THE CITY OF ST. MARYS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

John F. Morrissey
Mayor

Jennifer Brown
Finance Director

CITY OF ST. MARYS, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015
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Introductory Section
(Unaudited)

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

December 23, 2015

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, 2015. Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal controls 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, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of St. Marys' financial statements for the year ended June 30, 2015. 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 FY2012 budget and has been awarded the same honor for FY2013 - FY2015 budgets. The City received the Certificate in Achievement in Financial Reporting for 2014.

Budget Adjustments/Amendments

From time to time it becomes necessary for St. Marys to adjust or amend the adopted budget. This process is regulated by the official Code of Georgia (O.C.G.A) along with local policies.

Per O.C.G.A. 36-81-3

1. An increase in appropriations at the legal level of control of the local government, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the governing authority. Such amendment shall be adopted by ordinance or resolution.
2. Transfers of appropriations with any fund below the local government's legal level of control shall require only the approval of the budget officer.

In St. Marys, the amount for salaries and benefits for each department may not be increased without the approval of the City Council. However, Department Heads shall have the authority to transfer appropriations within a department (within the same fund) from one line item to another (other than increasing salaries and benefits) subject to the approval of the City Manager and/or the Finance Director.

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 September 2015, unemployment in the Camden County area was 5.3% compared to 5.1% nationally and 5.7% 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, 2015, unassigned fund balance in the General Fund was favorable to the policy guidelines set by the City for budgetary and planning purposes. It has been the goal to ensure the City maintains and continues 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 (GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions)*. The City does plan to draw on fund balance in the 2016 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 FY2016 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 2016 through 2020 identifies projects and funding that total $15.2 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 $2.15 million of the funding for the five year plan.

Major Initiatives

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

1. In March 2013, voters approved a 1% Special Purpose Local Option Sales Tax (SPLOST VII). Projects slotted in FY 2016 include:

    - Turn Lane Gateway to St. Marys
    - Purchase generator for water plant
    - Bond debt retirement
    - Drainage Gateway Property
    - Apron Fire Department
    - Aquatic Center Pool Rehab
    - Road Condition Survey

2. Council approved $37,000 for marketing the City.

3. Council approved $75,000 for a city master plan.

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

5. Road enhancements with the Local Maintenance Improvement Grant.

6. Purchase of public safety equipment – (2) fire trucks and police vehicles.

7. Installation of $100,000 in radio water read meters.

8. The City continues to work toward bringing in new business and retaining current 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 TAD boundaries
    - 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, LLC.

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,

Jennifer Brown
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. Marys

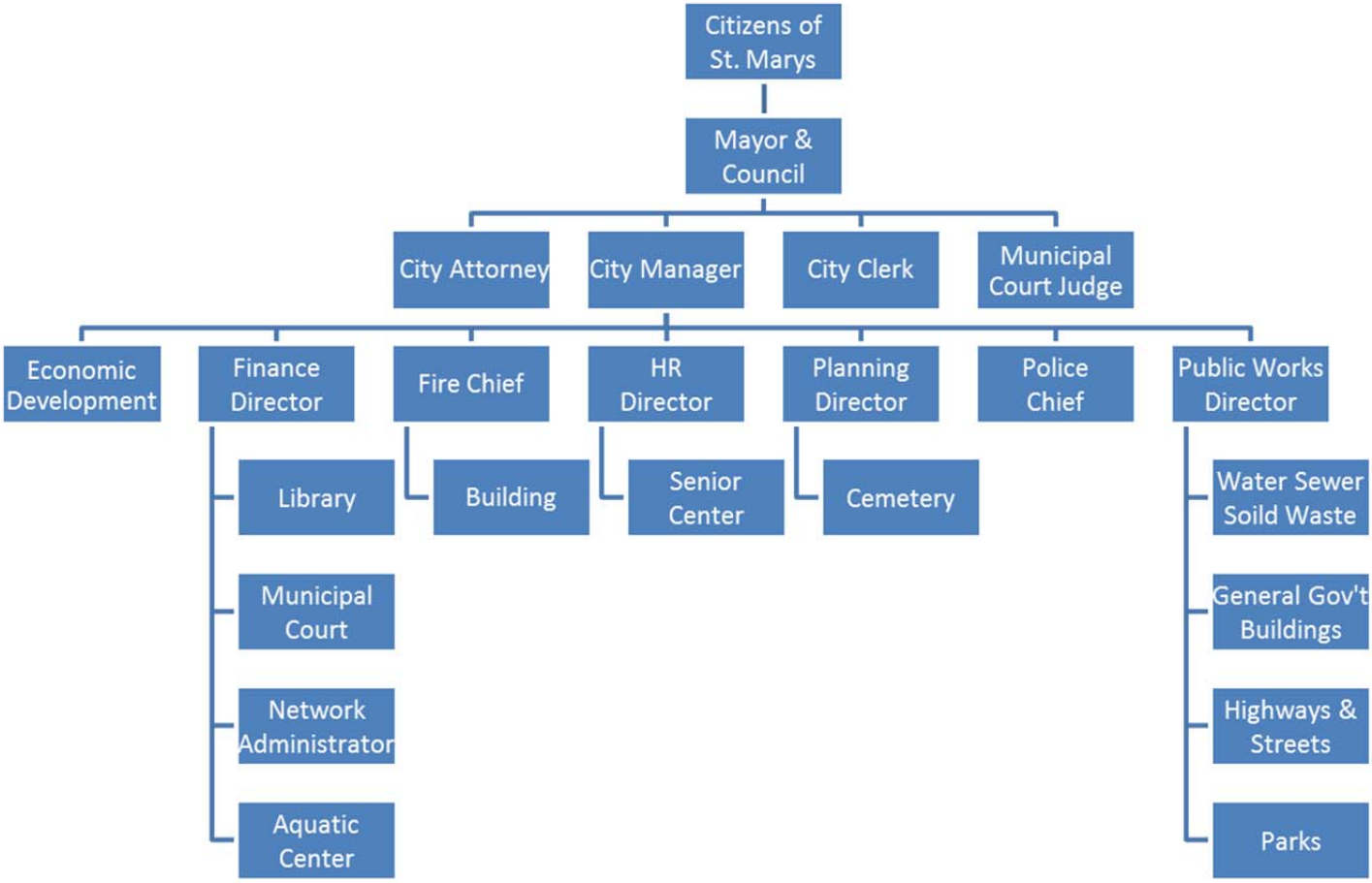
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CITY OF ST. MARYS, GEORGIA
Organizational Structure



ELECTED

Mayor
John F. Morrissey

City Council

Post 1
Robert L. Nutter

Post 2
Elaine Powierski

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

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

(229) 382-8576
(229) 238-0643 (fax)
www.cricpa.com

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, 2015 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, 2015, 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 18, the schedule of changes in the city's net pension liability and related ratios on pages 66 through 67, and the schedule of city contributions on pages 68 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 23, 2015, 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

Tifton, Georgia
December 23, 2015

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, 2015 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, 2015, by $60.1 million (*net position*). Of this amount, $11.2 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net position increased by $1.85 million.

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $7.2 million, an increase of $.5 million in comparison with the prior year. Approximately 83% of this total amount, $6 million, is *available for spending* at the City's discretion (*unassigned fund balance*).

- As of the close of the current fiscal year, the City's business-type funds reported combined ending net position of $36.9 million, an increase of $1.97 million in comparison with the prior year. Approximately 14.5% of this total amount, $5.37 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 $6.1 million or a positive 73.1% 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 $10,330. The Business-type funds had a reduction in debt service of $2,245,443. The total reduction in debt service was $2,255,773. *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 19 through 22 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*, 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 23 through 29 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.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report presents certain schedules and information related to the City's Defined Benefit Retirement Plan as supplementary information beginning on page 66 of 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 69 through 76 of this report.

Statistical Section. In addition to the basic financial statements and accompanying notes, this report also presents various supplementary and statistical information; such as, 10 year presentation of revenues, expenditures, and tax rates. This statistical section can be found on pages 77 through 97 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 plus deferred inflows of resources by $60.1 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.

City of St. Marys – Net Position

	Governmental Activities		Business-type Activities		Total	
June 30,	2014	**2015**	2014	**2015**	2014	**2015**
Current and other assets	$ 7,481,560	**$ 8,280,373**	$ 8,756,634	**$ 7,869,547**	$ 16,238,194	**$ 16,149,920**
Capital assets	16,710,813	**16,237,254**	74,220,839	**73,689,963**	90,931,652	**89,927,217**
Deferred outflows of resources	3,737	**-**	1,265,380	**1,196,981**	1,269,117	**1,196,981**
Total assets and deferred outflows	24,196,110	**24,517,627**	84,242,853	**82,756,491**	108,438,963	**107,274,118**
Other liabilities	711,664	**1,190,919**	4,406,549	**3,319,791**	5,118,213	**4,510,710**
Long-term liabilities outstanding	144,619	**115,951**	44,901,973	**42,529,835**	45,046,592	**42,645,786**
Net Pension liability	29,809	**-**	-	**-**	29,809	**-**
Deferred inflows of resources	-	**23,848**	-	**-**	-	**23,848**
Total assets and deferred outflows	886,092	**1,330,718**	49,308,522	**45,849,626**	50,194,614	**47,180,344**
Net position:						
Net investment in capital assets	16,700,483	**16,237,254**	28,338,804	**29,984,972**	45,039,287	**46,222,226**
Restricted	1,182,601	**1,116,711**	1,606,046	**1,554,362**	2,788,647	**2,671,073**
Unrestricted	5,426,934	**5,832,944**	4,989,481	**5,367,531**	10,416,415	**11,200,475**
Total net position	$ 23,310,018	**$ 23,186,909**	$ 34,934,331	**$ 36,906,865**	$ 58,244,349	**$ 60,093,774**

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

By far the largest portion of the City's net position, $46.2 million (76.9%) 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, $2.67 million (4.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $11.2 million (18.7%) is *unrestricted net position* may be used to meet the government's ongoing obligations of the City.

Government-wide Financial Analysis, Continued

The Industrial Development Authority (Component Unit) total net position for 2015 is $.34 million, which did not change over 2014. The Downtown Development Authority (Component Unit) total net position for 2015 is $.68 million, which was a decrease over 2014 of ($2,302). The Convention & Visitors Bureau (Component Unit) total net position for 2015 is $26,003, which was an increase over 2014 of $29,471. The Cemetery Authority (Component Unit) total net position for 2015 is $49,795, which was an increase over 2014 of $16,176. The Industrial Development, Downtown Development, Convention & Visitors Bureau and Cemetery Authorities assets are not included in the above totals.

Governmental activities during the fiscal year ending June 30, 2015 decreased the City of St. Marys net position by $.12 million. Business-type activities during the same period increased net position by $1.97 million for a total increase in net position of $1.85 million. The following chart shows the revenue and expenses by activity for the total primary government.

Government-wide Financial Analysis, Continued

City of St. Marys – Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
Year ended June 30,	2014	**2015**	2014	**2015**	2014	**2015**
Revenues						
Program revenues:						
Charges for services	$ 1,282,611	**$ 1,301,549**	$ 7,504,257	**$ 7,732,095**	$ 8,786,868	**$ 9,033,644**
Operating grants and contributions	157,803	**8,618**	-	**-**	157,803	**8,618**
Capital grants and contributions	851,770	**3,646,965**	614,258	**590,526**	1,466,028	**4,237,491**
General revenues:						
Property taxes	3,321,216	**3,219,206**	-	**-**	3,321,216	**3,219,206**
Franchise taxes	905,317	**1,070,546**	-	**-**	905,317	**1,070,546**
Sales taxes	1,907,852	**1,916,715**	-	**-**	1,907,852	**1,916,715**
Hotel/motel taxes	118,907	**138,298**	-	**-**	118,907	**138,298**
Other taxes	1,146,466	**1,187,316**	-	**-**	1,146,466	**1,187,316**
Unrestricted investment earnings	8,460	**8,007**	3,898	**4,498**	12,358	**12,505**
Gain on disposal of capital assets	-	**12,963**	-	**26,185**	-	**39,148**
Miscellaneous	131	**19,825**	5,583	**4,390**	5,714	**24,215**
Total revenues	9,700,533	**12,530,008**	8,127,996	**8,357,694**	17,828,529	**20,887,702**
Expenses						
Governmental activities:						
General government	2,115,069	**2,161,037**	-	**-**	2,115,069	**2,161,037**
Public safety	3,888,423	**3,858,552**	-	**-**	3,888,423	**3,858,552**
Public works	1,942,397	**2,245,806**	-	**-**	1,942,397	**2,245,806**
Health and welfare	118,747	**129,908**	-	**-**	118,747	**129,908**
Judicial	176,296	**165,599**	-	**-**	176,296	**165,599**
Culture and recreation	437,819	**456,448**	-	**-**	437,819	**456,448**
Housing and development	682,444	**603,979**	-	**-**	682,444	**603,979**
Interest on long-term debt	727	**20**	-	**-**	727	**20**
Business-type activities:						
Water & Sewer	-	**-**	7,892,979	**7,961,580**	7,892,979	**7,961,580**
Solid Waste	-	**-**	998,489	**1,020,589**	998,489	**1,020,589**
Aquatic Center	-	**-**	441,899	**434,759**	441,899	**434,759**
Total expenses	9,361,922	**9,621,349**	9,333,367	**9,416,928**	18,695,289	**19,038,277**
Increase (decrease) in net position before transfers	338,611	**2,908,659**	(1,205,371)	**(1,059,234)**	(866,760)	**1,849,425**
Transfers	(102,639)	**(3,031,768)**	102,639	**3,031,768**	-	**-**
Increase (decrease) in net position	235,972	**(123,109)**	(1,102,732)	**1,972,534**	(866,760)	**1,849,425**
Net position, beginning, restated	23,074,046	**23,310,018**	36,037,063	**34,934,331**	59,111,109	**58,244,349**
Net position, ending, restated	$23,310,018	**$23,186,909**	$34,934,331	**$36,906,865**	$58,244,349	**$60,093,774**

Changes in net position. The City's total revenues before transfers were $20.9 million in FY2015. Expenses were $19 million. Governmental and business-type activities combined provided a $1.85 million increase in net position.

Government-wide Financial Analysis, Continued

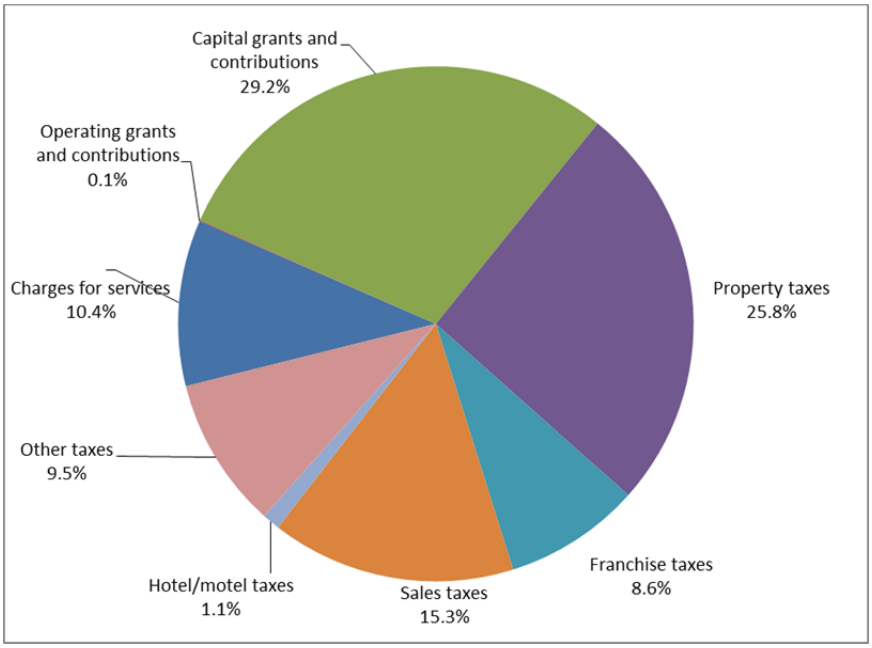
Governmental activities revenues, before transfers, were $12.5 million and included $1.3 million for charges for services, $3.6 for grants and contributions and $7.6 million in taxes and other revenues. The largest governmental activities expenses were for public safety of $3.86 million, public works of $2.25 million and general government of $2.16 million.

Business-type activity revenues, before transfers, were $8.36 million and included $7.7 million charges for services, $.6 million for grants and contributions and $35,073 in other revenues. The largest business-type activity expenses were personal services of $1.83 million, purchased and contracted services of $1.86 million and debt service of $2.6 million.

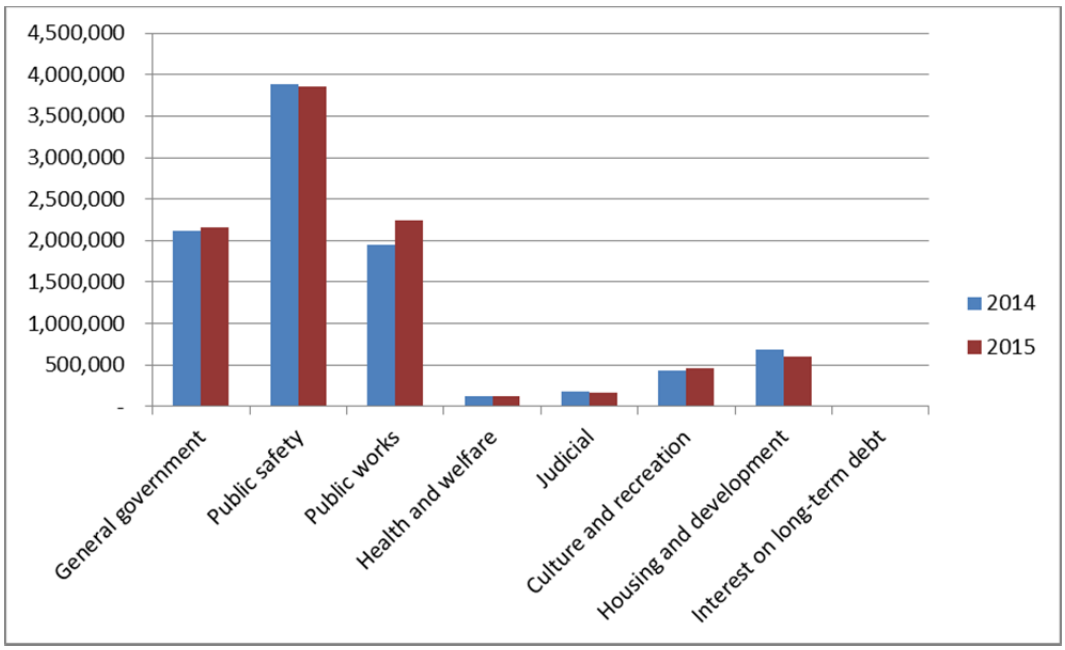
City of St. Marys – Changes in Net Position

Year ended June 30,	Total 2014	**Total 2015**	Increase (Decrease)	Percentage Change
Revenues				
Program revenues				
Charges for services	$ 8,786,868	**$ 9,033,644**	$ 246,776	3%
Operating grants and contributions	157,803	**8,618**	(149,185)	-95%
Capital grants and contribution	1,466,028	**4,237,491**	2,771,463	189%
General revenues:				
Property taxes	3,321,216	**3,219,206**	(102,010)	-3%
Franchise taxes	905,317	**1,070,546**	165,229	18%
Sales taxes	1,907,852	**1,916,715**	8,863	0%
Hotel/motel taxes	118,907	**138,298**	19,391	16%
Other taxes	1,146,466	**1,187,316**	40,850	4%
Unrestricted investment earnings	12,358	**12,505**	147	1%
Gain on disposal of capital assets	-	**39,148**	39,148	
Miscellaneous	5,714	**24,215**	18,501	324%
Total revenues	17,828,529	**20,887,702**	3,059,173	2%
Expenses				
Governmental activities				
General government	2,115,069	**2,161,037**	45,968	2%
Public safety	3,888,423	**3,858,552**	(29,871)	-1%
Public works	1,942,397	**2,245,806**	303,409	16%
Health and welfare	118,747	**129,908**	11,161	9%
Judicial	176,296	**165,599**	(10,697)	-6%
Culture and recreation	437,819	**456,448**	18,629	4%
Housing and development	682,444	**603,979**	(78,465)	-11%
Interest on long-term debt	727	**20**	(707)	-97%
Business-type activities				
Water and Sewer	7,892,979	**7,961,580**	68,601	1%
Sanitation	998,489	**1,020,589**	22,100	2%
Aquatic Center	441,899	**434,759**	(7,140)	-2%
Total expenses	18,695,289	**19,038,277**	342,988	2%
Increase in net position	(866,760)	**1,849,425**	2,716,185	-313%
Net position, beginning, restated	59,111,109	**58,244,349**	(866,760)	-1%
Net position, ending, restated	$ 58,244,349	**$ 60,093,774**	$ 1,849,425	3%

City of St. Marys – Changes in Net Position
Revenues by Source – Governmental Activities
For the Year Ended June 30, 2015



City of St. Marys – Changes in Net Position
Program Expenses – Governmental Activities
For the Year ended June 30, 2015



Revenue Impacts.

Operating grants and contributions decreased $149,185 or -95%, which is primarily due to the loss of a public safety grant.

Capital grants contributions increased $2.77 million or 189%, which is due to an increase in donation of assets to the City.

Franchise fees increased $165,229 or 18%, which is due to audit of franchise companies within the City.

Hotel/motel taxes increase $19,391 or 16%, which is due to the increase in rooms rented within the City.

Gain on disposal of capital assets increased $39,148 or 100%, which is due to sale of assets.

Miscellaneous increased $18,501 or 324%, which is an increase in miscellaneous revenues collected.

Expense Impacts.

Public Works increased $303,409 or 16%, which is primarily due to projects completed in FY2015.

Housing and development decreased $111,378 or -11%, which is due to capital project in prior year.

Interest on long-term debt decreased $707 or -97% due to the retirement of debt in FY2015.

Fund Balance.

City of St. Marys – Fund Balance Governmental Funds

Fund	Fund Balance 6/30/2014	Revenues/ Sources	Expenses/ Uses	Revenue/ Sources Over (Under) Expenditures/Uses	Fund Balance 6/30/2015
General Fund	$ 5,541,308	$ 8,946,385	$ 8,371,812	$ 574,573	$ 6,115,881
SPLOST Fund	487,782	3,496,778	3,430,480	$ 66,298	$ 554,080
Other Funds	688,569	297,103	429,291	$ (132,188)	$ 556,381
Total	$ 6,717,659	$ 12,740,266	$ 12,231,583	$ 508,683	$ 7,226,342

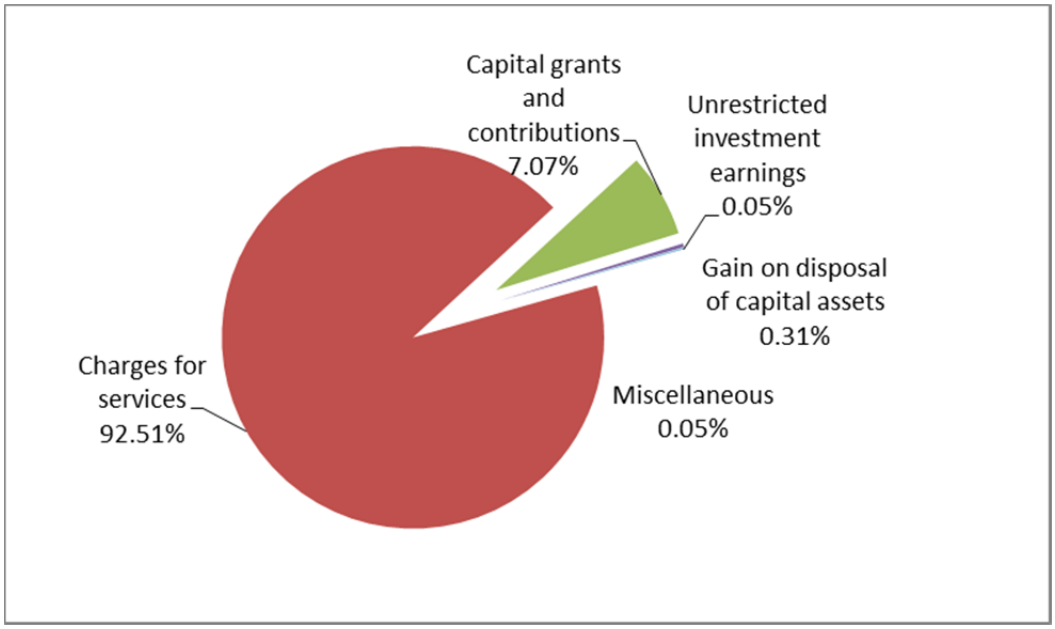
As of June 30, 2015, the City's governmental funds reported a combined fund balance of $7.23 million, which is a net increase of $.509 million from the previous year.

General Fund's fund balance increased by $574,573 and was $6.12 million at end of year. This was mainly due to collection of prior year property and other taxes and a savings in public safety due to vacancies.

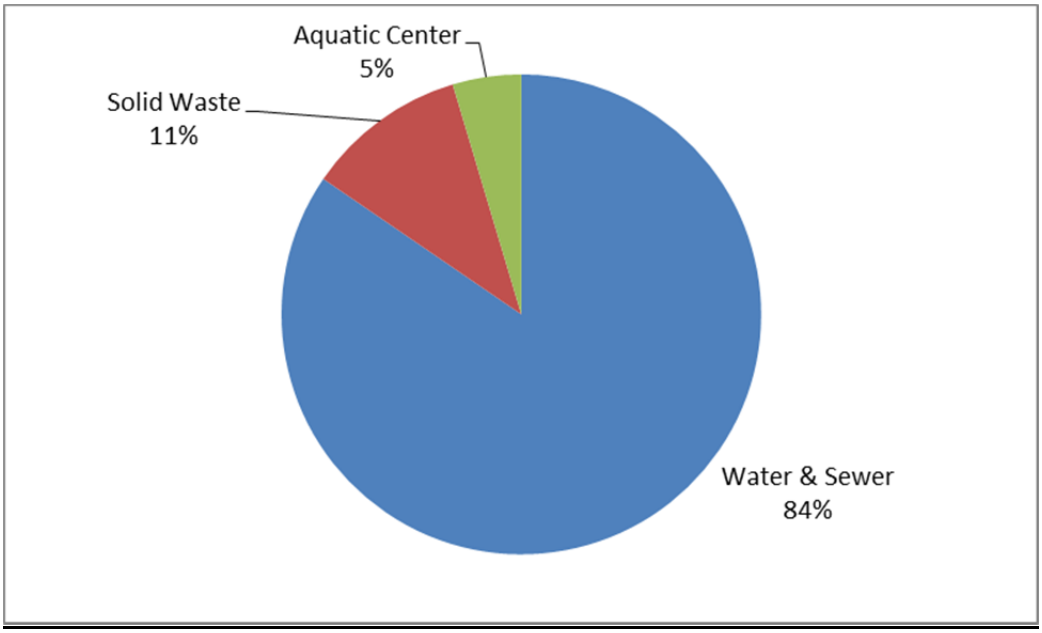
The SPLOST Fund's fund balance increased by $66,298 and was $.55 million at end of year. The City SPLOST VII revenues are collected upfront instead of on a reimbursement basis. The revenues exceeded the expenditures. These funds are restricted for projects.

Other Fund's fund balance decreased -$132,188 and was $.57 million at end of year. This was due to the completion of local maintenance grant projects.

City of St. Marys – Changes in Net Position
Revenues by Source – Business-type Activities
For the Year Ended June 30, 2015



City of St. Marys - Changes in Net Position
Expenses –Business-type Activities
For the Year Ended June 30, 2015



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 FY2015, the General Fund had a fund balance of $6,115,881. This is an increase of $574,573 from the beginning fund balance. Of the total amount, $6,001,980 constitutes "unassigned fund balance" which is available for spending at the government's discretion. The General Fund budget FY2015-2016 increased which encompasses some one-time items, capital expenditures and funds 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 $554,080 is restricted for SPLOST projects.

The fund balances for the other governmental funds decreased by $132,188. The total combined fund balances for the other governmental funds was a positive $556,381 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 $6,040,681 at the end of fiscal year ending June 30, 2015. Of this amount, $1,577,249 is restricted assets.

The Water and Sewer Fund had an ending net position of $34,903,638 for FY2015. This was an increase of $1,979,467 from the previous year. Of the balance, $4,887,954 is unrestricted.

The Solid Waste Fund had an ending net position of $499,939 for FY2015. This was an increase of $33,885 from the previous year. Of the balance, $0 is restricted.

The Aquatic Center Fund had an ending net asset balance of $1,503,288 for FY2015. This was a decrease of $40,818 from the previous year. All assets are restricted.

Financial Analysis of the Government's Funds, Continued

General Fund Budget Highlights

The budget was prepared according to Georgia Law.

The 2015 original revenue budget was $8,892,755. The original budget was amended to $9,046,557. The major increase was due to usage of fund equity and an increase in other revenue income. The final budgeted revenues increased 1.7% or $153,802. The total budgeted expenditures increased $216,044 or 2.4% from the original budget due to airport capital projects, one time lump sum payment for employees, 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, 2015, governmental activities and business-type activities had capital assets of $89,927,217 (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment and recreation and park facilities. This represents a 1.1% decrease or ($1,004,435). The governmental activities decreased 2.9% due to depreciation expense of assets. Business-type activities decreased .7% due to depreciation of assets.

- For governmental activities, construction in progress increased $39,975 for infrastructure and $445,572 was transferred to improvement. Infrastructure increased $174,878 which included the completion of projects. Machinery & equipment increased $73,652 which encompassed equipment purchase of $217,149 and the disposal of equipment in the amount of $143,497.
- For business-type activities, construction in progress increased $1,377,423 for sewer infrastructure in progress. Infrastructure increased $608,776 due to donated water/sewer infrastructure. Machinery & equipment increased $37,845 for new assets and decreased $231,165 for the sale/disposal of assets.

City of St. Marys – Capital Assets (Net of Depreciation)

June 30, 2015	**Governmental Activities**	**Business-type Activities**	**Total**
Land	$ 1,798,738	$ 846,727	$ 2,645,465
Construction in progress	39,959	1,886,946	1,926,905
Infrastructure	7,407,849	66,873,959	74,281,808
Buildings and improvements	3,587,955	3,912,274	7,500,229
Improvements other than buildings	3,040,786	-	3,040,786
Machinery & equipment	361,967	170,057	532,024
Total	$ 16,237,254	$ 73,689,963	$ 89,927,217

Additional information on the City's capital assets can be found in Note 6 on pages 51 through 52 of this report.

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

At June 30, 2015, the City had $0 of outstanding debt related to governmental activities and $44,901,972 of outstanding debt related to business-type activities, for a total of $44,901,972 compared to the previous year's total of $47,157,745. This is a decrease of $2,255,773. *Numbers do not include compensated absences.

At the end of 2015, the business activities had bonded debt of $41,320,000. Of this amount, $1,505,000 is secured by revenues of the water/sewer system and $39,815,000 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 53 through 55 of this report.

Factors affecting the FY2016 Budget:

The FY2016 city-wide budget increased approximately 8.3%. This was mainly due to capital projects from SPLOST funds, a local maintenance grant (for roads), and much needed capital equipment. The city-wide budget was set at $26,914,994.

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 FY2016 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 increase last year's millage rate from 5.351 to 6 mills. 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 FY2016 budget:

1% Special Purpose Local Option Sales Tax (SPLOST VII). Projects slotted in FY2016 include:

- Turn Lane Gateway to St. Marys
- Purchase generator for water plant
- Bond debt retirement
- Drainage Gateway Property
- Apron Fire Department
- Aquatic Center Pool Rehab
- Road Condition Survey

Factors affecting the FY2016 Budget, Continued:

Council approved $37,000 for marketing the City.

Council approved $75,000 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.

Purchase of public safety equipment – (2) fire trucks and police vehicles.

Continued installation of radio water read meters not to exceed $100,000.

The City continues to work toward bringing in new business and retaining current 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
- Develop a marketing plan for the community
- Promote appearance and safety at Exit 1
- Create an incentive package to attract business
- Implementation of TAD boundaries
- Enterprise Zone

The FY2016 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, 2015

	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	$ 6,212,822	$ 4,463,432	$ 10,676,254	$ 11,898	$ 27,145	$ 7,222	$ 48,347
Restricted cash and cash equivalents	406,461	1,130,077	1,536,538	-	-	-	-
Investments	47,338	728,536	775,874	-	29,629	-	-
Restricted investments	-	415,202	415,202	-	-	-	-
Taxes receivable	246,211	-	246,211	-	-	-	-
Accounts receivable, net	110,379	686,081	796,460	-	-	-	-
Prepaid expenses	41,842	64,856	106,698	-	-	77	-
Due from component units	15	-	15	-	-	-	-
Due from primary government	-	-	-	-	-	24,988	1,448
Due from other governments	1,149,496	-	1,149,496	-	-	-	-
Total current assets	8,214,564	7,488,184	15,702,748	11,898	56,774	32,287	49,795
Noncurrent assets:							
Restricted cash and cash equivalents	-	447,172	447,172	-	-	-	-
Internal balances	65,809	(65,809)	-	-	-	-	-
Capital assets:							
Nondepreciable	1,838,697	2,733,673	4,572,370	332,234	620,000	-	-
Other capital assets, net	14,398,557	70,956,290	85,354,847	-	-	-	-
Total noncurrent assets	16,303,063	74,071,326	90,374,389	332,234	620,000	-	-
Total assets	24,517,627	81,559,510	106,077,137	344,132	676,774	32,287	49,795
Deferred Outflows of Resources							
Refunding of debt	-	1,196,981	1,196,981	-	-	-	-
Total deferred outflows of resources	-	1,196,981	1,196,981	-	-	-	-
Total assets and deferred outflows of resources	$ 24,517,627	$ 82,756,491	$ 107,274,118	$ 344,132	$ 676,774	$ 32,287	$ 49,795

-Continued-

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

CITY OF ST. MARYS, GEORGIA
Statement of Net Position
June 30, 2015

	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	$ 603,277	$ 233,692	$ 836,969	$ -	$ 1,879	$ 5,500	$ -
Contracts payable	128,697	-	128,697	-	-	-	-
Customer deposits	1,025	438,070	439,095	-	-	-	-
Accrued liabilities	177,192	245,469	422,661	-	-	769	-
Due to component units	26,436	-	26,436	-	-	-	-
Due to primary government	-	-	-	-	-	15	-
Current portion of compensated absences	254,292	30,423	284,715	-	-	-	-
Current portion of notes payable	-	297,137	297,137	-	-	-	-
Current portion of bonds payable	-	2,075,000	2,075,000	-	-	-	-
Total current liabilities	1,190,919	3,319,791	4,510,710	-	1,879	6,284	-
Noncurrent liabilities:							
Net pension liability	115,951	-	115,951	-	-	-	-
Noncurrent portion of notes payable	-	3,284,835	3,284,835	-	-	-	-
Noncurrent portion of bonds payable	-	39,245,000	39,245,000	-	-	-	-
Total noncurrent liabilities	115,951	42,529,835	42,645,786	-	-	-	-
Total liabilities	1,306,870	45,849,626	47,156,496	-	1,879	6,284	-
Deferred Inflows of Resources							
Deferred inflows from pension	23,848	-	23,848	-	-	-	-
Total deferred inflows of resources	23,848	-	23,848	-	-	-	-
Net Position							
Net investment in capital assets	16,237,254	29,984,972	46,222,226	332,234	620,000	-	-
Restricted for:							
Capital projects	1,110,461	-	1,110,461	-	-	-	-
Economic development	6,250	-	6,250	-	-	-	-
Debt service	-	1,133,989	1,133,989	-	-	-	-
Renewal and extension	-	420,373	420,373	-	-	-	-
Unrestricted	5,832,944	5,367,531	11,200,475	11,898	54,895	26,003	49,795
Total net position	23,186,909	36,906,865	60,093,774	344,132	674,895	26,003	49,795
Total liabilities, deferred inflows of resources, and net position	$ 24,517,627	$ 82,756,491	$ 107,274,118	$ 344,132	$ 676,774	$ 32,287	$ 49,795

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, 2015

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	$ 2,161,037	$ 969,520	$ -	$ -	$ (1,191,517)
Judicial	165,599	242,778	-	-	77,179
Public safety	3,858,552	1,147	8,618	-	(3,848,787)
Public works	2,245,806	38,266	-	3,646,965	1,439,425
Health and welfare	129,908	30,000	-	-	(99,908)
Culture and recreation	456,448	4,924	-	-	(451,524)
Housing and development	603,979	14,914	-	-	(589,065)
Interest on long-term debt	20	-	-	-	(20)
Total governmental activities	9,621,349	1,301,549	8,618	3,646,965	(4,664,217)
Business-type activities:					
Water & Sewer	7,961,580	6,285,199	-	590,526	(1,085,855)
Solid Waste	1,020,589	1,054,474	-	-	33,885
Aquatic Center	434,759	392,422	-	-	(42,337)
Total business-type activities	9,416,928	7,732,095	-	590,526	(1,094,307)
Total primary government	$ 19,038,277	$ 9,033,644	$ 8,618	$ 4,237,491	$ (5,758,524)
Component Units:					
Industrial Development Authority	$ 15	$ -	$ -	$ -	$ (15)
Downtown Development Authority	30,935	3,600	25,000	-	(2,335)
Convention & Visitors Bureau	142,135	5,376	159,448	-	22,689
Cemetery Authority	-	-	16,087	-	16,087
Total component units	$ 173,085	$ 8,976	$ 200,535	$ -	$ 36,426

-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, 2015

	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	$ (4,664,217)	$ (1,094,307)	$ (5,758,524)	$ (15)	$ (2,335)	$ 22,689	$ 16,087
General revenues:							
Taxes:							
Property	3,219,206	-	3,219,206	-	-	-	-
Sales	1,916,715	-	1,916,715	-	-	-	-
Franchise	1,070,546	-	1,070,546	-	-	-	-
Hotel/motel	138,298	-	138,298	-	-	-	-
Alcoholic beverage	230,452	-	230,452	-	-	-	-
Business	956,864	-	956,864	-	-	-	-
Unrestricted investment earnings	8,007	4,498	12,505	12	33	15	89
Gain on disposal of captial assets	12,963	26,185	39,148	-	-	-	-
Miscellaneous	19,825	4,390	24,215	-	-	6,767	-
Transfers	(3,031,768)	3,031,768	-	-	-	-	-
Total general revenues and transfers	4,541,108	3,066,841	7,607,949	12	33	6,782	89
Change in net position	(123,109)	1,972,534	1,849,425	(3)	(2,302)	29,471	16,176
Net position, beginning of year	23,480,709	34,934,331	58,415,040	344,135	677,197	(3,468)	33,619
Prior period adjustment (Note 15)	(170,691)	-	(170,691)	-	-	-	-

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

CITY OF ST. MARYS, GEORGIA
Balance Sheet – Governmental Funds
June 30, 2015

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 5,692,107	$ 370,777	$ 556,399	$ 6,619,283
Investments	47,338	-	-	47,338
Taxes receivable	246,211	-	-	246,211
Accounts receivable, net	86,102	-	24,277	110,379
Prepaid items	41,842	-	-	41,842
Due from other funds	284,062	-	-	284,062
Due from component units	15	-	-	15
Due from other governments	156,776	992,720	-	1,149,496
Advances to other funds	65,809	-	-	65,809
Total assets	$ 6,620,262	$ 1,363,497	$ 580,676	$ 8,564,435
Liabilities				
Accounts payable	$ 206,601	$ 396,676	$ -	$ 603,277
Contracts payable	-	128,697	-	128,697
Customer deposits	1,025	-	-	1,025
Accrued liabilities	177,192	-	-	177,192
Due to other funds	-	284,044	18	284,062
Due to component units	2,159	-	24,277	26,436
Total liabilities	386,977	809,417	24,295	1,220,689
Deferred Inflows of Resources				
Deferred inflows of property taxes	117,404	-	-	117,404
Total deferred inflows of resources	117,404	-	-	117,404
Fund Balances				
Nonspendable				
Prepaid items	41,842	-	-	41,842
Advances to other funds	65,809	-	-	65,809
Restricted for:				
Capital projects	-	554,080	556,381	1,110,461
Economic development	6,250	-	-	6,250
Unassigned	6,001,980	-	-	6,001,980
Total fund balances	6,115,881	554,080	556,381	7,226,342
Total liabilities, deferred inflows of resources and fund balances	$ 6,620,262	$ 1,363,497	$ 580,676	$ 8,564,435

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, 2015

Total governmental fund balances	$ 7,226,342
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.	16,237,254
Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(254,292)
Net pension liability	(115,951)
Certain pension related deferrals are not reported in the funds.	(23,848)
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.	117,404
Net position of governmental activities	$ 23,186,909

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, 2015

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 7,604,041	$ -	$ 138,298	$ 7,742,339
Licenses and permits	384,527	-	-	384,527
Intergovernmental	-	3,496,213	158,550	3,654,763
Charges for services	85,531	-	-	85,531
Fines and forfeitures	249,957	-	-	249,957
Interest income	8,007	565	255	8,827
Contributions and donations	19,825	-	-	19,825
Other revenues	581,534	-	-	581,534
Total revenues	8,933,422	3,496,778	297,103	12,727,303
Expenditures				
Current:				
General government	1,836,652	-	-	1,836,652
Judicial	165,599	-	-	165,599
Public safety	3,721,844	-	8,618	3,730,462
Public works	1,659,960	-	-	1,659,960
Health and welfare	129,908	-	-	129,908
Culture and recreation	406,381	-	-	406,381
Housing and development	441,238	-	138,298	579,536
Capital outlay	-	1,790,480	282,375	2,072,855
Debt service:				
Principal	10,188	-	-	10,188
Interest	42	-	-	42
Total expenditures	8,371,812	1,790,480	429,291	10,591,583
Excess (deficiency) of revenues over (under) expenditures	561,610	1,706,298	(132,188)	2,135,720
Other Financing Sources (Uses)				
Transfers to other funds	-	(1,640,000)	-	(1,640,000)
Sale of capital assets	12,963	-	-	12,963
Total other financing sources (uses)	12,963	(1,640,000)	-	(1,627,037)
Net change in fund balances	574,573	66,298	(132,188)	508,683
Fund balances, beginning of year	5,541,308	487,782	688,569	6,717,659
Fund balances, end of year	$ 6,115,881	$ 554,080	$ 556,381	$ 7,226,342

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, 2015

Net change in fund balances - total governmental funds	$	508,683
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		(210,258)
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		10,330
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		
Change in accrued interest expense		22
Change in accrued compensated absences		10,781
Change in net pension liability		28,668
Change in pension related deferrals		2,224
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the		
Capital asset purchases capitalized		432,002
Depreciation expense		(905,561)
Change in net position of governmental activities	$	(123,109)

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, 2015

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Taxes	$ 7,069,650	$ 7,084,650	$ 7,604,041	$ 519,391
Licenses and permits	369,000	369,000	384,527	15,527
Charges for services	86,070	86,070	85,531	(539)
Fines and forfeitures	320,200	320,200	249,957	(70,243)
Interest income	5,500	5,500	8,007	2,507
Contributions and donations	100	15,100	19,825	4,725
Other revenues	1,042,235	1,166,037	581,534	(584,503)
Total revenues	8,892,755	9,046,557	8,933,422	(113,135)
Expenditures				
Current:				
General government				
Legislative	305,723	301,611	268,115	33,496
Executive	311,263	310,905	302,152	8,753
Finance	816,857	811,249	791,140	20,109
Human resources	142,202	145,279	141,544	3,735
Information technology	173,958	176,260	174,979	1,281
Buildings and plant	156,671	161,671	158,722	2,949
Total general government	1,906,674	1,906,975	1,836,652	70,323
Judicial				
Municipal court	180,665	185,203	165,599	19,604
Total judicial	180,665	185,203	165,599	19,604
Public safety				
Police	2,376,354	2,339,235	2,015,182	324,053
Fire	1,721,698	1,735,693	1,706,662	29,031
Total public safety	4,098,052	4,074,928	3,721,844	353,084

-Continued-

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, 2015

	Budget			Variance With Final
	Original	Final Amended	Actual	Budget
Expenditures (Continued)				
Current (Continued):				
Public works				
Public works administration	1,286,900	1,320,209	1,248,345	71,864
Highways and streets administration	325,000	349,758	346,998	2,760
Cemetery	73,293	73,347	64,617	8,730
Total public works	1,685,193	1,743,314	1,659,960	83,354
Health and welfare				
Senior citizen center	127,494	130,657	129,908	749
Total health and welfare	127,494	130,657	129,908	749
Culture and recreation				
Parks administration	75,320	199,320	111,609	87,711
Library administration	312,613	314,767	294,772	19,995
Total culture and recreation	387,933	514,087	406,381	107,706
Housing and development				
Protective inspection administration	113,690	114,578	112,658	1,920
Planning and zoning	192,655	193,678	163,038	30,640
Code enforcement	55,190	65,000	61,907	3,093
Airport	6,000	60,653	7,298	53,355
Tourism	27,000	21,150	21,150	-
Special facilities	27,530	30,430	28,222	2,208
Economic development	87,314	70,781	46,965	23,816
Total housing and development	509,379	556,270	441,238	115,032
Total current	8,895,390	9,111,434	8,361,582	749,852

-Continued-

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, 2015

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Expenditures (Continued)				
Debt service:				
Principal	10,322	10,322	10,188	134
Interest	43	43	42	1
Total debt service	10,365	10,365	10,230	135
Total expenditures	8,905,755	9,121,799	8,371,812	749,987
Excess (deficiency) of revenues over (under) expenditures	(13,000)	(75,242)	561,610	636,852
Other Financing Sources (Uses)				
Transfers from other funds	10,000	71,242	-	(71,242)
Sale of capital assets	3,000	4,000	12,963	8,963
Total other financing sources (uses)	13,000	75,242	12,963	(62,279)
Net change in fund balances	-	-	574,573	574,573
Fund balances, beginning of year	5,541,308	5,541,308	5,541,308	-
Fund balances, end of year	$ 5,541,308	$ 5,541,308	$ 6,115,881	$ 574,573

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

CITY OF ST. MARYS, GEORGIA
Statement of Net Position – Proprietary Funds
June 30, 2015

	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	$ 3,893,879	$ 479,483	$ 90,070	$ 4,463,432
Investments	728,536	-	-	728,536
Restricted cash and cash equivalents	1,130,077	-	-	1,130,077
Restricted Investments	415,202	-	-	415,202
Accounts receivable, net	583,101	98,279	4,701	686,081
Prepaid expenses	61,444	2,386	1,026	64,856
Total current assets	6,812,239	580,148	95,797	7,488,184
Noncurrent assets:				
Restricted cash and cash equivalents	447,172	-	-	447,172
Capital assets				
Land	846,727	-	-	846,727
Construction in progress	1,886,946	-	-	1,886,946
Other capital assets, net of accumulated depreciation	69,432,640	-	1,523,650	70,956,290
Total noncurrent assets	72,613,485	-	1,523,650	74,137,135
Total assets	79,425,724	580,148	1,619,447	81,625,319
Deferred Outflows of Resources				
Refunding of debt	1,196,981	-	-	1,196,981
Total deferred outflows of resources	1,196,981	-	-	1,196,981
Total assets and deferred outflows of resources	$80,622,705	$ 580,148	$ 1,619,447	$82,822,300

-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, 2015

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
Liabilities				
Current liabilities:				
Accounts payable	$ 104,675	$ 78,667	$ 50,350	$ 233,692
Customer deposits	438,070	-	-	438,070
Accrued interest payable	211,042	-	-	211,042
Other accrued liabilities	32,885	1,542	-	34,427
Compensated absences - current	30,423	-	-	30,423
Bonds payable - current	2,075,000	-	-	2,075,000
Notes payable - current	297,137	-	-	297,137
Total current liabilities	3,189,232	80,209	50,350	3,319,791
Long-term liabilities:				
Bonds payable	39,245,000	-	-	39,245,000
Notes payable	3,284,835	-	-	3,284,835
Advances from other funds	-	-	65,809	65,809
Total long-term liabilities	42,529,835	-	65,809	42,595,644
Total liabilities	45,719,067	80,209	116,159	45,915,435
Net Position				
Net investment in capital assets	28,461,322	-	1,523,650	29,984,972
Restricted for debt service	1,133,989	-	-	1,133,989
Restricted for renewal and extension	420,373	-	-	420,373
Unrestricted	4,887,954	499,939	(20,362)	5,367,531
Total net position	34,903,638	499,939	1,503,288	36,906,865
Total liabilities and net position	$ 80,622,705	$ 580,148	$ 1,619,447	$ 82,822,300

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, 2015

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
Operating Revenues				
Sanitation fees	$ -	$ 1,007,946	$ -	$ 1,007,946
Admission fees	-	-	207,884	207,884
Concessions	-	-	91,182	91,182
Water sales	2,848,435	-	-	2,848,435
Sewer sales	2,689,071	-	-	2,689,071
Tap and capacity recovery fees	212,662	-	-	212,662
Reconnection fees	79,969	-	-	79,969
Construction fees	262,670	-	-	262,670
Penalties	126,469	23,403	-	149,872
Rents	17,000	-	-	17,000
Miscellaneous	48,923	23,125	93,356	165,404
Total operating revenues	6,285,199	1,054,474	392,422	7,732,095
Operating Expenses				
Personal services	1,742,577	87,402	-	1,829,979
Purchased & contracted services	713,125	929,375	219,840	1,862,340
Supplies	874,606	2,561	123,826	1,000,993
Depreciation	2,462,577	1,251	91,093	2,554,921
Total operating expenses	5,792,885	1,020,589	434,759	7,248,233
Operating income (loss)	492,314	33,885	(42,337)	483,862
Nonoperating Revenues (Expenses)				
Interest income	4,498	-	-	4,498
Interest expense	(2,168,695)	-	-	(2,168,695)
Gain on disposal of capital assets	26,185	-	-	26,185
Other nonoperating income	2,871	-	1,519	4,390
Total nonoperating revenues (expenses)	(2,135,141)	-	1,519	(2,133,622)
Income (loss) before capital contributions and transfers	(1,642,827)	33,885	(40,818)	(1,649,760)
Capital Contributions	1,982,294	-	-	1,982,294
Transfers In	1,640,000	-	-	1,640,000
Change in Net Position	1,979,467	33,885	(40,818)	1,972,534
Net position, beginning of year	32,924,171	466,054	1,544,106	34,934,331
Net position, end of year	$ 34,903,638	$ 499,939	$ 1,503,288	$ 36,906,865

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, 2015

	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	$ 6,268,087	$ 1,052,088	$ 389,781	$ 7,709,956
Cash payments to employees for services	(1,755,090)	(88,193)	-	(1,843,283)
Cash payments to suppliers for goods & services	(1,636,820)	(929,774)	(336,134)	(2,902,728)
Cash payments to others	(1,141,716)	-	-	(1,141,716)
Cash flows from nonoperating activites	2,871	-	1,519	4,390
Net cash provided by operating activities	1,737,332	34,121	55,166	1,826,619
Cash Flows From Noncapital Financing Activities				
Transfers in	1,640,000	-	-	1,640,000
Net cash provided by noncapital financing activities	1,640,000	-	-	1,640,000
Cash Flows From Capital and Related Financing Activities				
Principal payments on bonds payable	(1,965,000)	-	-	(1,965,000)
Principal payments on notes payable	(280,443)	-	-	(280,443)
Interest paid	(2,115,020)	-	-	(2,115,020)
Acquisition & construction of capital assets	(41,750)	-	-	(41,750)
Proceeds from the sale of capital assets	26,185	-	-	26,185
Net cash used in capital and related financing activities	(4,376,028)	-	-	(4,376,028)
Cash Flows From Investing Activities				
Interest received	4,498	-	-	4,498
Reinvestment of interest income	(1,741)	-	-	(1,741)
Net cash provided by investing activities	2,757	-	-	2,757
Net increase (decrease) in cash and cash equivalents	(995,939)	34,121	55,166	(906,652)
Cash and cash equivalents, beginning of year	6,467,067	445,362	34,904	6,947,333
Cash and cash equivalents, end of year	$ 5,471,128	$ 479,483	$ 90,070	$ 6,040,681
Classifed as:				
Cash and cash equivalents	$ 3,893,879	$ 479,483	$ 90,070	$ 4,463,432
Restricted cash and cash equivalents:				
Current	1,130,077	-	-	1,130,077
Noncurrent	447,172	-	-	447,172
Total	$ 5,471,128	$ 479,483	$ 90,070	$ 6,040,681

-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, 2015

	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	$ 590,526	$ -	$ -	$ 590,526
Transfer of capital assets from other funds	1,391,768	-	-	1,391,768
Total noncash investing, capital and financing activities	$ 1,982,294	$ -	$ -	$ 1,982,294
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 492,314	$ 33,885	$ (42,337)	$ 483,862
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,462,577	1,251	91,093	2,554,921
Other nonoperating income	2,871	-	1,519	4,390
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(10,772)	(1,476)	(1,615)	(13,863)
Prepaid expenses	(2,025)	(910)	(1,026)	(3,961)
Increase (decrease) in:				
Accounts payable	(48,750)	2,162	15,315	(31,273)
Other accrued liabilities	(9,894)	(791)	(7,783)	(18,468)
Trust fund payable	(1,141,716)	-	-	(1,141,716)
Customer deposits	(4,315)	-	-	(4,315)
Compensated absences	(2,958)	-	-	(2,958)
Net cash provided by operating activities	$ 1,737,332	$ 34,121	$ 55,166	$ 1,826,619

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, 2015.

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 23, 2015, 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, 2015, expenditures exceed appropriations in the Hotel/Motel fund by $17,013. These overexpenditures were funded through revenues in excess of appropriations.

NOTE 3: DEPOSITS AND INVESTMENTS

Total deposits and investments are summarized as follows:

	Held with Financial Institutions		Held with Georgia Fund 1	Total
	Cash Deposits	Certificates of Deposit		
Cash and cash equivalents	$ 10,770,866	$ -	$ -	$ 10,770,866
Restricted cash and cash equivalents	1,983,710	-	-	1,983,710
Investments	-	29,629	775,874	805,503
Restricted investments	-	-	415,202	415,202
	$ 12,754,576	$ 29,629	$ 1,191,076	$ 13,975,281

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

	June 30, 2015
Primary government:	
Current	
Cash and cash equivalents	10,676,254
Restricted cash and cash equivalents	1,536,538
Investments	775,874
Restricted investments	415,202
Noncurrent	
Restricted cash and cash equivalents	447,172
Total primary government	13,851,040
Component units:	
Cash and cash equivalents	94,612
Investments	29,629
Total component units	124,241
Total government-wide	$ 13,975,281

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

At June 30, 2015, the City's investment in Georgia Fund 1 was rated AAAf 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 AAAf 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, 2015, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	48 day weighted average	$ 1,191,076

As of June 30, 2015, the Downtown Development Authority had the following investment:

Investment	Maturities	Fair Value
Certificate of deposit	October 20, 2015	$ 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, 2015, 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 2015 is as follows:

Levy date	October 17, 2014
Payment due date	December 18, 2014
Delinquency date	December 19, 2014
Lien filing date	January 31, 2015

In the governmental funds, the net receivables collected during the year ended June 30, 2015, and expected to be collected by August 31, 2015, are recognized as revenues for the year ended June 30, 2015, whereas net receivables estimated to be collectible subsequent to August 31, 2015, are recorded as revenue when received.

NOTE 4: RECEIVABLES (CONTINUED)

II. Receivables

Receivables at June 30, 2015 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	$311,047	$ -	$ -	$ -	$ -	$ -	$ 311,047
Accounts	86,102	-	995,830	151,602	24,277	4,701	1,262,512
Due from component units	15	-	-	-	-	-	15
Due from other governments	156,776	992,720	-	-	-	-	1,149,496
Gross receivable	553,940	992,720	995,830	151,602	24,277	4,701	2,723,070
Less allowance for uncollectibles	(64,836)	-	(412,729)	(53,323)	-	-	(530,888)
Total net receivable	$489,104	$992,720	$583,101	$98,279	$ 24,277	$ 4,701	$2,192,182

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, 2015 was as follows:

	Due From		
Due to	SPLOST Fund	Nonmajor Governmental Funds	Total
General fund	$ 284,044	$ 18	$ 284,062

	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, 2015 consisted of the following:

Transfer from	Transfer to	Amount	Purpose
SPLOST Fund	Water & Sewer	$ 1,640,000	Debt service payment on City's water & sewer bonds, in accordance with voter referendum

NOTE 6: CAPITAL ASSETS

Governmental activities' capital asset activity for the year ended June 30, 2015 was as follows:

Primary Government: ***Governmental Activities***	**Beginning Balance**	**Increases**	**Decreases**	**Transfers**	**Ending Balance**
Nondepreciable					
Land	$ 1,798,738	$ -	$ -	$ -	$ 1,798,738
Construction in progress	445,556	39,975	-	(445,572)	39,959
Total nondepreciable capital assets	2,244,294	39,975	-	(445,572)	1,838,697
Other capital assets					
Infrastructure	10,601,079	174,878	-	-	10,775,957
Buildings	6,789,261	-	-	-	6,789,261
Improvements	6,407,940	-	-	445,572	6,853,512
Machinery & equipment	8,237,153	217,149	(143,497)	-	8,310,805
Total other capital assets at cost	32,035,433	392,027	(143,497)	445,572	32,729,535
Less accumulated depreciation for:					
Infrastructure	(3,011,579)	(356,529)	-	-	(3,368,108)
Buildings	(2,990,150)	(211,156)	-	-	(3,201,306)
Improvements	(3,594,619)	(218,107)	-	-	(3,812,726)
Machinery & equipment	(7,972,566)	(119,769)	143,497	-	(7,948,838)
Total accumulated depreciation	(17,568,914)	(905,561)	143,497	-	(18,330,978)
Other capital assets, net	14,466,519	(513,534)	-	445,572	14,398,557
Governmental activities capital assets, net	$ 16,710,813	$ (473,559)	$ -	$ -	$ 16,237,254

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

Governmental activities:	
General government	$ 362,100
Public safety	169,085
Public works	251,436
Culture and recreation	90,027
Economic development	32,913
Total governmental activities depreciation expense	$ 905,561

NOTE 6: CAPITAL ASSETS (CONTINUED)

Business-type activities' capital asset activity for the year ended June 30, 2015 was as follows:

Primary Government: ***Business-type Activities***	**Beginning Balance**	**Increases**	**Decreases**	**Transfers**	**Ending Balance**
Nondepreciable					
Land	$ 846,727	$ -	$ -	$ -	$ 846,727
Construction in progress	509,523	1,377,423	-	-	1,886,946
Total nondepreciable capital assets	1,356,250	1,377,423	-	-	2,733,673
Other capital assets					
Buildings	8,106,035	-	-	-	8,106,035
Infrastructure	90,176,196	608,776	-	-	90,784,972
Machinery & equipment	3,954,673	37,845	(231,165)	-	3,761,353
Total other capital assets at cost	102,236,904	646,621	(231,165)	-	102,652,360
Less accumulated depreciation for:					
Buildings	(4,001,310)	(192,451)	-	-	(4,193,761)
Infrastructure	(21,594,496)	(2,316,517)	-	-	(23,911,013)
Machinery & equipment	(3,776,509)	(45,952)	231,165	-	(3,591,296)
Total accumulated depreciation	(29,372,315)	(2,554,920)	231,165	-	(31,696,070)
Other capital assets, net	72,864,589	(1,908,299)	-	-	70,956,290
Business-type activities capital assets, net	$ 74,220,839	$ (530,876)	$ -	$ -	$ 73,689,963

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

Business-type activities:	
Water & Sewer Fund	$ 2,462,576
Solid Waste Fund	1,251
Aquatic Center Fund	91,093
Total business-type activities depreciation expense	$ 2,554,920

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, 2015, 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%	$ 1,505,000
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%	39,815,000
	$ 41,320,000

Bonds payable debt service requirements to maturity are as follows as of June 30, 2015:

Fiscal Year Ending,	Principal	Interest	Total
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	2,010,000	1,521,950	3,531,950
2021-2025	10,195,000	6,178,100	16,373,100
2026-2030	11,990,000	3,510,705	15,500,705
2031-2033	8,270,000	739,050	9,009,050
	$ 41,320,000	$ 19,094,804	$ 60,414,804

$2,050,299 of interest related to the City's bonds payable was incurred and charged to interest expense during the year ended June 30, 2015.

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

II. Notes Payable

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, 2015 were as follows:

Interest Rate	Term	Fiscal Year Due Date	Amount
3.00%	20 years	2025	$ 2,733,064
3.81%	20 years	2033	848,908
			$ 3,581,972

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

Fiscal Year Ending,	Principal	Interest	Total
2016	$ 297,137	$ 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	327,277	72,233	399,510
2021-2025	1,603,199	201,156	1,804,355
2026-2030	271,496	58,990	330,486
2031-2033	159,336	8,911	168,247
	$ 3,581,972	$ 726,679	$ 4,300,638

$118,396 of interest related to the City's GEFA notes payable agreements was incurred and charged to interest expense during the year ended June 30, 2015.

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, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 10,330	$ -	$ (10,330)	$ -	$ -
Net pension liability	144,619	79,476	(108,144)	115,951	-
Compensated absences	265,073	342,058	(352,839)	254,292	254,292
Governmental activities long-term liabilities	$ 420,022	$ 421,534	$ (471,313)	$ 370,243	$ 254,292
Business-type activities:					
Bonds payable	$ 43,285,000	$ -	$ (1,965,000)	$ 41,320,000	$ 2,075,000
Notes payable	3,862,415	-	(280,443)	3,581,972	297,137
Compensated absences	33,381	64,415	(67,373)	30,423	30,423
Business-type activities long-term liabilities	$ 47,180,796	$ 64,415	$ (2,312,816)	$ 44,932,395	$ 2,402,560

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, 2015, 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	1,110,461
Debt service	1,133,989
Renewal and extension	420,373
Total restricted net position	$ 2,671,073

NOTE 9: PENSION PLAN

General Information about the Pension Plan

Plan Description

The City of St. Marys Retirement Plan (the "Plan") is an agent multiple-employer noncontributory defined benefit pension plan administered by Georgia Municipal Association through the Georgia Municipal Employees Benefit System (GMEBS). The plan covers all City employees who had attained a service period of one year or more by the date that the Plan was closed to new entrants in 1996. The City has authorized the GMEBS board to establish and amend all plan provisions.

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.

Benefits Provided

The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Employees, during the time the plan was open to new entrants, were eligible for participation after one year of continuous service. Participants became vested after 10 years of service.

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the Plan:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	8
Active employees	1

The Plan was closed to new entrants in 1996.

NOTE 9: PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Contributions

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.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%	
Salary increases	Years of Service	Rate* %
	0-1	8.75%
	2	5.75%
	3	5.50%
	4	5.25%
	5	5.00%
	6	4.75%
	7	4.50%
	8	4.25%
	9	4.00%
	10 or more	3.75%
	**Note the above rates include inflation of 3.25%*	
Investment rate of return	7.75%, net of pension plan investment expense and inflation	

NOTE 9: PENSION PLAN (CONTINUED)

Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females and the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.75% on an on-going basis, based on long-term expected rate of return on pension plan investments. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

NOTE 9: PENSION PLAN (CONTINUED)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (TPL) (a)	**Fiduciary Net Position (FNP) (b)**	**Net Pension Liability (NPL) (a) - (b)**
Balances at September 30, 2013*	$ 949,747	$ 805,128	$ 144,619
Changes for the year:			
Service cost	-	-	-
Interest	69,743	-	69,743
Differences between expected and actual experience	1,546	-	1,546
Contributions - employer	-	19,285	(19,285)
Contributions - employee	-	-	-
Net investment income	-	88,859	(88,859)
Benefit payments, including refunds of employee contributions	(99,674)	(99,674)	-
Administrative expense	-	(5,996)	5,996
Other	2,191	-	2,191
Net changes	(26,194)	2,474	(28,668)
Balances at September 30, 2014**	$ 923,553	$ 807,602	$ 115,951

** Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2014 are used to measure TPL as of September 30, 2013. The balances as of September 30, 2013 constitute measurements of the NPL for the fiscal year ending June 30, 2014.*

*** Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2015 are used to measure TPL as of September 30, 2014. The balances as of September 30, 2014 constitute measurements of the NPL for the fiscal year ending June 30, 2015.*

NOTE 9: PENSION PLAN (CONTINUED)

Changes in Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage point higher (8.75 percent) than the current rate:

	1% Decrease -6.75%	Current Discount Rate -7.75%	1% Increase -8.75%
City's net pension liability	$ 179,703	$ 115,951	$ 59,682

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report.

NOTE 9: PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of $14,465, as follows:

Service cost	$ -
Interest on TPL	69,743
Employee contributions	-
Administrative expenses	5,996
Expected return on assets	(59,050)
Expensed portion of current year period differences between expected and actual experience in TPL	1,546
Expensed portion of current year period assumption changes	2,191
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	(5,961)
Current year recognition of deferred inflows and outflows established in prior years	-
Total expense	$ 14,465

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(23,848)
Total	$ -	$ (23,848)

NOTE 9: PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending,	Total
2016	$ 5,962
2017	5,962
2018	5,962
2019	5,962
2020	-
Thereafter	-
	$ 23,848

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, 2015, there were 134 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 $18,000 for the year ended June 30, 2015. 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, 2015 were $255,253. Total employee contributions for the year ended June 30, 2015 were $221,033.

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, 2015, the City paid $18,405 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, 2015, $138,298 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: Change in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) statements 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27) and 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, during the fiscal year ended June 30, 2015. The implementation of these statements required the City to record a prior period to adjust the June 30, 2014 governmental activities net position for the net pension liability and deferred inflows and deferred outflows related to the City's defined benefit pension plan. The result was a decrease in the beginning net position of governmental activities at July 1, 2014 of $170,691.



Required Supplementary Information
(Unaudited)

CITY OF ST. MARYS, GEORGIA

Schedule of Changes in the City's Net Pension Liability and Related Ratios – Defined Benefit Retirement Plan (Unaudited)

Last Ten Fiscal Years

	Fiscal Year End									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total pension liability										
Service cost	$ -									
Interest	69,743									
Differences between expected and actual experience	1,546									
Changes of assumptions	2,191									
Changes of benefit terms	-	(Historical information prior to implementation of GASB 67/68 is not required)								
Benefit payments, including refunds of employee contributions	(99,674)									
Net change in total pension liability	(26,194)									
Total pension liability - beginning	949,747									
Total pension liability - ending (a)	923,553									
Plan fiduciary net position										
Contributions - employer	19,285									
Contributions - employee	-									
Net investment income	88,859									
Benefit payments, including refunds of employee contributions	(99,674)	(Historical information prior to implementation of GASB 67/68 is not required)								
Administrative expense	(5,996)									
Other	-									
Net change in fiduciary net position	2,474									
Plan fiduciary net position - beginning	805,128									
Plan fiduciary net position - ending (b)	807,602									
Net pension liability - ending: (a)-(b)	$ 115,951									
Plan's fiduciary net position as a percentage of the total pension liability	87.45%	(Historical information prior to implementation of GASB 67/68 is not required)								
Covered-employee payroll	$ 49,178									
Net pension liability as a percentage of covered-employee payroll	235.78%									

See accompanying independent auditors' report.

Notes to Schedule:

Changes of assumptions

Amounts reported for the Fiscal Year ending in 2016 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit changes

There have been no changes in benefit provisions since GASB 67/68 implementation.

CITY OF ST. MARYS, GEORGIA
Schedule of City Contributions – Defined Benefit Retirement Plan (Unaudited)
Last Ten Fiscal Years

	Fiscal Year End									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	-*									
Contributions in relation to the actuarially determined contribution	-*	(Historical information prior to implementation of GASB 67/68 is not required)								
Contribution deficiency (excess)	-*									
Covered-employee payroll	-*									
Contributions as a percentage of covered-employee payroll	-*									

** 2015 information will be determined after fiscal year end and will be included in the 2016 valuation report.*

Notes to Schedule:

Valuation Date	The actuarially determined contribution rate was determined as of January 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2016.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	N/A
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	60% at ages 65 to 69; 100% at age 70
Mortality	See actuarial assumption in Note 9 on page 58 of this report.



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, 2015

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Intergovernmental	$ 6,110,000	$ 6,236,800	$ 3,496,213	$ (2,740,587)
Interest income	-	-	565	565
Total revenues	6,110,000	6,236,800	3,496,778	(2,740,022)
Expenditures				
Capital outlays	4,310,000	4,436,800	1,790,480	2,646,320
Total expenditures	4,310,000	4,436,800	1,790,480	2,646,320
Excess (deficiency) of revenues over (under) expenditures	1,800,000	1,800,000	1,706,298	(93,702)
Other Financing Sources (Uses)				
Transfers to other funds	(1,800,000)	(1,800,000)	(1,640,000)	160,000
Total other financing sources (uses)	(1,800,000)	(1,800,000)	(1,640,000)	160,000
Net change in fund balance	-	-	66,298	66,298
Fund balance, beginning of year	487,782	487,782	487,782	-
Fund balance, end of year	$ 487,782	$ 487,782	$ 554,080	$ 66,298

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, 2015

	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	$ -	$ 406,461	$ 149,938	$ 556,399
Accounts receivable, net	24,277	-	-	24,277
Total assets	$ 24,277	$ 406,461	$ 149,938	$ 580,676
Liabilities				
Due to other funds	$ -	$ 18	$ -	$ 18
Due to component units	24,277	-	-	24,277
Total liabilities	24,277	18	-	24,295
Fund Balances				
Restricted for:				
Capital projects	-	406,443	149,938	556,381
Total fund balances	-	406,443	149,938	556,381
Total liabilities and fund balances	$ 24,277	$ 406,461	$ 149,938	$ 580,676

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, 2015

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Multiple Grants Fund	Capital Project Fund	
Revenues				
Taxes	$ 138,298	$ -	$ -	$ 138,298
Intergovernmental	-	8,618	149,932	158,550
Interest income	-	-	255	255
Total revenues	138,298	8,618	150,187	297,103
Expenditures				
Current:				
Public safety	-	8,618	-	8,618
Housing and development	138,298	-	-	138,298
Capital outlay	-	-	282,375	282,375
Total expenditures	138,298	8,618	282,375	429,291
Net change in fund balances	-	-	(132,188)	(132,188)
Fund balances, beginning of year	-	406,443	282,126	688,569
Fund balances, end of year	$ -	$ 406,443	$ 149,938	$ 556,381

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, 2015

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Taxes	$ 121,285	$ 121,285	$ 138,298	$ 17,013
Total revenues	121,285	121,285	138,298	17,013
Expenditures				
Housing and development	(121,285)	(121,285)	(138,298)	(17,013)
Total expenditures	(121,285)	(121,285)	(138,298)	(17,013)
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, 2015

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Intergovernmental	$ 10,000	$ 71,242	$ 8,618	$ (62,624)
Total revenues	10,000	71,242	8,618	(62,624)
Expenditures				
Public safety	(10,000)	(71,242)	(8,618)	62,624
Total expenditures	(10,000)	(71,242)	(8,618)	62,624
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	406,443	406,443	406,443	-
Fund balance, end of year	$ 406,443	$ 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, 2015

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Intergovernmental	$ 284,124	$ 284,124	$ 149,932	$ (134,192)
Interest income	150	150	255	105
Total revenues	284,274	284,274	150,187	(134,087)
Expenditures				
Capital outlays	284,274	284,274	282,375	1,899
Total expenditures	284,274	284,274	282,375	1,899
Net change in fund balance	-	-	(132,188)	(132,188)
Fund balance, beginning of year	282,126	282,126	282,126	-
Fund balance, end of year	$ 282,126	$ 282,126	$ 149,938	$ (132,188)

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, 2015

	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
Assets				
Cash and cash equivalents	$ 11,898	$ 27,145	$ 7,222	$ 48,347
Prepaid items	-	-	77	-
Investments	-	29,629	-	-
Due from primary government	-	-	24,988	1,448
Total assets	11,898	56,774	32,287	49,795
Liabilities				
Accounts payable	-	1,879	5,500	-
Accrued liabilities	-	-	769	-
Due to primary government	-	-	15	-
Total liabilities	-	1,879	6,284	-
Fund Balances				
Unassigned	11,898	54,895	26,003	49,795
Total fund balances	11,898	54,895	26,003	49,795
Total liabilities and fund balances	$ 11,898	$ 56,774	$ 32,287	$ 49,795

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, 2015

	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
Revenues				
Intergovernmental	$ -	$ 25,000	$ 159,448	$ 16,087
Charges for services	-	-	5,376	-
Interest revenues	12	33	15	89
Rents	-	3,600	-	-
Contributions and donations	-	-	217	-
Other revenues	-	-	6,550	-
Total revenues	12	28,633	171,606	16,176
Expenditures				
Current:				
Housing and development	15	30,935	142,135	-
Total expenditures	15	30,935	142,135	-
Net change in fund balances	(3)	(2,302)	29,471	16,176
Fund balances (deficits), beginning of year	11,901	57,197	(3,468)	33,619
Fund balances, end of year	$ 11,898	$ 54,895	$ 26,003	$ 49,795

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 77

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 82

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

Debt Capacity 88

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 93

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 96

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	$ 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	$16,237,254
Restricted						366,185	431,679	550,242	1,182,601	1,116,711
Unrestricted	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	5,832,944
Total governmental activities	$ 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	$ 23,186,909
Business-type activities										
Net investment in capital assets	$ 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	$29,984,972
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	1,554,362
Unrestricted	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	5,367,531
Total business-type activities	$ 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	$ 36,906,865
Primary government										
Net investment in capital assets	$ 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	$46,222,226
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	2,671,073
Unrestricted	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	11,200,475
Total primary government	$ 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	$ 60,093,774

Notes:

Prior years have not been adjusted for the effects of prior period adjustments recorded in fiscal years 2013, 2014, and 2015.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
General government	$ 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	$ 2,161,037
Judicial	221,341	253,957	250,126	191,884	172,019	227,996	201,782	188,216	176,296	165,599
Public safety	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	3,858,552
Public works	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	2,245,806
Health and welfare	64,876	58,226	89,928	134,682	137,745	98,558	116,492	111,221	118,747	129,908
Culture and recreation	968,271	1,006,264	987,974	595,489	1,002,250	549,875	521,389	501,057	437,819	456,448
Housing and development	814,738	788,967	791,216	592,903	531,059	484,338	438,725	483,860	682,444	603,979
Interest on long-term debt	66,975	80,298	115,022	58,557	33,064	16,492	3,821	1,786	727	20
Total Governmental Activities	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	9,621,349
Business-Type Activities										
Water and sewer	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	7,961,580
Solid waste	806,276	916,596	1,083,663	1,202,957	1,247,448	1,212,245	1,143,276	986,859	998,489	1,020,589
Aquatic center				482,360	477,641	460,695	409,451	408,567	441,899	434,759
Total Business-Type Activities	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	9,416,928
Total Primary Government	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	19,038,277
Program Revenue										
Governmental Activities										
Charges for Services										
General government	469,357	1,942,812	1,113,143	1,585,497	1,378,231	1,182,164	1,101,935	986,902	838,573	969,520
Judicial	-	-	-	-	-	-	-	-	318,859	242,778
Public safety	380,004	490,937	413,928	326,744	314,328	449,060	431,856	369,934	5,684	1,147
Public works	46,082	84,344	50,359	40,754	52,928	40,940	45,154	27,232	72,071	38,266
Health and welfare	-	-	-	-	-	-	-	-	25,000	30,000
Culture and recreation	343,154	458,273	425,237	63,694	74,041	61,578	56,090	43,437	6,124	4,924
Housing and development	710,601	-	-	-	-	-	-	-	16,300	14,914
Operating grants and contributions	285,899	29,718	537,196	73,105	453,182	224,705	305,498	191,685	157,803	8,618
Capital grants and contributions	363,599	91,567	-	-	611	940,701	565,399	1,119,677	851,770	3,646,965
Total Governmental Activities	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	4,957,132
Business-Type Activities										
Charges for services										
Water and Sewer	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	6,285,199
Solid Waste	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	1,054,474
Aquatic Center	-	-	-	324,209	333,856	338,636	332,148	332,912	354,069	392,422
Capital grants and contributions	5,855,695	3,151,297	1,573,959	4,808,077	1,031,895	403,316	-	-	614,258	590,526
Total Business-Type Activities	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	8,322,621
Total Primary Government	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	13,279,753
NET (EXPENSE) REVENUE										
Governmental Activities	(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)	(4,664,217)
Business-Type Activities	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)	(1,094,307)
Total Primary Government	(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)	(5,758,524)

-Continued-

See accompanying independent auditors' report.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes:										
Property taxes	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	3,219,206
Sales taxes	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	1,916,715
Franchise taxes	669,800	724,213	768,041	814,810	820,730	874,322	910,675	887,266	905,317	1,070,546
Hotel/motel taxes	-	131,118	126,521	110,980	98,461	107,006	104,033	103,943	118,907	138,298
Other taxes	904,817	948,736	977,604	1,014,643	993,926	965,861	1,048,986	1,111,129	1,146,466	1,187,316
Unrestricted investment earnings	135,488	198,602	147,341	68,953	54,404	14,345	11,032	7,775	8,460	8,007
Gain on sale of capital assets	-	9,492	99,000	8,719	-	14,602	-	-	-	12,963
Miscellaneous	30	-	92,500	-	-	-	-	-	131	19,825
Transfers	-	-	-	(4,660,253)	(1,590,591)	(1,003,102)	(91,553)	(67,400)	(102,639)	(3,031,768)
Total Governmental Activities	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	4,541,108
Business-Type Activities										
Unrestricted investment earnings	162,544	227,310	682,374	286,457	103,757	30,055	12,271	4,710	3,898	4,498
Gain on sale of capital assets	-	13,877	-	-	6,695	-	-	28,662	-	26,185
Miscellaneous	87	17,222	40,742	13,881	10,228	19,353	15,132	20,101	5,583	4,390
Transfers	-	-	-	4,660,253	1,590,591	1,003,102	91,553	67,400	102,639	3,031,768
Total Business-Type Activities	162,631	258,409	723,116	4,960,591	1,711,271	1,052,510	118,956	120,873	112,120	3,066,841
Total Primary Government	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	7,607,949
Change In Net Position										
Governmental Activities	1,003,114	555,179	29,510	(801,245)	3,133,295	356,225	96,571	275,506	235,972	(123,109)
Business-Type Activities	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)	1,972,534
Total Primary Government	$ 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)	$ 1,849,425

Notes:

Prior years have not been adjusted for the effects of prior period adjustments recorded in fiscal years 2013, 2014, and 2015.

See accompanying independent auditors' report.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable										
Prepaid items	$ -	$ -	$ -	$ -	$ -	$ 42,285	$ 145,048	$ 29,537	$ 31,381	$ 41,842
Advances to other funds	-	-	-	-	-	92,998	86,088	85,957	65,809	65,809
Restricted, reported in										
Housing and development	-	-	-	-	-	25,000	25,000	6,250	6,250	6,250
Reserved for										
Prepaids	232,096	-	-	-	-	-	-	-	-	-
Advances	102,167	47,624	-	-	-	-	-	-	-	-
Unreserved, reported in										
General fund	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	6,001,980
Total General Fund	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	6,115,881
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	1,110,461
Housing and development	-	-	-	-	-	8,626	236	-	-	-
Reserved for										
Special projects	543,907	-	-	-	-	-	-	-	-	-
Prepaids	50	-	-	-	-	-	-	-	-	-
Unreserved, reported in										
Special revenue funds	38,413	772,682	575,816	419,264	402,554	-	-	-	-	-
Capital projects funds	(17,426)	92,740	97,208	95,421	80,332	-	-	-	-	-
Unassigned, reported in										
Special revenue funds	-	-	-	-	-	-	-	(4,024)	-	-
Total All Other Governmental Funds	564,944	865,422	673,024	514,685	482,886	415,369	406,756	540,045	1,176,351	1,110,461
Total All Governmental Funds	$ 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	$ 7,226,342

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	$ 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	$ 7,742,339
Licenses and permits	710,601	1,057,400	541,639	463,372	502,189	312,663	416,059	348,420	360,696	384,527
Intergovernmental	649,498	121,285	537,196	73,105	5,580,088	2,118,700	870,897	1,311,362	1,009,573	3,654,763
Charges for services	384,441	427,928	444,724	96,982	179,547	123,375	127,975	67,652	92,955	85,531
Fines and forfeitures	380,004	490,937	413,928	326,744	314,328	449,060	431,856	369,934	331,474	249,957
Interest income	135,488	198,602	147,341	68,953	55,015	15,093	11,032	7,775	8,460	8,827
Contributions	30	-	-	-	-	-	-	-	131	19,825
Other revenues	474,152	1,000,101	694,876	1,129,591	823,464	848,644	659,145	641,499	497,486	581,534
Total Revenues	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	12,727,303
Expenditures										
General government	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	1,836,652
Judicial	221,341	253,957	250,126	191,884	172,019	227,996	201,782	188,216	176,296	165,599
Public safety	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	3,730,462
Public works	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	1,659,960
Health and welfare	64,876	95,256	81,699	100,270	101,735	98,558	116,492	111,221	118,747	129,908
Culture and recreation	773,434	859,791	991,757	632,096	517,803	488,321	477,569	439,315	346,379	406,381
Housing and development	806,447	763,407	776,607	569,252	488,691	444,060	398,102	460,368	650,942	579,536
Capital outlay	580,427	474,464	2,014,022	4,075,013	5,151,474	1,907,993	565,399	982,128	219,605	2,072,855
Debt service:										
Principal	491,750	682,349	1,493,355	778,708	467,225	479,813	166,731	51,055	40,653	10,188
Interest	69,301	81,872	116,765	63,143	32,015	17,697	3,884	1,885	808	42
Total Expenditures	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	10,591,583
Excess (deficiency) of revenues over (under) expenditures	584,493	(1,106,714)	(2,649,349)	(850,072)	(51,803)	(1,169,642)	980,202	750,801	1,112,472	2,135,720
Other Financing Sources										
Proceeds from sale of capital assets	-	9,492	99,000	74,969	-	14,602	-	2,500	-	12,963
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	689,384	199,827	866,055	257,964	308,057	410,701	417,324	307,674	295,352	-
Transfers out	(689,384)	(199,827)	(866,055)	(280,366)	(317,689)	(417,611)	(424,234)	(307,674)	(315,500)	(1,640,000)
Total other financing sources (uses)	67,871	1,601,937	985,000	180,567	(9,632)	7,692	112,790	2,500	(20,148)	(1,627,037)
Net change in fund balances	$ 652,364	$ 495,223	$ (1,664,349)	$ (669,505)	$ (61,435)	$ (1,161,950)	$ 1,092,992	$ 753,301	$ 1,092,324	$ 508,683
Debt service as a percentage of noncapital expenditures	6.90%	6.90%	14.20%	8.70%	5.40%	5%	2.10%	0.60%	0.48%	0.12%

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
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
2015	2014	3,219,206	1,070,545	1,916,715	138,298	1,187,316	7,532,080
Change 2006-2015		12.42%	59.83%	-28.85%	n/a	31.22%	5.61%

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
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%
2015	2014	496,366,175	31,256,660	1,085,535	62,406	-	12,971,648	515,799,128	5.351%	1,289,497,820	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	General Levy	Camden County	Camden County Board of Education	State of Georgia	Total Direct and Overlapping Rates
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
2015	2014	5.351	11.940	15.820	0.100	33.211

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

	2015			2006		
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	$ 6,041,306	1	1.17%	$ 3,909,898	5	0.97%
Georgia Pacific Consumer	4,745,145	2	0.92%	4,169,435	4	1.03%
Brant Creek LLC	4,455,045	3	0.86%			
Old Weed & Ready Plantation LLC	3,894,116	4	0.75%			
Walmart Stores East LP	3,250,872	5	0.63%	3,306,342	9	0.82%
Walmart Real Estate	3,226,985	6	0.63%	3,822,226	6	0.95%
Osprey cove Real Estate LLC	3,194,892	7	0.62%	3,751,149	7	0.93%
Camden Telephone & Telegraph	3,075,776	8	0.60%	6,227,234	2	1.54%
Pilot Travel Centers LLC	2,822,738	9	0.55%			
Harbor Pines Partners LTD	2,701,489	10	0.52%			
Point Peter LLLP	-			21,510,950	1	5.33%
Durango Georgia Paper Company	-			6,117,014	3	1.52%
St. Marys Railroad	-			3,322,713	8	0.82%
Rayland LLC	-			3,260,220	10	0.81%
Total	$ 37,408,365		7.25%	$ 59,397,181		14.72%

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

Fiscal Year	Tax Digest Year	Collected within the Fiscal Year of the Levy			Total Collections to Date		
		Taxes Levied [1]	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2006	2005	$ 2,423,558	$ 2,340,786	96.58%	$ 82,772	$ 2,423,558	100.00%
2007	2006	2,805,048	2,756,030	98.25%	49,018	2,805,048	100.00%
2008	2007	3,185,570	3,129,287	98.23%	56,283	3,185,570	100.00%
2009	2008	3,511,354	3,234,332	92.11%	277,022	3,511,354	100.00%
2010	2009	3,498,384	3,180,483	90.91%	250,613	3,431,096	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%
2015	2014	2,760,041	2,704,564	97.99%	-	2,704,564	97.99%

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)
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
2015	414,243,799	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
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	7.98%	2,691
2014	10,330	-	1,830,000	-	41,455,000	-	3,862,414	47,157,745	**	2,627
2015	-	-	1,505,000	-	39,815,000	-	3,581,972	44,901,972	**	**

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
2006	$ -	$ -	$ -	0.00%	$ -	16,231	$ 403,249,088
2007	-	-	-	0.00%	-	16,697	453,541,378
2008	-	-	-	0.00%	-	16,783	609,074,863
2009	-	-	-	0.00%	-	16,778	685,832,366
2010	-	-	-	0.00%	-	17,121	709,051,850
2011	41,455,000	-	41,455,000	6.34%	2,408	17,218	654,010,030
2012	41,455,000	-	41,455,000	6.59%	2,355	17,606	628,986,978
2013	41,455,000	-	41,455,000	7.19%	2,335	17,755	576,570,112
2014	41,455,000	-	41,455,000	7.86%	2,310	17,949	527,338,436
2015	39,815,000	-	39,815,000	7.72%	**	**	515,799,128

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, 2015

Governmental 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			-
			$ -

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Legal Debt Margin										
Debt limit	$ 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	$ 52,877,078
Amount of debt limit utilized	-	-	-	-	-	41,026,056	41,289,652	41,099,251	41,162,534	39,552,534
Legal debt margin	$ 41,970,657	$ 46,986,674	$ 62,610,409	$ 70,155,493	$ 73,385,065	$ 25,726,281	$ 22,906,441	$ 17,781,927	$ 12,945,666	$ 13,324,544
Total net debt applicable to the limit as a percentage of a debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	61.46%	64.32%	69.80%	76.07%	74.80%
Legal Debt Margin Calculation										
Assessed value	$ 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	$ 515,799,128
Add back: exempt property	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	12,971,648
Total assessed value	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	528,770,776
Debt limit (10% of total assessed value)	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	52,877,078
Debt applicable to limit										
General obligation bonds	-	-	-	-	-	41,455,000	41,455,000	41,455,000	41,455,000	39,815,000
Less: amounts set aside for repayment of general obligation bonds	-	-	-	-	-	(428,944)	(165,348)	(355,749)	(292,466)	(292,466)
Total net debt applicable to limit	-	-	-	-	-	41,026,056	41,289,652	41,099,251	41,162,534	39,522,534
Legal debt margin	$ 41,970,657	$ 46,986,674	$ 62,610,409	$ 70,155,493	$ 72,385,065	$ 25,726,281	$ 22,906,441	$ 17,781,927	$ 12,945,666	$ 13,354,544

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)	Historical Bond Debt Service (2)	Debt Coverage Ratio	Excess Funds
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
2015	2,528	417	6.06	2,111

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]
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	17,949	**	**	7.50%
2015	**	**	**	6.00%

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

	2015			2011 [1]		
	Employer	Number of Employees	Percentage of Total City Employment	Rank	Employer	Number of Employees	Percentage of Total City Employment
1	Express Scripts	505	33.29%	1	Express Scripts	343	26.84%
2	Southeast Georgia Health Systems	330	21.75%	2	Wal-Mart Supercenter	310	24.26%
3	Wal-Mart Supercenter	237	15.62%	3	Southeast Georgia Health Systems	260	20.34%
4	City of St. Marys	139	9.16%	4	City of St. Marys	156	12.21%
5	Georgia Pacific	63	4.15%	5	Georgia Pacific	73	5.71%
6	Green Golf Partners, LLC	59	3.89%	6	Ospey Cove Golf Course	32	2.50%
7	Pilot	53	3.49%	7	Harvey's Grocery Store	28	2.19%
8	Winn Dixie	48	3.16%	8	Coreys Thunder Retail	27	2.11%
9	ATN, Inc.	47	3.10%	9	Sonic Drive-In	25	1.96%
10	Gilman Building Products	36	2.37%	10	Green Cedar Stores	24	1.88%
	Total Employees	1517	100%			1278	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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
General government	11.00	17.00	19.00	14.00	13.00	9.30	8.30	8.93	8.93	9.25
Public safety										
Police department	46.00	46.00	46.00	40.00	40.00	40.50	36.50	35.50	35.60	33.60
Fire department	18.00	30.00	30.00	23.00	23.00	26.00	29.00	29.00	26.00	25.70
Public works	38.00	48.00	46.00	40.00	40.00	29.70	19.36	19.61	19.71	18.02
Health and welfare	0.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.36	2.36
Judicial	2.00	2.00	2.00	1.00	1.00	1.50	1.00	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	6.34
Housing and development	10.00	10.00	8.00	7.00	7.00	7.25	7.25	6.50	6.50	6.15
Business-type activities										
Water and sewer	26.00	30.00	30.00	29.00	28.00	39.05	35.39	35.39	34.39	34.39
Solid waste	7.00	7.00	0.00	0.00	0.00	5.49	1.45	1.45	1.45	1.50
Aquatic center	1.00	1.00	1.00	1.00	1.00	9.60	8.60	8.60	-	0.00
Total	164.00	197.00	188.00	161.00	159.00	175.39	153.85	152.98	140.94	138.31

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Building permits issued	421	255	165	142	257	261	285	282	316	287
Building inspections conducted	No data	No data	3,054	2,519	3,306	1,660	1,609	1,621	1,815	2,110
Police										
Physical arrests	794	974	693	623	731	868	759	652	376	515
Other violations	2,804	2,804	2,526	2,193	2,539	2,568	2,374	2,128	2,542	1,753
Traffic violations	2,640	3,082	2,641	2,565	4,993	4,299	3,369	3,088	3,208	2,713
Fire										
Emergency room	1,590	1,670	1,492	1,619	1,575	1,617	1,863	1,733	1,417	1,011
Fires extinguished	86	96	75	82	96	82	99	75	60	51
Inspections	280	138	84	139	2,013	228	279	250	50	70
Public Works										
Streets resurfaced (miles)	1	No data	2	No data	1	1	-	-	-	-
Water										
New connections	910	269	101	74	52	32	21	29	36	29
Volume (thousands of gallons)	1,687	1,551	1,650	1,572	1,541	1,516	1,445	1,103	1,363	1,388
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,572	1,195	1,377	1,479	1,383	1,259	1,521	1,900	1,985	1,468

Source:
Various City departments

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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)	91	93	94	99	103	107	107	107	107	107
Water										
Fire hydrants	879	943	997	1,037	1,109	1,127	1,135	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)	2,000	2,000	2,000	2,000	3,000	5,200	5,200	4,500	4,500	4,500

Source:
Various City departments



Compliance Section

CRI CARR RIGGS & INGRAM
CPAs and Advisors

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

(229) 382-8576
(229) 238-0643 (fax)
www.cricpa.com

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, 2015, 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 23, 2015.

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.

CARR, RIGGS & INGRAM, LLC

Tifton, Georgia
December 23, 2015

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, 2015 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, 2015

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	$ 577,326	$ 105,134	$ 682,460
Drainage	5,530,000	3,000,000	457,492	-	457,492
Sewer	5,000,000	5,310,000	5,492,065	1,377,423	6,869,488
City buildings	3,500,000	1,000,000	1,135,630	16	1,135,646
Total	$ 18,760,000	$ 11,760,000	$ 7,662,513	$ 1,482,573	$ 9,145,086

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	$ -	$ 1,644,100	$ 1,644,100
Improvements	4,327,918	4,327,918	31,187	123,263	154,450
Equipment/vehicles capital outlay	2,503,375	2,503,375	10,478	180,544	191,022
Total	$ 17,831,293	$ 17,831,293	$ 41,665	$ 1,947,907	$ 1,989,572

See accompanying independent auditors' report.