CITY OF ST. MARYS, GEORGIA

Comprehensive Annual Financial Report

For the Year Ended June 30, 2013

Prepared By:

Jennifer Brown
Finance Director

CITY OF ST. MARYS, GEORGIA
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Introductory Section

CITY OF ST. MARYS
418 Osborne Street
St. Marys, Georgia 31558
912-510-4000

December 27, 2013

Honorable Mayor and City Council
City of St. Marys
St. Marys, Georgia

Dear Mayor and City Council Members:

In accordance with state law, we hereby submit the Comprehensive Annual Financial Report of the City of St. Marys for the year ended June 30, 2013. Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Carr, Riggs and Ingram, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of St. Marys' financial statements for the year ended June 30, 2013. The Independent Auditors' Report is located at the front of the financial section of this report. Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors' Report.

Government Overview

The City of St. Marys was established around 1792 and incorporated in 1802 by the State of Georgia. St. Marys is situated at the southeast corner of Georgia in Camden County. St Marys is the gateway to Cumberland Island National Seashore. According to the United States Census Bureau, the City has a total area of 20.3 square miles, of which, 18.8 square miles of it is land and 1.5 square miles of it is water. The City government serves a population of 17,161. The St. Marys Charter states the City of St. Marys, a municipal corporation, shall exercise and enjoy all powers of self-government not specifically prohibited by the Constitution, the general laws of the State of Georgia, or by this Charter, including all powers, functions, rights, privileges, and immunities necessary or desirable to promote or protect the safety, health, peace, security, good order, comfort, convenience, and general welfare of the City and of its inhabitants and all implied powers necessary to carry into execution all powers granted as fully and completely as if these powers were enumerated in this Charter.

Government Overview (Continued)

The City of St. Marys provides full service for its citizens which includes police and fire protection, community planning and development, building-code enforcement services, construction/road repair, water and sewer utilities, along with other support duties for the City government. The City of St. Marys is authorized to levy a property tax on both real and personal property located within its boundaries. As set forth in the charter, the City has a Mayor and six Council Members elected for four-year terms of office. The Mayor shall be the Chief Executive Officer of the City and shall have general supervision over its affairs. Each Council Member shall hold a designated Council post. All terms of office shall begin on the first Thursday after January 1 of the year following election to such office.

The financial reporting entity of the City includes all the funds of the City as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are included as part of the City. Each June, the Council adopts the budget for the upcoming year in the form of an ordinance. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function, and department, and is closely monitored throughout the year. Additionally, expenditures, revenues and performance data are monitored in order to ensure the successful implementation of the City's service plan. As conditions change or circumstances are altered, the budget process allows for amendments. The City, as a first time submittal, received the Distinguished Budget Award from the Governmental Finance Officers Association (GFOA), for the FY 2012 budget. The City anticipates submitting this document for the Certificate of Achievement in Financial Reporting for 2013.

Local Economy

The City of St. Marys is located in Camden County and is considered to be a tourist destination as well as a bedroom community. The federal government is a significant economic presence thanks to Kings Bay Naval Base and the United States Coast Guard. Besides the Naval base, the City's top employer is Express Scripts, which is a pharmaceutical call center. As of December 2012, unemployment in the Camden County area was 9.6% compared to 7.8% nationally and 8.7% for the State of Georgia as a whole. The City's Economic Development Department continues to work with other development agencies within the county to promote economic growth.

Long-term Financial Planning

As of June 30, 2013, unassigned fund balance in the General Fund was favorable to the policy guidelines set by the City for budgetary and planning purposes. The City does plan to draw on fund balance in the 2014 budget. The City of St. Marys has made great strides to improve service levels, maintain the tax millage rate and improve the financial integrity of the City. The FY 2014 budget was a challenge again this year due to the loss of revenue from the economic recession and a decrease in the Camden County tax digest. This budget shows a balance between continuing to provide an outstanding quality of life for our citizens while minimizing the cost associated with operations. It is the City Council's desire to maintain a stable financial position as we wait to see how the economy plays out in the future.

Long-term Financial Planning (Continued)

In addition to the annual operating budget, the City prepares a five year capital plan that is updated on an annual basis. The most recent plan update for years 2014 through 2018 identifies projects and funding that total $13.3 million and includes major categories of water and sewer, public buildings, parks and recreation, community development, drainage, streets and traffic improvements. The General Fund is projected to contribute $1.9 million of the funding for the five year plan.

Major Initiatives

The City of St. Marys will continue its efforts by focusing on providing the most responsive and progressive public services, within the resources provided, so that our citizens can enjoy the best possible quality of life.

1. In March 2013, Voters approved a 1% Special Purpose Local Option Sales Tax (SPLOST VII). Projects designated to begin or continue in FY 2014 include:
    - Purchase police cars
    - Improving computer hardware
    - Purchase generator for water plant
    - Repair generator for water plant
    - Alarm system for sewer plant
    - Continue implementation of Gaines Davis sewer infrastructure
2. Council approved to maintain three of the six Fire Department "SAFER Grant" positions upon the expiration of the grant.
3. Economic Development continues to work on bringing new business and retaining business in St. Marys. The following tools will be considered to assist the City in this effort.
    - Identify vendors conducting business with various entities (i.e. base, school district, etc.) to ascertain potential opportunities for local vendors
    - Continue business recruiting
    - Develop a marketing plan for the community
    - Promote appearance of and safety at Exit 1
    - Create an incentive package to attract business
    - Consideration of adopting Redevelopment Powers Act
    - Establish an Enterprise Zone
4. Worked with a consultant to develop strategies to address wastewater debt service.

Acknowledgements

The preparation and completion of the CAFR represents the culmination of numerous efforts by many City employees. We would like to express our sincere appreciation to all the staff of the City of St. Marys and the certified public accounting firm of Carr, Riggs and Ingram.

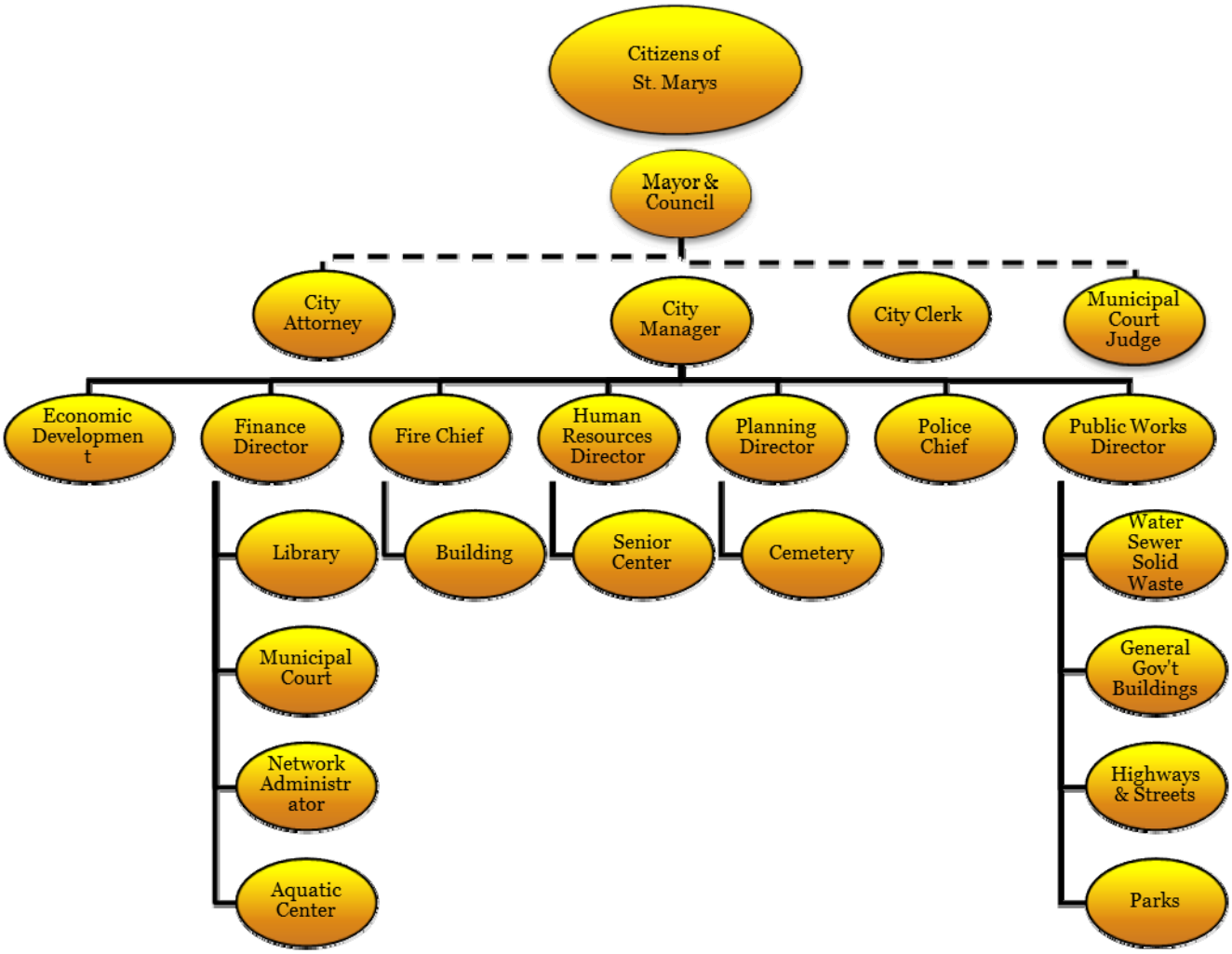
The CAFR reflects our ongoing commitment to the citizens of the City of St. Marys and all interested readers of this report to provide information in conformance with the highest standards of financial reporting.

Respectfully submitted,

Steven S. Crowell, Jr.
City Manager

Jennifer Brown
Finance Director

CITY OF ST. MARYS, GEORGIA
ORGANIZATIONAL CHART
For the Year Ended June 30, 2013



ELECTED

Mayor

Bill DeLoughy

City Council

Post 1 - Robert L. Nutter
Post 2 - Nancy Stasinis
Post 3 - Jim Gant
Post 4 - Keith Post
Post 5 - John Morrissey
Post 6 - Sidney Howell

APPOINTED

City Manager

Steven S. Crowell

City Clerk

Deborah Walker-Reed

Finance Director

Jennifer Brown

Human Resources Director

Donna Folsom

City Attorney

Gary Moore

Police Chief

Tim Hatch

Fire Chief

Robert Horton

City Engineer

Chris Cox

Utilities Director

Bobby Marr

Financial Section

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
202 Love Avenue
Tifton, GA 31794
P.O. Box 7650
Tifton, GA 31793

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of St. Marys
St. Marys, Georgia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Marys, Georgia, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note A to the financial statements, in 2013 the City adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 13 and the schedules of funding progress on page 49 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 St. Marys, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of special purpose local option sales tax expenditures is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements.

The combining and nonmajor individual fund financial statements, the schedule of expenditures of federal awards, and the schedules of special purpose local option sales tax expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the schedules of special purpose local option sales tax expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013, on our consideration of the St. Marys, 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of St. Marys, Georgia's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

December 27, 2013
Tifton, Georgia

Within this section of the City of St. Marys, Georgia (the City) annual financial statements, management is pleased to offer readers this narrative overview and analysis of the financial activities of the City of St. Marys, Georgia for the fiscal year ended June 30, 2013 as part of the overall Comprehensive Annual Financial Report (CAFR). The information presented here should be used in conjunction with the additional information provided in this Annual Financial Report, which follows this section.

FINANCIAL HIGHLIGHTS:

- The assets of the City exceeded its liabilities at June 30, 2013, by $59.3 million (*net position*). Of this amount, $7.0 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net position decreased by $1.58 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of $5.6 million, an increase of $.75 million in comparison with the prior year. Approximately 88.2% of this total amount, $4.96 million is *available for spending* at the City's discretion (*unassigned fund balance*).
- As of the close of the current fiscal year, the City's business-type funds reported combined ending net position of $36 million, a decrease of $1.9 million in comparison with the prior year. Approximately 5% of this total amount, $1.84 million is *available for spending* at the City's discretion (*unrestricted net position*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was a positive $4.96 million or a positive 60.9% of total General Fund expenditures.

During the current fiscal year the City did not issue new debt for the Governmental funds. For business-type funds, the City closed a construction line of credit for the upgrade of lift station 13, of which $165,151 was drawn down as of June 30, 2013. The total combined increase in debt was $165,151. The Governmental funds had a reduction in debt service of $51,370 (does not include compensated absences). The business-type funds had a reduction in debt service of $530,051. The total reduction in debt service was $581,421.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of St. Marys basic financial statements. The City's basic financial statements are comprised of three components:

1) Government-wide financial statements
2) Fund financial statements
3) Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of St. Marys finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. Also presented are the City's component units.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide financial statements (Continued)

Component units are legally separate entities that meet any one of the following criteria: (1) the primary government appoints the voting majority of the board of the potential component unit, and is able to impose its will on the component unit and/or is in a relationship of financial benefit or burden with the potential component unit, (2) the potential component unit is fiscally dependent upon the primary government, or (3) the financial statements would be misleading if data from the potential component unit were not included. The City of St. Marys includes the Industrial Development Authority of St. Marys, the Downtown Development Authority of St. Marys and the Oak Grove Cemetery Authority as discretely presented component units. No separate financials are prepared for these component units.

There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The *statement of net position* presents information on all the City's assets and liabilities, with the difference between the two reported as *net position*. This statement is a tool to measure the City's financial health or financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. It is important to note that this statement consolidates the governmental fund's current financial resources (short-term) with capital assets and long-term liabilities. This statement presents information on two component units of the City.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, health and welfare, judicial, housing and development, culture and recreation, and interest on long-term debt. The business-type activities of the City include Water & Sewer, Sanitation and Aquatic Center.

The government-wide financial statements can be found on pages 14, 15 and 16 of this report.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements (Continued)

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and SPLOST Fund, because they are considered major funds.

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and SPLOST Fund. A budgetary comparison statement has been provided for the General Fund.

The basic governmental fund financial statements can be found on pages 17 to 22 of this report.

The City has a formal fund balance policy applicable to governmental funds included in its financial policies. The policy defines fund balance categories consistent with Governmental Accounting Standards Board Statement 54, sets spending priority within the categories, establishes the authority to commit and assign balances and establishes a minimum fund balance for the General Fund. In addition, the policy addresses the time period required for the General Fund to replenish any deficiency in the minimum fund balance, as well as specifying how fund balance above the recommended range may be spent. For a full discussion of the City's fund balance police, please refer to the Notes to the Financial Statements.

Proprietary funds. The City maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, Solid Waste Fund and Aquatic Center Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, the Solid Waste Fund which are considered major funds of the City and Aquatic Center Fund, which is considered a nonmajor fund of the City.

The basic proprietary fund financial statements follow the governmental funds statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on following the basic financial statements in this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and enterprise funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 50 to 53 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded its liabilities by $59.3 million at the close of the most recent fiscal year. The chart below summarizes City's net position for governmental activities, business-type activities, and the government as a whole.

Net Position - June 30, 2013

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current and other assets	$ 5,534,475	$ 6,462,738	$ 7,210,932	$10,435,053	$12,745,407	$16,897,791
Capital assets	18,037,732	17,586,343	78,424,652	76,057,105	96,462,384	93,643,448
Deferred outflows of resources	-	-	1,451,090	1,333,778	1,451,090	1,333,778
Total assets and deferred outflows of resources	23,572,207	24,049,081	87,086,674	87,825,936	110,658,881	111,875,017
Other liabilities	555,942	797,966	1,631,641	4,642,069	2,187,583	5,440,035
Long-term liabilities outstanding	50,981	10,325	47,564,515	47,146,804	47,615,496	47,157,129
Total liabilities	606,923	808,291	49,196,156	51,788,873	49,803,079	52,597,164
Net investment in capital assets	17,935,379	17,535,360	31,791,521	29,671,562	49,726,900	47,206,922
Restricted	282,118	550,242	1,395,412	4,524,244	1,677,530	5,074,486
Unrestricted	4,747,787	5,155,188	4,703,585	1,841,257	9,451,372	6,996,445
Total net position, restated	$22,965,284	$23,240,790	$37,890,518	$36,037,063	$60,855,802	$59,277,853

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position.

By far the largest portion of the City's net position, $47.2 million (79.6%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are 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.

An additional portion of the City's net position, $5.07 million (8.56%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $7.0 million (11.8%) is *unrestricted net position* may be used to meet the government's ongoing obligations of the City.

The Industrial Development Authority (Component Unit) total net position for 2013 is $.34 million which was an increase over 2012 of $29. The Downtown Development Authority (Component Unit) total net position for 2013 is $.67 million which was a decrease over 2012 of $1,079. The Cemetery Authority (Component Unit) total net position for 2013 is $13,052, which was an increase over 2012 of $11,143. The Industrial Development, Downtown Development and Cemetery Authorities assets are not included in the above totals.

Government-wide Financial Analysis (Continued)

Governmental activities. Governmental activities during the fiscal year ending June 30, 2013 increased the City of St. Marys net position by $.28 million. Business-type activities during the same period decreased net position by $1.85 million for a total decrease in net position of $1.58 million. The following chart shows the revenue and expenses by activity for the total primary government.

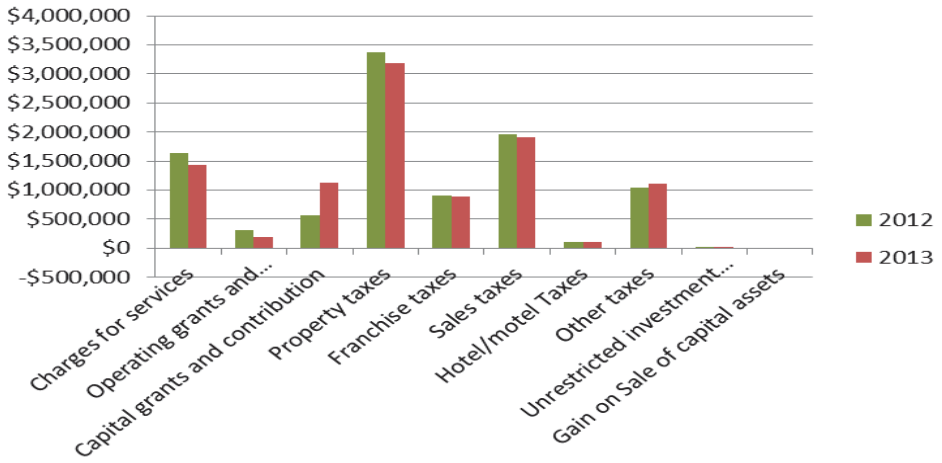
Changes in Net Position - For the Year Ended June 30, 2013

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues						
Program Revenues						
Charges for services	$ 1,635,035	$ 1,427,505	$ 7,652,233	$ 7,467,223	$ 9,287,268	$ 8,894,728
Operating grants and contributions	305,498	191,685	-	-	305,498	191,685
Capital grants and contributions	565,399	1,119,677	-	-	565,399	1,119,677
General Revenues:						
Property taxes	3,367,477	3,191,238	-	-	3,367,477	3,191,238
Franchise taxes	910,675	887,266	-	-	910,675	887,266
Sales taxes	1,956,799	1,905,129	-	-	1,956,799	1,905,129
Hotel/motel Taxes	104,033	103,943	-	-	104,033	103,943
Other taxes	1,048,986	1,111,129	-	-	1,048,986	1,111,129
Unrestricted investment earnings	11,032	7,775	12,271	4,710	23,303	12,485
Gain(loss) on disposal of capital assets	-	(1,424)	-	28,662	-	27,238
Miscellaneous	-	-	15,132	20,101	15,132	20,101
Total revenues	9,904,934	9,943,923	7,679,636	7,520,696	17,584,570	17,464,619
Expenses						
Governmental activities:						
General government	2,091,188	2,389,422	-	-	2,091,188	2,389,422
Public safety	4,116,046	3,961,427	-	-	4,116,046	3,961,427
Public works	2,227,367	1,952,905	-	-	2,227,367	1,952,905
Health and welfare	116,492	111,221	-	-	116,492	111,221
Judicial	201,782	188,216	-	-	201,782	188,216
Culture and recreation	521,389	501,057	-	-	521,389	501,057
Housing and development	438,725	483,860	-	-	438,725	483,860
Interest on long-term debt	3,821	1,786	-	-	3,821	1,786
Business-type activities:						
Water and Sewer	-	-	8,048,025	8,046,125	8,048,025	8,046,125
Solid Waste	-	-	1,143,276	986,859	1,143,276	986,859
Aquatic Center	-	-	409,451	408,567	409,451	408,567
Total expenses	9,716,810	9,589,894	9,600,752	9,441,551	19,317,562	19,031,445
Increase (decrease) in net position before capital contributions & transfers	188,124	354,029	(1,921,116)	(1,920,855)	(1,732,992)	(1,566,826)
Capital contributions	-	(67,400)	-	67,400	-	-
Transfers	(91,553)	(11,123)	91,553	-	-	(11,123)
Increase (decrease) in net position	96,571	275,506	(1,829,563)	(1,853,455)	(1,732,992)	(1,577,949)
Net position, beginning of year, restated	22,868,713	22,965,284	39,720,081	37,890,518	62,588,794	60,855,802
Net position, end of year	$ 22,965,284	$ 23,240,790	$ 37,890,518	$ 36,037,063	$ 60,855,802	$ 59,277,853

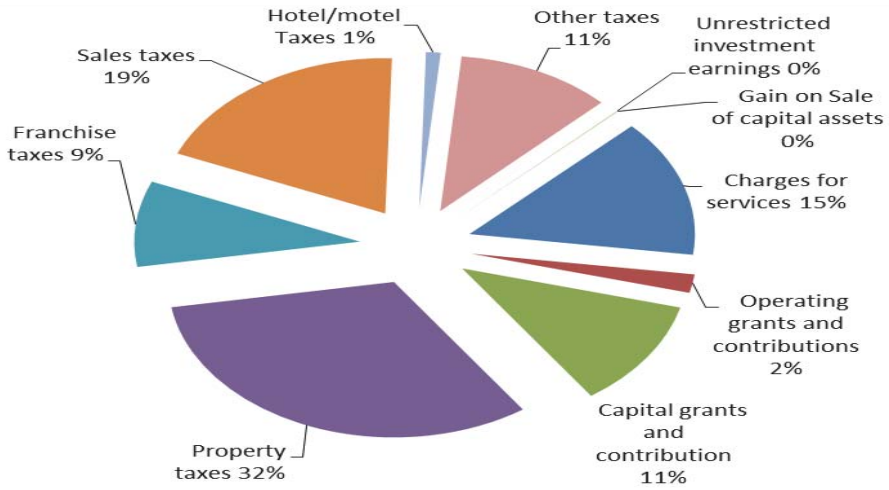
Government-wide Financial Analysis (Continued)

Governmental activities (continued)

Changes in Net Position – For the Year Ended June 30, 2013
Expenses and Program Revenues - Governmental Activities



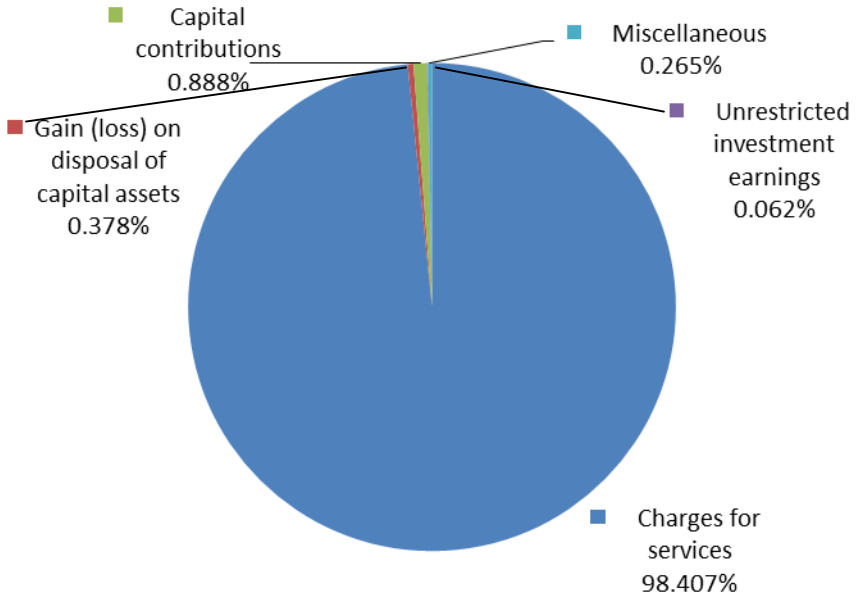
Changes in Net Position – For the Year Ended June 30, 2013
Revenues by Source - Governmental Activities



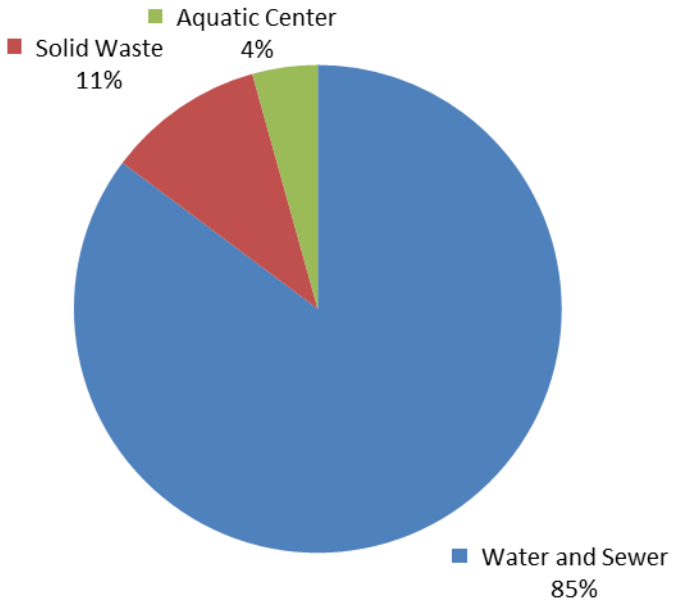
Government-wide Financial Analysis (Continued)

Business-type activities (continued)

Changes in Net Position – For the Year Ended June 30, 2013
Revenues by Source - Business-type Activities



Changes in Net Position – For the Year Ended June 30, 2013
Expenses - Business-type Activities



Analysis of Fund Financials

Governmental Funds:

The City of St. Marys has two major governmental funds, which are the General Fund and the SPLOST Fund.

At the end of FY2013, the General Fund had a fund balance of $5,081,343. This is an increase of $620,012 from the beginning fund balance. The General Fund budget FY2013-2014 was decreased to keep from depleting fund balance to support expenses due to the sluggish economy and adjusted tax assessment.

The fund balances for the other governmental funds increased by $133,289. The total combined fund balances for the other governmental funds was a positive $540,045 at the end of the year.

Business-type Activities Funds:

The enterprise funds, which include the City's Water & Sewer Fund, Solid Waste Fund and Aquatic Center Fund, showed a combined cash and cash equivalents balance of $4,949,860 at the end of fiscal year ending June 30, 2013. Of this amount, $862,797 is restricted assets.

The Water & Sewer Fund had an ending net position of $33,996,217 for FY2013. This was a decrease of $2,157,711 from the previous year. Of the balance, $1,509,799 is unrestricted.

The Solid Waste Fund had an ending net position of $429,739 for FY2013. This was an increase of $79,941 from the previous year. Of the balance, $426,208 is unrestricted.

The Aquatic Center Fund had an ending net position of $1,611,107 for FY2013, consisting of a $1,705,857 net investment in capital assets and a $(94,750) unrestricted deficit. This was a decrease of $73,918 from FY2012.

General Fund Budget Highlights

The budget was prepared according to Georgia Law.

The 2013 original revenue budget was $8,253,599. The original budget was amended to $8,577,128 due to an increase in charges for services and other revenue income. In total, the City realized 100% of the projected FY2013 revenues.

Differences between the original budget and the final amended budget are as follows:

Revenues

$24,000 increase in cemetery fees – to account for cemetery fees collect for the Cemetery Authority

$299,529 increase in other revenues – increase for grant funds received and reimbursement for attorney fees

Expenditures

$181,430 increase in general government expenditures – increase for police and fire feasibility studies, compensation study and attorney fees

$74,700 increase in public safety expenditures – increase repairs and salaries and benefits (grant)

$137,549 increase in public works expenditures – increase road projects

$40,593 increase in housing and development expenditures – increase in contract labor and grant funds to be disbursed

Comparison of Final Budget and Actual Expenditures:

Revenues

Deficiencies in fines and forfeitures, charges for services, interest income and other income are due to economic conditions.

Expenditures

Actual total expenditures ($8,143,122) came in less than the budgeted expenditures ($8,840,722). The actual expenditures do not include the other financing uses.

The City's actual revenues exceeded expenditures by $620,012 including the other financing sources (uses). This is due to increase in tax collections and a decrease in spending.

Capital Asset and Debt Administration

Capital Assets. At the end of fiscal year ending June 30, 2013, governmental activities and business-type activities had capital assets of $93,643,447 (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment and recreation and park facilities. The decrease in assets for governmental activities was due depreciation of assets. Business-type activities decrease was due to depreciation of assets.

Capital Assets (Net of Depreciation) – June 30, 2013

	Governmental Activities	Business-type Activities	Total
Land	$ 1,798,738	$ 846,727	$ 2,645,465
Construction in progress	433,101	437,521	870,622
Infrastructure	7,943,880	70,266,313	78,210,193
Buildings	4,030,501	4,299,281	8,329,782
Improvements	3,028,298	-	3,028,298
Machinery and equipment	351,825	207,263	559,088
Total	$ 17,586,343	$ 76,057,105	$ 93,643,448

Additional information on the City's capital assets can be found in Note F on pages 40 and 41 of this report.

Debt Administration. The City's total long-term debt consists of revenue bonds, long-term notes, capital leases and compensated absences.

At the end of June 30, 2013, the City had $50,983 of outstanding debt and $274,261 in compensated absences related to governmental activities and $47,719,321 of outstanding debt related to business-type activities, for a total of $48,044,565 compared to the previous year's total of $48,460,947. This is an decrease of $416,472.

Additional information on the City's debt can be found in Note G on pages 42 to 44 of this report.

Factors Affecting the FY 2014 Budget:

The Mayor and Council of the City of St. Marys considered many factors when approving the City's FY2014 budget and were very aware of the present economic conditions and the effect on its citizens. The City experienced a decrease in the tax digest approximately 8%. The Mayor and Council chose to maintain last year's millage rate at 5.351. Therefore, the total real property tax revenue decreased. City Council also chose to continue the hiring freeze and decreases in supplies, etc. The City continually strives to provide the very best services for its Citizens.

Requests for Information

This financial report is designed to provide a general overview the City of St. Marys finances for citizens, taxpayers, customers, investors and creditors and all others with an interest in the City. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Finance Department at the City of St. Marys, 418 Osborne Street, St. Marys, Georgia, 31558, by telephone 912-510-4000 or email jennifer.brown@stmarysga.gov.

CITY OF ST. MARYS, GEORGIA
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority	Downtown Development Authority	Cemetery Authority
ASSETS						
Cash and cash equivalents	$ 5,396,006	$ 4,087,063	$ 9,483,069	$ 11,402	$ 19,372	$ 12,708
Investments	47,210	726,559	773,769	-	29,562	-
Taxes receivable	419,581	-	419,581	-	-	-
Accounts receivable, net	43,152	667,931	711,083	-	-	-
Prepaid expenses	29,614	63,178	92,792	-	-	-
Due from primary government	-	-	-	-	-	344
Due from other governments	441,218	-	441,218	-	-	-
Internal balances	85,957	(85,957)	-	-	-	-
Restricted assets:						
Cash and cash equivalents	-	4,976,279	4,976,279	-	-	-
Capital assets:						
Land	1,798,738	846,727	2,645,465	332,234	620,000	-
Construction in progress	433,101	437,521	870,622	-	-	-
Other capital assets, net of accumulated depreciation	15,354,504	74,772,857	90,127,361	-	-	-
Total assets	24,049,081	86,492,158	110,541,239	343,636	668,934	13,052
DEFERRED OUTFLOWS OF RESOURCES						
Refunding of debt	-	1,333,778	1,333,778	-	-	-
Total deferred outflows of resources	-	1,333,778	1,333,778	-	-	-
LIABILITIES						
Accounts payable	275,237	220,080	495,317	-	2,428	-
Contracts payable	115,097	-	115,097	-	-	-
Due to component unit	344	-	344	-	-	-
Accrued liabilities	92,369	3,397,437	3,489,806	-	-	-
Customer deposits	-	452,035	452,035	-	-	-
Compensated absences						
Due within one year	274,261	-	274,261	-	-	-
Notes payable						
Due within one year	40,658	272,517	313,175	-	-	-
Due in more than one year	10,325	3,861,804	3,872,129	-	-	-
Bonds payable						
Due within one year	-	300,000	300,000	-	-	-
Due in more than one year	-	43,285,000	43,285,000	-	-	-
Total liabilities	808,291	51,788,873	52,597,164	-	2,428	-
NET POSITION						
Net investment in capital assets	17,535,360	29,671,562	47,206,922	332,234	620,000	-
Restricted for:						
Capital projects	543,992	-	543,992	-	-	-
Economic development	6,250	-	6,250	-	-	-
Debt service	-	992,413	992,413	-	-	-
Renewal and extension	-	419,236	419,236	-	-	-
Customer deposits	-	13,496	13,496	-	-	-
Trust fund payable	-	3,099,099	3,099,099	-	-	-
Unrestricted	5,155,188	1,841,257	6,996,445	11,402	46,506	13,052
Total net position	$ 23,240,790	$ 36,037,063	$ 59,277,853	$ 343,636	$ 666,506	$ 13,052

See accompanying notes to financial statements.

CITY OF ST. MARYS, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental activities:					
General government	$ 2,389,422	$ 986,902	$ 25,040	$ 894,440	$ (483,040)
Public safety	3,961,427	369,934	166,645	-	(3,424,848)
Public works	1,952,905	27,232	-	225,237	(1,700,436)
Health and welfare	111,221	-	-	-	(111,221)
Judicial	188,216	-	-	-	(188,216)
Culture and recreation	501,057	43,437	-	-	(457,620)
Housing and development	483,860	-	-	-	(483,860)
Interest on long-term debt	1,786	-	-	-	(1,786)
Total governmental activities	9,589,894	1,427,505	191,685	1,119,677	(6,851,027)
Business-type activities:					
Water & Sewer	8,046,125	6,067,511	-	-	(1,978,614)
Solid Waste	986,859	1,066,800	-	-	79,941
Aquatic Center	408,567	332,912	-	-	(75,655)
Total business-type activities	9,441,551	7,467,223	-	-	(1,974,328)
Total primary government	$ 19,031,445	$ 8,894,728	$ 191,685	$ 1,119,677	$ (8,825,355)
Component Units:					
Industrial Development Authority	$ -	$ -	$ -	$ -	$ -
Downtown Development Authority	5,439	3,890	-	-	(1,549)
Cemetery Authority	-	-	-	-	-
Total component units	$ 5,439	$ 3,890	$ -	$ -	$ (1,549)

(Continued)

See accompanying notes to financial statements.

CITY OF ST. MARYS, GEORGIA
STATEMENT OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2013

(Continued)	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority	Downtown Development Authority	Cemetery Authority
Change in net position:						
Net (expense) revenue	$ (6,851,027)	$ (1,974,328)	$ (8,825,355)	$ -	$ (1,549)	$ -
General revenues:						
Taxes:						
Property	3,191,238	-	3,191,238	-	-	-
Sales	1,905,129	-	1,905,129	-	-	-
Franchise	887,266	-	887,266	-	-	-
Hotel/motel	103,943	-	103,943	-	-	-
Other	1,111,129	-	1,111,129	-	-	-
Unrestricted investment earnings	7,775	4,710	12,485	29	470	20
Gain (loss) on disposal of capital assets	(1,424)	28,662	27,238	-	-	-
Miscellaneous	-	20,101	20,101	-	-	-
Capital contributions	(67,400)	67,400	-	-	-	-
Transfers	(11,123)	-	(11,123)	-	-	11,123
Total general revenues, capital contributions and transfers	7,126,533	120,873	7,247,406	29	470	11,143
Change in net position	275,506	(1,853,455)	(1,577,949)	29	(1,079)	11,143
Net position, beginning of year, restated	22,965,284	37,890,518	60,855,802	343,607	667,585	1,909
Net position, end of year	$ 23,240,790	$ 36,037,063	$ 59,277,853	$ 343,636	$ 666,506	$ 13,052

See accompanying notes to financial statements.

CITY OF ST. MARYS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,844,538	$ 464	$ 551,004	$ 5,396,006
Investments	47,210	-	-	47,210
Taxes receivable	419,581	-	-	419,581
Accounts receivable, net	28,731	-	14,421	43,152
Prepaid items	29,537	-	77	29,614
Due from other governments	158,272	240,204	42,742	441,218
Due from other funds	87,549	-	14,421	101,970
Advances to other funds	85,957	-	-	85,957
Total assets	5,701,375	240,668	622,665	6,564,708
LIABILITIES				
Accounts payable	169,668	104,806	763	275,237
Contracts payable	-	115,097	-	115,097
Accrued liabilities	91,614	-	652	92,266
Due to other funds	-	20,765	81,205	101,970
Due to component units	344	-	-	344
Total liabilities	261,626	240,668	82,620	584,914
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	358,406	-	-	358,406
Total deferred inflows of resources	358,406	-	-	358,406
FUND BALANCES				
Nonspendable				
Prepaid items	29,537	-	77	29,614
Advances to other funds	85,957	-	-	85,957
Restricted for:				
Capital projects	-	-	543,992	543,992
Economic development	6,250	-	-	6,250
Unassigned (deficit), reported in:				
General fund	4,959,599	-	-	4,959,599
Special revenue funds	-	-	(4,024)	(4,024)
Capital projects funds	-	-	-	-
Total fund balances	5,081,343	-	540,045	5,621,388
Total liabilities, deferred inflows of resources and fund balances	$ 5,701,375	$ 240,668	$ 622,665	$ 6,564,708

See accompanying notes to financial statements.

CITY OF ST. MARYS, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2013

Total governmental fund balances	$ 5,621,388
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,586,343
Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Accrued interest payable	(103)
Compensated absences	(274,261)
Notes payable	(50,983)
Certain property tax revenues are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.	358,406
Net position of governmental activities	$ 23,240,790

See accompanying notes to financial statements.

CITY OF ST. MARYS, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 7,172,749	$ -	$ 103,943	$ 7,276,692
Licenses and permits	348,420	-	-	348,420
Intergovernmental	-	982,128	329,234	1,311,362
Fines and forfeitures	369,934	-	-	369,934
Charges for services	67,652	-	-	67,652
Interest income	7,264	-	511	7,775
Other revenues	627,597	-	13,902	641,499
Total revenues	8,593,616	982,128	447,590	10,023,334
EXPENDITURES				
Current:				
General government	1,732,397	-	-	1,732,397
Public safety	3,795,139	-	-	3,795,139
Public works	1,499,686	-	-	1,499,686
Health and welfare	111,221	-	-	111,221
Judicial	188,216	-	-	188,216
Culture and recreation	303,155	-	136,160	439,315
Housing and development	460,368	-	-	460,368
Capital outlays	-	982,128	-	982,128
Debt service:				
Principal	51,055	-	-	51,055
Interest	1,885	-	-	1,885
Total expenditures	8,143,122	982,128	136,160	9,261,410
Excess (deficiency) of revenues over (under) expenditures	450,494	-	311,430	761,924
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	192,186	-	115,488	307,674
Transfers to other funds	(22,668)	-	(296,129)	(318,797)
Sale of capital assets	-	-	2,500	2,500
Total other financing sources (uses)	169,518	-	(180,641)	(11,123)
	169,518	-	(178,141)	(8,623)
Net change in fund balances	620,012	-	133,289	753,301
Fund balances, beginning of year	4,461,331	-	406,756	4,868,087
Fund balances, end of year	$ 5,081,343	$ -	$ 540,045	$ 5,621,388

See accompanying notes to financial statements.

CITY OF ST. MARYS, 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 June 30, 2013

Net change in fund balances - total governmental funds	$	753,301
Amounts reported for governmental activities in the statement of activities are different because:		
Tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.		
Unavailable revenues - property taxes		(77,987)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Principal payments - notes payable		51,370
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 the governmental funds.		
Accrued interest expense		99
Accrued compensated absences		112
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Capital asset purchases capitalized		570,783
Net book value of fixed asset disposals		(3,924)
Depreciation expense		(1,018,248)
Change in net position of governmental activities	$	275,506

See accompanying notes to financial statements.

CITY OF ST. MARYS, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2013

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
REVENUES				
Taxes	$ 6,946,650	$ 6,946,650	$ 7,172,749	$ 226,099
Licenses and permits	321,000	321,000	348,420	27,420
Fines and forfeitures	391,200	391,200	369,934	(21,266)
Charges for services	84,020	108,020	67,652	(40,368)
Interest income	8,500	8,500	7,264	(1,236)
Other revenues	502,229	801,758	627,597	(174,161)
Total revenues	8,253,599	8,577,128	8,593,616	16,488
EXPENDITURES				
Current:				
General government				
Legislative	180,207	236,357	214,724	21,633
Executive	258,817	328,817	313,383	15,434
Finance	870,899	877,856	743,923	133,933
Buildings and plant	149,883	173,906	148,486	25,420
Human resources	106,159	130,459	110,702	19,757
Information technology	206,349	206,349	201,179	5,170
Total general government	1,772,314	1,953,744	1,732,397	221,347
Public safety				
Fire	1,652,964	1,722,251	1,657,393	64,858
Police	2,195,301	2,200,714	2,137,746	62,968
Total public safety	3,848,265	3,922,965	3,795,139	127,826
Public works				
Public works administration	1,199,180	1,199,180	1,128,655	70,525
Highways and streets administration	315,000	452,549	313,209	139,340
Cemetery	71,658	71,658	57,822	13,836
Total public works	1,585,838	1,723,387	1,499,686	223,701
Judicial				
Municipal court	220,760	220,760	188,216	32,544
Total judicial	220,760	220,760	188,216	32,544
Health and welfare				
Senior citizen center	117,220	117,220	111,221	5,999
Total health and welfare	117,220	117,220	111,221	5,999

(Continued)

See accompanying notes to financial statements.

CITY OF ST. MARYS, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2013

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
EXPENDITURES (CONTINUED)				
Current (Continued):				
Culture and recreation				
Parks administration	47,320	47,320	45,305	2,015
Library administration	299,855	299,855	257,850	42,005
Total culture and recreation	347,175	347,175	303,155	44,020
Housing and development				
Protective inspection administration	121,669	137,262	128,570	8,692
Planning and zoning	157,987	157,987	138,413	19,574
Airport	5,000	5,000	3,770	1,230
Special facilities	25,762	25,762	23,133	2,629
Economic development	151,517	176,517	166,482	10,035
Total housing and development	461,935	502,528	460,368	42,160
Debt service:				
Principal	51,058	51,056	51,055	1
Interest	1,884	1,887	1,885	2
Total debt service	52,942	52,943	52,940	3
Total expenditures	8,406,449	8,840,722	8,143,122	697,600
Excess (deficiency) of revenues over (under) expenditures	(152,850)	(263,594)	450,494	714,088
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	159,850	299,139	192,186	(106,953)
Transfers to other funds	(7,000)	(35,545)	(22,668)	12,877
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	152,850	263,594	169,518	(94,076)
Net change in fund balances	-	-	620,012	620,012
Fund balances, beginning of year	4,461,331	4,461,331	4,461,331	-
Fund balances, end of year	$ 4,461,331	$ 4,461,331	$ 5,081,343	$ 620,012

See accompanying notes to financial statements.

CITY OF ST. MARYS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ 3,649,712	$ 404,356	$ 32,995	$ 4,087,063
Investments	726,559	-	-	726,559
Restricted cash and cash equivalents	4,113,482	-	-	4,113,482
Accounts receivable, net	570,773	97,158	-	667,931
Prepaid expenses	61,712	1,466	-	63,178
Total current assets	9,122,238	502,980	32,995	9,658,213
Noncurrent assets				
Restricted cash and cash equivalents	862,797	-	-	862,797
Capital assets				
Land	846,727	-	-	846,727
Construction in progress	437,521	-	-	437,521
Other capital assets, net of accumulated depreciation	73,063,469	3,531	1,705,857	74,772,857
Total noncurrent assets	75,210,514	3,531	1,705,857	76,919,902
Total assets	84,332,752	506,511	1,738,852	86,578,115
DEFERRED OUTFLOWS OF RESOURCES				
Refunding of debt	1,333,778	-	-	1,333,778
Total deferred outflows of resources	1,333,778	-	-	1,333,778

(Continued)

See accompanying notes to financial statements.

CITY OF ST. MARYS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
June 30, 2013

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
(Continued)				
LIABILITIES				
Current liabilities, payable from current assets				
Accounts payable	109,026	75,414	35,640	220,080
Accrued interest payable	10,842	-	-	10,842
Other accrued liabilities	55,142	1,358	6,148	62,648
Current portion of notes payable	272,517	-	-	272,517
Total current liabilities, payable from current assets	447,527	76,772	41,788	566,087
Current liabilities, payable from restricted assets				
Trust fund payable	3,099,099	-	-	3,099,099
Customer deposits	452,035	-	-	452,035
Accrued interest payable	224,848	-	-	224,848
Current portion of bonds payable	300,000	-	-	300,000
Total current liabilities, payable from current assets	4,075,982	-	-	4,075,982
Long-term liabilities				
Revenue bonds payable, net	43,285,000	-	-	43,285,000
Notes payable	3,861,804	-	-	3,861,804
Advances from other funds	-	-	85,957	85,957
Total long-term liabilities	47,146,804	-	85,957	47,232,761
Total liabilities	51,670,313	76,772	127,745	51,874,830
NET POSITION				
Net investment in capital assets	27,962,174	3,531	1,705,857	29,671,562
Restricted for:				
Debt service	992,413	-	-	992,413
Renewal and extension	419,236	-	-	419,236
Customer deposits	13,496	-	-	13,496
Trust fund payable	3,099,099	-	-	3,099,099
Unrestricted	1,509,799	426,208	(94,750)	1,841,257
Total net position	$ 33,996,217	$ 429,739	$ 1,611,107	$ 36,037,063

See accompanying notes to financial statements.

CITY OF ST. MARYS, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2013

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
OPERATING REVENUES				
Sanitation fees	$ -	$ 985,837	$ -	$ 985,837
Admission fees	-	-	185,299	185,299
Concessions	-	-	69,146	69,146
Water sales	2,802,306	-	-	2,802,306
Sewer sales	2,644,092	-	-	2,644,092
Tap and capacity recovery fees	213,523	-	-	213,523
Reconnection fees	77,649	-	-	77,649
Construction fees	157,774	-	-	157,774
Penalties	126,021	22,568	-	148,589
Miscellaneous	46,146	58,395	78,467	183,008
Total operating revenues	6,067,511	1,066,800	332,912	7,467,223
OPERATING EXPENSES				
Personal services	1,633,759	78,386	73,030	1,785,175
Purchased and contracted services	665,766	902,322	126,774	1,694,862
Supplies	921,365	3,871	117,649	1,042,885
Depreciation	2,517,965	2,280	91,114	2,611,359
Bad debt expense	15,154	-	-	15,154
Total operating expenses	5,754,009	986,859	408,567	7,149,435
Operating income (loss)	313,502	79,941	(75,655)	317,788
NONOPERATING REVENUES (EXPENSES)				
Interest income	4,710	-	-	4,710
Interest expense	(2,292,116)	-	-	(2,292,116)
Gain on disposal of capital assets	28,662	-	-	28,662
Other nonoperating income	18,364	-	1,737	20,101
Total nonoperating revenues (expenses)	(2,240,380)	-	1,737	(2,238,643)
Income (loss) before capital contributions	(1,926,878)	79,941	(73,918)	(1,920,855)
CAPITAL CONTRIBUTIONS	67,400	-	-	67,400
Change in net position	(1,859,478)	79,941	(73,918)	(1,853,455)
Net position, beginning of year, restated	35,855,695	349,798	1,685,025	37,890,518
Net position, end of year	$ 33,996,217	$ 429,739	$ 1,611,107	$ 36,037,063

See accompanying notes to financial statements.

CITY OF ST. MARYS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	$ 6,092,970	$ 1,067,243	$ 332,912	$ 7,493,125
Cash payments to employees	(1,638,866)	(78,410)	(82,580)	(1,799,856)
Cash payments to suppliers	(1,705,963)	(901,087)	(222,179)	(2,829,229)
Net cash provided by operating activities	2,748,141	87,746	28,153	2,864,040
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other nonoperating income	18,364	-	1,738	20,102
Trust fund payable	3,099,099	-	-	3,099,099
Net cash provided by noncapital financing activities	3,117,463	-	1,738	3,119,201
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on revenue bonds payable	(285,000)	-	-	(285,000)
Principal payments on notes payable	(245,051)	-	-	(245,051)
Proceeds from issuance of long-term debt	165,151	-	-	165,151
Interest paid	(2,181,190)	-	-	(2,181,190)
Decrease in due from other funds	11,060	-	(131)	10,929
Acquisition and construction of capital assets	(202,749)	-	-	(202,749)
Proceeds from sale of assets	55,000	-	-	55,000
Net cash used in capital and related financing activities	(2,682,779)	-	(131)	(2,682,910)
CASH FLOWS FROM INVESTING ACTIVITIES				
Maturity of certificate of deposit	66,365	-	-	66,365
Interest received	3,256	-	-	3,256
Net cash provided by investing activities	69,621	-	-	69,621
Net increase in cash and cash equivalents	3,252,446	87,746	29,760	3,369,952
Cash and cash equivalents, beginning of year	5,373,545	316,610	3,235	5,693,390
Cash and cash equivalents, end of year	$ 8,625,991	$ 404,356	$ 32,995	$ 9,063,342
Classifed as:				
Cash and cash equivalents	$ 3,649,712	$ 404,356	$ 32,995	$ 4,087,063
Current restricted cash and cash equivalents	4,113,482	-	-	4,113,482
Noncurrent restricted cash and cash equivalents	862,797	-	-	862,797
Total	$ 8,625,991	$ 404,356	$ 32,995	$ 9,063,342

(Continued)

See accompanying notes to financial statements.

CITY OF ST. MARYS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
For the Year Ended June 30, 2013

	Major Enterprise Funds		Nonmajor Enterprise Fund	
(Continued)	**Water & Sewer Fund**	**Solid Waste Fund**	**Aquatic Center Fund**	**Total Proprietary Funds**
Noncash investing, capital and financing activities				
Contribution of capital assets from other funds	$ 67,400	$ -	$ -	$ 67,400
Total noncash investing, capital and financing activities	$ 67,400	$ -	$ -	$ 67,400
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 313,502	$ 79,941	$ (75,655)	$ 317,788
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,517,965	2,280	91,114	2,611,359
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	62,971	443	-	63,414
Prepaid expenses	857	5,718	-	6,575
Increase (decrease) in:				
Accounts payable	(46,018)	(612)	22,244	(24,386)
Retainage payable	(71,673)	-	-	(71,673)
Accrued liabilities	(5,578)	(24)	(9,550)	(15,152)
Customer deposits	(23,885)	-	-	(23,885)
Net cash provided by operating activities	$ 2,748,141	$ 87,746	$ 28,153	$ 2,864,040

See accompanying notes to financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of St. Marys, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

I. Reporting Entity

The City was incorporated August 15, 1910, under the provisions of the laws of the State of Georgia. A new City charter was adopted February 8, 1981. The City operates under a Council/City Manager form of government and provides the following services to its citizens: public safety, public works, recreation, public improvements, and general and administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of St. Marys, Georgia (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended Component Unit

The St. Marys Convention & Visitors Bureau (the "Bureau") is reported as a blended component unit in the City's financial statements because the City maintains financial accountability over the Bureau and the Bureau almost exclusively benefits the City. The St. Marys Convention & Visitors Bureau is reported as a special revenue fund. Separate financial statements are not prepared for the Bureau.

Discretely Presented Component Units

The Industrial Development Authority of St. Marys

The Industrial Development Authority of St. Marys (the "IDA") is governed by a seven-member board, the majority of which are appointed by St. Marys' City Council. The City is able to significantly influence the programs, projects and activities of the IDA. The IDA is presented as a governmental fund-type component unit. Separate financial statements are not prepared for the IDA.

The Downtown Development Authority of St. Marys

The Downtown Development Authority of St. Marys (the "DDA") is governed by a seven-member board, the majority of which are appointed by St. Marys' City Council. The City is able to significantly influence the programs, projects and activities of the DDA. The DDA is presented as a governmental fund-type component unit. Separate financial statements are not prepared for the DDA.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

The Oak Grove Cemetery Authority

The Oak Grove Cemetery Authority (the "Authority") is governed by a five-member board, the majority of which are appointed by St. Marys' City Council. The City is able to significantly influence the programs, projects and activities of the Authority. The Authority is presented as a governmental fund-type component unit. Separate financial statements are not prepared for the Authority.

II. Government-wide and Fund Financial Statements

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

For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities and business-type activities.

Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The statement of net position includes noncurrent assets which were previously reported in the general fixed assets account group and noncurrent liabilities previously reported in the general long-term debt account group. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. 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 considered 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of the governmental and business-Type activities for the City.

These statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function, and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities, which are normally 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.

In accordance with Statement of Accounting Standards No. 20, "Accounting and Financial Reporting For Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City has elected to apply Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989 unless those pronouncements are inconsistent with GASB pronouncements: FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB).

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

III. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. 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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The Special Purpose Local Option Sales Tax Fund (SPLOST) is used to account for the revenues and expenditures relating to the 2009 1% Special Purpose Local Option Sales Tax.

The City reports the following major proprietary funds:

The Water & Sewer Fund accounts for the activities necessary to provide water and sewer services to the City's residents.

The Solid Waste Fund accounts for the fees and expenses associated with garbage collection and disposal services provided to the City's residents.

Additionally, the City reports the following fund type:

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

Amounts reported as program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

III. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

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 enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Budgets

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets of governmental funds are adopted on a modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America for governmental funds. All appropriations lapse at fiscal year end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City.

Cash and Investments

The City and discretely presented component units' 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.

Statutes authorize the City and discretely presented component units to invest in obligations of the U. S. Treasury, certificates of deposit, repurchase agreements, money market accounts, and the local government investment pool of the State of Georgia (Georgia Fund 1).

Investments are stated at fair value based on published quoted market prices. The fair values of investments in external investment pools are the same as the value of the pool shares.

Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Interfund Activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advance to/from other funds" (i.e., the noncurrent 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 and business-type activities are reported in the government-wide statement of net position as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

III. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on both the government-wide and proprietary fund financial statements because their use is limited by applicable bond covenants.

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities), the City chose to include all such items regardless of their acquisition date or amount. Donated capital assets are recorded at 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 improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of assets constructed. No interest expense was capitalized during the fiscal year ending June 30, 2013.

Capital assets of the primary government and each discretely presented component unit are depreciated using the straight line method over the following useful lives:

Asset Category	Years
Buildings	20 - 50
Infrastructure	30
Improvements	5 - 50
Machinery and equipment	3 - 10

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the 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 statements of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

III. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused personal leave. All personal leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority, the City Council, through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Administrator to assign fund balances.
- Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

III. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Equity (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

Subsequent Events

The City has performed an evaluation of subsequent events, as defined under FASB ASC 855-10, through December 27, 2013, which is the date the financial statements were available to be issued.

Implementation of GASB Statement Nos. 63 and 65

The City implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and early implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities* during the year ended June 30, 2013. These statements require changes in account captions in the statement of net position. In addition, the requirements for debt issuance costs to be capitalized and charged to expense over the life of the related debt were eliminated. Instead, debt issuance costs are expensed in the period incurred.

As a result, the effect is as follows:

	Beginning of Year	Prior Period Adjustment	Restated
Business-type activities net position	$ 38,188,751	$ (298,233)	$ 37,890,518

NOTE B – BUDGETS AND BUDGETARY ACCOUNTING

The annual budget document is the financial plan for the operation of the City. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the City's financial position. An annual operating budget is prepared for the General Fund, and each of the special revenue and proprietary funds.

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

1. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to any action by the Council, the Council holds a public hearing on the budget, giving notice in the official newspaper
3. The budget is then revised and adopted or amended by the Council at a regular meeting in June.
4. This budget may be revised during the year only by formal action of the Council in a regular or special called meeting. No increase to the budget may be made without a provision for financing such an increase.
5. Budgetary control is exercised at the department, function or activity, and major object of expenditures group for capital and grant projects within each fund. The legal level of budgetary control is the department level. Budgets for the City may be increased or decreased as the City Council deems appropriate. Budgets are adopted for all governmental and proprietary fund types. The supplementary budgetary appropriations made during the year were not material.

NOTE C – DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2013, are summarized as follows:

Amounts as presented on the government-wide statement of net position:		
Primary government		
Cash and cash equivalents	$	9,483,069
Restricted cash and cash equivalents		4,976,279
Investments		773,769
Total primary government		15,233,117
Component units		
Cash and cash equivalents		43,482
Investments		29,562
Total component units		73,044
Total government-wide	$	15,306,161

NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)

	Held with Financial Institutions		Held with Georgia Fund 1	Total
	Cash Deposits	Certificates of Deposit		
Cash and cash equivalents	$ 9,526,551	$ -	$ -	$ 9,526,551
Restricted cash and cash equivalents	4,562,204	-	414,075	4,976,279
Investments	-	29,562	773,769	803,331
	$ 14,088,755	$ 29,562	$ 1,187,844	$ 15,306,161

Credit risk State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. It is the City's policy to limit its investments to those allowed and authorized by State law. As of June 30, 2013, the City's investment in Georgia Fund 1 was rated AAAm by Standard & Poor's.

As of June 30, 2013, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	48 day weighted average	$ 773,769

As of June 30, 2013, the Downtown Development Authority had the following investment:

Investment	Maturities	Fair Value
Certificate of deposit	October 20, 2013	$ 29,562

Interest rate risk As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy generally limits all operating investments to instruments that mature within one year. Asset investment funds shall be diversified to eliminate risk of loss resulting from the concentration of assets in a specific maturity, a specific issuer or a specific class of maturities.

Custodial credit risk – deposits Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal and state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2013, the City's deposits were fully collateralized in compliance with the state requirements.

NOTE D – RECEIVABLES

I. Property Tax

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property, including motor vehicles, are valued as of January 1st each year. Property tax returns must be filed by April 1st.

Each year, property taxes are levied in October based on values as of the preceding January 1st, the date which the property taxes also attach as an enforceable lien on property. Taxes are due 60 days from the levy date, and are considered delinquent if unpaid by the due date. Liens may be enforced on property for unpaid delinquent taxes.

The tax billing cycle for fiscal year 2013 is as follows:

Lien date	January 1, 2012
Levy date	October 26, 2012
Payment due date	January 3, 2013
Delinquency date	January 3, 2013
Collection date	October 26, 2012 – January 3, 2013

In the governmental funds, the net receivables collected during the year ended June 30, 2013, and expected to be collected by August 31, 2013, are recognized as revenues for the year ended June 30, 2013, whereas net receivables estimated to be collectible subsequent to August 31, 2013, are recorded as revenue when received.

II. Receivables

Receivables at June 30, 2013 for the City's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	SPLOST	Water & Sewer	Solid Waste	Nonmajor Governmental Funds	Total
Receivables						
Taxes	$ 500,793	$ -	$ -	$ -	$ -	$ 500,793
Accounts	28,731	-	958,639	135,159	14,421	1,136,950
Due from other governments	158,272	240,204	-	-	42,742	441,218
Gross receivables	687,796	240,204	958,639	135,159	57,163	2,078,961
Less allowance for uncollectibles	(81,212)	-	(387,866)	(38,001)	-	(507,079)
Total net receivable	$ 606,584	$ 240,204	$ 570,773	$ 97,158	$ 57,163	$ 1,571,882

NOTE E – INTERFUND ACTIVITY

I. Interfund Balances

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund balances between funds are eliminated in the Statement of Net Position. The composition of interfund balances as of June 30, 2013 was as follows:

	Due From		
Due to	SPLOST Fund	Nonmajor Governmental Funds	Total
General fund	$ 20,765	$ 66,784	$ 87,549
Nonmajor governmental funds		14,421	14,421
Total	$ 20,765	$ 81,205	$ 101,970

	Advance To	
Advance from	Aquatic Center Fund	Total
General fund	$ 85,957	$ 85,957
Total	$ 85,957	$ 85,957

II. Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated. Interfund transfers for the year ended June 30, 2013 consisted of the following:

	Transfer To			
Transfer from	General Fund	Nonmajor Governmental Funds	Oak Grove Cemetery Authority	Total
General fund	$ -	$ 11,545	$ 11,123	$ 22,668
Nonmajor governmental funds	192,186	103,943	-	296,129
Total	$ 192,186	$ 115,488	$ 11,123	$ 318,797

NOTE F – CAPITAL ASSETS

The following is a summary of capital asset activity as of June 30, 2013:

Primary Government

Governmental Activities:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Nondepreciable capital assets					
Land	$ 1,798,738	$ -	$ -	$ -	$ 1,798,738
Construction in progress	-	433,101	-	-	433,101
Total nondepreciable capital assets	1,798,738	433,101	-	-	2,231,839
Other capital assets					
Infrastructure	10,580,800	20,279	-	-	10,601,079
Buildings	6,713,035	76,226	-	-	6,789,261
Improvements	6,407,940	-	-	-	6,407,940
Machinery and equipment	8,902,476	41,177	(709,679)	-	8,233,974
Total other capital assets at cost	32,604,251	137,682	(709,679)	-	32,032,254
Less accumulated depreciation for:					
Infrastructure	(2,303,326)	(353,873)	-	-	(2,657,199)
Buildings	(2,531,181)	(227,579)	-	-	(2,758,760)
Improvements	(3,164,665)	(214,977)	-	-	(3,379,642)
Machinery and equipment	(8,366,085)	(221,819)	705,755	-	(7,882,149)
Total accumulated depreciation	(16,365,257)	(1,018,248)	705,755	-	(16,677,750)
Other capital assets, net	16,238,994	(880,566)	(3,924)	-	15,354,504
Governmental activities capital assets, net	$ 18,037,732	$ (447,465)	$ (3,924)	$ -	$ 17,586,343

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 442,981
Public safety	255,006
Public works	227,982
Culture and recreation	61,742
Economic development	30,537
Total governmental activities depreciation expense	$ 1,018,248

NOTE F – CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

Business-type Activities:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Nondepreciable capital assets					
Land	$ 846,727	$ -	$ -	$ -	$ 846,727
Construction in progress	1,237,199	237,990	(71,673)	(965,995)	437,521
Total nondepreciable capital assets	2,083,926	237,990	(71,673)	(965,995)	1,284,248
Other capital assets					
Buildings	8,106,035	-	-	-	8,106,035
Infrastructure	88,606,197	-	-	956,341	89,562,538
Machinery and equipment	3,902,787	103,835	(108,751)	9,654	3,907,525
Total other capital assets at cost	100,615,019	103,835	(108,751)	965,995	101,576,098
Less accumulated depreciation for:					
Buildings	(3,612,195)	(194,559)	-	-	(3,806,754)
Infrastructure	(17,024,733)	(2,271,492)	-	-	(19,296,225)
Machinery and equipment	(3,637,365)	(145,310)	82,413	-	(3,700,262)
Total accumulated depreciation	(24,274,293)	(2,611,361)	82,413	-	(26,803,241)
Other capital assets, net	76,340,726	(2,507,526)	(26,338)	965,995	74,772,857
Business-type activities capital assets, net	$ 78,424,652	$ (2,269,536)	$ (98,011)	$ -	$ 76,057,105

Depreciation expense for the business-type activities was charged to the Solid Waste Fund.

Component Units

The Industrial Development Authority and the Downtown Development Authority maintain parcels of land with historical costs of $332,234 and $620,000, respectively.

NOTE G – LONG-TERM DEBT - PRIMARY GOVERNMENT

I. Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City's Water & Sewer Fund's revenue bonds outstanding at June 30, 2013, are as follows:

Series 1992 $5,595,000 Water Revenue Bonds, due in annual installments of $80,000 to $410,000 through July 1, 2018, plus interest of 3.0% to 6.125%	$ 2,130,000
Series 2010 $43,695,000 Water Revenue Bonds, due in annual installments of $- to $2,850,000 through December 1, 2032, plus interest of 3.0% to 5.0%	41,455,000
	$ 43,585,000

Revenue bonds debt service requirements to maturity are as follows as of June 30, 2013:

Year Ending June 30,	Principal	Interest	Total
2014	$ 300,000	$ 2,036,675	$ 2,336,675
2015	1,965,000	2,017,534	3,982,534
2016	2,075,000	1,947,816	4,022,816
2017	2,170,000	1,839,572	4,009,572
2018	2,265,000	1,726,355	3,991,355
2019-2023	10,385,000	7,152,106	17,537,106
2024-2028	11,070,000	4,640,250	15,710,250
2029-2033	13,355,000	1,788,750	15,143,750
	$ 43,585,000	$ 23,149,058	$ 66,734,058

II. Notes Payable

The City has incurred debt to the Georgia Environmental Facilities Authority for construction of various water and sewer system projects and various improvements to the water and sewer system. Included with these notes is a construction line of credit agreement for $1,215,000, of which $759,003 had been drawn down as of June 30, 2013. Additionally, the City has incurred debt to a local financial institution for the purchase of vehicles and equipment used in the water and sewer and solid waste operations. These notes are as follows at June 30, 2013:

Interest Rate	Term	Fiscal Year Due Date	Amount
3.00%	20 years	2025	$ 3,220,512
3.81%	20 years	2032	913,809
			$ 4,134,321

The City has also entered into other notes payable agreements with interest rates ranging from 2.44% to 3.71% for financing certain equipment and the renovation and improvement of the City's facilities. The principal of these loans is to be repaid in monthly payments through September 2014.

NOTE G – LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

II. Notes Payable (Contined)

The City's notes payable debt service requirements to maturity are as follows:

Governmental Activities

Year Ending June 30,	Principal	Interest	Total
2014	$ 40,658	$ 803	$ 41,461
2015	10,325	43	10,368
2016	-	-	-
2017	-	-	-
2018	-	-	-
	$ 50,983	$ 846	$ 51,829

Business-type Activities

Year Ending June 30,	Principal	Interest	Total
2014	$ 271,906	$ 127,604	$ 399,510
2015	280,442	119,068	399,510
2016	289,124	110,487	399,611
2017	298,448	98,722	397,170
2018	307,706	91,804	399,510
2019-2023	1,689,819	307,693	1,997,512
2024-2028	714,697	89,419	804,116
2029-2033	282,179	26,275	308,454
	$ 4,134,321	$ 971,072	$ 5,105,393

NOTE G – LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

III. Changes in Long-term Liabilities

The following is a summary of long-term debt activity for the year ended June 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 102,353	$ -	$ (51,370)	$ 50,983	$ 40,658
Compensated absences	274,373	362,499	(362,611)	274,261	274,261
Governmental activities long-term liabilities	$ 376,726	$ 362,499	$ (413,981)	$ 325,244	$ 314,919
Business-type activities:					
Bonds payable	$ 43,870,000	$ -	$ (285,000)	$ 43,585,000	$ 300,000
Notes payable	4,214,221	165,151	(245,051)	4,134,321	272,517
Business-type activities long-term liabilities	$ 48,084,221	$ 165,151	$ (530,051)	$ 47,719,321	$ 572,517

For governmental activities, compensated absences are generally liquidated through the General Fund.

NOTE H – RESTRICTIONS OF FUND BALANCES

In the governmental fund financial statements, fund balances consist of restricted and unassigned amounts. Restrictions of fund balances represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unassigned.

Fund balance restrictions at June 30, 2013 include:

General Fund

Reserved for purposes to reflect resources legally restricted for economic development	$ 6,250

Multiple Grant Fund

Reserve for purposes to reflect resources legally restricted for capital projects	$ 543,992

NOTE I – PENSION PLAN

Primary Government

Plan Description

The City terminated its noncontributory pension plan through the Georgia Municipal Employees Benefit System (GMEBS) in 1996 and established a defined contribution plan. Prior to termination, the City had adopted an agent multiple-employer noncontributory defined benefit pension plan, the City of St. Marys Retirement Plan (the "Plan") through GMEBS covering all employees with a service period of one year or more. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries and is administered by the Georgia Municipal Association. The City has authorized the GMEBS board to establish and amend all plan provisions. Employees were eligible for participation after one year of continuous service and become vested after 10 years of service. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the City of St. Marys Retirement Plan. That report may be obtained by writing to Georgia Municipal Association, Employee Benefit Section, 201 Pryor Street, SW, Atlanta, Georgia 30303.

As of the most recent valuation date, January 1, 2013, the funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UUAL as a Percentage of Covered Payroll (b-a)/c
1/1/2013	$ 928,329	$ 987,088	$ 58,759	94.1%	$ 47,777	123.0%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2013.

Funding Policy

The funding policy for the City of St. Marys Retirement Plan is to contribute an actuarially determined amount equal to the recommended contribution each year. The City makes all contributions to the City of St. Marys Retirement Plan. The City is required to contribute at an actuarially determined rate. Due to only one remaining active participant, the contribution has remained at the 2011 dollar amount and is no longer being shown as a percentage of payroll.

NOTE I – PENSION PLAN (CONTINUED)

Annual Pension Cost

For the year ended June 30, 2013, the City's annual pension cost was $19,285 for the City of St. Marys Retirement Plan. Recommended contributions of $19,285 were determined as part of the January 1, 2013, actuarial valuation, using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increases for inflation of 3.5% per year plus age and service based merit increases, and (c) no postretirement benefit increases or cost of living adjustments. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982, and current 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 as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. The method for determining the actuarial value of assets is part of GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets.

The smoothing technique gradually incorporates investment performance that exceeds or falls short of the expected return of 7.75%, which is the valuation's investment return assumption.

Three-Year Trend Information

Fiscal Year Ending	Annual Cost (APC)	Actual City Contribution	Percentage APC	Net Pension Obligation
6/30/2011	$ 19,289	$ 19,289	100%	$ -
6/30/2012	19,285	19,285	100%	-
6/30/2013	19,285	19,285	100%	-

Actuarial Valuation Information

Current Valuation Date	January 1, 2013
Actuarial Funding Method	Projected unit credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	NA
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Projected Salary Increases	3.50% plus age and service based merit increases
Expected Annual Inflation	0.00%

NOTE J – DEFINED CONTRIBUTION PENSION PLAN

Plan Description

The City of St. Marys has established a defined contribution pension plan (the Plan) that is administered by the Variable Annuity Life Insurance Company for all of its full-time employees. The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. Plan provisions and contribution requirements are established and may be amended by the City Council. At June 30, 2013, there were 135 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary up to a maximum of $17,500 for the year ended June 30, 2013. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. The City contributes an amount equal to 7% of each participant's compensation. Total employer contributions for the year ended June 30, 2013 were $260,767. Total employee contributions for the year ended June 30, 2013 were $209,195.

NOTE K – RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member City contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

NOTE L – COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in a number of legal matters, which have or could result in litigation. The nature of the lawsuits varies considerably. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Construction Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2013, the City has contractual commitments on uncompleted contracts of approximately $115,097.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTE M – JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the coastal Georgia area, is a member of the Coastal Regional Commission (CRC) and is required to pay annual dues thereto. During the year ended June 30, 2013, the City paid $17,121 in such dues. Membership in the CRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional development commissions 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 a regional development commission. Separate financial statements may be obtained from the Coastal Regional Commission, P.O. Box 1917, Brunswick, Georgia 31521.

NOTE N – HOTEL/MOTEL TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 6%. Expenditures of the tax were used to promote tourism as required by O.C.G.A. 48-13-50. For the year ended June 30, 2013, $103,943 of hotel/motel tax was collected. Of the total collected, 100% was used for the promotion of tourism.

Required Supplementary Information

CITY OF ST. MARYS, GEORGIA

SCHEDULE OF FUNDING PROGRESS – DEFINED BENEFIT RETIREMENT PLAN

For the Year Ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded (Overfunded) AAL as a Percentage of Covered Payroll (b-a)/c
1/1/2010	$ 1,083,162	$ 1,139,453	$ 56,291	95.1%	$ 75,794	74.3%
1/1/2011	1,080,532	1,016,030	(64,502)	106.3%	75,796	-85.1%
1/1/2012	967,506	993,822	26,316	97.4%	39,182	67.2%
1/1/2013	928,329	987,088	58,759	94.1%	47,777	123.0%

The assumptions used in the preparation of the above schedules are disclosed in Note I to the Financial Statements.

See independent auditors' report.

Supplementary Information
Combining and Individual Fund
Statements and Schedules

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The **Hotel/Motel Tax Fund** is used to account for excise taxes on lodging and accommodations.

The **Convention & Visitors Bureau** is used to account for monies received to operate tourism in the City.

The **Multiple Grants Fund** is used to account for grants received from various agencies.

CITY OF ST. MARYS, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue Funds			
	Hotel/Motel Tax Fund	Convention & Visitors Bureau Fund	Multiple Grants Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ -	$ 6,970	$ 544,034	$ 551,004
Accounts receivable, net	14,421	-	-	14,421
Prepaid items	-	77	-	77
Due from other governments	-	-	42,742	42,742
Due from other funds	-	14,421	-	14,421
Total assets	14,421	21,468	586,776	622,665
LIABILITIES				
Accounts payable	-	763	-	763
Accrued liabilities	-	652	-	652
Due to other funds	14,421	24,000	42,784	81,205
Total liabilities	14,421	25,415	42,784	82,620
FUND BALANCES (DEFICITS)				
Nonspendable				
Prepaid items	-	77	-	77
Restricted for:				
Housing and development	-	-	-	-
Capital projects	-	-	543,992	543,992
Economic development	-	-	-	-
Unassigned	-	(4,024)	-	(4,024)
Total fund balances (deficits)	-	(3,947)	543,992	540,045
Total liabilities and fund balances (deficits)	$ 14,421	$ 21,468	$ 586,776	$ 622,665

See independent auditors' report.

CITY OF ST. MARYS, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	Special Revenue Funds			
	Hotel/Motel Tax Fund	Convention & Visitors Bureau Fund	Multiple Grants Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ 103,943	$ -	$ -	$ 103,943
Intergovernmental	-	-	329,234	329,234
Interest income	-	10	501	511
Other revenues	-	13,902	-	13,902
Total revenues	103,943	13,912	329,735	447,590
EXPENDITURES				
Current:				
Culture and recreation	-	136,160	-	136,160
Total expenditures	-	136,160	-	136,160
Excess (deficiency) of revenues over (under) expenditures	103,943	(122,248)	329,735	311,430
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	115,488	-	115,488
Transfers to other funds	(103,943)	-	(192,186)	(296,129)
Sale of capital assets	-	2,500	-	2,500
Total other financing sources (uses)	(103,943)	117,988	(192,186)	(178,141)
Net change in fund balances	-	(4,260)	137,549	133,289
Fund balances, beginning of year	-	313	406,443	406,756
Fund balances (deficits), end of year	$ -	$ (3,947)	$ 543,992	$ 540,045

See independent auditors' report.

CITY OF ST. MARYS, GEORGIA
COMPONENT UNITS
For the Year Ended June 30, 2013

The **Industrial Development Authority** and the **Downtown Development Authority** are responsible for the development and coordination of economic growth projects in the City of St. Marys and for the redevelopment of property owned or acquired by the City for the best economic use for the citizens of St. Marys.

The Cemetery Authority was established to account for the operation, care and maintenance of the Historic Oak Grove Cemetery.

CITY OF ST. MARYS, GEORGIA
BALANCE SHEETS
COMPONENT UNITS
June 30, 2013

	Industrial Development Authority	Downtown Development Authority	Cemetery Authority
ASSETS			
Cash and cash equivalents	$ 11,402	$ 19,372	$ 12,708
Investments	-	29,562	-
Due from primary government	-	-	344
Total assets	11,402	48,934	13,052
LIABILITIES			
Accounts payable	-	2,428	-
Total liabilities	-	2,428	-
FUND BALANCES			
Unassigned	11,402	46,506	13,052
Total fund balances	11,402	46,506	13,052
Total liabilities and fund balances	$ 11,402	$ 48,934	$ 13,052

See independent auditors' report.

CITY OF ST. MARYS, GEORGIA
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
COMPONENT UNITS
For the Year Ended June 30, 2013

	Industrial Development Authority	Downtown Development Authority	Cemetery Authority
REVENUES			
Program revenue	$ -	$ 290	$ -
Rental income	-	3,600	-
Interest revenues	29	470	20
Total revenues	29	4,360	20
EXPENDITURES			
Current:			
Housing and development	-	5,439	-
Total expenditures	-	5,439	-
Excess (deficiency) of revenues over (under) expenditures	29	(1,079)	20
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	11,123
Total other financing sources (uses)	-	-	11,123
Net change in fund balances	29	(1,079)	11,143
Fund balances, beginning of year	11,373	47,585	1,909
Fund balances, end of year	$ 11,402	$ 46,506	$ 13,052

See independent auditors' report.

Statistical Section

CITY OF ST. MARYS, GEORGIA
STATISTICAL SECTION
For the Year Ended June 30, 2013

This part of the City of St. Marys's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the City's overall financial health.

Contents Page No.

Financial Trends 54-58
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 59-64
These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity 65-69
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.

Demographic and Economic Information 70-72
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 73-74
These schedules contain services 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.

Note: Unless otherwise noted, the financial information in these schedules does not include the City's discretely presented component units.

CITY OF ST. MARYS, GEORGIA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net investment in capital assets	$ 11,737,600	$ 12,623,149	$ 12,914,291	$ 13,205,436	$ 14,851,172	$ 14,360,678	$ 17,380,554	$ 18,974,383	$ 17,935,379	$ 17,535,360
Restricted								366,185	431,679	550,242
Unrestricted	5,662,852	5,969,486	6,681,458	6,945,491	5,329,266	5,018,515	5,131,934	3,528,145	4,598,226	5,155,188
Total Governmental Activities Net Position	$ 17,400,452	$ 18,592,635	$ 19,595,749	$ 20,150,927	$ 20,180,438	$ 19,379,193	$ 22,512,488	$ 22,868,713	$ 22,965,284	$ 23,240,790
Business-Type Activities										
Net investment in capital assets	$ 13,202,671	$ 14,679,793	$ 19,375,391	$ 22,562,522	$ 21,406,616	$ 26,744,210	$ 26,683,866	$ 33,919,673	$ 31,791,521	$ 29,671,562
Restricted			829,214	834,901	3,717,524	3,741,267	3,740,937	1,660,771	1,395,412	4,524,244
Unrestricted	5,584,660	5,138,644	5,363,283	5,298,025	4,593,947	7,606,077	9,581,787	4,456,173	5,001,818	1,841,257
Total Business-Type Activities Net Position	$ 18,787,331	$ 19,818,437	$ 25,567,888	$ 28,695,448	$ 29,718,087	$ 38,091,554	$ 40,006,590	$ 40,036,617	$ 38,188,751	$ 36,037,063
Primary Government										
Net investment in capital assets	$ 24,940,271	$ 27,302,942	$ 32,289,682	$ 35,767,958	$ 36,257,788	$ 41,104,888	$ 44,064,420	$ 52,894,056	$ 49,726,900	$ 47,206,922
Restricted	-	-	829,214	834,901	3,717,524	3,741,267	3,740,937	2,026,956	1,827,091	5,074,486
Unrestricted	11,247,512	11,108,130	12,044,741	12,243,516	9,923,213	12,624,592	14,713,721	7,984,318	9,600,044	6,996,445
Total Primary Government Net Position	$ 36,187,783	$ 38,411,072	$ 45,163,637	$ 48,846,375	$ 49,898,525	$ 57,470,747	$ 62,519,078	$ 62,905,330	$ 61,154,035	$ 59,277,853

NOTES:

Amounts presented for fiscal years 2004-2012 have not been adjusted for the effects of prior period adjustments recorded in fiscal year 2013.

CITY OF ST. MARYS, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES										
Governmental Activities										
General government	$ 2,754,171	$ 953,660	$ 1,376,561	$ 2,041,996	$ 1,356,206	$ 1,652,603	$ 465,645	$ 2,030,282	$ 2,091,188	$ 2,389,422
Public safety	1,813,187	2,899,146	3,283,264	3,969,907	4,628,281	4,468,636	4,467,093	4,351,355	4,116,046	3,961,427
Public works	1,238,067	2,964,937	2,067,212	2,438,935	4,162,567	2,466,841	3,442,972	2,863,325	2,227,367	1,952,905
Health and welfare	44,926	53,508	64,876	58,226	89,928	134,682	137,745	98,558	116,492	111,221
Judicial	150,235	189,092	221,341	253,957	250,126	191,884	172,019	227,996	201,782	188,216
Culture and recreation	631,626	876,149	968,271	1,006,264	987,974	595,489	1,002,250	549,875	521,389	501,057
Housing and development	330,441	603,022	814,738	788,967	791,216	592,903	531,059	484,338	438,725	483,860
Interest on long-term debt	111,116	89,035	66,975	80,298	115,022	58,557	33,064	16,492	3,821	1,786
Total Governmental Activities	7,073,769	8,628,549	8,863,238	10,638,550	12,381,320	10,161,595	10,251,847	10,622,221	9,716,810	9,589,894
Business-Type Activities										
Water and sewer	3,180,887	3,477,370	3,979,052	4,342,075	5,609,650	5,419,176	5,353,476	7,179,197	8,068,328	8,046,125
Solid waste	678,175	772,589	806,276	916,596	1,083,663	1,202,957	1,247,448	1,212,245	1,143,276	986,859
Aquatic center	-	-	-	-	-	482,360	477,641	460,695	409,451	408,567
Total Business-Type Activities	3,859,062	4,249,959	4,785,328	5,258,671	6,693,313	7,104,493	7,078,565	8,852,137	9,621,055	9,441,551
Total Primary Government	$ 10,932,831	$ 12,878,508	$ 13,648,566	$ 15,897,221	$ 19,074,633	$ 17,266,088	$ 17,330,412	$ 19,474,358	$ 19,337,865	$ 19,031,445
PROGRAM REVENUES										
Governmental Activities										
Charges for Services										
General government	$ 280,839	$ 450,581	$ 469,357	$ 1,942,812	$ 1,113,143	$ 1,585,497	$ 1,378,231	$ 1,182,164	$ 1,101,935	$ 986,902
Public safety	363,832	404,168	380,004	490,937	413,928	326,744	314,328	449,060	431,856	369,934
Public works	30,750	55,275	46,082	84,344	50,359	40,754	52,928	40,940	45,154	27,232
Culture and recreation	238,979	271,899	343,154	458,273	425,237	63,694	74,041	61,578	56,090	43,437
Housing and development	613,593	703,193	710,601	-	-	-	-	-	-	-
Operating grants and contributions	45,565	441,947	285,899	29,718	537,196	73,105	453,182	224,705	305,498	191,685
Capital grants and contributions	825,712	574,157	363,599	91,567			611	940,701	565,399	1,119,677
Total Governmental Activities	2,399,270	2,901,220	2,598,696	3,097,651	2,539,863	2,089,794	2,273,321	2,899,148	2,505,932	2,738,867
Business-Type Activities										
Charges for services										
Water and sewer	2,994,855	3,237,254	3,589,180	3,945,534	4,318,375	4,325,530	4,803,343	6,000,468	6,250,565	6,067,511
Solid Waste	742,620	886,172	927,273	1,030,991	1,100,502	1,059,553	1,113,236	1,089,234	1,069,520	1,066,800
Aquatic Center	-	-	-	-	-	324,209	333,856	338,636	332,148	332,912
Capital grants and contributions	2,308,703	1,019,889	5,855,695	3,151,297	1,573,959	4,808,077	1,031,895	403,316	-	-
Total Business-Type Activities	6,046,178	5,143,315	10,372,148	8,127,822	6,992,836	10,517,369	7,282,330	7,831,654	7,652,233	7,467,223
Total Primary Government	$ 8,445,448	$ 8,044,535	$ 12,970,844	$ 11,225,473	$ 9,532,699	$ 12,607,163	$ 9,555,651	$ 10,730,802	$ 10,158,165	$ 10,206,090
NET (EXPENSE) REVENUE										
Governmental Activities	$ (4,674,499)	$ (5,727,329)	$ (6,264,542)	$ (7,540,899)	$ (9,841,457)	$ (8,071,801)	$ (7,978,526)	$ (7,723,073)	$ (7,210,878)	$ (6,851,027)
Business-Type Activities	2,187,116	893,356	5,586,820	2,869,151	299,523	3,412,876	203,765	(1,020,483)	(1,968,822)	(1,974,328)
Total Primary Government	$ (2,487,383)	$ (4,833,973)	$ (677,722)	$ (4,671,748)	$ (9,541,934)	$ (4,658,925)	$ (7,774,761)	$ (8,743,556)	$ (9,179,700)	$ (8,825,355)

(Continued)

CITY OF ST. MARYS, GEORGIA

CHANGES IN NET POSITION (CONTINUED)

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities										
Taxes:										
Property taxes	$ 2,725,268	$ 2,061,298	$ 2,863,547	$ 3,223,663	$ 3,558,092	$ 3,899,788	$ 3,704,579	$ 3,394,403	$ 3,367,477	$ 3,191,238
Franchise Taxes	614,664	600,371	669,800	724,213	768,041	814,810	820,730	874,322	910,675	887,266
Sales taxes	1,955,514	3,359,125	2,693,974	2,860,254	4,101,868	6,012,916	7,030,312	3,711,861	1,956,799	1,905,129
Hotel/motel tax	-	-	-	131,118	126,521	110,980	98,461	107,006	104,033	103,943
Other taxes	798,507	845,076	904,817	948,736	977,604	1,014,643	993,926	965,861	1,048,986	1,111,129
Unrestricted investment earnings	44,491	80,643	135,488	198,602	147,341	68,953	54,404	14,345	11,032	7,775
Gain (loss) on sale of capital assets	-	-	-	9,492	99,000	8,719	-	14,602	-	(1,424)
Capital contributions	-	-	-	-	-	-	-	-	-	(67,400)
Miscellaneous	-	-	30	-	92,500	-	-	-	-	-
Transfers	3,479	(27,000)	-	-	-	(4,660,253)	(1,590,591)	(1,003,102)	(91,553)	(11,123)
Total Governmental Activities	6,141,923	6,919,513	7,267,656	8,096,078	9,870,967	7,270,556	11,111,821	8,079,298	7,307,449	7,126,533
Business-Type Activities										
Unrestricted investment earnings	62,228	108,018	162,544	227,310	682,374	286,457	103,757	30,055	12,271	4,710
Gain (loss) on sale of capital assets	3,068	-	-	13,877	-	-	6,695	-	-	28,662
Miscellaneous	1,650	2,732	87	17,222	40,742	13,881	10,228	19,353	15,132	20,101
Capital contributions	-	-	-	-	-	-	-	-	-	67,400
Transfers	(3,479)	27,000	-	-	-	4,660,253	1,590,591	1,003,102	91,553	-
Total Business-Type Activities	63,467	137,750	162,631	258,409	723,116	4,960,591	1,711,271	1,052,510	118,956	120,873
Total Primary Government	$ 6,205,390	$ 7,057,263	$ 7,430,287	$ 8,354,487	$ 10,594,083	$ 12,231,147	$ 12,823,092	$ 9,131,808	$ 7,426,405	$ 7,247,406
CHANGE IN NET POSITION										
Governmental Activities	$ 1,467,424	$ 1,192,184	$ 1,003,114	$ 555,179	$ 29,510	$ (801,245)	$ 3,133,295	$ 356,225	$ 96,571	$ 275,506
Business-Type Activities	2,250,583	1,031,106	5,749,451	3,127,560	1,022,639	8,373,467	1,915,036	32,027	(1,849,866)	(1,853,455)
Total Primary Government	$ 3,718,007	$ 2,223,290	$ 6,752,565	$ 3,682,739	$ 1,052,149	$ 7,572,222	$ 5,048,331	$ 388,252	$ (1,753,295)	$ (1,577,949)

NOTES:

Amounts presented for fiscal years 2004-2012 have not been adjusted for the effects of prior period adjustments recorded in fiscal year 2013.

CITY OF ST. MARYS, GEORGIA

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable										
Prepaid items	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 42,285	$ 145,048	$ 29,537
Advances to other funds	-	-	-	-	-	-	-	92,998	86,088	85,957
Restricted, reported in										
Housing and development	-	-	-	-	-	-	-	25,000	25,000	-
Economic development	-	-	-	-	-	-	-	-	-	6,250
Reserved for										
Prepaids	82,278	98,160	232,096	-	-	-	-	-	-	-
Advances	80,914	159,255	102,167	47,624	-	-	-	-	-	-
Unreserved, reported in										
General fund	4,539,303	5,369,839	5,937,904	6,419,288	4,994,961	4,483,795	4,454,159	-	-	-
Unassigned	-	-	-	-	-	-	-	3,199,443	4,205,195	4,959,599
Total General Fund	$ 4,702,495	$ 5,627,254	$ 6,272,167	$ 6,466,912	$ 4,994,961	$ 4,483,795	$ 4,454,159	$ 3,359,726	$ 4,461,331	$ 5,081,343
All Other Governmental Funds										
Nonspendable										
Prepaid items	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 74,184	$ 77	$ 77
Restricted, reported in										
Capital projects	-	-	-	-	-	-	-	332,559	406,443	543,992
Economic development	-	-	-	-	-	-	-	8,626	236	-
Reserved for										
Special projects	142,664	273,014	543,907	-	-	-	-	-	-	-
Prepaids	-	74	50	-	-	-	-	-	-	-
Unreserved, reported in										
Special revenue funds	(20,715)	1,573	38,413	772,682	575,816	419,264	402,554	-	-	-
Capital projects funds	486,658	282,832	(17,426)	92,740	97,208	95,421	80,332	-	-	-
Uassigned, reported in										
Special revenue funds	-	-	-	-	-	-	-	-	-	(4,024)
Total All Other Governmental Funds	608,607	557,493	564,944	865,422	673,024	514,685	482,886	415,369	406,756	540,045
Total All Governmental Funds	$ 5,311,102	$ 6,184,747	$ 6,837,111	$ 7,332,334	$ 5,667,985	$ 4,998,480	$ 4,937,045	$ 3,775,095	$ 4,868,087	$ 5,621,388

NOTES:

GASB 54 was implemented during fiscal 2011.

CITY OF ST. MARYS, GEORGIA

CHANGES IN FUND BALANCES - GOVERMENTAL FUNDS

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	$ 5,914,126	$ 7,402,840	$ 7,125,877	$ 7,889,834	$ 9,541,750	$ 11,537,041	$ 7,370,140	$ 7,321,744	$ 7,368,519	$ 7,276,692
Licenses and permits	592,760	661,915	710,601	1,057,400	541,639	463,372	502,189	312,663	416,059	348,420
Intergovernmental	646,848	1,016,104	649,498	121,285	537,196	73,105	5,580,088	2,118,700	870,897	1,311,362
Fines and forfeitures	362,552	398,548	380,004	490,937	413,928	326,744	314,328	449,060	431,856	369,934
Charges for services	260,753	315,779	384,441	427,928	444,724	96,982	179,547	123,375	127,975	67,652
Interest income	44,491	80,643	135,488	198,602	147,341	68,953	55,015	15,093	11,032	7,775
Contributions	-	11,404	30	-	-	-	-	-	-	-
Other revenues	473,397	497,470	474,152	1,000,101	694,876	1,129,591	823,464	848,644	659,145	641,499
Total Revenues	8,294,927	10,384,703	9,860,091	11,186,087	12,321,454	13,695,788	14,824,771	11,189,279	9,885,483	10,023,334
EXPENDITURES										
General Government	2,469,161	1,213,811	1,512,974	1,752,264	2,039,524	2,014,749	2,100,950	3,013,504	1,672,844	1,732,397
Public Safety	2,560,503	2,552,200	3,200,460	4,925,078	4,554,622	3,996,164	3,894,317	3,861,606	3,825,585	3,795,139
Public Works	1,131,828	1,273,561	1,554,588	2,404,363	2,652,326	2,124,581	1,950,345	1,819,373	1,476,893	1,499,686
Health and welfare	44,926	53,508	64,876	95,256	81,699	100,270	101,735	98,558	116,492	111,221
Judicial	147,162	187,556	221,341	253,957	250,126	191,884	172,019	227,996	201,782	188,216
Culture and recreation	559,296	1,064,887	773,434	859,791	991,757	632,096	517,803	488,321	477,569	439,315
Housing and development	326,812	551,800	806,447	763,407	776,607	569,252	488,691	444,060	398,102	460,368
Capital outlay	488,169	2,024,231	580,427	474,464	2,014,022	4,075,013	5,151,474	1,907,993	565,399	982,128
Debt service:										
Principal	877,419	470,805	491,750	682,349	1,493,355	778,708	467,225	479,813	166,731	51,055
Interest	115,608	91,699	69,301	81,872	116,765	63,143	32,015	17,697	3,884	1,885
Total Expenditures	8,720,884	9,484,058	9,275,598	12,292,801	14,970,803	14,545,860	14,876,574	12,358,921	8,905,281	9,261,410
Excess (deficiency) of revenues over (under) expenditures	(425,957)	900,645	584,493	(1,106,714)	(2,649,349)	(850,072)	(51,803)	(1,169,642)	980,202	761,924
OTHER FINANCING SOURCES										
Proceeds from sale of capital assets	-	-	-	9,492	99,000	74,969	-	14,602	-	2,500
Proceeds from note payable	1,470,000	-	-	-	-	-	-	-	-	-
Capital leases and notes payable	-	-	67,871	1,592,445	-	-	-	-	-	-
Issuance of notes payable	-	-	-	-	886,000	128,000	-	-	119,700	-
Transfers in	636,982	604,775	689,384	199,827	866,055	257,964	308,057	410,701	417,324	307,674
Transfers out	(633,503)	(631,775)	(689,384)	(199,827)	(866,055)	(280,366)	(317,689)	(417,611)	(424,234)	(318,797)
Total Other Financing Sources (Uses)	1,473,479	(27,000)	67,871	1,601,937	985,000	180,567	(9,632)	7,692	112,790	(8,623)
Net Change in Fund Balances	$ 1,047,522	$ 873,645	$ 652,364	$ 495,223	$ (1,664,349)	$ (669,505)	$ (61,435)	$ (1,161,950)	$ 1,092,992	$ 753,301
Debt Service as a Percentage of Noncapital Expenditures	13.7%	8.2%	6.9%	6.9%	14.2%	8.7%	5.4%	5.0%	2.1%	0.6%

CITY OF ST. MARYS, GEORGIA

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Digest Year	Property Taxes	Franchise Tax	Sales Tax	Hotel/Motel Tax	Other Taxes	Total
2004	2003	$ 2,725,268	$ 614,664	$ 1,955,514	-	$ 798,507	$ 6,093,953
2005	2004	2,061,298	600,371	3,359,125	-	845,076	6,865,870
2006	2005	2,863,547	669,800	2,693,974	-	904,817	7,132,138
2007	2006	3,223,663	724,213	2,860,254	131,118	948,736	7,887,984
2008	2007	3,558,092	768,041	4,101,868	126,521	977,604	9,532,126
2009	2008	3,899,788	814,810	6,012,916	110,980	1,014,643	11,853,137
2010	2009	3,704,579	820,730	7,030,312	98,461	993,926	12,648,008
2011	2010	3,394,403	874,322	3,711,861	107,006	965,861	9,053,453
2012	2011	3,367,477	910,675	1,956,799	104,003	1,048,986	7,387,940
2013	2012	3,177,293	887,267	1,905,129	103,943	1,548,132	7,621,764
	Change 2004-2013	16.59%	44.35%	-2.58%	n/a	93.88%	25.07%

CITY OF ST. MARYS, GEORGIA

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Tax Digest Year	Real and Personal	Motor Vehicle	Motor Homes	Timber 100%	Heavy Truck Equipment	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2004	2003	$ 322,330,512	$ 25,792,130	$ 1,594,213	$ -	$ -	$ 1,198,190	$ 348,518,665	7.690%	$ 871,269,663	40.00%
2005	2004	360,612,026	26,651,600	1,620,262	43,479	-	12,585,200	375,345,167	6.900%	938,362,918	40.00%
2006	2005	393,099,646	25,038,660	1,557,495	10,772	-	16,457,485	403,249,088	6.200%	1,008,122,720	40.00%
2007	2006	441,974,942	26,347,610	1,534,160	10,027	-	16,325,361	453,541,378	6.700%	1,133,853,445	40.00%
2008	2007	592,747,742	31,907,370	1,448,973	-	-	17,029,222	609,074,863	5.600%	1,522,687,158	40.00%
2009	2008	666,245,759	33,846,180	1,445,663	1,930	15,400	15,722,566	685,832,366	5.600%	1,714,580,915	40.00%
2010	2009	686,729,044	35,770,460	1,351,146	-	-	14,798,800	709,051,850	5.351%	1,772,629,625	40.00%
2011	2010	633,531,532	3,260,690	1,351,146	-	-	13,513,338	654,010,030	5.351%	1,635,025,075	40.00%
2012	2011	608,273,055	32,560,440	1,127,433	-	-	12,973,950	628,986,978	5.351%	1,572,467,445	40.00%
2013	2012	554,314,317	33,340,400	1,157,065	-	-	12,241,670	576,570,112	5.321%	1,441,425,280	40.00%

SOURCE:

Georgia Department of Revenue Property Tax Division Consolidation Summary

NOTES:

The City assesses property at 40 percent of actual value. Actual taxable value is calculated by dividing assessed value by 40 percent.

CITY OF ST. MARYS, GEORGIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN TAX DIGEST YEARS

		City Direct Rate	Overlapping Rates			
Fiscal Year	Digest Year	Basic Rate	Camden County	Camden County Board of Education	State of Georgia	Total Direct and Overlapping Rates
2004	2003	7.690	14.640	14.580	0.250	37.160
2005	2004	6.900	12.500	14.580	0.250	34.230
2006	2005	6.200	12.300	14.750	0.250	33.500
2007	2006	6.700	12.000	14.750	0.250	33.700
2008	2007	5.600	12.000	14.750	0.250	32.600
2009	2008	5.600	11.700	14.750	0.250	32.301
2010	2009	5.351	11.700	15.000	0.250	32.301
2011	2010	5.351	11.700	15.000	0.250	32.301
2012	2011	5.351	11.700	15.500	0.250	32.801
2013	2012	5.351	11.700	15.500	0.250	32.801

SOURCE:

Office of the Camden County Tax Commissioner.

NOTES:

Overlapping rates are those of the local governments that apply to property owners within the City of St. Marys, Georgia.

CITY OF ST. MARYS, GEORGIA

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

	2012			2003		
Customer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (1)	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (1)
Georgia Power Company	$ 6,353,435	1	1.15%	$ 3,558,419	8	1.10%
Walmart Real Estate	5,667,011	2	1.02%	4,496,736	5	1.40%
Tritex Real Estate Advisors, Inc.	4,484,060	3	0.81%			
Old Weed and Ready Plantation, LLC	4,480,201	4	0.81%			
Brank Creek LLC	3,614,271	5	0.65%			
Osprey Development LLC	3,370,220	6	0.61%			
Walmart Stores East LP	2,994,677	7	0.54%	3,398,128	9	1.05%
Winding River LLC	2,847,873	8	0.51%	6,156,670		1.91%
Camden Telephone	2,771,612	9	0.50%	3,853,027	3	1.20%
Nicholson Travel Plaza LLC	2,594,070	10	0.47%			
Durango Georgia Paper Company				19,546,952	1	6.06%
Point Peter LLC				11,423,426	2	3.54%
Trigen Biopower Inc.				5,741,903	4	1.78%
Georgia Pacific				4,177,913	6	1.30%
St. Marys Railroad				3,734,632	7	1.16%
Rayland LLC				2,902,067	10	0.90%
Total	$ 39,177,430		7.07%	$ 68,989,873		21.40%

SOURCE:

City of St. Marys Finance / Tax Department Records

NOTES:

The above information is based on the tax digest year.

CITY OF ST. MARYS, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Digest Year	Taxes Levied (Original Levy)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Adjusted Levy (1)		Amount	Percentage of Adjusted Levy (1)
2004	2003	$ 2,300,134	$ 1,105,527	91.54%	$ 55,453	$ 2,160,982	95.09%
2005	2004	2,370,447	2,205,799	93.05%	64,348	2,270,147	95.77%
2006	2005	2,390,840	2,340,786	97.91%	82,772	2,423,558	101.37%
2007	2006	2,737,986	2,756,030	100.66%	49,018	2,805,047	102.45%
2008	2007	3,110,318	3,129,287	100.61%	56,283	3,188,571	102.52%
2009	2008	3,467,587	3,234,332	93.27%	277,022	3,511,354	101.26%
2010	2009	3,498,384	3,180,483	90.91%	250,613	3,431,095	98.08%
2011	2010	3,036,967	2,885,039	95.00%	76,229	2,961,268	97.51%
2012	2011	3,234,429	2,986,509	92.33%	127,983	3,114,492	96.29%
2013	2012	2,757,956	2,622,660	95.06%	-	2,622,660	95.09%

SOURCE:

City of St. Marys Tax / Finance Department

NOTES:

(1) Changes in assessed values constituted an increase in taxes collected versus amount levied.

CITY OF ST. MARYS, GEORGIA

WATER AND SEWER RATES

LAST TEN TAX FISCAL YEARS

	Total Direct Rates						
			Per Gallon Variable Rate			Per Gallon Variable Rate	
Fiscal Year	Gallons of Water Consumed	Water Base Rate	0 Through 6,000 (per 1,000)	6,001 and Over (per 1,000)	WasteWater Base Rate	0 Through 6,000 (per 1,000)	6,001 and Over (per 1,000)
2004	447,542,784	11.00	1.500	1.750	11.00	1.500	1.750
2005	592,439,000	12.00	1.650	1.900	12.00	1.650	1.900
2006	615,612,000	12.50	1.725	1.975	12.50	1.725	1.975
2007	566,062,000	13.25	1.830	2.100	13.25	1.830	2.100
2008	602,162,000	13.75	1.920	2.210	13.75	1.920	2.210
2009	573,861,000	15.15	2.110	2.430	15.15	2.110	2.430
2010	562,519,000	20.45	2.860	3.280	20.45	2.860	3.280
2011	443,411,000	20.45	2.860	3.280	20.45	2.860	3.280
2012	527,599,000	20.45	2.860	3.280	20.45	2.860	3.280
2013	335,285,000	20.45	2.860	3.280	20.45	2.860	3.280

SOURCE:

City of St. Marys Water Department

CITY OF ST. MARYS, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

	Governmental Activities		Business-type Activities							
Fiscal Year	Capital Leases	Notes Payable	1992 Water/Sewer Bond	2007 Water/Sewer Bond	2010 Water/Sewer Bond	Capital Leases	Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2004	$ 1,015,999	$ 1,315,559	$ 4,010,000	$ -	$ -	$ 33,920	$ 7,753,742	$ 14,129,220	3.50%	$ 864
2005	209,452	1,658,850	3,820,000	-	-	24,884	8,151,255	13,864,441	3.20%	842
2006	239,870	1,205,161	3,620,000	-	-	24,884	7,759,149	12,849,064	2.80%	792
2007	824,016	803,909	3,405,000	43,695,000	-	577,775	7,805,549	57,111,249	11.60%	3,420
2008	1,604,229	148,986	3,180,000	43,695,000	-	449,260	7,376,517	56,453,992	11.10%	3,364
2009	998,546	99,250	3,180,000	41,845,000	-	309,843	6,931,200	53,363,839	10.90%	3,181
2010	575,576	55,491	2,940,000	40,845,000	-	187,003	6,470,261	51,073,330	10.00%	2,983
2011	140,513	12,579	2,685,000	-	41,455,000	47,700	3,730,307	48,071,098	8.70%	2,792
2012	102,037	-	2,415,000	-	41,455,000	-	3,455,218	47,427,255	**	**
2013	50,983	-	2,130,000	-	41,455,000	-	4,134,321	47,770,304	**	**

NOTES:

Details regarding the City of St. Marys outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for personal income and population data.
These ratios are calculated using personal income and population for the prior calendar year.

** Information not available at time of printing.

CITY OF ST. MARYS, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Redevelopment Bonds	Total	Percentage of Actual Taxable Value of Property	Per Capita	Population	Net Assessed Value
2004	$ -	$ -	$ -	0.00%	$ -	16,356	$348,518,665
2005	-	-	-	0.00%	-	16,468	375,345,167
2006	-	-	-	0.00%	-	16,231	403,249,088
2007	-	-	-	0.00%	-	16,697	453,541,378
2008	-	-	-	0.00%	-	16,783	609,074,863
2009	-	-	-	0.00%	-	16,778	685,832,366
2010	-	-	-	0.00%	-	17,121	709,051,850
2011	-	-	-	0.00%	-	17,218	654,010,030
2012	-	-	-	0.00%	-	17,606	628,986,978
2013	-	-	-	0.00%	-	**	576,570,112

NOTES:

Details regarding the City of St. Marys outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for population data.

See the Schedule of Assessed Value and Actual Value of Taxable Property for property value data.

** Information not yet available.

CITY OF ST. MARYS, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Camden County	$ -	39.67%	$ -
Other debt			
Camden County	-	39.67%	-
Subtotal: overlapping debt			-
City direct debt			-
			$ -

SOURCES:

Assessed value data used to estimate applicable percentage provided by Camden County
Debt outstanding provided by each government.

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 assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Estimated percentage applicable based on 2011 Camden County taxable assessed value of $1,585,411,812 and City of St. Marys taxable assessed value of $628,986,978 for 39.67%

CITY OF ST. MARYS, GEORGIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
LEGAL DEBT MARGIN										
Debt limit	$ 34,971,686	$ 38,793,037	$ 41,970,657	$ 46,986,674	$ 62,610,409	$ 70,155,493	$ 72,385,065	$ 66,752,337	$ 64,196,093	$ 58,881,178
Total net debt applicable	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 34,971,686	$ 38,793,037	$ 41,970,657	$ 46,986,674	$ 62,610,409	$ 70,155,493	$ 72,385,065	$ 66,752,337	$ 64,196,093	$ 58,881,178
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
LEGAL DEBT MARGIN CALCULATION										
Assessed value	$ 348,518,665	$ 375,345,167	$ 403,249,088	$ 453,541,378	$ 609,074,863	$ 685,832,366	$ 709,051,850	$ 654,010,030	$ 628,986,978	$ 576,570,112
Add back: exempt property	1,198,190	12,585,200	16,457,485	16,325,361	17,029,222	15,722,566	14,798,800	13,513,338	12,973,950	12,241,670
Total assessed value	349,716,855	387,930,367	419,706,573	469,866,739	626,104,085	701,554,932	723,850,650	667,523,368	641,960,928	588,811,782
Debt limit (10% of total assessed value)	34,971,686	38,793,037	41,970,657	46,986,674	62,610,409	70,155,493	72,385,065	66,752,337	64,196,093	58,881,178
Debt applicable to limit										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amounts set aside for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 34,971,686	$ 38,793,037	$ 41,970,657	$ 46,986,674	$ 62,610,409	$ 70,155,493	$ 72,385,065	$ 66,752,337	$ 64,196,093	$ 58,881,178

NOTES:

Under State of Georgia law, the City of St. Marys outstanding general obligation debt should not exceed 10 percent of total assessed property value.
The legal debt margin is the difference between the debt limit and the City's net general obligation debt outstanding applicable to the limit,
and represents the City's legal borrowing authority.

CITY OF ST. MARYS, GEORGIA

PLEDGED-REVENUE COVERAGE (in thousands)

LAST TEN FISCAL YEARS

	Water Revenue Bonds					
			Debt Service			
Fiscal Year	Net Revenue (1)	Historical Senior Lien Bond Debt Service (2)	Senior Lien Debt Coverage Ratio	Excess Funds After Senior Lien	GEFA Loan Debt Service (3)	GEFA Loan Debt Coverage Ratio
2004	$ 1,168	$ 429	2.72	$ 739	$ 381	1.94
2005	1,352	434	3.11	918	386	2.38
2006	1,276	433	2.94	843	678	1.24
2007	1,551	436	3.55	1,114	685	1.63
2008	1,790	1,352	1.32	438	702	0.62
2009	3,941	1,720	2.29	2,222	809	2.75
2010	1,557	1,427	1.09	129	701	0.18
2011	2,759	1,455	1.90	1,305	476	2.74
2012	3,054	2,357	1.30	697	383	1.82
2013	2,831	2,340	1.21	491	483	1.02

NOTES:

(1) Operating Income(Loss) plus Depreciations plus non-operating interest income.

(2) Excludes debt service on notes payable to GEFA, since these notes are not secured by revenues of the System.

(3) GEFA loans are paid on ta subordinated basis and do not constitute a lien on the system.

CITY OF ST. MARYS, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income	Unemployment Rate (3)
2004	16,356	$ 406,692	$ 24,865	4.50%
2005	16,468	438,872	26,650	4.30%
2006	16,231	466,950	28,769	4.00%
2007	16,697	492,562	29,500	4.60%
2008	16,783	508,793	30,316	6.90%
2009	16,778	488,290	29,103	9.40%
2010	17,121	512,962	29,961	9.90%
2011	17,218	551,975	32,058	9.50%
2012	17,606	**	**	8.90%
2013	**	**	**	9.60%

SOURCE:

(1) U.S. Bureau of the Census

(2) Bureau of Economic Analysis (BEA): Regional Economic Accounts

(3) Georgia Department of Labor - Camden County unemployment rate

** Information not yet available.

CITY OF ST. MARYS, GEORGIA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND THREE YEARS AGO

	2013				2010 (1)	
	Employer	**Number of Employees**	**Percentage of Total City Employment**	**Rank**	**Employer**	**Number of Employees**	**Percentage of Total City Employment**
1	Express Scripts	690	11.08%	1	Express Scripts	474	7.61%
2	Southeast Georgia Health Systems	300	4.82%	2	Wal-Mart	418	6.71%
3	Wal-Mart Supercenter	300	4.82%	3	Southeast Georgia Health System	293	4.71%
4	City of St. Marys	154	2.47%	4	Green Cedar Stores	95	1.53%
5	ATN Inc.	85	1.37%	5	Osprey Cove Golf Course	85	1.37%
6	Georgia Pacific	73	1.17%	6	Georgia Pacific	76	1.22%
7	Green Golf Partners, Lilac	59	0.95%	7	B.A.E. Systems	67	1.08%
8	Cory's Thunder	31	0.50%	8	Customer Service of America	36	0.58%
9	Harvey's	25	0.40%	9	Harvey's Grocery Store	27	0.43%
10	Belk	23	0.37%	10	Aunt B's Restaurant	23	0.37%
	Total Employees	1,740	27.94%		Total Employees	1,594	25.60%

SOURCE:

City of St. Marys Planning & Building

NOTES:

(1) Principal employers for nine years ago is not available.

CITY OF ST. MARYS, GEORGIA

FULL TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

FUNCTION	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
General government	9.00	10.00	11.00	17.00	19.00	14.00	13.00	9.30	8.30	8.93
Public safety										
Police department	33.00	38.00	46.00	46.00	46.00	40.00	40.00	40.50	36.50	35.50
Fire department	11.00	13.00	18.00	30.00	30.00	23.00	23.00	26.00	29.00	29.00
Public works	25.00	32.00	38.00	48.00	46.00	40.00	40.00	29.70	19.36	19.61
Health and welfare	-	-	-	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Judicial	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.50	1.00	1.00
Culture and recreation	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Housing and development	5.00	8.00	10.00	10.00	8.00	7.00	7.00	7.25	7.25	6.50
Business-type activities										
Water and sewer	19.00	21.00	26.00	30.00	30.00	29.00	28.00	39.05	35.39	35.39
Solid waste	6.00	7.00	7.00	7.00	-	-	-	5.49	1.45	1.45
Aquatic center	1.00	1.00	1.00	1.00	1.00	1.00	1.00	9.60	8.60	8.60
Total	116.00	137.00	164.00	197.00	188.00	161.00	159.00	175.39	153.85	152.98

NOTES:

Full-time equivalent information was not available for 2010 through 2004. Part-time employees were not reported for these years.

Source: City of St. Marys Finance Department

(1) Director position outsourced to PSA beginning 2012.

CITY OF ST. MARYS, GEORGIA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Building permits issued	367	377	421	255	165	142	257	261	285	282
Building inspections conducted	No data	No data	No data	No data	3,054	2,519	3,306	1,660	1,609	1,621
Police										
Physical arrests	641	754	794	974	693	623	731	868	759	652
Other Violations	2,710	2,813	2,804	2,804	2,526	2,193	2,539	2,568	2,374	2,128
Traffic Violations	2,451	2,650	2,640	3,082	2,641	2,565	4,993	4,299	3,369	3,088
Fire										
Emergency room	1,512	1,518	1,590	1,670	1,492	1,619	1,575	1,617	1,863	1,733
Fires extinguished	95	101	86	96	75	82	96	82	99	75
Inspections	116	402	280	138	84	139	2,013	228	279	250
Public Works										
Streets resurfaced (miles)	1	No data	1	No data	2	No data	1	1	-	-
Water										
New connections	232	253	910	269	101	74	52	32	21	29
Voluime (thousands of gallons)	No data	1,623	1,687	1,551	1,650	1,572	1,541	1,516	1,445	1,103
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,160	1,724	1,572	1,195	1,377	1,479	1,383	1,259	1,521	1,900

SOURCE:

Various City departments

CITY OF ST. MARYS, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police Station	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3
Other Public Works										
Streets (miles)	90	90	91	93	94	99	103	107	107	107
Water										
Fire hydrants	831	871	879	943	997	1,037	1,109	1,127	1,135	1,135
Storage capacity (thousands of gallons)	750	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Wastewater										
Treatment capacity (thousands of gallons)	1,500	1,500	2,000	2,000	2,000	2,000	3,000	5,200	5,200	4,500

SOURCE:

Various City departments

Compliance Section

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
202 Love Avenue
Tifton, GA 31794
P.O. Box 7650
Tifton, GA 31793

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and City Council
City of St. Marys, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Marys, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of St. Marys, Georgia's basic financial statements, and have issued our report thereon dated December 27, 2013.

Internal Control Over Financial Reporting

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

December 27, 2013
Tifton, Georgia

CITY OF ST. MARYS, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2013

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued:	*[unmodified]*		
Internal control over financial reporting:			
Material weakness(es) identified?	____ yes	__X__ no	
Significant deficiencies identified not considered to be material weaknesses?	____ yes	__X__ no	none reported
Noncompliance material to financial statements noted?	____ yes	__X__ no	

Federal Awards

Not applicable as a single audit was not performed for the year ended June 30, 2013 due to the City not expending $500,000 or more of federal funds.

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV - STATUS OF PRIOR YEAR FINDINGS

None reported.

CITY OF ST. MARYS, GEORGIA

SCHEDULE OF SPECIAL PURPOSE LOCAL
OPTION SALES TAX EXPENDITURES - 2009 ISSUE

For the Year Ended June 30, 2013

	Estimated Cost		Expenditures		
Project	Original	Current	Prior Years	Current Year	Total
City sidewalks/streets	$ 4,730,000	$ 2,450,000	$ 419,036	$ 120,424	$ 539,460
Drainage	5,530,000	3,000,000	369,547	64,041	433,588
Sewer	5,000,000	5,310,000	5,311,892	108,171	5,420,063
City buildings	3,500,000	1,000,000	408,443	689,492	1,097,935
Total	$ 18,760,000	$ 11,760,000	$ 6,508,918	$ 982,128	$ 7,491,046

See independent auditors' report.