THE CITY OF ST. MARYS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014



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For the Year Ended June 30, 2014

John F. Morrissey
Mayor

Jennifer Brown
Finance Director

CITY OF ST. MARYS, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014
Table of Contents

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal i
Organizational Structure v
Principal Officials vi

FINANCIAL SECTION

Independent Auditors' Report 1
Management's Discussion and Analysis (Unaudited) 4
Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Position 17
Statement of Activities 19
Fund Financial Statements:
Governmental Funds
Balance Sheet – Governmental Funds 21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund 25
Proprietary Funds
Statement of Net Position – Proprietary Funds 28
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds 30
Statement of Cash Flows – Proprietary Funds 31
Notes to Financial Statements 33

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Funding Progress – Defined Benefit Retirement Plan 61

CITY OF ST. MARYS, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014
Table of Contents

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Capital Projects Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – SPLOST Fund 62

Nonmajor Governmental Funds:

Combining Balance Sheet – Nonmajor Governmental Funds 63

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 64

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Hotel/Motel Fund 65

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Multiple Grants Fund 66

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Capital Project Fund 67

Component Units:

Balance Sheets – Component Units 68

Statements of Revenues, Expenditures, and Changes in Fund Balances – Component Units 69

STATISTICAL SECTION (UNAUDITED)

Net Position by Component 70

Changes in Net Position 71

Fund Balances – Governmental Funds 73

Changes in Fund Balances – Governmental Funds 74

Tax Revenues by Source – Governmental Funds 75

Assessed Value and Actual Value of Taxable Property 76

Direct and Overlapping Property Tax Rates 77

Principal Property Tax Payers 78

Property Tax Levies and Collections 79

Water and Sewer Rates 80

Ratios of Outstanding Debt by Type 81

Ratios of General Bonded Debt Outstanding 82

Direct and Overlapping Governmental Activities Debt 83

Legal Debt Margin Information 84

Pledged-Revenue Coverage 85

Demographic and Economic Statistics 86

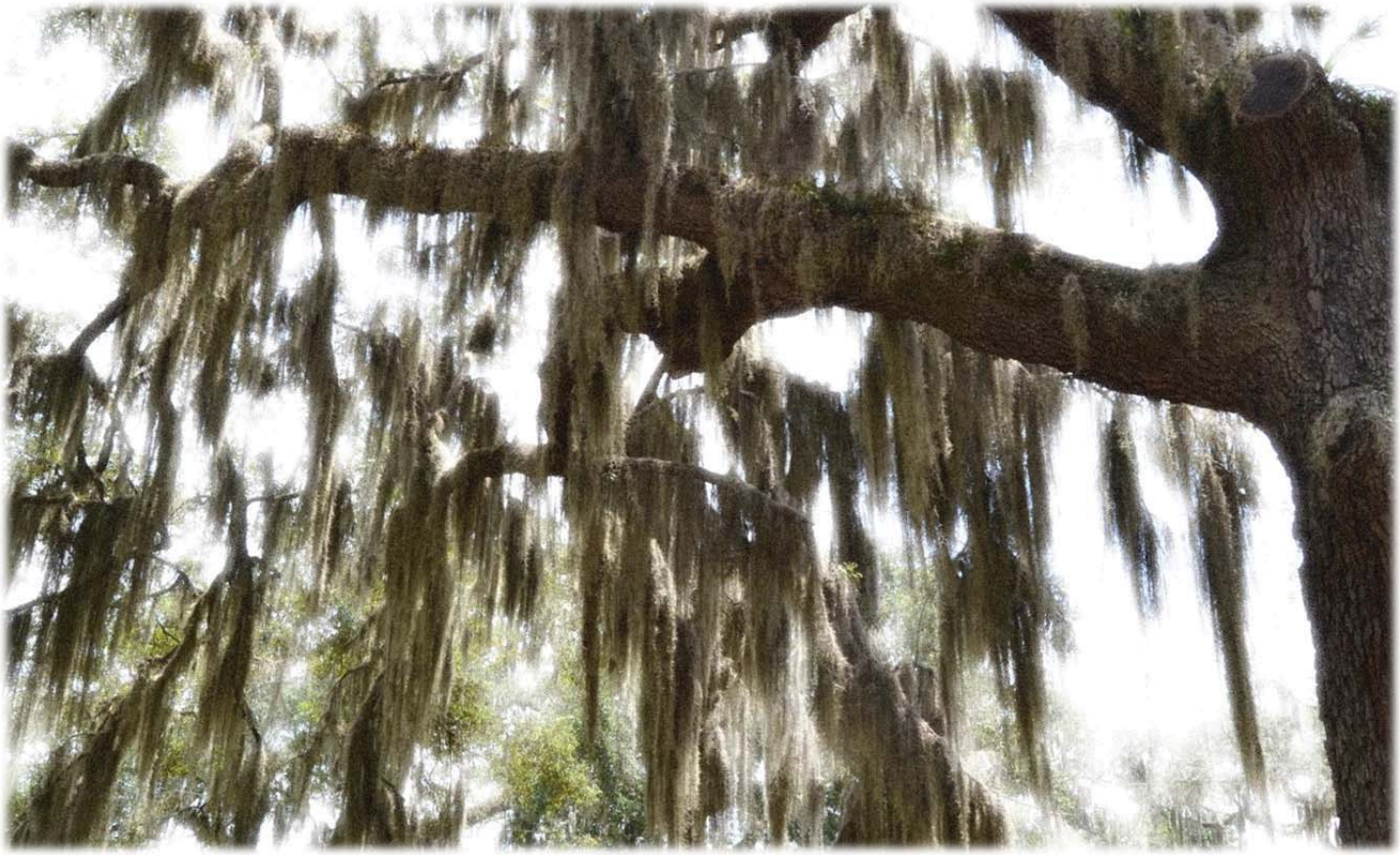
CITY OF ST. MARYS, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014
Table of Contents

STATISTICAL SECTION (UNAUDITED) (CONTINUED)

Principal Employers 87
Full Time Equivalent City Employees by Function 88
Operating Indicators by Function 89
Capital Asset Statistics by Function 90

COMPLIANCE SECTION

Reports Required by *Government Auditing Standards*:
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* 91
Schedule of Findings and Responses 93
State of Georgia Reports:
Schedule of Special Purpose Local Option Sales Tax Expenditures - 2008 Issue..... 94
Schedule of Special Purpose Local Option Sales Tax Expenditures - 2013 Issue..... 94



Introductory Section
(Unaudited)

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

December 29, 2014

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, 2014. 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, 2014. 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 Auditor's 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.

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 and has been awarded the same honor for FY 2013 and FY 2014 budgets. The City anticipates submitting this document for the Certificate in Achievement in Financial Reporting for 2014.

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 October 2014, unemployment in the Camden County area was 7.1% compared to 5.8% nationally and 7.7% 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, 2014, 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 2015 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 2015 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.

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 2015 through 2019 identifies projects and funding that total $14.82 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 $2.21 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.

In March 2013, Voters approved a 1% Special Purpose Local Option Sales Tax (SPLOST VII).

Projects slotted in FY 2015 include:

- Purchase of police cars
- Improvement of computer hardware
- Purchase of generator for water plant
- Bond debt retirement
- Various Sewer and Water infrastructure
- Sewer and Water equipment

Council approved $50,000 for marketing the City.

Council approved $25,000 for a city master plan.

City will be reviewing an enhancement for the "Gateway" of the City.

Road enhancements with the local maintenance improvement grant.

The City continues to work toward bringing in 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 to local vendors
Continue business recruiting
Develop a marketing plan for the community
Promote appearance and safety at Exit 1
Create an incentive package to attract business
Implementation of Redevelopment Powers Act
Enterprise Zone

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.

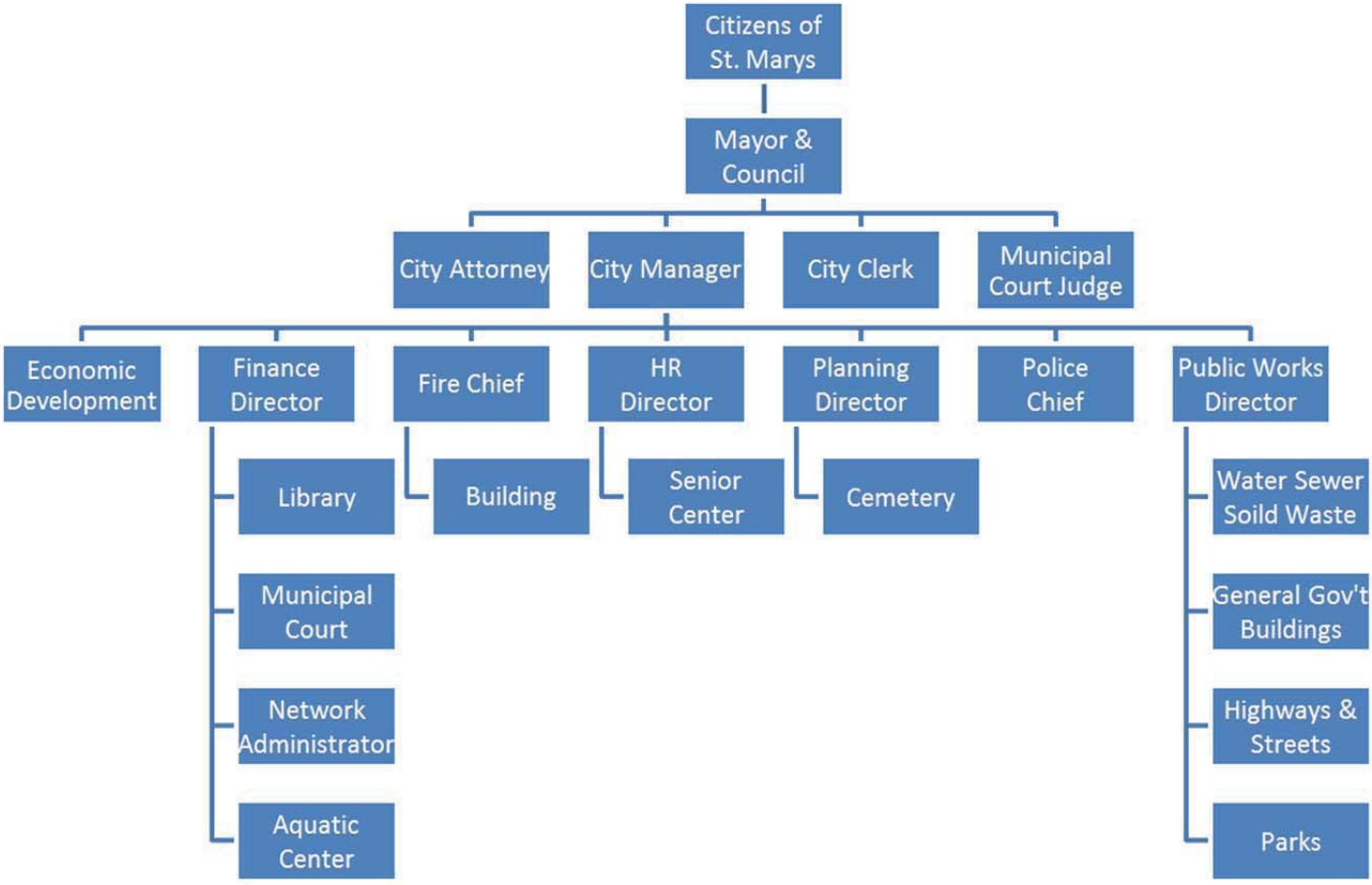
The CAFR reflects our ongoing commitment to the citizens of the City of St. Marys and all interested readers of this report to provide information in conformance with the highest standards of financial reporting.

Respectfully submitted,

John J. Holman
City Manager

Jennifer Brown
Finance Director

CITY OF ST. MARYS, GEORGIA
Organizational Structure



ELECTED

Mayor
John F. Morrissey

City Council

Post 1
Robert L. Nutter

Post 2
Nancy Stasinis

Post 3
Jim Gant

Post 4
David Reilly

Post 5
Sam Colville

Post 6
Linda P. Williams

APPOINTED

City Manager
John J. Holman

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

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Tifton, GA 31794
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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, 2014 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, 2014, 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.

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 through 16 and the schedule of funding progress on page 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules of special purpose local option sales tax expenditures are presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 fund financial statements and schedules and the schedule 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 December 29 2014, on our consideration of the City of 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 and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of St. Marys, Georgia's internal control over financial reporting and compliance.

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

Carr, Riggs & Ingram, LLC
Certified Public Accountants
December 29, 2014

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, 2014 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 and deferred outflows of the City exceeded its liabilities at June 30, 2014, by $58.4 million (*net position*). Of this amount, $10.6 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 $.87 million.

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $6.7 million, an increase of $1 million in comparison with the prior year. Approximately 80.5% of this total amount, $5.4 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 $34.9 million, a decrease of $1.1 million in comparison with the prior year. Approximately 14.7% of this total amount, $5 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 $5.4 million or a positive 65% of total General Fund expenditures.

During the current fiscal year the City did not issue new debt for the Governmental funds or Business-type funds. The Governmental funds had a reduction in debt service of $40,653. The Business-type funds had a reduction in debt service of $571,906. The total reduction in debt service was $612,559. *Numbers do not include compensated absences

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. 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 deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between assets plus deferred outflows and liabilities plus deferred inflows 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 also presents information on four component units of the City.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 and Sewer, Sanitation and Aquatic Center.

The government-wide financial statements can be found on pages 17 through 20 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.

Fund financial statements – *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 non-major 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 21 through 27 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 policy, 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 and Solid Waste Fund, which are considered major funds of the City, and the Aquatic Center Fund, which is considered a non-major 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 following the basic financial statements in this report.

Other information. The combining statements referred to earlier in connection with non-major 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 62 through 69 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 plus deferred outflows of resources exceeded liabilities by $58.4 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.

	Governmental Activities		Business-type Activities		Total	
June 30,	2013	**2014**	2013	**2014**	2013	**2014**
Current and other assets	$ 6,441,270	**$ 7,481,560**	$ 10,435,053	**$ 8,756,634**	$ 16,876,323	**$ 16,238,194**
Capital assets	17,586,343	**16,710,813**	76,057,105	**74,220,839**	93,643,448	**90,931,652**
Deferred outflows of resources	-	**-**	1,333,778	**1,265,380**	1,333,778	**1,265,380**
Total assets and deferred outflows	24,027,613	**24,192,373**	87,825,936	**84,242,853**	111,853,549	**108,435,226**
Other liabilities	772,551	**711,664**	4,642,069	**4,406,549**	5,414,620	**5,118,213**
Long-term liabilities outstanding	10,325	**-**	47,146,804	**44,901,973**	47,157,129	**44,901,973**
Total liabilities	782,876	**711,664**	51,788,873	**49,308,522**	52,571,749	**50,020,186**
Net position:						
Net investment in capital assets	17,535,360	**16,700,483**	27,004,006	**28,338,804**	44,539,366	**45,039,287**
Restricted	550,242	**1,182,601**	4,524,244	**1,606,046**	5,074,486	**2,788,647**
Unrestricted	5,159,135	**5,597,625**	4,508,813	**4,989,481**	9,667,948	**10,587,106**
Total net position	$ 23,244,737	**$ 23,480,709**	$ 36,037,063	**$ 34,934,331**	$ 59,281,800	**$ 58,415,040**

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

Government-wide Financial Analysis, Continued

By far the largest portion of the City's net position, $45 million (77.5%) reflects its 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, $2.8 million (4.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $10.6 million (17.7%) 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 2014 is $.34 million, which was an increase over 2013 of $499. The Downtown Development Authority (Component Unit) total net position for 2014 is $.67 million, which was an increase over 2013 of $10,691. The Convention & Visitors Bureau (Component Unit) total net position for 2014 is $(3,468), which was an increase over 2013 of $(3,947). The Cemetery Authority (Component Unit) total net position for 2014 is $33,619, which was an increase over 2013 of $20,567. The Industrial Development, Downtown Development, Convention & Visitors Bureau and Cemetery Authorities assets are not included in the above totals.

Government-wide Financial Analysis, Continued

Governmental activities during the fiscal year ending June 30, 2014 increased the City of St. Marys net position by $.24 million. Business-type activities during the same period decreased net position by $1.1 million for a total decrease in net position of $.87 million. The following chart shows the revenue and expenses by activity for the total primary government.

City of St. Marys – Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
Year ended June 30,	2013	**2014**	2013	**2014**	2013	**2014**
Revenues						
Program revenues:						
Charges for services	$ 1,411,103	**$ 1,282,611**	$ 7,467,223	**$ 7,504,257**	$ 8,878,326	**$ 8,786,868**
Operating grants and contributions	191,685	**157,803**	-	**-**	191,685	**157,803**
Capital grants and contributions	1,119,677	**851,770**	-	**614,258**	1,119,677	**1,466,028**
General revenues:						
Property taxes	3,191,238	**3,321,216**	-	**-**	3,191,238	**3,321,216**
Franchise taxes	887,266	**905,317**	-	**-**	887,266	**905,317**
Sales taxes	1,905,129	**1,907,852**	-	**-**	1,905,129	**1,907,852**
Hotel/motel taxes	103,943	**118,907**	-	**-**	103,943	**118,907**
Other taxes	1,111,129	**1,146,466**	-	**-**	1,111,129	**1,146,466**
Unrestricted investment earnings	7,765	**8,460**	4,710	**3,898**	12,475	**12,358**
Gain on disposal of capital assets	-	**-**	28,662	**-**	28,662	**-**
Miscellaneous	-	**131**	20,101	**5,583**	20,101	**5,714**
Total revenues	9,928,935	**9,700,533**	7,520,696	**8,127,996**	17,449,631	**17,828,529**
Expenses						
Governmental activities:						
General government	2,390,846	**2,115,069**	-	**-**	2,390,846	**2,115,069**
Public safety	3,961,427	**3,888,423**	-	**-**	3,961,427	**3,888,423**
Public works	1,964,028	**1,942,397**	-	**-**	1,964,028	**1,942,397**
Health and welfare	111,221	**118,747**	-	**-**	111,221	**118,747**
Judicial	188,216	**176,296**	-	**-**	188,216	**176,296**
Culture and recreation	364,897	**437,819**	-	**-**	364,897	**437,819**
Housing and development	599,348	**682,444**	-	**-**	599,348	**682,444**
Interest on long-term debt	1,786	**727**	-	**-**	1,786	**727**
Business-type activities:						
Water & Sewer	-	**-**	8,046,125	**7,892,979**	8,046,125	**7,892,979**
Solid Waste	-	**-**	986,859	**998,489**	986,859	**998,489**
Aquatic Center	-	**-**	408,567	**441,899**	408,567	**441,899**
Total expenses	9,581,769	**9,361,922**	9,441,551	**9,333,367**	19,023,320	**18,695,289**
Increase (decrease) in net position before transfers	347,166	**338,611**	(1,920,855)	**(1,205,371)**	(1,573,689)	**(866,760)**
Transfers	(67,400)	**(102,639)**	67,400	**102,639**	-	**-**
Increase (decrease) in net position	279,766	**235,972**	(1,853,455)	**(1,102,732)**	(1,573,689)	**(866,760)**
Net position, beginning, restated	22,964,971	**23,244,737**	37,890,518	**36,037,063**	60,855,489	**59,281,800**
Net position, ending, restated	$ 23,244,737	**$ 23,480,709**	$ 36,037,063	**$ 34,934,331**	$ 59,281,800	**$ 58,415,040**

Government-wide Financial Analysis, Continued

City of St. Marys – Changes in Net Position

Year ended June 30,	Total 2013	**Total 2014**	Increase (Decrease)	Percentage Change
Revenues				
Program revenues				
Charges for services	$ 8,878,326	**$ 8,750,187**	$ (128,139)	-1%
Operating grants and contributions	191,685	**157,803**	(33,882)	-18%
Capital grants and contribution	1,119,677	**1,466,028**	346,351	31%
General revenues:				
Property taxes	3,191,238	**3,321,216**	129,978	4%
Franchise taxes	887,266	**905,317**	18,051	2%
Sales taxes	1,905,129	**1,907,852**	2,723	0%
Hotel/motel taxes	103,943	**118,907**	14,964	14%
Other taxes	1,111,129	**1,146,466**	35,337	3%
Unrestricted investment earnings	12,475	**12,358**	(117)	-1%
Gain on disposal of capital assets	28,662	**-**	(28,662)	-100%
Miscellaneous	20,101	**5,714**	(14,387)	-72%
Total revenues	17,449,631	**17,791,848**	342,217	2%
Expenses				
Governmental activities				
General government	2,390,846	**2,115,069**	(275,777)	-12%
Public safety	3,961,427	**3,888,423**	(73,004)	-2%
Public works	1,964,028	**1,942,397**	(21,631)	-1%
Health and welfare	111,221	**118,747**	7,526	7%
Judicial	188,216	**176,296**	(11,920)	-6%
Culture and recreation	364,897	**437,819**	72,922	20%
Housing and development	599,348	**682,444**	83,096	14%
Interest on long-term debt	1,786	**727**	(1,059)	-59%
Business-type activities				
Water and Sewer	8,046,125	**7,856,298**	(189,827)	-2%
Sanitation	986,859	**998,489**	11,630	1%
Aquatic Center	408,567	**441,899**	33,332	8%
Total expenses	19,023,320	**18,658,608**	(364,712)	-2%
Increase in net position	(1,573,689)	**(866,760)**	706,929	-45%
Net position, beginning, restated	60,855,489	**59,281,800**	(1,573,689)	-3%
Net position, ending, restated	$ 59,281,800	**$ 58,415,040**	$ (866,760)	-1%

Operating grants and contributions decreased $33,882 or -18%, which is primarily due to the loss of a public safety grant.

Capital grants and contributions increased $346,351 or 31%, which is primarily due to donated assets to the government.

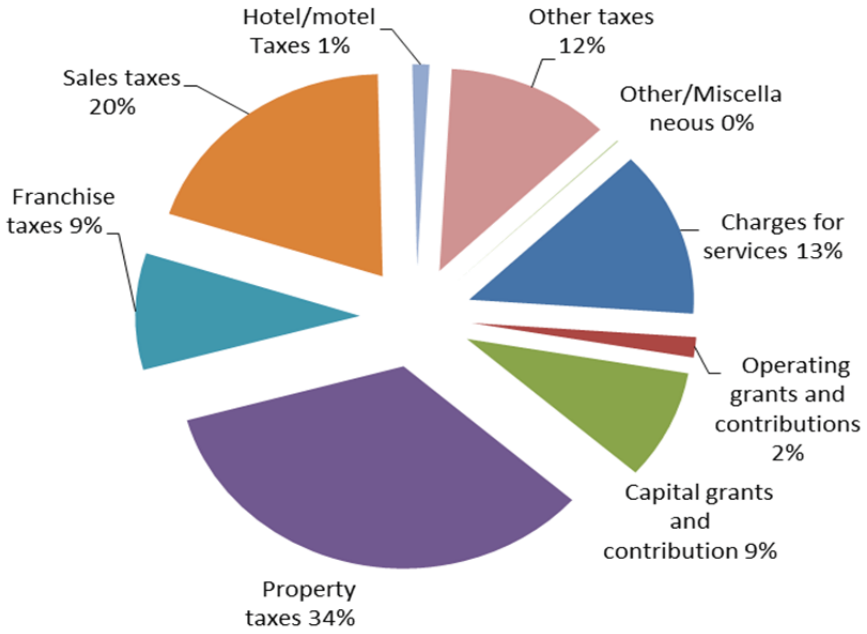
Hotel/motel taxes increased $14,964 or 14%, which is due to increase in hotel/motel stay within the City.

Gain on disposal of capital assets decreased -$28,662 or -100%, which is due to decrease in disposal of assets.

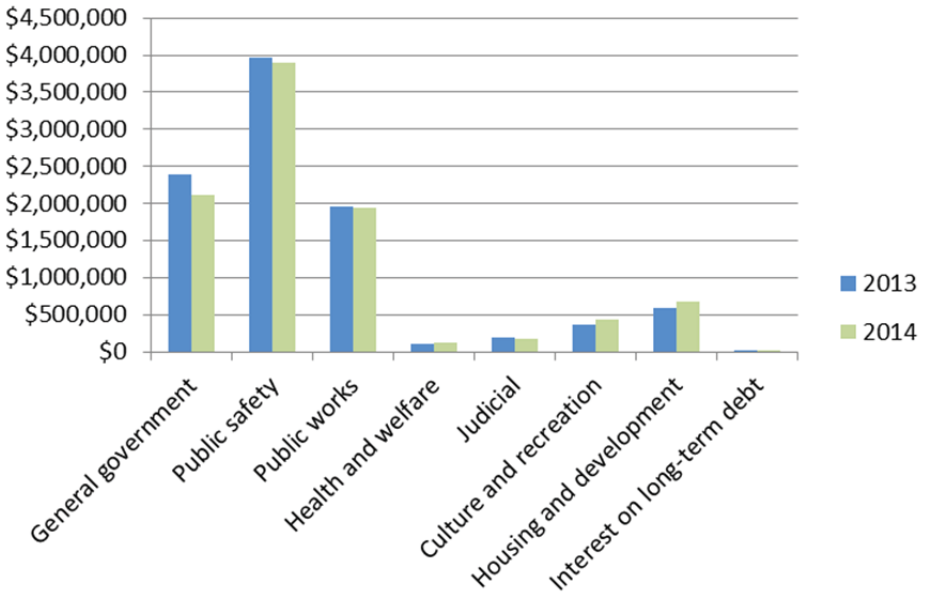
Miscellaneous decreased -$14,387 or -72%, which is a decrease in miscellaneous revenues collected.

Interest on long-term debt decreased -$1,059 or -59%, which is due to reduction in debt.

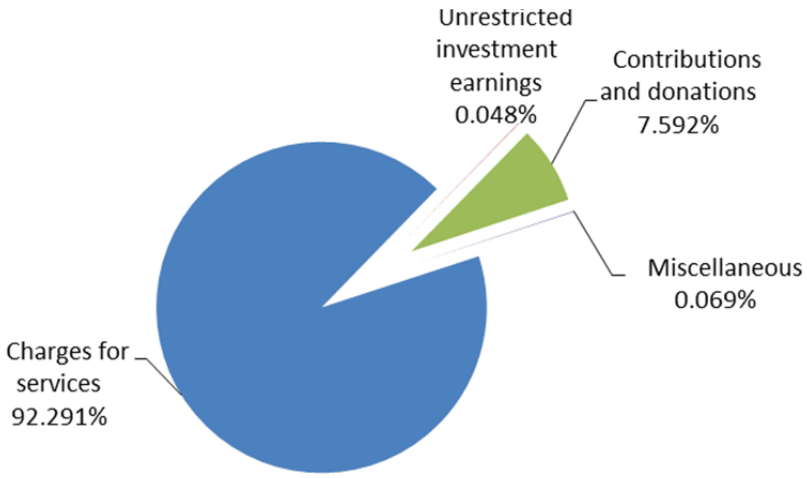
City of St. Marys – Changes in Net Position
Revenues by Source – Governmental Activities
For the Year Ended June 30, 2014



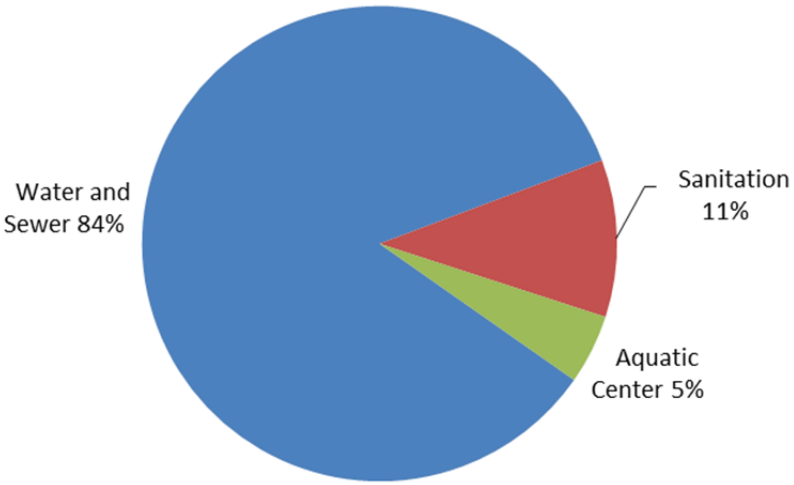
City of St. Marys – Changes in Net Position
Program Expenses – Governmental Activities
For the Year ended June 30, 2014



City of St. Marys – Changes in Net Position
Revenues by Source – Business-type Activities
For the Year Ended June 30, 2014



City of St. Marys - Changes in Net Position
Expenses –Business-type Activities
For the Year Ended June 30, 2014



Financial Analysis of the Government's Funds

The City of St. Marys uses fund accounting which ensures and demonstrates compliance with finance-related legal requirements.

Governmental Funds:

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

The chief operating fund of the government is the General Fund. At the end of FY2014, the General Fund had a fund balance of $5,541,308. This is an increase of $459,965 from the beginning fund balance. Of the total amount, $5,437,868 constitutes "unassigned fund balance" which is available for spending at the government's discretion. The General Fund budget FY2014-2015 increased which encompasses some one-time items and to market the City.

The SPLOST Fund is presented as a major governmental fund. The SPLOST Funds are used to account for projects constructed with special purpose local option sales tax. The SPLOST VI is on a reimbursable basis while SPLOST VII is a disbursement per intergovernmental agreements with the county in with the City resides. The SPLOST Fund is a major fund in most years. The fund balance of $487,782 is restricted for SPLOST projects.

The fund balances for the other governmental funds increased by $144,577. The total combined fund balances for the other governmental funds was a positive $688,569 at the end of the year with all funds restricted for specific use.

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 $6,947,333 at the end of fiscal year ending June 30, 2014. Of this amount, $2,799,023 is restricted assets.

The Water and Sewer Fund had an ending net position of $32,924,171 for FY2014. This was a decrease of $1,072,046 from the previous year. Of the balance, $28,328,856 is restricted assets.

The Solid Waste Fund had an ending net position of $466,054 for FY2014. This was an increase of $36,315 from the previous year. Of the balance, $1,251 is restricted assets.

The Aquatic Center Fund had an ending net asset balance of $1,544,106 for FY2014. This was a decrease of $67,001 from the previous year. All assets are restricted.

Financial Analysis of the Government's Funds

General Fund Budget Highlights

The budget was prepared according to Georgia Law.

The 2014 original revenue budget was $8,550,450. The original budget was amended to $8,771,575. The major increase was due to usage of fund equity and an increase in other revenue income. The final budgeted revenues increased 2.6% or $221,125. The total budgeted expenditures increased $290,478 or 3.4% from the original budget due to airport capital projects and other support services for the general government.

Capital Asset and Debt Administration

Capital Assets. At the end of fiscal year ending June 30, 2014, governmental activities and business-type activities had capital assets of $90,931,652 (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment and recreation and park facilities. The represents a $2,711,796 or 2.9% decrease. The governmental activities decreased 5% due to depreciation expense of assets. Business-type activities decrease 2% due to depreciation of assets.

- For governmental activities, construction in progress increased $12,455 for buildings. Machinery & equipment increased $3,179 which encompassed equipment purchase of $24,067 and the disposal of equipment in the amount of $20,888.
- For business-type activities, construction in progress increased $72,002 and infrastructure increased $613,658 due to donated water/sewer infrastructure. Machinery & equipment increase $47,148 due to the installation of fencing and purchase of mower.

City of St. Marys – Capital Assets (Net of Depreciation)
June 30, 2014

	Governmental Activities	Business-type Activities	Total
Land	$ 1,798,738	$ 846,727	$ 2,645,465
Construction in progress	445,556	509,523	955,079
Infrastructure	7,589,500	68,581,700	76,171,200
Buildings and improvements	3,799,111	4,104,725	7,903,836
Improvements other than buildings	2,813,321	-	2,813,321
Machinery & equipment	264,587	178,164	442,751
Total	$ 16,710,813	$ 74,220,839	$ 90,931,652

Additional information on the City's capital assets can be found in Note 6 on pages 49 through 50 of this report.

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

At June 30, 2014, the City had $10,330 of outstanding debt related to governmental activities and $47,147,415 of outstanding debt related to business-type activities, for a total of $47,157,745 compared to the previous year's total of $47,770,304. This is a decrease of $612,559.

At the end of 2014, the business activities had bonded debt of $43,285,000. Of this amount, $1,830,000 is secured by revenues of the water/sewer system and $41,455,000 is backed by the full faith and credit of the City. The City maintains an "AA" rating from Standards & Poor's.

Additional information on the City's debt can be found in Note 7 on pages 51 through 54 of this report.

Factors affecting the FY 2015 Budget:

The FY 2015 city-wide budget increased approximately 16.2%. This was mainly due to capital projects from SPLOST funds, a local maintenance grant (for roads) and a debt service principal payment of the 2010 bond debt payment. The city-wide budget was set at $24,670,268.

The City of St. Marys started the initial planning of budget preparation by evaluating what "Quality of Life" in St. Marys is and how to support the community. The Mayor and Council of the City of St. Marys considered many factors when approving the City's FY 2015 budget and were very aware of the present economic conditions and the effect on its citizens. The City again experienced a decrease in the tax digest of approximately 4%. The Mayor and Council chose to maintain last year's millage rate at 5.351. The City has shown an increase in population, however, the City is still feeling the effects of the recession.

The City is looking forward to growth in the near future. The City of St. Marys will continue its "Quality of Life" 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. Items included in the FY 2015 budget: the purchase of police cars, improvement of computer hardware, purchase generator for water plant, bond debt retirement, various sewer and water infrastructure, sewer and water equipment. Also, Council approved $50,000 for marketing the City, $25,000 for a city master plan, reviewing an enhancement for the "Gateway" of the City, and road enhancements with the local maintenance improvement grant.

Factors affecting the FY 2015 Budget, Continued:

The City continues to work toward bringing in 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 to local vendors
- Continue business recruiting
- Develop a marketing plan for the community
- Promote appearance and safety at Exit 1
- Create an incentive package to attract business
- Implementation of Redevelopment Powers Act
- Enterprise Zone

The FY 2015 projections continue to be conservative, yet realistic.

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, 2014

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
Assets							
Current assets:							
Cash and cash equivalents	$ 5,798,818	$ 4,148,310	$ 9,947,128	$ 11,901	$ 29,446	$ 7,773	$ 32,434
Restricted cash and cash equivalents	406,883	2,357,752	2,764,635	-	-	-	-
Investments	47,266	727,427	774,693	-	29,629	-	-
Restricted investments	-	414,570	414,570	-	-	-	-
Taxes receivable	357,027	-	357,027	-	-	-	-
Accounts receivable, net	50,105	672,218	722,323	-	-	-	-
Prepaid expenses	31,381	60,895	92,276	-	-	76	-
Due from component units	21,000	-	21,000	-	-	-	-
Due from primary government	-	-	-	-	-	18,275	1,185
Due from other governments	703,271	-	703,271	-	-	-	-
Total current assets	7,415,751	8,381,172	15,796,923	11,901	59,075	26,124	33,619
Noncurrent assets:							
Restricted cash and cash equivalents	-	441,271	441,271	-	-	-	-
Internal balances	65,809	(65,809)	-	-	-	-	-
Capital assets:							
Nondepreciable	2,244,294	1,356,250	3,600,544	332,234	620,000	-	-
Other capital assets, net	14,466,519	72,864,589	87,331,108	-	-	-	-
Total noncurrent assets	16,776,622	74,596,301	91,372,923	332,234	620,000	-	-
Total assets	24,192,373	82,977,473	107,169,846	344,135	679,075	26,124	33,619
Deferred Outflows of Resources							
Refunding of debt	-	1,265,380	1,265,380	-	-	-	-
Total assets and deferred outflows of resources	24,192,373	84,242,853	108,435,226	344,135	679,075	26,124	33,619

-Continued-

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

CITY OF ST. MARYS, GEORGIA
Statement of Net Position
June 30, 2014

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
Liabilities							
Current liabilities:							
Accounts payable	266,555	1,406,680	1,673,235	-	1,878	7,433	-
Contracts payable	4,877	-	4,877	-	-	-	-
Customer deposits	375	442,385	442,760	-	-	-	-
Accrued liabilities	141,391	278,661	420,052	-	-	1,159	-
Due to component units	19,460	-	19,460	-	-	-	-
Due to primary government	-	-	-	-	-	21,000	-
Due to other governments	3,603	-	3,603	-	-	-	-
Current portion of compensated absences	265,073	33,381	298,454	-	-	-	-
Current portion of notes payable	10,330	280,442	290,772	-	-	-	-
Current portion of bonds payable	-	1,965,000	1,965,000	-	-	-	-
Total current liabilities	711,664	4,406,549	5,118,213	-	1,878	29,592	-
Noncurrent liabilities:							
Noncurrent portion of notes payable	-	3,581,973	3,581,973	-	-	-	-
Noncurrent portion of bonds payable	-	41,320,000	41,320,000	-	-	-	-
Total noncurrent liabilities	-	44,901,973	44,901,973	-	-	-	-
Total liabilities	711,664	49,308,522	50,020,186	-	1,878	29,592	-
Net Position							
Net investment in capital assets	16,700,483	28,338,804	45,039,287	332,234	620,000	-	-
Restricted for:							
Capital projects	1,176,351	-	1,176,351	-	-	-	-
Economic development	6,250	-	6,250	-	-	-	-
Debt service	-	1,186,310	1,186,310	-	-	-	-
Renewal and extension	-	419,736	419,736	-	-	-	-
Unrestricted	5,597,625	4,989,481	10,587,106	11,901	57,197	(3,468)	33,619
Total net position	$ 23,480,709	$ 34,934,331	$ 58,415,040	$ 344,135	$ 677,197	$ (3,468)	$ 33,619

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

CITY OF ST. MARYS, GEORGIA
Statement of Activities
For the Year Ended June 30, 2014

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	$ 2,115,069	$ 838,573	$ 3,782	$ 525,477	$ (747,237)
Judicial	176,296	318,859	-	-	142,563
Public safety	3,888,423	5,684	9,771	-	(3,872,968)
Public works	1,942,397	72,071	-	326,293	(1,544,033)
Health and welfare	118,747	25,000	-	-	(93,747)
Culture and recreation	437,819	6,124	-	-	(431,695)
Housing and development	682,444	16,300	144,250	-	(521,894)
Interest on long-term debt	727	-	-	-	(727)
Total governmental activities	9,361,922	1,282,611	157,803	851,770	(7,069,738)
Business-type activities:					
Water & Sewer	7,856,298	6,078,703	-	614,258	(1,163,337)
Solid Waste	998,489	1,034,804	-	-	36,315
Aquatic Center	441,899	354,069	-	-	(87,830)
Total business-type activities	9,296,686	7,467,576	-	614,258	(1,214,852)
Total primary government	$ 18,658,608	$ 8,750,187	$ 157,803	$ 1,466,028	$ (8,284,590)
Component Units:					
Industrial Development Authority	$ 70	$ -	$ -	$ -	$ (70)
Downtown Development Authority	26,451	12,050	25,000	-	10,599
Convention & Visitors Bureau	158,297	7,169	145,907	-	(5,221)
Cemetery Authority	-	-	20,509	-	20,509
Total component units	$ 184,818	$ 19,219	$ 191,416	$ -	$ 25,817

-Continued-

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

CITY OF ST. MARYS, GEORGIA
Statement of Activities
For the Year Ended June 30, 2014

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
Change in net position:							
Net (expense) revenue	$ (7,069,738)	$ (1,214,852)	$ (8,284,590)	$ (70)	$ 10,599	$ (5,221)	$ 20,509
General revenues:							
Taxes:							
Property	3,321,216	-	3,321,216	-	-	-	-
Sales	1,907,852	-	1,907,852	-	-	-	-
Franchise	905,317	-	905,317	-	-	-	-
Hotel/motel	118,907	-	118,907	-	-	-	-
Alcoholic beverage	226,072	-	226,072	-	-	-	-
Business	920,394	-	920,394	-	-	-	-
Unrestricted investment earnings	8,460	3,898	12,358	20	92	12	58
Miscellaneous	131	5,583	5,714	549	-	5,688	-
Transfers	(102,639)	102,639	-	-	-	-	-
Total general revenues and transfers	7,305,710	112,120	7,417,830	569	92	5,700	58
Change in net position	235,972	(1,102,732)	(866,760)	499	10,691	479	20,567
Net position, beginning of year, restated	23,244,737	36,037,063	59,281,800	343,636	666,506	(3,947)	13,052
Net position, end of year	$ 23,480,709	$ 34,934,331	$ 58,415,040	$ 344,135	$ 677,197	$ (3,468)	$ 33,619

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

CITY OF ST. MARYS, GEORGIA
Balance Sheet – Governmental Funds
June 30, 2014

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 5,352,036	$ 164,638	$ 689,027	$ 6,205,701
Investments	47,266	-	-	47,266
Taxes receivable	357,027	-	-	357,027
Accounts receivable, net	31,830	-	18,275	50,105
Prepaid items	31,381	-	-	31,381
Due from other funds	198,399	-	-	198,399
Due from component units	21,000	-	-	21,000
Due from other governments	165,521	373,659	164,091	703,271
Advances to other funds	65,809	-	-	65,809
Total assets	6,270,269	538,297	871,393	7,679,959
Liabilities				
Accounts payable	253,743	12,812	-	266,555
Contracts payable	4,627	250	-	4,877
Customer deposits	375	-	-	375
Accrued liabilities	141,369	-	-	141,369
Due to other funds	-	33,850	164,549	198,399
Due to component units	1,185	-	18,275	19,460
Due to other governments	-	3,603	-	3,603
Total liabilities	401,299	50,515	182,824	634,638
Deferred Inflows of Resources				
Deferred inflows of property taxes	327,662	-	-	327,662
Total deferred inflows of resources	327,662	-	-	327,662
Fund Balances				
Nonspendable				
Prepaid items	31,381	-	-	31,381
Advances to other funds	65,809	-	-	65,809
Restricted for:				
Capital projects	-	487,782	688,569	1,176,351
Economic development	6,250	-	-	6,250
Unassigned	5,437,868	-	-	5,437,868
Total fund balances	5,541,308	487,782	688,569	6,717,659
Total liabilities, deferred inflows of resources and fund balances	$ 6,270,269	$ 538,297	$ 871,393	$ 7,679,959

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

CITY OF ST. MARYS, GEORGIA
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2014

Total governmental fund balances	$ 6,717,659
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.	16,710,813
Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Accrued interest payable	(22)
Compensated absences	(265,073)
Notes payable	(10,330)
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.	327,662
Net position of governmental activities	$ 23,480,709

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

CITY OF ST. MARYS, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2014

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 7,311,595	$ -	$ 118,907	$ 7,430,502
Licenses and permits	360,696	-	-	360,696
Intergovernmental	-	700,914	308,659	1,009,573
Charges for services	92,955	-	-	92,955
Fines and forfeitures	331,474	-	-	331,474
Interest income	8,266	-	194	8,460
Contributions and donations	131	-	-	131
Other revenues	497,486	-	-	497,486
Total revenues	8,602,603	700,914	427,760	9,731,277
Expenditures				
Current:				
General government	1,738,710	-	-	1,738,710
Judicial	176,296	-	-	176,296
Public safety	3,723,237	-	-	3,723,237
Public works	1,603,428	-	-	1,603,428
Health and welfare	118,747	-	-	118,747
Culture and recreation	346,379	-	-	346,379
Housing and development	532,035	-	118,907	650,942
Capital outlay	-	213,132	6,473	219,605
Debt service:				
Principal	40,653	-	-	40,653
Interest	808	-	-	808
Total expenditures	8,280,293	213,132	125,380	8,618,805
Excess (deficiency) of revenues over (under) expenditures	322,310	487,782	302,380	1,112,472
Other Financing Sources (Uses)				
Transfers from other funds	157,803	-	137,549	295,352
Transfers to other funds	(20,148)	-	(295,352)	(315,500)
Total other financing sources (uses)	137,655	-	(157,803)	(20,148)
Net change in fund balances	459,965	487,782	144,577	1,092,324
Fund balances, beginning of year	5,081,343	-	543,992	5,625,335
Fund balances, end of year	$ 5,541,308	$ 487,782	$ 688,569	$ 6,717,659

The accompanying notes are an integral part of these 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, 2014

Net change in fund balances - total governmental funds	$ 1,092,324
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.	
Deferred Inflows of property taxes	(30,744)
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	40,653
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	
Accrued interest expense	81
Accrued compensated absences	9,188
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the	
Capital asset purchases capitalized	36,522
Depreciation expense	(912,052)
Change in net position of governmental activities	$ 235,972

The accompanying notes are an integral part of these 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, 2014

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Taxes	$ 6,944,100	$ 6,944,100	$ 7,311,595	$ 367,495
Licenses and permits	400,750	400,750	360,696	(40,054)
Charges for services	66,870	84,554	92,955	8,401
Fines and forfeitures	355,400	355,400	331,474	(23,926)
Interest income	5,000	5,000	8,266	3,266
Contributions and donations	50	50	131	81
Other revenues	778,280	981,721	497,486	(484,235)
Total revenues	8,550,450	8,771,575	8,602,603	(168,972)
Expenditures				
Current:				
General government				
Legislative	221,413	241,886	229,089	12,797
Executive	258,510	312,905	296,030	16,875
Finance	970,127	797,532	771,189	26,343
Human resources	110,802	127,518	121,638	5,880
Information technology	172,329	174,021	169,921	4,100
Buildings and plant	149,871	152,871	150,843	2,028
Total general government	1,883,052	1,806,733	1,738,710	68,023
Judicial				
Municipal court	177,177	178,003	176,296	1,707
Total judicial	177,177	178,003	176,296	1,707
Public safety				
Fire	2,234,723	2,271,100	2,069,582	201,518
Police	1,639,081	1,706,415	1,653,655	52,760
Total public safety	3,873,804	3,977,515	3,723,237	254,278

-Continued-

The accompanying notes are an integral part of these 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, 2014

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Expenditures (Continued)				
Current (Continued):				
Public works				
Public works administration	1,233,261	1,246,979	1,201,757	45,222
Highways and streets administration	315,000	345,010	328,530	16,480
Cemetery	72,512	92,400	73,141	19,259
Total public works	1,620,773	1,684,389	1,603,428	80,961
Health and welfare				
Senior citizen center	119,863	124,771	118,747	6,024
Total health and welfare	119,863	124,771	118,747	6,024
Culture and recreation				
Parks administration	47,320	50,320	49,870	450
Library administration	295,550	303,771	296,509	7,262
Total culture and recreation	342,870	354,091	346,379	7,712
Housing and development				
Protective inspection administration	116,352	134,363	108,626	25,737
Planning and zoning	174,872	185,834	171,679	14,155
Code enforcement	-	34,351	15,108	19,243
Airport	5,000	119,123	117,635	1,488
Tourism	7,000	27,000	27,000	-
Special facilities	31,159	31,867	30,318	1,549
Economic development	167,566	171,926	61,669	110,257
Total housing and development	501,949	704,464	532,035	172,429
Total current	8,519,488	8,829,966	8,238,832	591,134

-Continued-

The accompanying notes are an integral part of these 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, 2014

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Expenditures (Continued)				
Debt service:				
Principal	40,659	40,659	40,653	6
Interest	803	803	808	(5)
Total debt service	41,462	41,462	41,461	1
Total expenditures	8,560,950	8,871,428	8,280,293	591,135
Excess (deficiency) of revenues over (under) expenditures	(10,500)	(99,853)	322,310	422,163
Other Financing Sources (Uses)				
Transfers from other funds	7,500	115,847	157,803	41,956
Transfers to other funds	-	(20,148)	(20,148)	-
Total other financing sources (uses)	7,500	95,699	137,655	41,956
Net change in fund balances	(3,000)	(4,154)	459,965	464,119
Fund balances, beginning of year	5,081,343	5,081,343	5,081,343	-
Fund balances, end of year	$ 5,078,343	$ 5,077,189	$ 5,541,308	$ 464,119

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

CITY OF ST. MARYS, GEORGIA
Statement of Net Position – Proprietary Funds
June 30, 2014

	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	$ 3,668,044	$ 445,362	$ 34,904	$ 4,148,310
Investments	727,427	-	-	727,427
Restricted cash and cash equivalents	2,357,752	-	-	2,357,752
Restricted Investments	414,570	-	-	414,570
Accounts receivable, net	572,329	96,803	3,086	672,218
Prepaid expenses	59,419	1,476	-	60,895
Total current assets	7,799,541	543,641	37,990	8,381,172
Noncurrent assets:				
Restricted cash and cash equivalents	441,271	-	-	441,271
Capital assets				
Land	846,727	-	-	846,727
Construction in progress	509,523	-	-	509,523
Other capital assets, net of accumulated depreciation	71,248,595	1,251	1,614,743	72,864,589
Total noncurrent assets	73,046,116	1,251	1,614,743	74,662,110
Total assets	80,845,657	544,892	1,652,733	83,043,282
Deferred Outflows of Resources				
Refunding of debt	1,265,380	-	-	1,265,380
Total deferred outflows of resources	1,265,380	-	-	1,265,380

-Continued-

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

CITY OF ST. MARYS, GEORGIA
Statement of Net Position – Proprietary Funds
June 30, 2014

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
Liabilities				
Current liabilities payable from current assets:				
Accounts payable	153,425	76,505	35,035	264,965
Accrued interest payable	10,106	-	-	10,106
Other accrued liabilities	42,779	2,333	7,783	52,895
Compensated absences - current	33,381	-	-	33,381
Notes payable - current	280,442	-	-	280,442
Total current liabilities payable from current assets	520,133	78,838	42,818	641,789
Current liabilities payable from restricted assets:				
Trust fund payable	1,141,715	-	-	1,141,715
Customer deposits	442,385	-	-	442,385
Accrued interest payable	215,660	-	-	215,660
Bonds payable - current	1,965,000	-	-	1,965,000
Total current liabilities payable from current assets	3,764,760	-	-	3,764,760
Long-term liabilities:				
Bonds payable	41,320,000	-	-	41,320,000
Notes payable	3,581,973	-	-	3,581,973
Advances from other funds	-	-	65,809	65,809
Total long-term liabilities	44,901,973	-	65,809	44,967,782
Total liabilities	49,186,866	78,838	108,627	49,374,331
Net Position				
Net investment in capital assets	26,722,810	1,251	1,614,743	28,338,804
Restricted for debt service	1,186,310	-	-	1,186,310
Restricted for renewal and extension	419,736	-	-	419,736
Unrestricted	4,595,315	464,803	(70,637)	4,989,481
Total net position	$ 32,924,171	$ 466,054	$ 1,544,106	$ 34,934,331

The accompanying notes are an integral part of these 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, 2014

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
Operating Revenues				
Sanitation fees	$ -	$ 990,607	$ -	$ 990,607
Admission fees	-	-	187,442	187,442
Concessions	-	-	76,741	76,741
Water sales	2,780,281	-	-	2,780,281
Sewer sales	2,657,284	-	-	2,657,284
Tap and capacity recovery fees	180,242	-	-	180,242
Reconnection fees	78,576	-	-	78,576
Construction fees	209,432	-	-	209,432
Penalties	126,009	22,672	-	148,681
Miscellaneous	46,879	21,525	89,886	158,290
Total operating revenues	6,078,703	1,034,804	354,069	7,467,576
Operating Expenses				
Personal services	1,688,641	84,459	-	1,773,100
Purchased & contracted services	564,109	908,194	225,954	1,698,257
Supplies	886,677	3,556	124,831	1,015,064
Depreciation	2,488,961	2,280	91,114	2,582,355
Total operating expenses	5,628,388	998,489	441,899	7,068,776
Operating income (loss)	450,315	36,315	(87,830)	398,800
Nonoperating Revenues (Expenses)				
Interest income	3,898	-	-	3,898
Interest expense	(2,227,910)	-	-	(2,227,910)
Other nonoperating income	4,902	-	681	5,583
Total nonoperating revenues (expenses)	(2,219,110)	-	681	(2,218,429)
Income (loss) before transfers and capital contributions	(1,768,795)	36,315	(87,149)	(1,819,629)
Transfers	-	-	20,148	20,148
Capital Contributions	696,749	-	-	696,749
Change in net position	(1,072,046)	36,315	(67,001)	(1,102,732)
Net position, beginning of year	33,996,217	429,739	1,611,107	36,037,063
Net position, end of year	$ 32,924,171	$ 466,054	$ 1,544,106	$ 34,934,331

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

CITY OF ST. MARYS, GEORGIA
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2014

	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	$ 6,069,790	$ 1,035,149	$ 350,983	$ 7,455,922
Cash payments to employees for services	(1,666,875)	(83,484)	-	(1,750,359)
Cash payments to suppliers for goods & services	(1,407,135)	(910,659)	(349,755)	(2,667,549)
Cash payments to others	(1,957,384)	-	-	(1,957,384)
Cash flows from nonoperating activites	4,902	-	681	5,583
Net cash provided by operating activities	1,043,298	41,006	1,909	1,086,213
Cash Flows From Capital and Related Financing Activities				
Principal payments on bonds payable	(300,000)	-	-	(300,000)
Principal payments on notes payable	(271,906)	-	-	(271,906)
Interest paid	(2,169,436)	-	-	(2,169,436)
Acquisition & construction of capital assets	(49,340)	-	-	(49,340)
Net cash used in capital and related financing activities	(2,790,682)	-	-	(2,790,682)
Cash Flows From Investing Activities				
Interest received	3,898	-	-	3,898
Reinvestment of interest income	(1,363)	-	-	(1,363)
Net cash provided by investing activities	2,535	-	-	2,535
Net increase (decrease) in cash and cash equivalents	(1,744,849)	41,006	1,909	(1,701,934)
Cash and cash equivalents, beginning of year	8,211,916	404,356	32,995	8,649,267
Cash and cash equivalents, end of year	$ 6,467,067	$ 445,362	$ 34,904	$ 6,947,333
Classifed as:				
Cash and cash equivalents	$ 3,668,044	$ 445,362	$ 34,904	$ 4,148,310
Restricted cash and cash equivalents:				
Current	2,357,752	-	-	2,357,752
Noncurrent	441,271	-	-	441,271
Total	$ 6,467,067	$ 445,362	$ 34,904	$ 6,947,333

-Continued-

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

CITY OF ST. MARYS, GEORGIA
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2014

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
Noncash investing, capital, and financing activities				
Contributions of capital assets	$ 614,258	-	-	$ 614,258
Transfer of capital assets from other funds	82,491	-	-	82,491
Total noncash investing, capital and financing activities	$ 696,749	-	-	$ 696,749
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 450,315	$ 36,315	$ (87,830)	$ 398,800
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,488,961	2,280	91,114	2,582,355
Other nonoperating income	4,902	-	681	5,583
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(1,556)	355	(3,086)	(4,287)
Prepaid expenses	2,293	(10)	-	2,283
Increase (decrease) in:				
Accounts payable	44,399	1,091	(605)	44,885
Other accrued liabilities	13,962	975	1,635	16,572
Trust fund payable	(1,957,384)	-	-	(1,957,384)
Customer deposits	(9,650)	-	-	(9,650)
Compensated absences	7,056	-	-	7,056
Net cash provided by operating activities	$ 1,043,298	$ 41,006	$ 1,909	$ 1,086,213

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

NOTE 1: 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. 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.

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. As 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 IDA financial statements are not prepared.

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 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

The St. Marys Convention & Visitors Bureau

The St. Marys Convention & Visitors Bureau (the "Bureau") is governed a nine-member board appointed by St. Marys' City Council. The City is able to significantly influence the programs, projects and activities of the Bureau, as the Bureau is funded entirely by the City, and its budget is approved and amended by City Council. The Bureau is presented as a governmental fund-type component unit. Separate financial statements are not prepared for the Bureau.

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 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 capital 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

II. Government-wide and Fund Financial Statements

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-wide Financial Statements (Continued)

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.

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

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 2008 and 2013 1% Special Purpose Local Option Sales Taxes.

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 types:

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

Capital projects funds are used to account for the acquisition or construction of capital facilities.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 yearend. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to restrict, commit, or assign that portion of the applicable appropriation - is not employed by the City.

Cash and Investments

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

State statutes authorize the City and its discretely presented component units to invest in the following: (1) obligations of the State of Georgia or other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool (Georgia Fund 1); (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia.

Any investment or deposit in excess of federal depository insured amounts must be collateralized by an equivalent amount of state of U.S. obligations. Cash deposits are reported at carrying amount, which reasonably estimates fair value. 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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 ended June 30, 2014.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (Continued)

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 & equipment	3 - 10

Long-term Obligations

In the government-wide financial statements and proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premiums or discounts. Bond issuance costs are recognized as expenses in the reporting period in which they are incurred.

Debt refunding gains and losses are reported as deferred inflows or outflows of resources on the statements of net position. These gains and losses are deferred and amortized over the shorter of the life of the refunding debt (new debt) and the refunded debt (the old debt).

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 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 total of assets plus deferred outflows of resources and the total of liabilities plus deferred inflows of resources 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 that do not meet any of the above criterion are reported as unassigned. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Equity (Continued)

Minimum unassigned fund balance – It is the City's policy to maintain, at a minimum, unassigned fund balance in its General Fund of no less than four months of regular General Fund operating revenues or regular General Fund operating expenditures. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment. Should shortages arise, the City shall act to replenish the fund balance over a period not to exceed one year through a reduction of recurring expenditures to eliminate any structural deficit, an increase revenues or pursue other fund sources, or a combination of the two options.

Net Position – Net position represents the difference between the total of assets plus deferred outflows of resources and the total of liabilities plus deferred inflows of resources 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 29, 2014, which is the date the financial statements were available to be issued.

NOTE 2: 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.

Excess of expenditures over appropriations

For the year ended June 30, 2014, expenditures exceed appropriations in the Capital Project fund by $6,473. These overexpenditures were funded primarily by the use of fund balance.

NOTE 3: DEPOSITS AND INVESTMENTS

Total deposits and investments are summarized as follows:

	Held with Financial Institutions		Held with Georgia	
	Cash Deposits	Certificates of Deposit	Fund 1	Total
Cash and cash equivalents	$ 10,028,682	$ -	$ -	$ 10,028,682
Restricted cash and cash equivalents	3,205,906	-	-	3,205,906
Investments	-	29,629	774,693	804,322
Restricted investments	-	-	414,570	414,570
	$ 13,234,588	$ 29,629	$ 1,189,263	$ 14,453,480

Amounts as presented on the government-wide statement of net position:

	June 30, 2014
Primary government:	
Current	
Cash and cash equivalents	$ 9,947,128
Restricted cash and cash equivalents	2,764,635
Investments	774,693
Restricted investments	414,570
Noncurrent	
Restricted cash and cash equivalents	441,271
Total primary government	14,342,297
Component units:	
Cash and cash equivalents	81,554
Investments	29,629
Total component units	111,183
Total government-wide	$ 14,453,480

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk At June 30, 2014, the City's investment in Georgia Fund 1 was rated AAAm by Standard & Poor's. Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and it is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Daily asset management of Georgia Fund 1 is conducted by the Office of the State Treasurer Georgia Fund 1, while the State Depository Board establishes investment and cash management policies and provides oversight for the pool.

As of June 30, 2014, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	48 day weighted average	$ 1,189,263

As of June 30, 2014, the Downtown Development Authority had the following investment:

Investment	Maturities	Fair Value
Certificate of deposit	October 20, 2014	$ 29,629

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.

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2014, the City's deposits were fully collateralized in compliance with the state requirements.

NOTE 4: 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. Property taxes are levied by the city based on the assessed value of property as of January 1, the date which property taxes attach to both real and personal property as an enforceable lien.

The tax billing cycle for fiscal year 2014 is as follows:

Levy date	October 26, 2013
Payment due date	December 18, 2013
Delinquency date	December 19, 2013
Lien filing date	January 19, 2014

In the governmental funds, the net receivables collected during the year ended June 30, 2014, and expected to be collected by August 31, 2014, are recognized as revenues for the year ended June 30, 2014, whereas net receivables estimated to be collectible subsequent to August 31, 2014, are recorded as revenue when received.

NOTE 4: RECEIVABLES (CONTINUED)

II. Receivables

Receivables at June 30, 2014 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	Nonmajor Enterprise Funds	Total
Receivables							
Taxes	$429,572	$ -	$ -	$ -	$ -	$ -	$ 429,572
Accounts	31,830	-	976,206	143,954	18,275	3,086	1,173,351
Due from component units	21,000	-	-	-	-	-	21,000
Due from other governments	165,521	373,659	-	-	164,091	-	703,271
Gross receivable	647,923	373,659	976,206	143,954	182,366	3,086	2,327,194
Less allowance for uncollectibles	(72,545)	-	(403,877)	(47,151)	-	-	(523,573)
Total net receivable	$575,378	$373,659	$572,329	$96,803	$ 182,366	$ 3,086	$1,803,621

NOTE 5: 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.

NOTE 5: INTERFUND ACTIVITY (CONTINUED)

I. Interfund Balances (Continued)

The composition of interfund balances as of June 30, 2014 was as follows:

	Due From		
Due to	SPLOST Fund	Nonmajor Governmental Funds	Total
General fund	$ 33,850	$ 164,549	$ 198,399

	Advance To
Advance from	Aquatic Center Fund
General fund	$ 65,809

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, 2014 consisted of the following:

	Transfer To			
Transfer from	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
General fund	$ -	$ -	$ 20,148	$ 20,148
Nonmajor governmental funds	157,803	137,549	-	295,352
Total	$ 157,803	$ 137,549	$ 20,148	$ 315,500

NOTE 6: CAPITAL ASSETS

The following is a summary of governmental activities' capital asset activity as of June 30, 2014:

Primary Government: ***Governmental Activities***	**Beginning Balance**	**Increases**	**Decreases**	**Transfers**	**Ending Balance**
Nondepreciable					
Land	$ 1,798,738	$ -	$ -	$ -	1,798,738
Construction in progress	433,101	12,455	-	-	445,556
Total nondepreciable capital assets	2,231,839	12,455	-	-	2,244,294
Other capital assets					
Infrastructure	10,601,079	-	-	-	10,601,079
Buildings	6,789,261	-	-	-	6,789,261
Improvements	6,407,940	-	-	-	6,407,940
Machinery & equipment	8,233,974	24,067	(20,888)	-	8,237,153
Total other capital assets at cost	32,032,254	24,067	(20,888)	-	32,035,433
Less accumulated depreciation for:					
Infrastructure	(2,657,199)	(354,380)	-	-	(3,011,579)
Buildings	(2,758,760)	(231,390)	-	-	(2,990,150)
Improvements	(3,379,642)	(214,977)	-	-	(3,594,619)
Machinery & equipment	(7,882,149)	(111,305)	20,888	-	(7,972,566)
Total accumulated depreciation	(16,677,750)	(912,052)	20,888	-	(17,568,914)
Other capital assets, net	15,354,504	(887,985)	-	-	14,466,519
Governmental activities capital assets, net	$ 17,586,343	$ (875,530)	$ -	$ -	$ 16,710,813

Governmental activities' depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 360,307
Public safety	182,273
Public works	246,530
Culture and recreation	91,440
Economic development	31,502
Total governmental activities depreciation expense	$ 912,052

NOTE 6: CAPITAL ASSETS (CONTINUED)

The following is a summary of business-type activities' capital asset activity as of June 30, 2014:

Primary Government: ***Business-type Activities***	**Beginning Balance**	**Increases**	**Decreases**	**Transfers**	**Ending Balance**
Nondepreciable					
Land	$ 846,727	$ -	$ -	$ -	$ 846,727
Construction in progress	437,521	72,002	-	-	509,523
Total nondepreciable capital assets	1,284,248	72,002	-	-	1,356,250
Other capital assets					
Buildings	8,106,035	-	-	-	8,106,035
Infrastructure	89,562,538	614,258	(600)	-	90,176,196
Machinery & equipment	3,907,525	59,829	(12,681)	-	3,954,673
Total other capital assets at cost	101,576,098	674,087	(13,281)	-	102,236,904
Less accumulated depreciation for:					
Buildings	(3,806,754)	(194,556)	-	-	(4,001,310)
Infrastructure	(19,296,225)	(2,298,871)	600	-	(21,594,496)
Machinery & equipment	(3,700,262)	(88,928)	12,681	-	(3,776,509)
Total accumulated depreciation	(26,803,241)	(2,582,355)	13,281	-	(29,372,315)
Other capital assets, net	74,772,857	(1,908,268)	-	-	72,864,589
Business-type activities capital assets, net	$ 76,057,105	$ (1,836,266)	$ -	$ -	$ 74,220,839

Depreciation expense for the business-type activities was charged to funds as follows:

Business-type activities:	
Water & Sewer Fund	$ 2,488,961
Solid Waste Fund	2,280
Aquatic Center Fund	91,114
Total business-type activities depreciation expense	$ 2,582,355

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 7: LONG-TERM DEBT – PRIMARY GOVERNMENT

I. Bonds Payable

Business-type Activities:

The City has issued both general obligation bonds, which are backed by the full faith, credit, and taxing power of the City, and revenue bonds, where the City pledges income derived from the acquired or constructed assets to pay debt service. The City's Water & Sewer bonds outstanding at June 30, 2014, 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%	$ 1,830,000
Series 2010 $43,695,000 General Obligation 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
	$ 43,285,000

Bonds payable debt service requirements to maturity are as follows as of June 30, 2014:

Fiscal Year Ended,	Principal	Interest	Total
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	2,345,000	1,631,256	3,976,256
2020-2024	10,080,000	6,661,450	16,741,450
2025-2029	11,520,000	4,086,750	15,606,750
2030-2033	10,865,000	1,201,650	12,066,650
	$ 43,285,000	$ 21,112,383	$ 64,397,383

$2,101,043 of interest related to the City's bonds payable was incurred and charged to interest expense during the year ended June 30, 2014.

NOTE 7: LONG-TERM DEBT – PRIMARY GOVERNMENT (CONTINUED)

II. Notes Payable

Government Activities:

The City has a note payable agreement with a financial institution for the financing of certain city vehicles and equipment, which act as collateral. The note bears interest at 2.44%. Principal is repaid in monthly payments through September 2014.

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

Fiscal Year Ending,	Principal	Interest	Total
2015	$ 10,330	$ 35	$ 10,365
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
	$ 10,330	$ 35	$ 10,365

$727 of interest related to the notes payable agreement was incurred and charged to interest expense during the year ended June 30, 2014.

NOTE 7: LONG-TERM DEBT – PRIMARY GOVERNMENT (CONTINUED)

II. Notes Payable (Continued)

Business-type Activities

The City has incurred debt to the Georgia Environmental Facilities Authority ("GEFA") for construction of various water and sewer system projects and various improvements to the water and sewer system. Notes payable to the Georgia Environmental Facilities Authority at June 30, 2014 were as follows:

Interest Rate	Term	Fiscal Year Due Date	Amount
3.00%	20 years	2025	$ 2,980,439
3.81%	20 years	2033	881,976
			$ 3,862,415

The City's business-type activities' notes payable debt service requirements to maturity are as follows:

Fiscal Year Ending,	Principal	Interest	Total
2015	$ 280,442	$ 119,068	$ 399,510
2016	289,124	110,386	399,510
2017	298,448	101,062	399,510
2018	307,705	91,805	399,510
2019	317,374	82,136	399,510
2020-2024	1,742,943	254,609	1,997,552
2025-2029	400,523	70,180	470,703
2030-2033	225,856	16,501	242,357
	$ 3,862,415	$ 845,747	$ 4,708,162

$126,867 of interest related to the City's GEFA notes payable agreements was incurred and charged to interest expense during the year ended June 30, 2014.

NOTE 7: 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, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 50,983	$ -	$ (40,653)	$ 10,330	$ 10,330
Compensated absences	274,261	363,517	(372,705)	$ 265,073	265,073
Governmental activities long-term liabilities	$ 325,244	$ 363,517	$ (413,358)	$ 275,403	$ 275,403
Business-type activities:					
Bonds payable	$ 43,585,000	$ -	$ (300,000)	$ 43,285,000	$ 1,965,000
Notes payable	4,134,321	-	(271,906)	3,862,415	280,442
Compensated absences	26,325	60,406	(53,350)	33,381	33,381
Business-type activities long-term liabilities	$ 47,745,646	$ 60,406	$ (625,256)	$ 47,180,796	$ 2,278,823

For governmental activities, compensated absences are generally liquidated through the General Fund. Compensated absences for Business-type activities are generally liquated through the Water & Sewer Fund.

NOTE 8: RESTRICTED NET POSITION

At June 30, 2014, the government-wide statement of net position reports the following restricted net position:

Restricted by enabling legislation for:	
Economic development	$ 6,250
Net position otherwise restricted for:	
Capital projects	1,176,351
Debt service	1,186,310
Renewal and extension	419,736
Total restricted net position	$ 2,788,647

NOTE 9: PENSION PLAN

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, P.O. Box 105377, Atlanta, Georgia 30348.

Plan Description

As of the most recent valuation date, January 1, 2014, 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
1/1/2014	$ 893,557	$ 949,747	$ 56,190	94.1%	$ 47,778	117.6%

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, 2014.

NOTE 9: PENSION PLAN (CONTINUED)

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.

Annual Pension Cost

For the year ended June 30, 2014, 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, 2014, 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 Pension Cost (APC)	Actual City Contribution	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	$ 19,285	$ 19,285	100%	$ -
6/30/2013	19,285	19,285	100%	-
6/30/2014	19,285	19,285	100%	-

NOTE 10: PENSION PLAN (CONTINUED)

Actuarial Valuation Information

Current Valuation Date	January 1, 2014
Actuarial Funding Method	Projected unit credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	N/A
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Expected Annual Inflation	3.50%
Projected Salary Increases	11.00% for the first year of service, 7.00% for the second year of service, 6.50% for the third year of services, 6.25% for the fourth year of service, 6.00% for the fifth year of service. For ubsequent years, increases follow at the following table of rates:

Age	Rate* %
20	6.00%
25	6.00%
30	5.67%
35	5.33%
40	5.00%
45	4.83%
50	4.67%
55	4.50%
60	4.00%

*Note the above rates include inflation of 3.5%

NOTE 10: 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, 2014, there were 142 plan members.

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)

Plan Description (Continued)

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, 2014. 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 $260,054. Total employee contributions for the year ended June 30, 2014 were $203,700.

NOTE 11: 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 12: 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.

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 13: 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, 2014, 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 14: 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 OCGA. 48-13-50. For the year ended June 30, 2014, $118,907 of hotel/motel tax was collected. Of the total collected, 100% was paid to the St. Marys Convention and Visitors Bureau (a component unit of the City) for the promotion of tourism.

NOTE 15: PRIOR PERIOD ADJUSTMENT – CHANGE IN REPORTING ENTITY

The St. Marys Convention & Visitors Bureau (Bureau) was previously reported as a blended governmental component unit of the City, shown as a special revenue fund. Under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, effective for the year ended June 30, 2013, the Bureau should have been reclassified as a discretely presented component unit because it no longer meets the criteria for a blended component unit under GASB Statement No. 61.

As a result, the governmental activities' beginning net position, as of July 1, 2013, on the government-wide Statement of Net Position, has been increased by $3,947, the amount of the Convention & Visitors Bureau's net fund deficit at June 30, 2013.

The above adjustment increased the change in governmental activities' net position $4,260 for the prior year and had no impact on the current year change in net position.



Required Supplementary Information
(Unaudited)

CITY OF ST. MARYS, GEORGIA
Schedule of Funding Progress – Defined Benefit Retirement Plan (Unaudited)
For the Year Ended June 30, 2014

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	95.06%	$ 75,794	74.27%
1/1/2011	1,080,532	1,016,030	(64,502)	106.35%	75,796	-85.10%
1/1/2012	967,506	993,822	26,316	97.35%	39,182	67.16%
1/1/2013	928,329	987,088	58,759	94.05%	47,777	122.99%
1/1/2014	893,557	949,747	56,190	94.08%	47,778	117.61%

The assumptions used in the preparation of the above schedules are disclosed in Note 9 to the financial statements.



Supplementary Information
Combining and Individual Fund Statements and Schedules

CITY OF ST. MARYS, GEORGIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – SPLOST Fund

For the Year Ended June 30, 2014

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Intergovernmental	$ 4,314,289	$ 4,314,289	$ 700,914	$ (3,613,375)
Total revenues	4,314,289	4,314,289	700,914	(3,613,375)
Expenditures				
Capital outlays	4,314,289	4,314,289	213,132	4,101,157
Total expenditures	4,314,289	4,314,289	213,132	4,101,157
Net change in fund balance	-	-	487,782	487,782
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ 487,782	$ 487,782

See accompanying independent auditors' report.

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

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition or construction of capital facilities.

The **Capital Project Fund** is used to account for general appropriations and expenditures related to various City construction projects.

CITY OF ST. MARYS, GEORGIA
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Multiple Grants Fund	Capital Project Fund	
Assets				
Cash and cash equivalents	$ -	$ 406,901	$ 282,126	$ 689,027
Accounts receivable, net	18,275	-	-	18,275
Due from other governments	-	164,091	-	164,091
Total assets	18,275	570,992	282,126	871,393
Liabilities				
Due to other funds	-	164,549	-	164,549
Due to component units	18,275	-	-	18,275
Total liabilities	18,275	164,549	-	182,824
Fund Balances				
Restricted for:				
Capital projects	-	406,443	282,126	688,569
Total fund balances	-	406,443	282,126	688,569
Total liabilities and fund balances	$ 18,275	$ 570,992	$ 282,126	$ 871,393

See accompanying 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, 2014

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Multiple Grants Fund	Capital Project Fund	
Revenues				
Taxes	$ 118,907	$ -	$ -	$ 118,907
Intergovernmental	-	157,803	150,856	308,659
Charges for services	-	-	-	-
Interest income	-	-	194	194
Total revenues	118,907	157,803	151,050	427,760
Expenditures				
Current:				
Housing and development	118,907	-	-	118,907
Capital Outlay	-	-	6,473	6,473
Total expenditures	118,907	-	6,473	125,380
Excess (deficiency) of revenues over (under) expenditures	-	157,803	144,577	302,380
Other Financing Sources (Uses)				
Transfers from other funds	-	-	137,549	137,549
Transfers to other funds	-	(295,352)	-	(295,352)
Total other financing sources (uses)	-	(295,352)	137,549	(157,803)
Net change in fund balances	-	(137,549)	282,126	144,577
Fund balances (deficits), beginning of year	-	543,992	-	543,992
Fund balances (deficits), end of year	$ -	$ 406,443	$ 282,126	$ 688,569

See accompanying independent auditors' report.

CITY OF ST. MARYS, GEORGIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Hotel/Motel Fund

For the Year Ended June 30, 2014

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Taxes	$ 115,322	$ -	$ 118,907	$ 118,907
Total revenues	115,322	-	118,907	118,907
Other Financing Sources (Uses)				
Current:				
Housing and Development	(115,322)	-	(118,907)	(118,907)
Total other financing sources (uses)	(115,322)	-	(118,907)	(118,907)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

See accompanying independent auditors' report.

CITY OF ST. MARYS, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual
Multiple Grants Fund
For the Year Ended June 30, 2014

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Intergovernmental	$ 7,500	$ 96,847	$ 157,803	$ 60,956
Other revenues	-	156,549	-	(156,549)
Total revenues	7,500	253,396	157,803	(95,593)
Other Financing Sources (Uses)				
Transfers to other funds	(7,500)	(253,396)	(295,352)	(41,956)
Total other financing sources (uses)	(7,500)	(253,396)	(295,352)	(41,956)
Net change in fund balance	-	-	(137,549)	(137,549)
Fund balance, beginning of year	-	-	543,992	543,992
Fund balance, end of year	$ -	$ -	$ 406,443	$ 406,443

See accompanying independent auditors' report.

CITY OF ST. MARYS, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual
Capital Project Fund
For the Year Ended June 30, 2014

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Intergovernmental	$ -	$ 150,855	$ 150,856	$ 1
Interest income	-	-	194	194
Total revenues	-	150,855	151,050	195
Expenditures				
Capital outlays	-	-	6,473	(6,473)
Total expenditures	-	-	6,473	(6,473)
Excess (deficiency) of revenues over (under) expenditures	-	150,855	144,577	(6,278)
Other Financing Sources (Uses)				
Transfers from other funds	-	137,549	137,549	-
Total other financing sources (uses)	-	137,549	137,549	-
Net change in fund balance	-	288,404	282,126	(6,278)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ 288,404	$ 282,126	$ (6,278)

See accompanying independent auditors' report.

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 **Convention and Visitors Center Bureau** was established to foster and promote tourism within the City 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, 2014

	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
Assets				
Cash and cash equivalents	$ 11,901	$ 29,446	$ 7,773	$ 32,434
Prepaid items	-	-	76	-
Investments	-	29,629	-	-
Due from primary government	-	-	18,275	1,185
Total assets	11,901	59,075	26,124	33,619
Liabilities				
Accounts payable	-	1,878	7,433	-
Accrued liabilities	-	-	1,159	-
Due to primary government	-	-	21,000	-
Total liabilities	-	1,878	29,592	-
Fund Balances (Deficits)				
Unassigned	11,901	57,197	(3,468)	33,619
Total fund balances (deficits)	11,901	57,197	(3,468)	33,619
Total liabilities and fund balances (deficits)	$ 11,901	$ 59,075	$ 26,124	$ 33,619

See accompanying independent auditors' report.

CITY OF ST. MARYS, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances – Component Units
For the Year Ended June 30, 2014

	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
Revenues				
Intergovernmental	$ -	$ 25,000	$ 145,907	$ 20,509
Charges for services	-	8,450	7,144	-
Interest revenues	20	92	12	58
Rents	-	3,600	25	-
Contributions and donations	-	-	766	-
Other revenues	549	-	4,922	-
Total revenues	569	37,142	158,776	20,567
Expenditures				
Current:				
Housing and development	70	26,451	158,297	-
Total expenditures	70	26,451	158,297	-
Net change in fund balances	499	10,691	479	20,567
Fund balances, beginning of year	11,402	46,506	(3,947)	13,052
Fund balances, end of year	$ 11,901	$ 57,197	$ (3,468)	$ 33,619

See accompanying independent auditors' report.



Statistical Section
(Unaudited)

CITY OF ST. MARYS, GEORGIA
Net Position by Component (Unaudited)
Last Ten Fiscal Years

This part of the City of St. Marys' 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.

Financial Trends 70

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 75

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity 81

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 86

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 89

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 (Unaudited)
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net investment in capital assets	$ 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	$ 16,700,483
Restricted							366,185	431,679	550,242	1,182,601
Unrestriced	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	5,597,625
Total governmental activities	$ 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	$ 23,480,709
Business-type activities										
Net investment in capital assets	$ 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	$ 28,338,804
Restricted		829,214	834,901	3,717,524	3,741,267	3,740,937	1,660,771	1,395,412	1,425,145	1,606,046
Unrestriced	5,138,644	5,363,283	5,298,025	4,593,947	7,606,077	9,581,787	4,456,173	5,001,818	4,940,356	4,989,481
Total business-type activities	$ 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	$ 34,934,331
Primary government										
Net investment in capital assets	$ 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	$ 45,039,287
Restricted		829,214	834,901	3,717,524	3,741,267	3,740,937	2,026,956	1,827,091	1,975,387	2,788,647
Unrestriced	11,108,130	12,044,741	12,243,516	9,923,213	12,624,592	14,713,721	7,984,318	9,600,044	10,095,544	10,587,106
Total primary government	$ 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	$ 58,415,040

Notes:

Amounts presented for fiscal years 2005-2012 have not been adjusted for the effects of prior period adjustments recorded in fiscal year 2013.

Amounts presented for fiscal year 2013 have not been adjusted for the effects of a prior period adjustment recorded in fiscal year 2014.

CITY OF ST. MARYS, GEORGIA
Changes in Net Position (Unaudited)
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
General government	$ 953,660	$ 1,376,561	$ 2,041,996	$ 1,356,206	$ 1,652,603	$ 465,645	$ 2,030,282	$ 2,091,188	$ 2,390,846	$ 2,115,069
Judicial	189,092	221,341	253,957	250,126	191,884	172,019	227,996	201,782	188,216	176,296
Public safety	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	3,888,423
Public works	2,964,937	2,067,212	2,438,935	4,162,567	2,466,841	3,442,972	2,863,325	2,227,367	1,964,028	1,942,397
Health and welfare	53,508	64,876	58,226	89,928	134,682	137,745	98,558	116,492	111,221	118,747
Culture and recreation	876,149	968,271	1,006,264	987,974	595,489	1,002,250	549,875	521,389	501,057	437,819
Housing and development	603,022	814,738	788,967	791,216	592,903	531,059	484,338	438,725	483,860	682,444
Interest on long-term debt	89,035	66,975	80,298	115,022	58,557	33,064	16,492	3,821	1,786	727
Total Governmental Activities	8,628,549	8,863,238	10,638,550	12,381,320	10,161,595	10,251,847	10,622,221	9,716,810	9,602,441	9,361,922
Business-Type Activities										
Water and sewer	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	7,856,298
Solid waste	772,589	806,276	916,596	1,083,663	1,202,957	1,247,448	1,212,245	1,143,276	986,859	998,489
Aquatic center					482,360	477,641	460,695	409,451	408,567	441,899
Total Business-Type Activities	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	9,296,686
Total Primary Government	12,878,508	13,648,566	15,897,221	19,074,633	17,266,088	17,330,412	19,474,358	19,337,865	19,043,992	18,658,608
Program Revenue										
Governmental Activities										
Charges for Services										
General government	450,581	469,357	1,942,812	1,113,143	1,585,497	1,378,231	1,182,164	1,101,935	986,902	838,573
Judicial	-	-	-	-	-	-	-	-	-	318,859
Public safety	404,168	380,004	490,937	413,928	326,744	314,328	449,060	431,856	369,934	5,684
Public works	55,275	46,082	84,344	50,359	40,754	52,928	40,940	45,154	27,232	72,071
Health and welfare	-	-	-	-	-	-	-	-	-	25,000
Culture and recreation	271,899	343,154	458,273	425,237	63,694	74,041	61,578	56,090	43,437	6,124
Housing and development	703,193	710,601	-	-	-	-	-	-	-	16,300
Operating grants and contributions	441,947	285,899	29,718	537,196	73,105	453,182	224,705	305,498	191,685	157,803
Capital grants and contributions	574,157	363,599	91,567	-	-	611	940,701	565,399	1,119,677	851,770
Total Governmental Activities	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	2,292,184
Business-Type Activities										
Charges for services										
Water and Sewer	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	6,078,703
Solid Waste	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	1,034,804
Aquatic Center	-	-	-	-	324,209	333,856	338,636	332,148	332,912	354,069
Capital grants and contributions	1,019,889	5,855,695	3,151,297	1,573,959	4,808,077	1,031,895	403,316	-	-	614,258
Total Business-Type Activities	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	8,081,834
Total Primary Government	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	10,374,018
NET (EXPENSE) REVENUE										
Governmental Activities	(5,727,329)	(6,264,542)	(7,540,889)	(9,841,457)	(8,071,801)	(7,978,526)	(7,723,073)	(7,210,878)	(6,863,574)	(7,069,738)
Business-Type Activities	893,356	5,586,820	2,869,151	299,523	3,412,876	203,765	(1,020,483)	(1,968,822)	(1,974,328)	(1,214,852)
Total Primary Government	(4,833,973)	(677,722)	(4,671,738)	(9,541,934)	(4,658,925)	(7,774,761)	(8,743,556)	(9,179,700)	(8,837,902)	(8,284,590)

-Continued-

See accompanying independent auditors' report.

CITY OF ST. MARYS, GEORGIA
Changes in Net Position (Unaudited)
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes:										
Property taxes	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	3,321,216
Sales taxes	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	1,907,852
Franchise taxes	600,371	669,800	724,213	768,041	814,810	820,730	874,322	910,675	887,266	905,317
Hotel/motel taxes	-	-	131,118	126,521	110,980	98,461	107,006	104,033	103,943	118,907
Other taxes	845,076	904,817	948,736	977,604	1,014,643	993,926	965,861	1,048,986	1,111,129	1,146,466
Unrestricted investment earnings	80,643	135,488	198,602	147,341	68,953	54,404	14,345	11,032	7,775	8,460
Gain on sale of capital assets	-	-	9,492	99,000	8,719	-	14,602	-	-	-
Miscellaneous	-	30	-	92,500	-	-	-	-	-	131
Transfers	(27,000)	-	-	-	(4,660,253)	(1,590,591)	(1,003,102)	(91,553)	(67,400)	(102,639)
Total Governmental Activities	6,919,513	7,267,656	8,096,078	9,870,967	7,270,556	11,111,821	8,079,298	7,307,449	7,139,080	7,305,710
Business-Type Activities										
Unrestricted investment earnings	108,018	162,544	227,310	682,374	286,457	103,757	30,055	12,271	4,710	3,898
Gain on sale of capital assets	-	-	13,877	-	-	6,695	-	-	28,662	-
Miscellaneous	2,732	87	17,222	40,742	13,881	10,228	19,353	15,132	20,101	5,583
Transfers	27,000	-	-	-	4,660,253	1,590,591	1,003,102	91,553	67,400	102,639
Total Business-Type Activities	137,750	162,631	258,409	723,116	4,960,591	1,711,271	1,052,510	118,956	120,873	112,120
Total Primary Government	7,057,263	7,430,287	8,354,487	10,594,083	12,231,147	12,823,092	9,131,808	7,426,405	7,259,953	7,417,830
Change In Net Position										
Governmental Activities	1,192,184	1,003,114	555,179	29,510	(801,245)	3,133,295	356,225	96,571	275,506	235,972
Business-Type Activities	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)	(1,102,732)
Total Primary Government	$ 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)	$ (866,760)

Notes:

Amounts presented for fiscal years 2005-2012 have not been adjusted for the effects of prior period adjustments recorded in fiscal year 2013.

Amounts presented for fiscal year 2013 have not been adjusted for the effects of a prior period adjustment recorded in fiscal year 2014.

See accompanying independent auditors' report.

CITY OF ST. MARYS, GEORGIA
Fund Balances – Governmental Funds (Unaudited)
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable										
Prepaid items	$ -	$ -	$ -	$ -	$ -	$ -	$ 42,285	$ 145,048	$ 29,537	$ 31,381
Advances to other funds	-	-	-	-	-	-	92,998	86,088	85,957	65,809
Restricted, reported in										
Housing and development	-	-	-	-	-	-	25,000	25,000	6,250	6,250
Reserved for										
Prepaids	98,160	232,096	-	-	-	-	-	-	-	-
Advances	159,255	102,167	47,624	-	-	-	-	-	-	-
Unreserved, reported in										
General fund	5,369,839	5,937,904	6,419,288	4,994,961	4,483,795	4,454,159	-	-	-	-
Unassaigned	-	-	-	-	-	-	3,199,443	4,205,195	4,959,599	5,437,868
Total General Fund	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	5,541,308
All Other Governmental Funds										
Nonspendable										
Prepaid items	-	-	-	-	-	-	74,184	77	77	-
Restricted, reported in										
Capital projects	-	-	-	-	-	-	332,559	406,443	543,992	1,176,351
Housing and development	-	-	-	-	-	-	8,626	236	-	-
Reserved for										
Special projects	273,014	543,907	-	-	-	-	-	-	-	-
Prepaids	74	50	-	-	-	-	-	-	-	-
Unreserved, reported in										
Special revenue funds	1,573	38,413	772,682	575,816	419,264	402,554	-	-	-	-
Capital projects funds	282,832	(17,426)	92,740	97,208	95,421	80,332	-	-	-	-
Unassigned, reported in										
Special revenue funds	-	-	-	-	-	-	-	-	(4,024)	-
Total All Other Governmental Funds	557,493	564,944	865,422	673,024	514,685	482,886	415,369	406,756	540,045	1,176,351
Total All Governmental Funds	$ 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	$ 6,717,659

Notes:
GASB 54 was implemented during fiscal 2011.
GASBs 63 and 65 were implemented during fiscal 2013.

See accompanying independent auditors' report.

CITY OF ST. MARYS, GEORGIA
Changes in Fund Balances – Governmental Funds (Unaudited)
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	$ 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	$ 7,430,502
Licenses and permits	661,915	710,601	1,057,400	541,639	463,372	502,189	312,663	416,059	348,420	360,696
Intergovernmental	1,016,104	649,498	121,285	537,196	73,105	5,580,088	2,118,700	870,897	1,311,362	1,009,573
Charges for services	315,779	384,441	427,928	444,724	96,982	179,547	123,375	127,975	67,652	92,955
Fines and forfeitures	398,548	380,004	490,937	413,928	326,744	314,328	449,060	431,856	369,934	331,474
Interest income	80,643	135,488	198,602	147,341	68,953	55,015	15,093	11,032	7,775	8,460
Contributions	11,404	30	-	-	-	-	-	-	-	131
Other revenues	497,470	474,152	1,000,101	694,876	1,129,591	823,464	848,644	659,145	641,499	497,486
Total Revenues	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	9,731,277
Expenditures										
General government	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	1,738,710
Judicial	187,556	221,341	253,957	250,126	191,884	172,019	227,996	201,782	188,216	176,296
Public safety	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	3,723,237
Public works	1,273,561	1,554,588	2,404,363	2,652,326	2,124,581	1,950,345	1,819,373	1,476,893	1,510,809	1,603,428
Health and welfare	53,508	64,876	95,256	81,699	100,270	101,735	98,558	116,492	111,221	118,747
Culture and recreation	1,064,887	773,434	859,791	991,757	632,096	517,803	488,321	477,569	439,315	346,379
Housing and development	551,800	806,447	763,407	776,607	569,252	488,691	444,060	398,102	460,368	650,942
Capital outlay	2,024,231	580,427	474,464	2,014,022	4,075,013	5,151,474	1,907,993	565,399	982,128	219,605
Debt service:										
Principal	470,805	491,750	682,349	1,493,355	778,708	467,225	479,813	166,731	51,055	40,653
Interest	91,699	69,301	81,872	116,765	63,143	32,015	17,697	3,884	1,885	808
Total Expenditures	9,484,058	9,275,598	12,292,801	14,970,803	14,545,860	14,876,574	12,358,921	8,905,281	9,272,533	8,618,805
Excess (deficiency) of revenues over (under) expenditures	900,645	584,493	(1,106,714)	(2,649,349)	(850,072)	(51,803)	(1,169,642)	980,202	750,801	1,112,472
Other Financing Sources										
Proceeds from sale of capital assets	-	-	9,492	99,000	74,969	-	14,602	-	2,500	-
Proceeds from note payable	-	-	-	-	-	-	-	-	-	-
Capital leases and notes payable	-	67,871	1,592,445	-	-	-	-	-	-	-
Issuance of notes payable	-	-	-	886,000	128,000	-	-	119,700	-	-
Transfers in	604,775	689,384	199,827	866,055	257,964	308,057	410,701	417,324	307,674	295,352
Transfers out	(631,775)	(689,384)	(199,827)	(866,055)	(280,366)	(317,689)	(417,611)	(424,234)	(307,674)	(315,500)
Total other financing sources (uses)	(27,000)	67,871	1,601,937	985,000	180,567	(9,632)	7,692	112,790	2,500	(20,148)
Net change in fund balances	$ 873,645	$ 652,364	$ 495,223	$ (1,664,349)	$ (669,505)	$ (61,435)	$ (1,161,950)	$ 1,092,992	$ 753,301	$ 1,092,324
Debt service as a percentage of noncapital expenditures	8.20%	6.90%	6.90%	14.20%	8.70%	5.40%	5%	2.10%	0.60%	0.48%

See accompanying independent auditors' report.

CITY OF ST. MARYS, GEORGIA
Tax Revenues by Source – Governmental Funds (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Tax Digest Year	Property Taxes	Franchise Tax	Sales Tax	Hotel/Motel Tax	Other Taxes	Total
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
2014	2013	3,351,960	905,317	1,907,852	118,907	1,146,466	7,430,502
Change 2005-2014		62.61%	50.79%	-43.20%	n/a	35.66%	8.22%

See accompanying independent auditors' report.

CITY OF ST. MARYS, GEORGIA

Assessed Value and Actual Value of Taxable Property (Unaudited)

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 Precentage of Actual Value
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%
2014	2013	504,286,654	35,668,380	1,126,965	-	-	13,743,563	527,338,436	5.321%	1,318,346,090	40.00%

See accompanying independent auditors' report.

CITY OF ST. MARYS, GEORGIA
Direct and Overlapping Property Tax Rates (Unaudited)
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
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
2014	2013	5.351	11.700	15.500	0.150	32.701

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 (Unaudited)
Current Year and Nine Years Ago

	2014			2005		
Customer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Georgia Power Company	$ 6,152,317	1	1.22%	$ 3,847,363	7	1.07%
Walmart Real Estate	5,765,337	2	1.14%	4,496,736	5	1.25%
Georgia Pacific	5,441,325	3	1.08%	3,853,027	6	1.07%
Old Weed and Ready Plantation LLC	4,485,932	4	0.89%	-		
Brank Creek LLC	3,614,279	5	0.72%	-		
Walmart Stores East LP	3,064,114	6	0.61%	3,304,020	9	0.92%
Camden Telephone	2,885,535	7	0.57%	6,227,234	4	1.73%
Tritex Real Estate Advisors, Inc.	2,577,160	8	0.51%	-		
Winding River LLC	2,121,750	9	0.42%	3,853,027		1.07%
Osprey Development LLC	1,969,909	10	0.37%	6,998,917	3	1.58%
Durango Georgia Paper Company	-			22,996,414	1	6.38%
Point Peter LLLC	-			15,237,030	2	4.23%
Trigen Biopower Inc	-			5,741,903		1.59%
St. Marys Railroad	-			3,322,713	8	0.92%
Rayland LLC	-			2,652,907	10	0.74%
Total	$ 38,077,658		7.53%	$ 82,531,291		22.55%

Source:

City of St. Marys Finance/Tax Department Records.

Notes:

The above information is based on the tax year digest.

CITY OF ST. MARYS, GEORGIA
Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years

		Collected within the Fiscal Year of the Levy			Total Collections to Date		
Fiscal Year	Tax Digest Year	Taxes Levied [1]	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
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	95.09%	-	2,622,660	95.09%
2014	2013	2,571,779	2,536,290	98.62%	-	2,536,290	98.62%

Source:

City of St. Marys Tax/Finance Department

Notes:

(1) Reflects original digest net of all digest corrections to date.

See accompanying independent auditors' report.

CITY OF ST. MARYS, GEORGIA
Water and Sewer Rates (Unaudited)
Last Ten Fiscal Years

		Total Direct Rate					
			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 6000 (per 1,000)	6,001 and Over (per 1,000)
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
2014	408,472,868	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 (Unaudited)
Last Ten Fiscal Years

	Governmental Activities		Business-type Activites							
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
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	8.09%	2,694
2013	50,983	-	2,130,000	-	41,455,000	-	4,134,321	47,770,304	**	**
2014	10,330		1,830,000	-	41,455,000	-	3,862,414	47,157,745	**	**

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.

These ratios are calculated using personal income and population from the prior calendar year.

**Information not yet available

CITY OF ST. MARYS, GEORGIA
Ratios of General Bonded Debt Outstanding (Unaudited)
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
2005	$ -	$ -	$ -	0.00%	$ -	16468	$ 375,345,167
2006	-	-	-	0.00%	-	16231	403,249,088
2007	-	-	-	0.00%	-	16697	453,541,378
2008	-	-	-	0.00%	-	16783	609,074,863
2009	-	-	-	0.00%	-	16778	685,832,366
2010	-	-	-	0.00%	-	17121	709,051,850
2011	41,455,000	-	41,455,000	6.34%	2,408	17218	654,010,030
2012	41,455,000	-	41,455,000	6.59%	2,355	17606	628,986,978
2013	41,455,000	-	41,455,000	7.19%	2,335	17755	576,570,112
2014	41,455,000	-	41,455,000	7.86%	**	**	527,338,436

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 (Unaudited)
As of June 30, 2014

Governemntal Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Camden County	$ -	40%	$ -
Other debt			
Camden County	-	40%	-
Subtotal: overlapping debt			-
City direct debt			41,455,000
			$ 41,455,000

Sources:

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property value. 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.

CITY OF ST. MARYS, GEORGIA
Legal Debt Margin Information (Unaudited)
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Legal Debt Margin										
Debt limit	$ 38,793,037	$ 41,970,657	$ 46,986,674	$ 62,610,409	$ 70,155,493	$ 73,385,065	$ 66,752,337	$ 64,196,093	$ 58,881,178	$ 54,108,200
Amount of debt limit utilized	-	-	-	-	-	-	41,026,056	41,294,642	41,289,652	41,099,251
Legal debt margin	$ 38,793,037	$ 41,970,657	$ 46,986,674	$ 62,610,409	$ 70,155,493	$ 73,385,065	$ 25,726,281	$ 22,901,451	$ 17,591,526	$ 13,008,949
Total net debt applicable to the limit as a percentage of a debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	61.46%	64.33%	70.12%	75.96%
Legal Debt Margin Calculation										
Assessed value	$ 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	$ 526,721,307
Add back: exempt property	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	14,360,692
Total assessed value	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	541,081,999
Debt limit (10% of total assessed value)	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	54,108,200
Debt applicable to limit										
General obligation bonds	-	-	-	-	-	-	41,455,000	41,455,000	41,455,000	41,455,000
Less: amounts set aside for repayment of general obligation bonds	-	-	-	-	-	-	(428,944)	(160,358)	(165,348)	(355,749)
Total net debt applicable to limit	-	-	-	-	-	-	41,026,056	41,294,642	41,289,652	41,099,251
Legal debt margin	$ 38,793,037	$ 41,970,657	$ 46,986,674	$ 62,610,409	$ 70,155,493	$ 72,385,065	$ 25,726,281	$ 22,901,451	$ 17,591,526	$ 13,008,949

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 the represents of the City's legal borrowing authority.

See accompanying independent auditors' report.

CITY OF ST. MARYS, GEORGIA
Pledged-Revenue Coverage (Unaudited)
Last Ten Fiscal Years

	Water Revenue Bonds			
Fiscal Year	Net Revenue (1)	Historial Bond Debt Service (2)	Debt Coverage Ratio	Excess Funds
2005	$ 1,352	$ 434	3.11	$ 918
2006	1,276	433	2.94	843
2007	1,551	436	3.55	1,114
2008	1,790	1,352	1.32	438
2009	3,941	1,720	2.29	2,222
2010	1,557	1,427	1.09	129
2011	2,759	1,130	2.44	1,629
2012	3,054	441	6.92	2,613
2013	2,836	425	6.68	2,411
2014	2,943	422	6.98	2,521

Notes:

(1) Operating income (loss) plus depreciation plus non-operating interest income.

(2) Excludes debt service on Water/Sewer Series 2010 General Obligation Bonds and notes payable to GEFA, since these bonds and notes are not secured by revenues of the System.

CITY OF ST. MARYS, GEORGIA
Demographic and Economic Statistics (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Population [1]	Personal Income [2] (In thousands)	Per Capita Personal Income	Unemployment Rate [3]
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	586,579	33,317	8.90%
2013	17,755	**	**	9.60%
2014	**	**	**	7.50%

Source:

(1) U.S. Bureau of the Census

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

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

** Information not available yet

CITY OF ST. MARYS, GEORGIA
Principal Employers (Unaudited)
Current Year and Nine Years Ago

	2014			2010 [1]		
	Employer	Number of Employees	Percentage of Total City Employment	Rank	Employer	Number of Employees	Percentage of Total City Employment
1	Express Scripts	650	35.91%	1	Express Scripts	474	29.74%
2	Walmart Supercenter	366	20.22%	2	Walmart Supercenter	418	26.22%
3	Southeast Georgia Health Systems	330	18.23%	3	Southeast Georgia Health Systems	293	18.38%
4	City of St. Marys	141	7.79%	4	Green Cedar Stores	95	5.96%
5	Georgia Pacific	69	3.81%	5	Osprey Cove Golf Course	85	5.33%
6	ATN, Inc.	68	3.76%	6	Georgia Pacific	76	4.77%
7	Green Golf Partners, LLC	59	3.26%	7	B.A.E Systems	67	4.20%
8	Pilot	55	3.04%	8	Customer Service of America	36	2.26%
9	Gilman Building Products	37	2.04%	9	Harvey's Grocery Store	27	1.69%
10	Winn Dixie	35	1.93%	10	Aunt B's Restaurant	23	1.44%
	Total Employees	1810	100%			1594	100%

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 (Unaudited)

Last Ten Fiscal Years

Fuction	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
General government	10.00	11.00	17.00	19.00	14.00	13.00	9.30	8.30	8.93	8.93
Public safety										
Police department	38.00	46.00	46.00	46.00	40.00	40.00	40.50	36.50	35.50	35.60
Fire department	13.00	18.00	30.00	30.00	23.00	23.00	26.00	29.00	29.00	26.00
Public works	32.00	38.00	48.00	46.00	40.00	40.00	29.70	19.36	19.61	19.71
Health and welfare	0.00	0.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.36
Judicial	2.00	2.00	2.00	2.00	1.00	1.00	1.50	1.00	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	8.00	10.00	10.00	8.00	7.00	7.00	7.25	7.25	6.50	6.50
Business-type activities										
Water and sewer	21.00	26.00	30.00	30.00	29.00	28.00	39.05	35.39	35.39	34.39
Solid waste	7.00	7.00	7.00	0.00	0.00	0.00	5.49	1.45	1.45	1.45
Aquatic center	1.00	1.00	1.00	1.00	1.00	1.00	9.60	8.60	8.60	-
Total	137.00	164.00	197.00	188.00	161.00	159.00	175.39	153.85	152.98	140.94

Notes:

Full-time equivalent information was not available for 2010 through 2005. 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 (Unaudited)
Last Ten Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Building permits issued	377	421	255	165	142	257	261	285	282	316
Building inspections conducted	No data	No data	No data	3,054	2,519	3,306	1,660	1,609	1,621	1,815
Police										
Physical arrests	754	794	974	693	623	731	868	759	652	376
Other violations	2,813	2,804	2,804	2,526	2,193	2,539	2,568	2,374	2,128	2,542
Traffic violations	2,650	2,640	3,082	2,641	2,565	4,993	4,299	3,369	3,088	3,208
Fire										
Emergency room	1,518	1,590	1,670	1,492	1,619	1,575	1,617	1,863	1,733	1,417
Fires extinguished	101	86	96	75	82	96	82	99	75	60
Inspections	402	280	138	84	139	2,013	228	279	250	50
Public Works										
Streets resurfaced (miles)	No data	1	No data	2	No data	1	1	-	-	-
Water										
New connections	253	910	269	101	74	52	32	21	29	36
Volume (thousands of gallons)	1,623	1,687	1,551	1,650	1,572	1,541	1,516	1,445	1,103	1,363
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,724	1,572	1,195	1,377	1,479	1,383	1,259	1,521	1,900	1,985

Source:
Various City departments

CITY OF ST. MARYS, GEORGIA
Capital Asset Statistics by Function (Unaudited)
Last Ten Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	91	93	94	99	103	107	107	107	107
Water										
Fire hydrants	871	879	943	997	1,037	1,109	1,127	1,135	1,135	1,135
Storage capacity (thousands of gallons)	1,250	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	2,000	2,000	2,000	2,000	3,000	5,200	5,200	4,500	4,500

Source:
Various City departments

See accompanying independent auditors' report.



Compliance Section

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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 29, 2014.

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 29, 2014
Tifton, Georgia

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__ 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, 2014 due to the City not expending $500,000 or more of federal funds.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION II – FEDERAL AWARDS FINDINGS AND QUESTIONED COST

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
For the Year Ended June 30, 2014

2008 Special Purpose Local Option Sales Tax

	Estimated Cost		Expenditures		
Project	Original	Current	Prior Years	Current Year	Total
City sidewalks/streets	$ 4,730,000	$ 2,450,000	$ 539,460	$ 37,866	$ 577,326
Drainage	5,530,000	3,000,000	433,588	23,904	457,492
Sewer	5,000,000	5,310,000	5,420,063	72,002	5,492,065
City buildings	3,500,000	1,000,000	1,097,935	37,695	1,135,630
Total	$ 18,760,000	$ 11,760,000	$ 7,491,046	$ 171,467	$ 7,662,513

2013 Special Purpose Local Option Sales Tax

	Estimated Cost		Expenditures		
Project	Original	Current	Prior Years	Current Year	Total
Bond Debt	$ 11,000,000	$ 11,000,000	$ -	$ -	$ -
Improvements	4,327,918	4,327,918	-	31,187	31,187
Equipment/Vehicles Capital Outlay	2,503,375	2,503,375	-	10,478	10,478
Total	$ 17,831,293	$ 17,831,293	$ -	$ 41,665	$ 41,665

See accompanying independent auditors' report.