs

None reported

II. STATUS OF PRIOR YEAR AUDIT FINDING

No findings were reported relative to Major Federal Award Programs for the year ended December 31, 2011.


THE CITY OF GARDEN CITY
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