THE CITY OF ST. MARYS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2016



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For the Year Ended June 30, 2016

John F. Morrissey
Mayor

Jennifer Brown
Finance Director

CITY OF ST. MARYS, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016
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Introductory Section
(Unaudited)

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

December 21, 2016

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, 2016. 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, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of St. Marys' financial statements for the year ended June 30, 2016. 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 and 2015.

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 2016, unemployment in the Camden County area was 5.7% compared to 5% nationally and 5.1% 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, 2016, 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 2017 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 FY2017 budget was a challenge again this year due to the loss of revenue from the economic recession and LOST. 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 2017 through 2021 identifies projects and funding that total $2.96 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 $.97 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 slated in FY 2017 included:

    - Various Roads
    - Bond debt retirement

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

3. Council approved $60,000 for the completion of the city master plan.

4. Council approved $40,000 for enhancement of the "Gateway" of the City.

5. Road enhancements of $450,000 with the Local Maintenance Improvement Grant.

6. Purchase of various vehicles and equipment for public works and public safety.

7. LED lighting for various facilities in the amount of $55,000.

8. Approval of $60,000 for Streetscape design.

9. Continue installation of $100,000 in radio water read meters.

10. Various drainage projects.

11. 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 for 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

Acknowledgements

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

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

Respectfully submitted,

Jennifer Brown
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. Marys

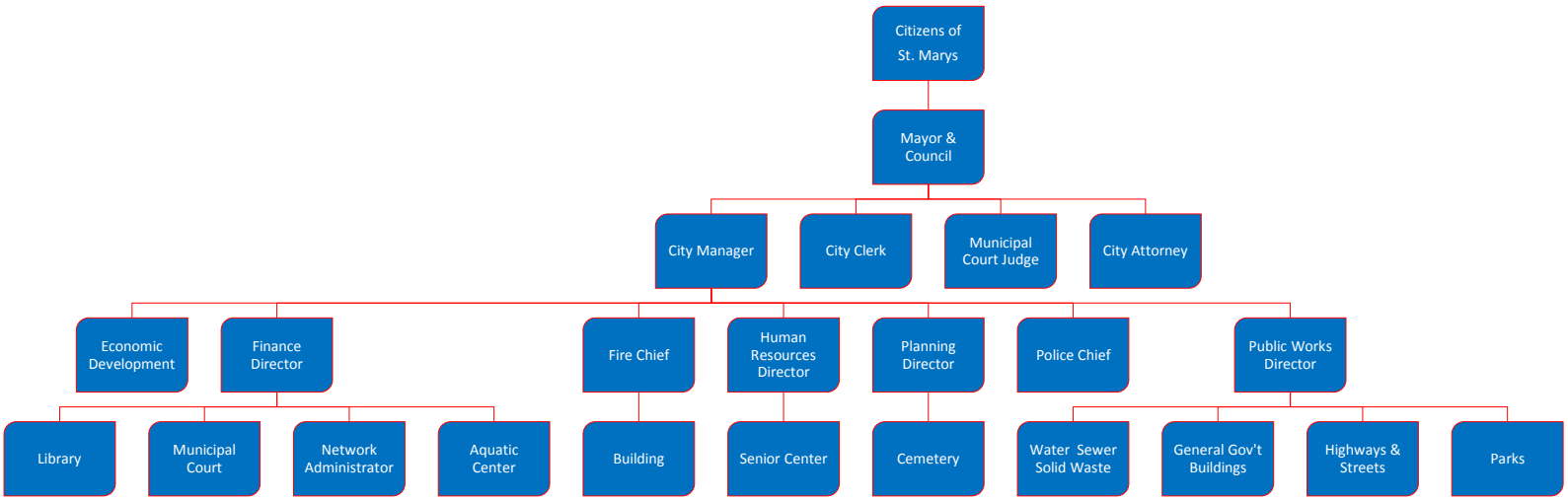
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

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

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Tifton, GA 31794
P.O. Box 7650
Tifton, GA 31793

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(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, 2016 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, 2016, 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 and the Required Supplementary Information on pages 66 through 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 21, 2016, 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 21, 2016

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, 2016 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, 2016, by $62.6 million (*net position*). Of this amount, $11.8 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 $2.5 million.

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $8.4 million, an increase of $1.2 million in comparison with the prior year. Approximately 78.5% of this total amount, $6.6 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 $39.2 million, an increase of $2.3 million in comparison with the prior year. Approximately 13.8% of this total amount, $5.4 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 $6.6 million or a positive 67.6% of total General Fund expenditures.

During the current fiscal year the City did issue new debt for the Governmental funds of $1,160,987 and Business-type funds of $68,590. The Governmental funds had an increase of $1,145,963 in debt service. The Business-type funds had a reduction in debt service of $2,300,388. The total reduction in debt service was $1,154,425. *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 – *Governmental Funds, Continued*

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and SPLOST Fund, because they are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 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 fund. *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 the schedule of changes in the City's net pension liability – defined benefit retirement plan and the schedule of City contributions – defined benefit retirement plan as required 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 beginning on page 69 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 page 77 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets plus deferred outflows of resources exceeded liabilities by $62.6 million at the close of the most recent fiscal year. The chart below summarizes the 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,	2015	**2016**	2015	**2016**	2015	**2016**
Current and other assets	$ 8,280,373	**$ 8,847,007**	$ 7,869,547	**$ 7,907,996**	$ 16,149,920	**$ 16,755,003**
Capital assets	16,237,254	**16,514,150**	73,689,963	**73,630,295**	89,927,217	**90,144,445**
Deferred outflows of resources	-	**-**	1,196,981	**1,128,581**	1,196,981	**1,128,581**
Total assets and deferred outflows	24,517,627	**25,361,157**	82,756,491	**82,666,872**	107,274,118	**108,028,029**
Other liabilities	1,190,919	**776,811**	3,319,791	**3,367,715**	4,510,710	**4,144,526**
Long-term liabilities outstanding	115,951	**1,135,285**	42,529,835	**40,113,813**	42,645,786	**41,249,098**
Net Pension liability	-	**-**	-	**-**	-	**-**
Deferred inflows of resources	23,848	**-**	-	**-**	23,848	**-**
Total assets and deferred outflows	1,330,718	**1,912,096**	45,849,626	**43,481,528**	47,180,344	**45,393,624**
Net position:						
Net investment in capital assets	16,237,254	**15,368,187**	29,984,972	**32,154,292**	46,222,226	**47,522,479**
Restricted	1,116,711	**1,704,547**	1,554,362	**1,608,546**	2,671,073	**3,313,093**
Unrestricted	5,832,944	**6,376,327**	5,367,531	**5,422,506**	11,200,475	**11,798,833**
Total net position	$ 23,186,909	**$ 23,449,061**	$ 36,906,865	**$ 39,185,344**	$ 60,093,774	**$ 62,634,405**

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

By far the largest portion of the City's net position, $47.5 million (75.9%) 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, $3.3 million (5.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $11.8 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 2016 is $.34 million, which did not change from 2015. The Downtown Development Authority (Component Unit) total net position for 2016 is $.67 million, which was a decrease over 2015 of ($3,450). The Convention & Visitors Bureau (Component Unit) total net position for 2016 is $31,998, which was an increase over 2015 of $5,995. The Cemetery Authority (Component Unit) total net position for 2016 is $69,274, which was an increase over 2015 of $19,479. 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, 2016 increased the City of St. Marys net position by $.262 million. Business-type activities during the same period increased net position by $2.28 million for a total increase in net position of $2.54 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,	2015	**2016**	2015	**2016**	2015	**2016**
Revenues						
Program revenues:						
Charges for services	$ 1,301,549	**$ 1,385,678**	$ 7,732,095	**$ 7,907,208**	$ 9,033,644	**$ 9,292,886**
Operating grants and contributions	8,618	**67,767**	-	**-**	8,618	**67,767**
Capital grants and contributions	3,646,965	**4,619,371**	590,526	**-**	4,237,491	**4,619,371**
General revenues:						
Property taxes	3,219,206	**3,585,232**	-	**-**	3,219,206	**3,585,232**
Franchise taxes	1,070,546	**1,011,980**	-	**-**	1,070,546	**1,011,980**
Sales taxes	1,916,715	**1,795,049**	-	**-**	1,916,715	**1,795,049**
Hotel/motel taxes	138,298	**140,460**	-	**-**	138,298	**140,460**
Other taxes	1,187,316	**1,260,860**	-	**-**	1,187,316	**1,260,860**
Unrestricted investment earnings	8,007	**4,859**	4,498	**4,726**	12,505	**9,585**
Gain on disposal of capital assets	12,963	**-**	26,185	**3,779**	39,148	**3,779**
Miscellaneous	19,825	**3,586**	4,390	**22,385**	24,215	**25,971**
Total revenues	12,530,008	**13,874,842**	8,357,694	**7,938,098**	20,887,702	**21,812,940**
Expenses						
Governmental activities:						
General government	2,161,037	**2,373,458**	-	**-**	2,161,037	**2,373,458**
Public safety	3,858,552	**3,940,511**	-	**-**	3,858,552	**3,940,511**
Public works	2,245,806	**1,927,762**	-	**-**	2,245,806	**1,927,762**
Health and welfare	129,908	**129,467**	-	**-**	129,908	**129,467**
Judicial	165,599	**176,330**	-	**-**	165,599	**176,330**
Culture and recreation	456,448	**507,216**	-	**-**	456,448	**507,216**
Housing and development	603,979	**659,695**	-	**-**	603,979	**659,695**
Interest on long-term debt	20	**2,151**	-	**-**	20	**2,151**
Business-type activities:						
Water & Sewer	-	**-**	7,961,580	**8,025,543**	7,961,580	**8,025,543**
Solid Waste	-	**-**	1,020,589	**1,065,162**	1,020,589	**1,065,162**
Aquatic Center	-	**-**	434,759	**465,014**	434,759	**465,014**
Total expenses	9,621,349	**9,716,590**	9,416,928	**9,555,719**	19,038,277	**19,272,309**
Increase (decrease) in net position before transfers	2,908,659	**4,158,252**	(1,059,234)	**(1,617,621)**	1,849,425	**2,540,631**
Transfers	(3,031,768)	**(3,896,100)**	3,031,768	**3,896,100**	-	**-**
Increase (decrease) in net position	(123,109)	**262,152**	1,972,534	**2,278,479**	1,849,425	**2,540,631**
Net position, beginning, restated	23,310,018	**23,186,909**	34,934,331	**36,906,865**	58,244,349	**60,093,774**
Net position, ending, restated	$ 23,186,909	**$ 23,449,061**	$ 36,906,865	**$ 39,185,344**	$ 60,093,774	**$ 62,634,405**

Changes in net position. The City's total revenues before transfers were $21.8 million in FY2016. Expenses were $19.3 million. Governmental and business-type activities combined provided a $2.5 million increase in net position.

Government-wide Financial Analysis, Continued

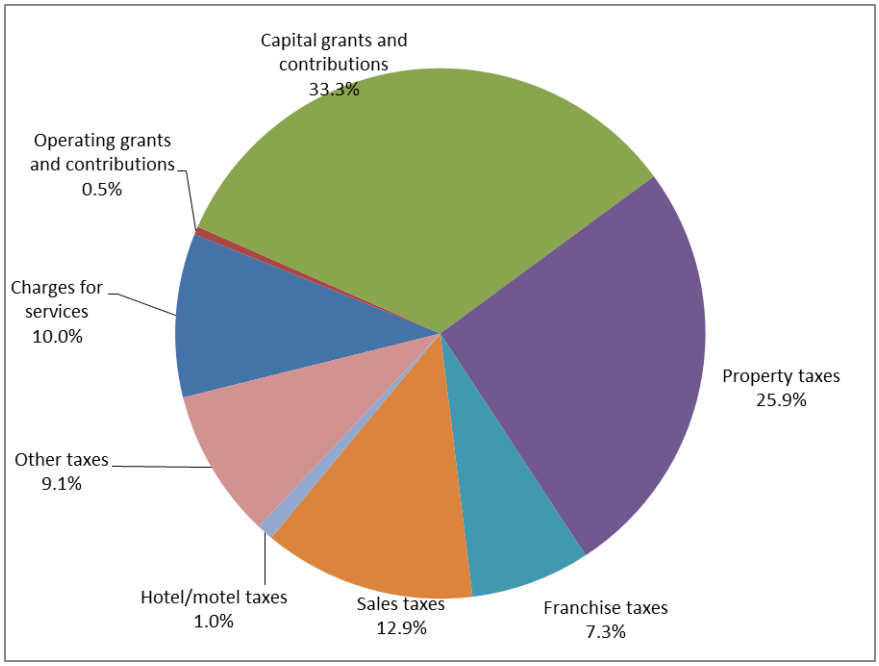
Governmental activities revenues, before transfers, were $13.8 million and included $1.39 million for charges for services, $4.7 for grants and contributions and $7.8 million in taxes and other revenues. The largest governmental activities expenses were for public safety of $3.9 million, general government of $2.37 million and public works of $1.93 million.

Business-type activity revenues, before transfers, were $7.94 million and included $7.9 million charges for services and $30,890 in other revenues. The largest business-type activity expenses were personal services of $1.86 million, of purchased and contracted services $1.9 million, supplies at $1.15 million and depreciation of $2.6 million.

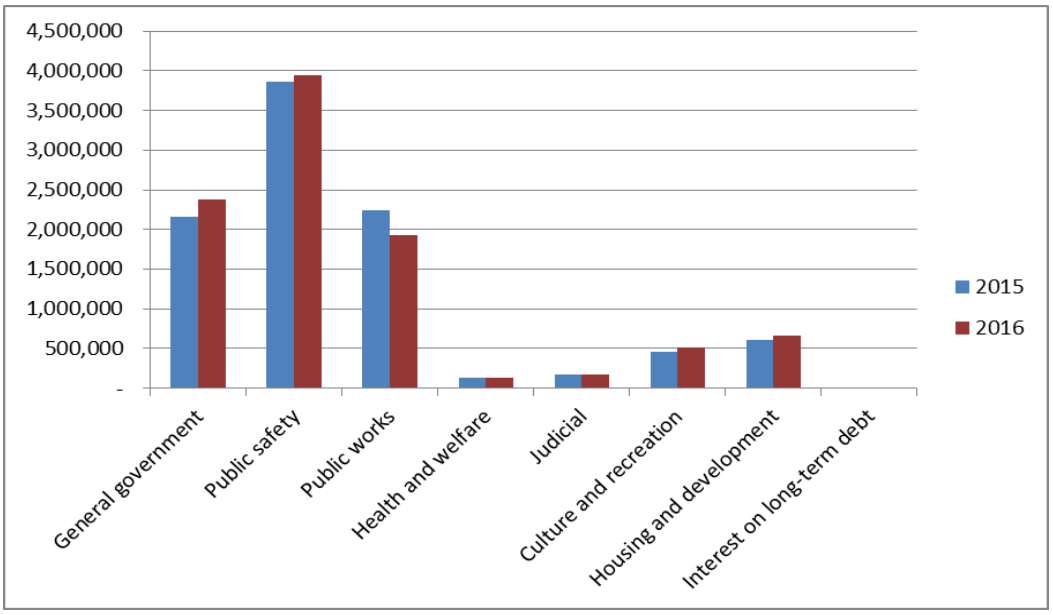
City of St. Marys – Changes in Net Position

Year ended June 30,	Total 2015	**Total 2016**	Increase (Decrease)	Percentage Change
Revenues				
Program revenues				
Charges for services	$ 9,033,644	**$ 9,292,886**	$ 259,242	3%
Operating grants and contributions	8,618	**67,767**	59,149	686%
Capital grants and contribution	4,237,491	**4,619,371**	381,880	9%
General revenues:				
Property taxes	3,219,206	**3,585,232**	366,026	11%
Franchise taxes	1,070,546	**1,011,980**	(58,566)	-5%
Sales taxes	1,916,715	**1,795,049**	(121,666)	-6%
Hotel/motel taxes	138,298	**140,460**	2,162	2%
Other taxes	1,187,316	**1,260,860**	73,544	6%
Unrestricted investment earnings	12,505	**9,585**	(2,920)	-23%
Gain on disposal of capital assets	39,148	**3,779**	(35,369)	
Miscellaneous	24,215	**25,971**	1,756	7%
Total revenues	20,887,702	**21,812,940**	925,238	2%
Expenses				
Governmental activities				
General government	2,161,037	**2,373,458**	212,421	10%
Public safety	3,858,552	**3,940,511**	81,959	2%
Public works	2,245,806	**1,927,762**	(318,044)	-14%
Health and welfare	129,908	**129,467**	(441)	0%
Judicial	165,599	**176,330**	10,731	6%
Culture and recreation	456,448	**507,216**	50,768	11%
Housing and development	603,979	**659,695**	55,716	9%
Interest on long-term debt	20	**2,151**	2,131	10655%
Business-type activities				
Water and Sewer	7,961,580	**8,025,543**	63,963	1%
Sanitation	1,020,589	**1,065,162**	44,573	4%
Aquatic Center	434,759	**465,014**	30,255	7%
Total expenses	19,038,277	**19,272,309**	234,032	1%
Increase in net position	1,849,425	**2,540,631**	691,206	37%
Net position, beginning, restated	58,244,349	**60,093,774**	1,849,425	3%
Net position, ending, restated	$ 60,093,774	**$ 62,634,405**	$ 2,540,631	4%

City of St. Marys – Changes in Net Position
Revenues by Source – Governmental Activities
For the Year Ended June 30, 2016



City of St. Marys – Changes in Net Position
Program Expenses – Governmental Activities
For the Year ended June 30, 2016



Revenue Impacts.

Operating grants and contributions increased $59,149 or 686%, which is primarily due to an OEA grant received by the City.

Property taxes increase $.36 million or 11%, which is due to an increase in the millage rate and an increase in intangible taxes due to the City.

Unrestricted investment earnings decreased $2,920 or -23%, which is due loss in interest earned.

Gain on disposal of capital assets decreased $35,369 or -90%, which is due to the amount of fund received on sale of assets.

Expense Impacts.

General government increased $212,421 or 10%, which is primarily due to the master/vision plan and fees related to tax sale.

Public Works decreased $318,044 or -14%, which is primarily due to projects completed in FY2015.

Culture and recreation increased $50,768 or 11%, which is due to capital project in this year.

Interest on long-term debt increased $2,131 or 10655% due to the issuance of new debt in FY2016.

Fund Balance.

City of St. Marys – Fund Balance Governmental Funds

Fund	Fund Balance 6/30/2015	Revenues/ Sources	Expenses/ Uses	Revenue/ Sources Over (Under) Expenditures/Uses	Fund Balance 6/30/2016
General Fund	$ 6,115,881	$ 10,300,745	$ 9,723,563	$ 577,182	$ 6,693,063
SPLOST Fund	554,080	4,363,193	4,031,535	$ 331,658	$ 885,738
Other Funds	556,381	496,754	240,576	$ 256,178	$ 812,559
Total	$ 7,226,342	$ 15,160,692	$ 13,995,674	$ 1,165,018	$ 8,391,360

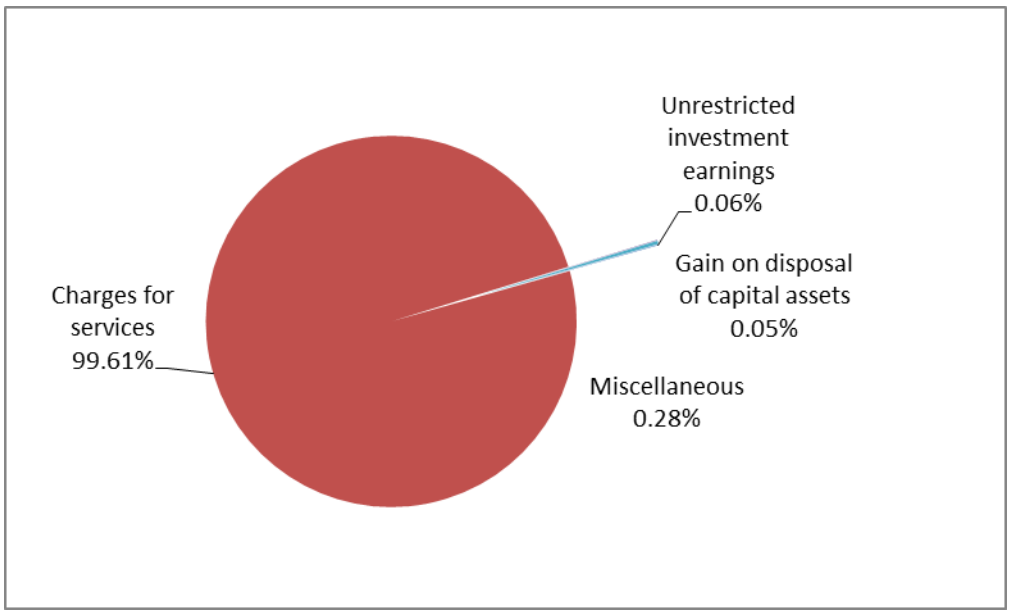
As of June 30, 2016, the City's governmental funds reported a combined fund balance of $8.39 million, which is a net increase of $1.17 million from the previous year.

General Fund's fund balance increase by $577,182 and was $6.69 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.

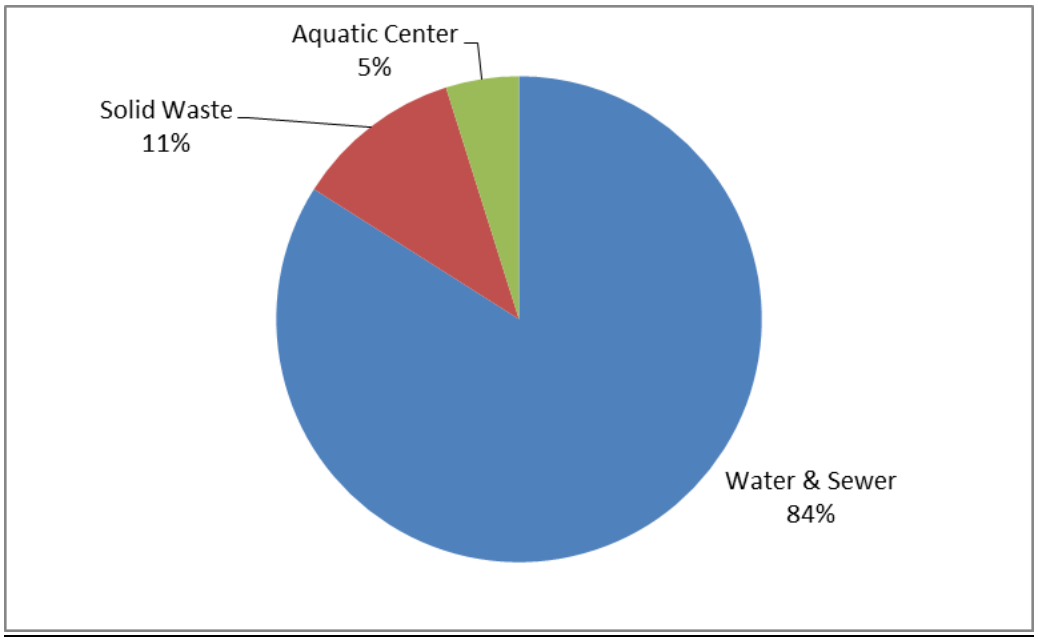
The SPLOST Fund's fund balance increase by $331,658 and was $.89 million at end of year. The City SPLOST VII revenues are collected upfront instead of on a reimbursement basis. The revenues exceeded the expenditures. These funds are restricted for projects and debt service.

Other Fund's fund balance increased $.26 million and was $.81 million at end of year. This was due to increased revenue from local maintenance grant projects.

City of St. Marys – Changes in Net Position
Revenues by Source – Business-type Activities
For the Year Ended June 30, 2016



City of St. Marys - Changes in Net Position
Expenses –Business-type Activities
For the Year Ended June 30, 2016



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 FY2016, the General Fund had a fund balance of $6,693,063. This is an increase of $577,182 from the beginning fund balance. Of the total amount, $6,573,053 constitutes "unassigned fund balance" which is available for spending at the government's discretion. The General Fund budget FY2016-2017 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. SPLOST VII is a disbursement from the County per intergovernmental agreements in with the City resides. The SPLOST Fund is a major fund in most years. The fund balance of $885,738 is restricted for SPLOST projects.

The fund balances for the other governmental funds increase by $256,178. The total combined fund balances for the other governmental funds was a positive $812,559 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 $5,560,046 at the end of fiscal year ending June 30, 2016. Of this amount, $1,630,523 is restricted assets.

The Water and Sewer Fund had an ending net position of $37,234,802 for FY2016. This was an increase of $2,331,164 from the previous year. Of the balance, $32,397,038 is restricted assets.

The Solid Waste Fund had an ending net position of $503,588 for FY2016. This was an increase of $3,649 from the previous year. Of the balance, $0 is restricted assets.

The Aquatic Center Fund had an ending net asset balance of $1,446,954 for FY2016. This was a decrease of $56,334 from the previous year. Of the balance, $1,432,556 is restricted assets.

Financial Analysis of the Government's Funds, Continued

General Fund Budget Highlights

The budget was prepared according to Georgia Law.

The 2016 original revenue budget was $9,282,830. The original budget was amended to $9,500,650. The major increase was due to usage of fund equity and an increase in other revenue income. The final budgeted revenues increased 2.3% or $217,820. The total budgeted expenditures increased $352,070 or 3.4% from the original budget due to master/visioning plan, 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, 2016, governmental activities and business-type activities had capital assets of $90,144,445 (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment and recreation and park facilities. This represents .24% increase or $217,228. The governmental activities increased 1.7% due to the purchase of new capital assets. Business-type activities decrease .08% due to depreciation of assets.

- For governmental activities, construction in progress increased $44,267 for infrastructure and $39,959 was transferred to improvement. Infrastructure increased $51,310 which included the completion of projects. Machinery & equipment increased $1,091,827 which encompassed equipment purchase of $1,216,259 and the disposal of equipment in the amount of $124,432.

- For business-type activities, construction in progress decreased $1,806,760 for sewer infrastructure projects completed. Infrastructure increased $2,363,439 plus a transfer from construction in progress of $1,806,760 less disposal of assets of $14,396 for a total increase of $4,155,803. Machinery & equipment increased $147,713 for new assets and decreased $121,169 for the sale/disposal of assets.

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

June 30, 2016	Governmental Activities	Business-type Activities	Total
Land	$ 1,798,738	$ 846,727	$ 2,645,465
Construction in progress	44,267	80,186	124,453
Infrastructure	6,877,953	68,709,050	75,587,003
Buildings and improvements	3,427,749	3,728,900	7,156,649
Improvements other than buildings	3,040,786	-	3,040,786
Machinery & equipment	1,324,657	265,432	1,590,089
Total	$ 16,514,150	$ 73,630,295	$ 90,144,445

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

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

At June 30, 2016, the City had $1,145,963 of outstanding debt related to governmental activities and $42,604,584 of outstanding debt related to business-type activities, for a total of $43,750,547 compared to the previous year's total of $44,901,972. This is a decrease of $1,151,425. *Numbers do not include compensated absences.

At the end of 2016, the business activities had bonded debt of $39,245,000. Of this amount, $1,160,000 is secured by revenues of the water/sewer system and $38,085,000 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 of this report.

Factors affecting the FY2017 Budget:

The FY2017 city-wide budget decreased approximately 14.5%. This was mainly due to capital equipment purchased in FY2016 and projects finished in FY2016. The city-wide budget was set at $23,013,236.

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 FY2017 budget and were very aware of the present economic conditions and the effect on its citizens. The tax digest remained stable for the first time in the past eight years therefore the City maintained the millage rate at 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 FY2017 budget:

FY 2017 Major Initiatives

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

In March 2013, Voters approved a 1% Special Purpose Local Option Sales Tax (SPLOST VII). Projects slated in FY 2017 included:

Various Roads
Bond debt retirement

Council approved $37,000 for marketing the City.

Council approved $60,000 for the completion of the city master plan.

Council approved $40,000 for enhancement of the "Gateway" of the City.

Road enhancements of $450,000 with the Local Maintenance Improvement Grant.

Purchase of various vehicles and equipment for public works and public safety.

LED lighting for various facilities in the amount of $55,000.

Approval of $60,000 for Streetscape design.

Continue installation of $100,000 in radio water read meters.

Various drainage projects.

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 for 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

The FY2017 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, 2016

	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	$ 8,045,360	$ 3,929,523	$ 11,974,883	$ 11,917	$ 53,324	$ 38,062	$ 66,411
Restricted cash and cash equivalents	406,665	1,183,101	1,589,766	-	-	-	-
Investments	47,467	730,515	777,982	-	-	-	-
Restricted investments	-	416,330	416,330	-	-	-	-
Taxes receivable	105,997	-	105,997	-	-	-	-
Accounts receivable, net	120,265	660,648	780,913	-	-	-	-
Prepaid expenses	53,760	64,932	118,692	-	-	45	-
Due from component units	10,832	-	10,832	-	-	-	-
Due from primary government	-	-	-	-	-	18,051	2,863
Due from other governments	512,646	-	512,646	-	-	-	-
Total current assets	9,302,992	6,985,049	16,288,041	11,917	53,324	56,158	69,274
Noncurrent assets:							
Restricted cash and cash equivalents	-	447,422	447,422	-	-	-	-
Internal balances	(475,525)	475,525	-	-	-	-	-
Capital assets:							
Nondepreciable	1,843,005	926,913	2,769,918	332,234	620,000	-	-
Other capital assets, net	14,671,145	72,703,382	87,374,527	-	-	-	-
Total noncurrent assets	16,038,625	74,553,242	90,591,867	332,234	620,000	-	-
Total assets	25,341,617	81,538,291	106,879,908	344,151	673,324	56,158	69,274
Deferred Outflows of Resources							
Deferred outflows from pensions	19,540	-	19,540				
Refunding of debt	-	1,128,581	1,128,581	-	-	-	-
Total deferred outflows of resources	19,540	1,128,581	1,148,121	-	-	-	-
Total assets and deferred outflows of resources	$ 25,361,157	$ 82,666,872	$ 108,028,029	$ 344,151	$ 673,324	$ 56,158	$ 69,274

-Continued-

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

CITY OF ST. MARYS, GEORGIA
Statement of Net Position
June 30, 2016

	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	$ 230,798	$ 207,976	$ 438,774	$ -	$ 1,879	$ 12,972	$ -
Contracts payable	-	-	-	-	-	-	-
Customer deposits	1,125	423,690	424,815	-	-	-	-
Accrued liabilities	90,613	215,373	305,986	-	-	356	-
Due to component units	20,914	-	20,914	-	-	-	-
Due to primary government	-	-	-	-	-	10,832	-
Current portion of compensated absences	250,676	29,905	280,581	-	-	-	-
Current portion of capital leases payable	182,685	22,323	205,008				
Current portion of notes payable	-	298,448	298,448	-	-	-	-
Current portion of bonds payable	-	2,170,000	2,170,000	-	-	-	-
Total current liabilities	776,811	3,367,715	4,144,526	-	1,879	24,160	-
Noncurrent liabilities:							
Net pension liability	172,007	-	172,007	-	-	-	-
Noncurrent portion of capital leases payable	963,278	44,433	1,007,711				
Noncurrent portion of notes payable	-	2,994,380	2,994,380	-	-	-	-
Noncurrent portion of bonds payable	-	37,075,000	37,075,000	-	-	-	-
Total noncurrent liabilities	1,135,285	40,113,813	41,249,098	-	-	-	-
Total liabilities	1,912,096	43,481,528	45,393,624	-	1,879	24,160	-
Deferred Inflows of Resources							
Deferred inflows from pension	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Net Position							
Net investment in capital assets	15,368,187	32,154,292	47,522,479	332,234	620,000	-	-
Restricted for:							
Capital projects	1,698,297	-	1,698,297	-	-	-	-
Economic development	6,250	-	6,250	-	-	-	-
Debt service	-	1,187,043	1,187,043	-	-	-	-
Renewal and extension	-	421,503	421,503	-	-	-	-
Unrestricted	6,376,327	5,422,506	11,798,833	11,917	51,445	31,998	69,274
Total net position	23,449,061	39,185,344	62,634,405	344,151	671,445	31,998	69,274
Total liabilities, deferred inflows of resources, and net position	$ 25,361,157	$ 82,666,872	$ 108,028,029	$ 344,151	$ 673,324	$ 56,158	$ 69,274

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, 2016

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	$ 2,373,458	$ 1,001,862	$ -	$ -	$ (1,371,596)
Judicial	176,330	294,720	-	-	118,390
Public safety	3,940,511	550	67,767	-	(3,872,194)
Public works	1,927,762	38,112	-	4,619,371	2,729,721
Health and welfare	129,467	30,000	-	-	(99,467)
Culture and recreation	507,216	4,866	-	-	(502,350)
Housing and development	659,695	15,568	-	-	(644,127)
Interest on long-term debt	2,151	-	-	-	(2,151)
Total governmental activities	9,716,590	1,385,678	67,767	4,619,371	(3,643,774)
Business-type activities:					
Water & Sewer	8,025,543	6,430,451	-	-	(1,595,092)
Solid Waste	1,065,162	1,068,811	-	-	3,649
Aquatic Center	465,014	407,946	-	-	(57,068)
Total business-type activities	9,555,719	7,907,208	-	-	(1,648,511)
Total primary government	$ 19,272,309	$ 9,292,886	$ 67,767	$ 4,619,371	$ (5,292,285)
Component Units:					
Industrial Development Authority	$ 10	$ -	$ -	$ -	$ (10)
Downtown Development Authority	47,668	3,600	25,000	-	(19,068)
Convention & Visitors Bureau	168,434	6,488	160,475	-	(1,471)
Cemetery Authority	-	-	17,769	-	17,769
Total component units	$ 216,112	$ 10,088	$ 203,244	$ -	$ (2,780)

-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, 2016

	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	$ (3,643,774)	$ (1,648,511)	$ (5,292,285)	$ (10)	$ (19,068)	$ (1,471)	$ 17,769
General revenues:							
Taxes:							
Property	3,585,232	-	3,585,232	-	-	-	-
Sales	1,795,049	-	1,795,049	-	-	-	-
Franchise	1,011,980	-	1,011,980	-	-	-	-
Hotel/motel	140,460	-	140,460	-	-	-	-
Alcoholic beverage	237,043	-	237,043	-	-	-	-
Business	1,023,817	-	1,023,817	-	-	-	-
Unrestricted investment earnings	4,859	4,726	9,585	29	317	10	85
Gain on disposal of capital assets	-	3,779	3,779	-	-	-	-
Miscellaneous	3,586	22,385	25,971	-	15,301	7,456	1,625
Transfers	(3,896,100)	3,896,100	-	-	-	-	-
Total general revenues and transfers	3,905,926	3,926,990	7,832,916	29	15,618	7,466	1,710
Change in net position	262,152	2,278,479	2,540,631	19	(3,450)	5,995	19,479
Net position, beginning of year	23,186,909	36,906,865	60,093,774	344,132	674,895	26,003	49,795
Net position, end of year	$ 23,449,061	$ 39,185,344	$ 62,634,405	$ 344,151	$ 671,445	$ 31,998	$ 69,274

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

CITY OF ST. MARYS, GEORGIA
Balance Sheet – Governmental Funds
June 30, 2016

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 6,528,958	$ 1,077,937	$ 845,130	$ 8,452,025
Investments	47,467	-	-	47,467
Taxes receivable	105,997	-	-	105,997
Accounts receivable, net	101,507	-	18,758	120,265
Prepaid items	53,760	-	-	53,760
Due from other funds	54,867	-	-	54,867
Due from component units	10,832	-	-	10,832
Due from other governments	151,239	339,111	22,296	512,646
Advances to other funds	60,000	-	-	60,000
Total assets	$ 7,114,627	$ 1,417,048	$ 886,184	$ 9,417,859
Liabilities				
Accounts payable	$ 230,288	$ 510	$ -	$ 230,798
Contracts payable	-	-	-	-
Customer deposits	1,125	-	-	1,125
Accrued liabilities	90,613	-	-	90,613
Due to other funds	4,725	530,800	54,867	590,392
Due to component units	2,156	-	18,758	20,914
Total liabilities	328,907	531,310	73,625	933,842
Deferred Inflows of Resources				
Deferred inflows of property taxes	92,657	-	-	92,657
Total deferred inflows of resources	92,657	-	-	92,657
Fund Balances				
Nonspendable				
Prepaid items	53,760	-	-	53,760
Advances to other funds	60,000	-	-	60,000
Restricted for:				
Capital projects	-	885,738	812,559	1,698,297
Economic development	6,250	-	-	6,250
Unassigned	6,573,053	-	-	6,573,053
Total fund balances	6,693,063	885,738	812,559	8,391,360
Total liabilities, deferred inflows of resources and fund balances	$ 7,114,627	$ 1,417,048	$ 886,184	$ 9,417,859

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, 2016

Total governmental fund balances	$	8,391,360
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.		16,514,150
Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(250,676)
Net pension liability		(172,007)
Notes payable		(1,145,963)
Certain pension related deferrals are not reported in the funds.		19,540
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.		92,657
Net position of governmental activities	$	23,449,061

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, 2016

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 7,677,868	$ -	$ 140,460	$ 7,818,328
Licenses and permits	470,557	-	-	470,557
Intergovernmental	-	4,362,853	323,831	4,686,684
Charges for services	81,706	-	-	81,706
Fines and forfeitures	302,847	-	-	302,847
Interest income	4,859	340	114	5,313
Contributions and donations	3,586	-	-	3,586
Other revenues	498,219	-	32,349	530,568
Total revenues	9,039,642	4,363,193	496,754	13,899,589
Expenditures				
Current:				
General government	1,911,051	-	-	1,911,051
Judicial	176,330	-	-	176,330
Public safety	4,841,963	-	-	4,841,963
Public works	1,703,434	-	-	1,703,434
Health and welfare	129,467	-	-	129,467
Culture and recreation	459,233	-	-	459,233
Housing and development	484,910	-	140,460	625,370
Capital outlay	-	2,350,735	-	2,350,735
Debt service:				
Principal	15,024	-	-	15,024
Interest	2,151	-	-	2,151
Total expenditures	9,723,563	2,350,735	140,460	12,214,758
Excess (deficiency) of revenues over (under) expenditures	(683,921)	2,012,458	356,294	1,684,831
Other Financing Sources (Uses)				
Transfers from other funds	100,116	-	-	100,116
Transfers to other funds	-	(1,680,800)	(100,116)	(1,780,916)
Sale of capital assets	-	-	-	-
Proceeds from long-term debt	1,160,987	-	-	1,160,987
Total other financing sources (uses)	1,261,103	(1,680,800)	(100,116)	(519,813)
Net change in fund balances	577,182	331,658	256,178	1,165,018
Fund balances, beginning of year	6,115,881	554,080	556,381	7,226,342
Fund balances, end of year	$ 6,693,063	$ 885,738	$ 812,559	$ 8,391,360

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, 2016

Net change in fund balances - total governmental funds	$ 1,165,018
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	(24,747)
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	(1,145,963)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the	
Change in accrued compensated absences	3,616
Change in net pension liability	(56,056)
Change in pension related deferrals	43,388
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of	
Capital asset purchases capitalized	1,302,673
Depreciation expense	(1,025,777)
Change in net position of governmental activities	$ 262,152

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, 2016

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Taxes	$ 7,549,920	$ 7,592,420	$ 7,677,868	$ 85,448
Licenses and permits	371,000	371,000	470,557	99,557
Charges for services	80,620	80,620	81,706	1,086
Fines and forfeitures	274,150	289,585	302,847	13,262
Interest income	7,000	7,000	4,859	(2,141)
Contributions and donations	2,100	2,100	3,586	1,486
Other revenues	998,040	1,157,925	498,219	(659,706)
Total revenues	9,282,830	9,500,650	9,039,642	(461,008)
Expenditures				
Current:				
General government				
Legislative	342,321	411,821	312,872	98,949
Executive	307,015	312,515	303,217	9,298
Finance	899,388	940,863	827,747	113,116
Human resources	147,040	147,040	126,312	20,728
Information technology	196,822	196,822	176,762	20,060
Buildings and plant	163,266	164,291	164,141	150
Total general government	2,055,852	2,173,352	1,911,051	262,301
Judicial				
Municipal court	168,032	183,467	176,330	7,137
Total judicial	168,032	183,467	176,330	7,137
Public safety				
Police	2,403,260	2,422,010	2,137,692	284,318
Fire	2,716,671	2,757,321	2,704,271	53,050
Total public safety	5,119,931	5,179,331	4,841,963	337,368

-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, 2016

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Expenditures (Continued)				
Current (Continued):				
Public works				
Public works administration	1,404,009	1,395,509	1,210,175	185,334
Highways and streets administration	375,000	488,800	392,618	96,182
Cemetery	89,223	102,403	100,641	1,762
Total public works	1,868,232	1,986,712	1,703,434	283,278
Health and welfare				
Senior citizen center	133,642	133,642	129,467	4,175
Total health and welfare	133,642	133,642	129,467	4,175
Culture and recreation				
Parks administration	138,845	175,250	162,378	12,872
Library administration	317,624	317,474	296,855	20,619
Total culture and recreation	456,469	492,724	459,233	33,491
Housing and development				
Protective inspection administration	118,161	118,161	113,612	4,549
Planning and zoning	180,063	180,063	178,128	1,935
Code enforcement	58,685	63,685	55,516	8,169
Airport	6,000	6,000	3,462	2,538
Tourism	41,000	41,000	20,015	20,985
Special facilities	31,457	31,457	27,116	4,341
Economic development	111,560	111,560	87,061	24,499
Total housing and development	546,926	551,926	484,910	67,016
Total current	10,349,084	10,701,154	9,706,388	994,766

-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, 2016

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Expenditures (Continued)				
Debt service:				
Principal	105,453	105,453	15,024	90,429
Interest	13,293	13,293	2,151	11,142
Total debt service	118,746	118,746	17,175	101,571
Total expenditures	10,467,830	10,819,900	9,723,563	1,096,337
Excess (deficiency) of revenues over (under) expenditures	(1,185,000)	(1,319,250)	(683,921)	635,329
Other Financing Sources (Uses)				
Transfers from other funds	10,000	136,250	100,116	(36,134)
Sale of capital assets	5,000	13,000	-	(13,000)
Proceeds from long-term debt	1,170,000	1,170,000	1,160,987	(9,013)
Total other financing sources (uses)	1,185,000	1,319,250	1,261,103	(58,147)
Net change in fund balances	-	-	577,182	577,182
Fund balances, beginning of year	6,115,881	6,115,881	6,115,881	-
Fund balances, end of year	$ 6,115,881	$ 6,115,881	$ 6,693,063	$ 577,182

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

CITY OF ST. MARYS, GEORGIA
Statement of Net Position – Proprietary Funds
June 30, 2016

	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	$ 3,334,993	$ 489,867	$ 104,663	$ 3,929,523
Investments	730,515	-	-	730,515
Restricted cash and cash equivalents	1,183,101	-	-	1,183,101
Restricted Investments	416,330	-	-	416,330
Accounts receivable, net	559,230	97,159	4,259	660,648
Interfund receivable	535,525	-	-	535,525
Prepaid expenses	61,634	1,848	1,450	64,932
Total current assets	6,821,328	588,874	110,372	7,520,574
Noncurrent assets:				
Restricted cash and cash equivalents	447,422	-	-	447,422
Capital assets				
Land	846,727	-	-	846,727
Construction in progress	80,186	-	-	80,186
Other capital assets, net of accumulated depreciation	71,270,826	-	1,432,556	72,703,382
Total noncurrent assets	72,645,161	-	1,432,556	74,077,717
Total assets	79,466,489	588,874	1,542,928	81,598,291
Deferred Outflows of Resources				
Refunding of debt	1,128,581	-	-	1,128,581
Total deferred outflows of resources	1,128,581	-	-	1,128,581
Total assets and deferred outflows of resources	$ 80,595,070	$ 588,874	$ 1,542,928	$ 82,726,872

-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, 2016

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
Liabilities				
Current liabilities:				
Accounts payable	$ 96,232	$ 84,786	$ 26,958	$ 207,976
Customer deposits	423,690	-	-	423,690
Accrued interest payable	192,632	-	-	192,632
Other accrued liabilities	13,225	500	9,016	22,741
Compensated absences - current	29,905	-	-	29,905
Capital leases payable - current	22,323	-	-	22,323
Bonds payable - current	2,170,000	-	-	2,170,000
Notes payable - current	298,448	-	-	298,448
Total current liabilities	3,246,455	85,286	35,974	3,367,715
Long-term liabilities:				
Capital leases payable	44,433	-	-	44,433
Bonds payable	37,075,000	-	-	37,075,000
Notes payable	2,994,380	-	-	2,994,380
Advances from other funds	-	-	60,000	60,000
Total long-term liabilities	40,113,813	-	60,000	40,173,813
Total liabilities	43,360,268	85,286	95,974	43,541,528
Net Position				
Net investment in capital assets	30,788,492	-	1,432,556	32,221,048
Restricted for debt service	1,187,043	-	-	1,187,043
Restricted for renewal and extension	421,503	-	-	421,503
Unrestricted	4,837,764	503,588	14,398	5,355,750
Total net position	37,234,802	503,588	1,446,954	39,185,344
Total liabilities and net position	$ 80,595,070	$ 588,874	$ 1,542,928	$ 82,726,872

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, 2016

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
Operating Revenues				
Sanitation fees	$ -	$ 1,024,171	$ -	$ 1,024,171
Admission fees	-	-	211,643	211,643
Concessions	-	-	93,928	93,928
Water sales	2,893,022	-	-	2,893,022
Sewer sales	2,730,315	-	-	2,730,315
Tap and capacity recovery fees	282,209	-	-	282,209
Reconnection fees	70,384	-	-	70,384
Construction fees	247,038	-	-	247,038
Penalties	123,763	22,679	-	146,442
Rents	38,500	-	-	38,500
Miscellaneous	45,220	21,961	102,375	169,556
Total operating revenues	6,430,451	1,068,811	407,946	7,907,208
Operating Expenses				
Personal services	1,772,739	84,205	-	1,856,944
Purchased & contracted services	687,431	978,220	232,868	1,898,519
Supplies	1,008,001	2,737	141,053	1,151,791
Depreciation	2,489,282	-	91,093	2,580,375
Total operating expenses	5,957,453	1,065,162	465,014	7,487,629
Operating income (loss)	472,998	3,649	(57,068)	419,579
Nonoperating Revenues (Expenses)				
Interest income	4,726	-	-	4,726
Interest expense	(2,068,090)	-	-	(2,068,090)
Gain on disposal of capital assets	3,779	-	-	3,779
Other nonoperating income	21,651	-	734	22,385
Total nonoperating revenues (expenses)	(2,037,934)	-	734	(2,037,200)
Income (loss) before capital contributions and transfers	(1,564,936)	3,649	(56,334)	(1,617,621)
Capital Contributions	2,215,300	-	-	2,215,300
Transfers In	1,680,800	-	-	1,680,800
Change in Net Position	2,331,164	3,649	(56,334)	2,278,479
Net position, beginning of year	34,903,638	499,939	1,503,288	36,906,865
Net position, end of year	$ 37,234,802	$ 503,588	$ 1,446,954	$ 39,185,344

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, 2016

	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	$ 6,439,752	$ 1,070,469	$ 407,965	$ 7,918,186
Cash payments to employees for services	(1,795,176)	(85,247)	-	(1,880,423)
Cash payments to suppliers for goods & services	(1,701,616)	(974,838)	(388,297)	(3,064,751)
Cash payments to others	(1)	-	-	(1)
Cash flows from nonoperating activites	21,651	-	734	22,385
Net cash provided by operating activities	2,964,610	10,384	20,402	2,995,396
Cash Flows From Noncapital Financing Activities				
Net change in interfund receivable	(535,525)	-	-	(535,525)
Transfers in (out)	1,680,800	-	(5,809)	1,674,991
Net cash provided by noncapital financing activities	1,145,275	-	(5,809)	1,139,466
Cash Flows From Capital and Related Financing Activities				
Proceeds from capital leases payable	68,590	-	-	68,590
Principal payments on capital leases payable	(1,834)	-	-	(1,834)
Principal payments on bonds payable	(2,075,000)	-	-	(2,075,000)
Principal payments on notes payable	(289,144)	-	-	(289,144)
Interest paid	(2,018,100)	-	-	(2,018,100)
Acquisition and construction of capital assets	(305,407)	-	-	(305,407)
Proceeds from the sale of capital assets	3,779	-	-	3,779
Net cash used in capital and related financing activities	(4,617,116)	-	-	(4,617,116)
Cash Flows From Investing Activities				
Interest received	4,726	-	-	4,726
Reinvestment of interest income	(3,107)	-	-	(3,107)
Net cash provided by investing activities	1,619	-	-	1,619
Net increase (decrease) in cash and cash equivalents	(505,612)	10,384	14,593	(480,635)
Cash and cash equivalents, beginning of year	5,471,128	479,483	90,070	6,040,681
Cash and cash equivalents, end of year	$ 4,965,516	$ 489,867	$ 104,663	$ 5,560,046
Classifed as:				
Cash and cash equivalents	$ 3,334,993	$ 489,867	$ 104,663	$ 3,929,523
Restricted cash and cash equivalents:				
Current	1,183,101	-	-	1,183,101
Noncurrent	447,422	-	-	447,422
Total	$ 4,965,516	$ 489,867	$ 104,663	$ 5,560,046

-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, 2016

	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	$ 2,215,300	$ -	$ -	$ 2,215,300
Transfer of capital assets from other funds	-	-	-	-
Total noncash investing, capital and financing activities	$ 2,215,300	$ -	$ -	$ 2,215,300
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 472,998	$ 3,649	$ (57,068)	$ 419,579
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,489,282	-	91,093	2,580,375
Other nonoperating income	21,651	-	734	22,385
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	23,871	1,120	442	25,433
Prepaid expenses	(190)	538	(424)	(76)
Increase (decrease) in:				
Accounts payable	(8,443)	6,119	(23,391)	(25,715)
Other accrued liabilities	(19,660)	(1,042)	9,016	(11,686)
Trust fund payable	(1)	-	-	(1)
Customer deposits	(14,380)	-	-	(14,380)
Compensated absences	(518)	-	-	(518)
Net cash provided by operating activities	$ 2,964,610	$ 10,384	$ 20,402	$ 2,995,396

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, 2016.

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, through the adoption of a resolution.
- 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 21, 2016, 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.

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	$ 12,144,597	$ -	$ -	$ 12,144,597
Restricted cash and cash equivalents	2,037,188	-	-	2,037,188
Investments	-	-	777,982	777,982
Restricted investments	-	-	416,330	416,330
	$ 14,181,785	$ -	$ 1,194,312	$ 15,376,097

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

	June 30, 2016
Primary government:	
Current	
Cash and cash equivalents	11,974,883
Restricted cash and cash equivalents	1,589,766
Investments	777,982
Restricted investments	416,330
Noncurrent	
Restricted cash and cash equivalents	447,422
Total primary government	15,206,383
Component units:	
Cash and cash equivalents	169,714
Investments	-
Total component units	169,714
Total government-wide	$ 15,376,097

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

At June 30, 2016, 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, 2016, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	48 day weighted average	$ 1,194,312

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, 2016, 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 2016 is as follows:

Levy date	October 17, 2015
Payment due date	December 18, 2015
Delinquency date	December 19, 2015
Lien filing date	January 31, 2016

In the governmental funds, the net receivables collected during the year ended June 30, 2016, and expected to be collected by August 31, 2016, are recognized as revenues for the year ended June 30, 2016, whereas net receivables estimated to be collectible subsequent to August 31, 2016, are recorded as revenue when received.

NOTE 4: RECEIVABLES (CONTINUED)

II. Receivables

Receivables at June 30, 2016 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	$155,609	$ -	$ -	$ -	$ -	$ -	$ 155,609
Accounts	101,507	-	1,014,278	157,713	18,758	4,259	1,296,515
Due from component units	10,832	-	-	-	-	-	10,832
Due from other governments	151,239	339,111	-	-	22,296	-	512,646
Gross receivable	419,187	339,111	1,014,278	157,713	41,054	4,259	1,975,602
Less allowance for uncollectibles	(49,612)	-	(455,048)	(60,554)	-	-	(565,214)
Total net receivable	$369,575	$339,111	$ 559,230	$97,159	$ 41,054	$ 4,259	$1,410,388

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, 2016 was as follows:

	Due From			
Due to	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total
General fund	$ -	$ -	$ 54,867	$ 54,867
Water & Sewer fund	4,725	530,800	-	535,525
	$ 4,725	$ 530,800	$ 54,867	$ 590,392

Advance from	Advance To Aquatic Center Fund
General fund	$ 60,000

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, 2016 consisted of the following:

SPLOST Fund	Water & Sewer	$ 1,680,800	Debt service payment on City's water & sewer bonds, in
Nonmajor governmental funds	General Fund	$ 100,116	Transfer of grant income

NOTE 6: CAPITAL ASSETS

Governmental activities' capital asset activity for the year ended June 30, 2016 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	39,959	44,267	-	(39,959)	44,267
Total nondepreciable capital assets	1,838,697	44,267	-	(39,959)	1,843,005
Other capital assets					
Infrastructure	10,775,957	11,351	-	39,959	10,827,267
Buildings	6,789,261	30,796	-	-	6,820,057
Improvements	6,853,512	-	-	-	6,853,512
Machinery & equipment	8,310,805	1,216,259	(124,432)	-	9,402,632
Total other capital assets at cost	32,729,535	1,258,406	(124,432)	39,959	33,903,468
Less accumulated depreciation for:					
Infrastructure	(3,368,108)	(581,206)	-	-	(3,949,314)
Buildings	(3,201,306)	(191,002)	-	-	(3,392,308)
Improvements	(3,812,726)	-	-	-	(3,812,726)
Machinery & equipment	(7,948,838)	(253,569)	124,432	-	(8,077,975)
Total accumulated depreciation	(18,330,978)	(1,025,777)	124,432	-	(19,232,323)
Other capital assets, net	14,398,557	232,629	-	39,959	14,671,145
Governmental activities capital assets, net	$ 16,237,254	$ 276,896	$ -	$ -	$ 16,514,150

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

Governmental activities:	
General government	$ 497,622
Public safety	242,099
Public works	166,380
Culture and recreation	85,351
Economic development	34,325
Total governmental activities depreciation expense	$ 1,025,777

NOTE 6: CAPITAL ASSETS (CONTINUED)

Business-type activities' capital asset activity for the year ended June 30, 2016 was as follows:

Primary Government: *Business-type Activities*	**Beginning Balance**	**Increases**	**Decreases**	**Transfers**	**Ending Balance**
Nondepreciable					
Land	$ 846,727	$ -	$ -	$ -	$ 846,727
Construction in progress	1,886,946		-	(1,806,760)	80,186
Total nondepreciable capital assets	2,733,673	-	-	(1,806,760)	926,913
Other capital assets					
Buildings	8,106,035	9,555	-	-	8,115,590
Infrastructure	90,784,972	2,363,439	(14,396)	1,806,760	94,940,775
Machinery & equipment	3,761,353	147,713	(121,169)	-	3,787,897
Total other capital assets at cost	102,652,360	2,520,707	(135,565)	1,806,760	106,844,262
Less accumulated depreciation for:					
Buildings	(4,193,761)	(192,929)	-	-	(4,386,690)
Infrastructure	(23,911,013)	(2,335,108)	14,396	-	(26,231,725)
Machinery & equipment	(3,591,296)	(52,338)	121,169	-	(3,522,465)
Total accumulated depreciation	(31,696,070)	(2,580,375)	135,565	-	(34,140,880)
Other capital assets, net	70,956,290	(59,668)	-	1,806,760	72,703,382
Business-type activities capital assets, net	$ 73,689,963	$ (59,668)	$ -	$ -	$ 73,630,295

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

Business-type activities:	
Water & Sewer Fund	$ 2,489,282
Solid Waste Fund	-
Aquatic Center Fund	91,093
Total business-type activities depreciation expense	$ 2,580,375

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, 2016, 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%	$ 1,160,000
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%	38,085,000
	$ 39,245,000

Bonds payable debt service requirements to maturity are as follows as of June 30, 2016:

Fiscal Year Ending,	Principal	Interest	Total
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	2,065,000	1,421,450	3,486,450
2022-2026	10,340,000	5,689,000	16,029,000
2027-2031	12,450,000	2,937,155	15,387,155
2032-2033	5,600,000	380,250	5,980,250
	$ 39,245,000	$ 17,146,988	$ 56,391,988

$1,947,816 of interest related to the City's bonds payable was incurred and charged to interest expense during the year ended June 30, 2016.

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, 2016 were as follows:

Interest Rate	Term	Fiscal Year Due Date	Amount
3.00%	20 years	2025	$ 2,478,289
3.81%	20 years	2033	814,539
			$ 3,292,828

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

Fiscal Year Ending,	Principal	Interest	Total
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	337,702	61,808	399,510
2022-2026	1,315,746	155,196	1,470,942
2027-2031	282,023	48,462	330,485
2032-2033	106,553	3,589	110,142
	$ 3,292,828	$ 616,291	$ 3,909,119

$109,613 of interest related to the City's GEFA notes payable agreements was incurred and charged to interest expense during the year ended June 30, 2016.

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

III. Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of vehicles and other equipment. The agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date the equipment is acquired.

The City executed an agreement with the Georgia Municipal Association (GMA) whereby funds were appropriated to the City from the proceeds of certificates of participation in the GMA Lease Pool. The agreement includes certificates of participation, swap providers and a rebate fund involving multiple financial institutions and is designed to generate interest income which effectively reduces the City's interest expense. The certificates of participation are a direct liability of the GMA and the City's liability extends only to the amount actually drawn down to finance buildings, vehicles and equipment additions. Amounts drawn under the lease agreement bear interest based on a variable rate determined weekly (not to exceed 5%).

Equipment acquired under capital leases has a net book value of $1,229,573 at June 30, 2016. Amortization for assets acquired under capital leases is included in depreciation expense.

The following is a schedule of the future minimum lease payments under these capital leases, and the net present value of the net minimum lease payments at June 30, 2016.

Fiscal Year Ending,	Governmental Activities	Business-type Activities
2017	$ 206,472	$ 23,424
2018	206,472	23,424
2019	202,379	21,476
2020	157,356	-
2021	157,356	-
2022 - 2026	301,579	-
Total minimum lease payments	1,231,614	68,324
Less amount representing interest	(85,651)	(1,568)
Present value of future minimum lease payments	$ 1,145,963	$ 66,756

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

IV. Changes in Long-term Liabilities

The following is a summary of long-term debt activity for the year ended June 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases payable	$ -	$ 1,160,987	$ (15,024)	$ 1,145,963	$ 182,685
Net pension liability	115,951	87,939	(31,883)	172,007	-
Compensated absences	254,292	349,148	(352,764)	250,676	250,676
Governmental activities long-term liabilities	$ 370,243	$ 1,598,074	$ (399,671)	$ 1,568,646	$ 433,361
Business-type activities:					
Capital leases payable	$ -	$ 68,590	$ (1,834)	$ 66,756	$ 22,323
Bonds payable	41,320,000	-	(2,075,000)	39,245,000	2,170,000
Notes payable	3,581,972	-	(289,144)	3,292,828	298,448
Compensated absences	30,423	58,260	(58,778)	29,905	29,905
Business-type activities long-term liabilities	$ 44,932,395	$ 126,850	$ (2,424,756)	$ 42,634,489	$ 2,520,676

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, 2016, 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	1,698,297
Debt service	1,187,043
Renewal and extension	421,503
Total restricted net position	$ 3,313,093

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, 2016, 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, 2015, 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, 2016 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2015.

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, 2015 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, 2014*	$ 923,553	$ 807,602	$ 115,951
Changes for the year:			
Service cost	-	-	-
Interest	67,785	-	67,785
Differences between expected and actual experience	12,987	-	12,987
Contributions - employer	-	19,285	(19,285)
Contributions - employee	-	-	-
Net investment income	-	12,598	(12,598)
Benefit payments, including refunds of employee contributions	(97,821)	(97,821)	-
Administrative expense	-	(7,167)	7,167
Other	-	-	-
Net changes	(17,049)	(73,105)	56,056
Balances at September 30, 2015**	$ 906,504	$ 734,497	$ 172,007

** 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.*

*** Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2016 are used to measure TPL as of September 30, 2015. The balances as of September 30, 2015 constitute measurements of the NPL for the fiscal year ending June 30, 2016.*

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	$ 232,905	$ 172,007	$ 118,104

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, 2016, the City recognized pension expense of $32,043, as follows:

Service cost	$	-
Interest on TPL		67,785
Employee contributions		-
Administrative expenses		7,167
Expected return on assets		(59,268)
Expensed portion of current year period differences between expected and actual experience in TPL		12,987
Expensed portion of current year period assumption changes		-
Current year plan changes		-
Expensed portion of current year period differences between projected and actual investment earnings		9,334
Current year recognition of deferred inflows and outflows established in prior years		(5,962)
Total expense	$	32,043

At June 30, 2016, 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	19,540	
Total	$ 19,450	$ -

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
2017	$ 3,372
2018	3,372
2019	3,372
2020	9,424
2021	-
Thereafter	-
	$ 19,540

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, 2016, there were 128 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, 2016. 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, 2016 were $256,010. Total employee contributions for the year ended June 30, 2016 were $220,802.

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, 2016, the City paid $22,257 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, 2016, $140,460 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.



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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total pension liability										
Service cost	$ -	$ -								
Interest	67,785	69,743								
Differences between expected and actual experience	12,987	1,546								
Changes of assumptions	-	2,191								
Changes of benefit terms	-	-	(The schedule will present 10 years of information once it is accumulated)							
Benefit payments, including refunds of employee contributions	(97,821)	(99,674)								
Net change in total pension liability	(17,049)	(26,194)								
Total pension liability - beginning	923,553	949,747								
Total pension liability - ending (a)	906,504	923,553								
Plan fiduciary net position										
Contributions - employer	19,285	19,285								
Contributions - employee	-	-								
Net investment income	12,598	88,859								
Benefit payments, including refunds of employee contributions	(97,821)	(99,674)	(The schedule will present 10 years of information once it is accumulated)							
Administrative expense	(7,167)	(5,996)								
Other		-								
Net change in fiduciary net position	(73,105)	2,474								
Plan fiduciary net position - beginning	807,602	805,128								
Plan fiduciary net position - ending (b)	734,497	807,602								
Net pension liability - ending: (a)-(b)	$ 172,007	$ 115,951								
Plan's fiduciary net position as a percentage of the total pension liability	81.03%	87.45%	(The schedule will present 10 years of information once it is accumulated)							
Covered-employee payroll	$ 4,778	$ 49,178								
Net pension liability as a percentage of covered-employee payroll	360.01%	235.78%								

See accompanying independent auditors' report.

Notes to Schedule:

Changes of assumptions

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016

Amounts reported for the Fiscal Year ending in 2015 and later reflect the following assumption changes approved by the Board in December, 2014 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2015:

- 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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	-*	$19,285								
Contributions in relation to the actuarially determined contribution	-*	$19,285**	(The schedule will present 10 years of information once it is accumulated)							
Contribution deficiency (excess)	-*	-								
Covered-employee payroll	-*	$49,178***								
Contributions as a percentage of covered-employee payroll	-*	39.21%								

** 2016 information will be determined after fiscal year end and will be included in the 2017 valuation report.*
*** Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.*
**** 2015 covered payroll is based on data collected as of August 31, 2014 for the 2015 actuarial valuation*

Notes to Schedule:

Valuation Date	The actuarially determined contribution rate was determined as of January 1, 2016, 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, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at 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, 2016

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Intergovernmental	$ 5,600,000	$ 5,427,400	$ 4,362,853	$ (1,064,547)
Interest income	-	-	340	340
Total revenues	5,600,000	5,427,400	4,363,193	(1,064,207)
Expenditures				
Capital outlays	3,919,200	3,746,600	2,350,735	1,395,865
Total expenditures	3,919,200	3,746,600	2,350,735	1,395,865
Excess (deficiency) of revenues over (under) expenditures	1,680,800	1,680,800	2,012,458	331,658
Other Financing Sources (Uses)				
Transfers to other funds	(1,680,800)	(1,680,800)	(1,680,800)	-
Total other financing sources (uses)	(1,680,800)	(1,680,800)	(1,680,800)	-
Net change in fund balance	-	-	331,658	331,658
Fund balance, beginning of year	554,080	554,080	554,080	-
Fund balance, end of year	$ 554,080	$ 554,080	$ 885,738	$ 331,658

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, 2016

	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	$ -	$ 439,014	$ 406,116	$ 845,130
Accounts receivable, net	18,758	-	-	18,758
Due from other governments	-	22,296	-	22,296
Total assets	$ 18,758	$ 461,310	$ 406,116	$ 886,184
Liabilities				
Due to other funds	$ -	$ 54,867	$ -	$ 54,867
Due to component units	18,758	-	-	18,758
Total liabilities	18,758	54,867	-	73,625
Fund Balances				
Restricted for:				
Capital projects	-	406,443	406,116	812,559
Total fund balances	-	406,443	406,116	812,559
Total liabilities and fund balances	$ 18,758	$ 461,310	$ 406,116	$ 886,184

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, 2016

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Multiple Grants Fund	Capital Project Fund	
Revenues				
Taxes	$ 140,460	$ -	$ -	$ 140,460
Intergovernmental	-	67,767	256,064	323,831
Interest income	-	-	114	114
Other revenues	-	32,349	-	32,349
Total revenues	140,460	100,116	256,178	496,754
Expenditures				
Current:				
Public safety	-	-	-	-
Housing and development	140,460	-	-	140,460
Capital outlay	-	-	-	-
Total expenditures	140,460	-	-	140,460
Excess (deficiency) of revenues over (under) expenditures	-	100,116	256,178	356,294
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	(100,116)	-	(100,116)
Sale of capital assets	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	-	(100,116)	-	(100,116)
Net change in fund balances	-	-	256,178	256,178
Fund balances, beginning of year	-	406,443	149,938	556,381
Fund balances, end of year	$ -	$ 406,443	$ 406,116	$ 812,559

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, 2016

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Taxes	$ 124,299	$ 124,299	$ 140,460	$ 16,161
Total revenues	124,299	124,299	140,460	16,161
Expenditures				
Housing and development	(124,299)	(124,299)	(140,460)	(16,161)
Total expenditures	(124,299)	(124,299)	(140,460)	(16,161)
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, 2016

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Intergovernmental	$ 10,000	$ 136,250	$ 67,767	$ (68,483)
Other revenues	-	-	32,349	32,349
Total revenues	10,000	136,250	100,116	(36,134)
Expenditures				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	10,000	136,250	100,116	(36,134)
Other Financing Sources (Uses)				
Transfers to other funds	(10,000)	(136,250)	(100,116)	36,134
Total other financing sources (uses)	(10,000)	(136,250)	(100,116)	36,134
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, 2016

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Intergovernmental	$ 150,000	$ 150,000	$ 256,064	$ 106,064
Interest income	150	150	114	(36)
Total revenues	150,150	150,150	256,178	106,028
Expenditures				
Capital outlays	300,082	300,082	-	300,082
Total expenditures	300,082	300,082	-	300,082
Net change in fund balance	(149,932)	(149,932)	256,178	406,110
Fund balance, beginning of year	149,938	149,938	149,938	-
Fund balance, end of year	$ 6	$ 6	$ 406,116	$ 406,110

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, 2016

	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
Assets				
Cash and cash equivalents	$ 11,917	$ 53,324	$ 38,062	$ 66,411
Prepaid items	-	-	45	-
Investments	-	-	-	-
Due from primary government	-	-	18,051	2,863
Total assets	11,917	53,324	56,158	69,274
Liabilities				
Accounts payable	-	1,879	12,972	-
Accrued liabilities	-	-	356	-
Due to primary government	-	-	10,832	-
Total liabilities	-	1,879	24,160	-
Fund Balances				
Unassigned	11,917	51,445	31,998	69,274
Total fund balances	11,917	51,445	31,998	69,274
Total liabilities and fund balances	$ 11,917	$ 53,324	$ 56,158	$ 69,274

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, 2016

	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
Revenues				
Intergovernmental	$ -	$ 25,000	$ 160,475	$ 17,769
Charges for services	-	-	6,488	-
Interest revenues	29	317	10	85
Rents	-	3,600	-	-
Contributions and donations	-	-	533	1,625
Other revenues	-	15,301	6,923	-
Total revenues	29	44,218	174,429	19,479
Expenditures				
Current:				
Housing and development	10	47,668	168,434	-
Total expenditures	10	47,668	168,434	-
Net change in fund balances	19	(3,450)	5,995	19,479
Fund balances (deficits), beginning of year	11,898	54,895	26,003	49,795
Fund balances, end of year	$ 11,917	$ 51,445	$ 31,998	$ 69,274

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets	$ 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	$15,368,187
Restricted					366,185	431,679	550,242	1,182,601	1,116,711	1,704,547
Unrestriced	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	6,376,327
Total governmental activities	$ 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	$ 23,449,061
Business-type activities										
Net investment in capital assets	$ 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	$32,154,292
Restricted	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	1,608,546
Unrestriced	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	5,422,506
Total business-type activities	$ 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	$ 39,185,344
Primary government										
Net investment in capital assets	$ 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	$47,522,479
Restricted	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	3,313,093
Unrestriced	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	11,798,833
Total primary government	$ 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	$ 62,634,405

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
General government	$ 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	$ 2,373,458
Judicial	253,957	250,126	191,884	172,019	227,996	201,782	188,216	176,296	165,599	176,330
Public safety	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	3,940,511
Public works	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	1,927,762
Health and welfare	58,226	89,928	134,682	137,745	98,558	116,492	111,221	118,747	129,908	129,467
Culture and recreation	1,006,264	987,974	595,489	1,002,250	549,875	521,389	501,057	437,819	456,448	507,216
Housing and development	788,967	791,216	592,903	531,059	484,338	438,725	483,860	682,444	603,979	659,695
Interest on long-term debt	80,298	115,022	58,557	33,064	16,492	3,821	1,786	727	20	2,151
Total Governmental Activities	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	9,716,590
Business-Type Activities										
Water and sewer	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	8,025,543
Solid waste	916,596	1,083,663	1,202,957	1,247,448	1,212,245	1,143,276	986,859	998,489	1,020,589	1,065,162
Aquatic center			482,360	477,641	460,695	409,451	408,567	441,899	434,759	465,014
Total Business-Type Activities	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	9,555,719
Total Primary Government	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	19,272,309
Program Revenue										
Governmental Activities										
Charges for Services										
General government	1,942,812	1,113,143	1,585,497	1,378,231	1,182,164	1,101,935	986,902	838,573	969,520	1,001,862
Judicial	-	-	-	-	-	-	-	318,859	242,778	294,720
Public safety	490,937	413,928	326,744	314,328	449,060	431,856	369,934	5,684	1,147	550
Public works	84,344	50,359	40,754	52,928	40,940	45,154	27,232	72,071	38,266	38,112
Health and welfare	-	-	-	-	-	-	-	25,000	30,000	30,000
Culture and recreation	458,273	425,237	63,694	74,041	61,578	56,090	43,437	6,124	4,924	4,866
Housing and development	-	-	-	-	-	-	-	16,300	14,914	15,568
Operating grants and contribution	29,718	537,196	73,105	453,182	224,705	305,498	191,685	157,803	8,618	67,767
Capital grants and contributions	91,567	-	-	611	940,701	565,399	1,119,677	851,770	3,646,965	4,619,371
Total Governmental Activities	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	6,072,816
Business-Type Activities										
Charges for services										
Water and Sewer	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	6,430,451
Solid Waste	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	1,068,811
Aquatic Center	-	-	324,209	333,856	338,636	332,148	332,912	354,069	392,422	407,946
Capital grants and contributions	3,151,297	1,573,959	4,808,077	1,031,895	403,316	-	-	614,258	590,526	-
Total Business-Type Activities	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	7,907,208
Total Primary Government	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	13,980,024
NET (EXPENSE) REVENUE										
Governmental Activities	(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)	(3,643,774)
Business-Type Activities	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)	(1,648,511)
Total Primary Government	(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)	(5,292,285)

-Continued-

See accompanying independent auditors' report.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes:										
Property taxes	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	3,585,232
Sales taxes	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	1,795,049
Franchise taxes	724,213	768,041	814,810	820,730	874,322	910,675	887,266	905,317	1,070,546	1,011,980
Hotel/motel taxes	131,118	126,521	110,980	98,461	107,006	104,033	103,943	118,907	138,298	140,460
Other taxes	948,736	977,604	1,014,643	993,926	965,861	1,048,986	1,111,129	1,146,466	1,187,316	1,260,860
Unrestricted investment earnings	198,602	147,341	68,953	54,404	14,345	11,032	7,775	8,460	8,007	4,859
Gain on sale of capital assets	9,492	99,000	8,719	-	14,602	-	-	-	12,963	-
Miscellaneous	-	92,500	-	-	-	-	-	131	19,825	3,586
Transfers	-	-	(4,660,253)	(1,590,591)	(1,003,102)	(91,553)	(67,400)	(102,639)	(3,031,768)	(3,896,100)
Total Governmental Activities	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	3,905,926
Business-Type Activities										
Unrestricted investment earnings	227,310	682,374	286,457	103,757	30,055	12,271	4,710	3,898	4,498	4,726
Gain on sale of capital assets	13,877	-	-	6,695	-	-	28,662	-	26,185	3,779
Miscellaneous	17,222	40,742	13,881	10,228	19,353	15,132	20,101	5,583	4,390	22,385
Transfers	-	-	4,660,253	1,590,591	1,003,102	91,553	67,400	102,639	3,031,768	3,896,100
Total Business-Type Activities	258,409	723,116	4,960,591	1,711,271	1,052,510	118,956	120,873	112,120	3,066,841	3,926,990
Total Primary Government	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	7,832,916
Change In Net Position										
Governmental Activities	555,179	29,510	(801,245)	3,133,295	356,225	96,571	275,506	235,972	(123,109)	262,152
Business-Type Activities	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	2,278,479
Total Primary Government	$ 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	$ 2,540,631

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable										
Prepaid items	$ -	$ -	$ -	$ -	$ 42,285	$ 145,048	$ 29,537	$ 31,381	$ 41,842	$ 53,760
Advances to other funds	-	-	-	-	92,998	86,088	85,957	65,809	65,809	60,000
Restricted, reported in										
Housing and development	-	-	-	-	25,000	25,000	6,250	6,250	6,250	6,250
Reserved for										
Prepaids	-	-	-	-	-	-	-	-	-	-
Advances	47,624	-	-	-	-	-	-	-	-	-
Unreserved, reported in										
General fund	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	6,573,053
Total General Fund	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	6,693,063
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	1,698,297
Housing and development	-	-	-	-	8,626	236	-	-	-	-
Reserved for										
Special projects	-	-	-	-	-	-	-	-	-	-
Prepaids	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in										
Special revenue funds	772,682	575,816	419,264	402,554	-	-	-	-	-	-
Capital projects funds	92,740	97,208	95,421	80,332	-	-	-	-	-	-
Unassigned, reported in										
Special revenue funds	-	-	-	-	-	-	(4,024)	-	-	-
Total All Other Governmental Funds	865,422	673,024	514,685	482,886	415,369	406,756	540,045	1,176,351	1,110,461	1,698,297
Total All Governmental Funds	$ 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	$ 8,391,360

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	$ 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	$ 7,818,328
Licenses and permits	1,057,400	541,639	463,372	502,189	312,663	416,059	348,420	360,696	384,527	470,557
Intergovernmental	121,285	537,196	73,105	5,580,088	2,118,700	870,897	1,311,362	1,009,573	3,654,763	4,686,684
Charges for services	427,928	444,724	96,982	179,547	123,375	127,975	67,652	92,955	85,531	81,706
Fines and forfeitures	490,937	413,928	326,744	314,328	449,060	431,856	369,934	331,474	249,957	302,847
Interest income	198,602	147,341	68,953	55,015	15,093	11,032	7,775	8,460	8,827	5,313
Contributions	-	-	-	-	-	-	-	131	19,825	3,586
Other revenues	1,000,101	694,876	1,129,591	823,464	848,644	659,145	641,499	497,486	581,534	530,568
Total Revenues	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	13,899,589
Expenditures										
General government	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	1,911,051
Judicial	253,957	250,126	191,884	172,019	227,996	201,782	188,216	176,296	165,599	176,330
Public safety	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	4,841,963
Public works	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	1,703,434
Health and welfare	95,256	81,699	100,270	101,735	98,558	116,492	111,221	118,747	129,908	129,467
Culture and recreation	859,791	991,757	632,096	517,803	488,321	477,569	439,315	346,379	406,381	459,233
Housing and development	763,407	776,607	569,252	488,691	444,060	398,102	460,368	650,942	579,536	625,370
Capital outlay	474,464	2,014,022	4,075,013	5,151,474	1,907,993	565,399	982,128	219,605	2,072,855	2,350,735
Debt service:										
Principal	682,349	1,493,355	778,708	467,225	479,813	166,731	51,055	40,653	10,188	15,024
Interest	81,872	116,765	63,143	32,015	17,697	3,884	1,885	808	42	2,151
Total Expenditures	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	12,214,758
Excess (deficiency) of revenues over (under) expenditures	(1,106,714)	(2,649,349)	(850,072)	(51,803)	(1,169,642)	980,202	750,801	1,112,472	2,135,720	1,684,831
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	1,592,445	-	-	-	-	-	-	-	-	
Issuance of notes payable	-	886,000	128,000	-	-	119,700	-	-	-	1,160,987
Transfers in	199,827	866,055	257,964	308,057	410,701	417,324	307,674	295,352	-	100,116
Transfers out	(199,827)	(866,055)	(280,366)	(317,689)	(417,611)	(424,234)	(307,674)	(315,500)	(1,640,000)	(1,780,916)
Total other financing sources (uses)	1,601,937	985,000	180,567	(9,632)	7,692	112,790	2,500	(20,148)	(1,627,037)	(519,813)
Net change in fund balances	$ 495,223	$ (1,664,349)	$ (669,505)	$ (61,435)	$ (1,161,950)	$ 1,092,992	$ 753,301	$ 1,092,324	$ 508,683	$ 1,165,018
Debt service as a percentage of noncapital expenditures	6.90%	14.20%	8.70%	5.40%	5%	2.10%	0.60%	0.49%	0.10%	0.16%

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
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	7,532,081
2016	2015	3,623,352	1,011,979	1,795,049	140,460	1,260,860	7,831,700
Change 2007-2016		-0.14%	47.82%	-32.99%	n/a	25.15%	-0.71%

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
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%
2016	2015	496,146,425	22,194,870	1,206,391	107,589	-	13,020,628	506,634,647	6.000%	1,266,586,618	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
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
2016	2015	6.000	12.940	16.000	0.500	35.440

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

	2016			2007		
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	$ 6,633,740	1	1.31%	$ 4,704,327	4	1.04%
Georgia Pacific Consumer	6,469,417	2	1.28%	3,812,134	7	0.84%
NLP Brant Creek LLC	4,455,045	3	0.88%			
Old Weed & Ready Plantation LLC	3,894,116	4	0.77%			
Walmart Real Estate	3,226,985	5	0.64%	4,389,771	6	0.67%
Walmart Stores East LP	3,173,018	6	0.63%	3,183,468	8	0.49%
Osprey Cove Real Estate LLC	2,966,123	7	0.59%			
Express Scripts	2,880,901	8	0.57%			
Harbor Pines Partners LTD	2,670,886	9	0.53%			
Chalet Apartments LP	2,580,000	10	0.51%			
Point Peter LLLP				39,996,189	1	8.82%
Winding River LLC				9,853,717	2	2.17%
Osprey Development LLC				6,692,946	3	0.98%
Camden Telephone & Telegraph Co				4,551,329	5	0.66%
Camden Associates LLC				2,250,311	9	0.34%
Bay City Construction Inc				2,207,008	10	0.34%
Total	$ 38,950,231		7.69%	$ 81,641,200		16.35%

Source:

City of St. Marys Finance/Tax Department Records.

See accompanying independent auditors' report.

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
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%
2016	2015	3,039,808	2,863,049	94.19%	-	2,863,049	94.19%

Source:

City of St. Marys Tax/Finance Department

Notes:

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

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)
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
2016	427,130,000	20.45	2.860	3.280	20.45	2.860	3.280

Source:
City of St. Marys Water Department

CITY OF ST. MARYS, GEORGIA
Ratios of Outstanding Debt by Type (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
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	**	**
2016	1,145,963	-	1,160,000	-	38,085,000	66,756	3,292,828	43,750,547	**	**

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 (1)	Redevelopment Bonds	Total	Percentage of Actual Taxable Value of Property	Per Capita	Population	Net Assessed Value
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	41,026,056	-	41,026,056	6.27%	2,398	17,218	654,010,030
2012	41,289,652	-	41,289,652	6.56%	2,334	17,606	628,986,978
2013	41,099,251	-	41,099,251	7.13%	2,318	17,755	576,570,112
2014	41,162,534	-	41,162,534	7.81%	2,310	17,949	527,338,436
2015	39,522,534	-	39,522,534	7.66%	2,216	17,968	515,799,128
2016	37,745,227	-	37,745,227	7.45%	**	**	506,634,647

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.

(1) - Amounts presented net of amounts set aside f

**Information not yet available

CITY OF ST. MARYS, GEORGIA
Direct and Overlapping Governmental Activities Debt (Unaudited)
As of June 30, 2016

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Legal Debt Margin										
Debt limit	$ 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	$ 51,965,528
Amount of debt limit utilized	-	-	-	-	41,026,056	41,289,652	41,099,251	41,162,534	39,522,534	37,745,227
Legal debt margin	$ 46,986,674	$ 62,610,409	$ 70,155,493	$ 73,385,065	$ 25,726,281	$ 22,906,441	$ 17,781,927	$ 12,945,666	$ 13,354,544	$ 14,220,301
Total net debt applicable to the limit as a percentage of a debt limit	0.00%	0.00%	0.00%	0.00%	61.46%	64.32%	69.80%	76.07%	74.74%	72.64%
Legal Debt Margin Calculation										
Assessed value	$ 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	$506,634,647
Add back: exempt property	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	13,020,628
Total assessed value	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	519,655,275
Debt limit (10% of total assessed value)	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	51,965,528
Debt applicable to limit										
General obligation bonds	-	-	-	-	41,455,000	41,455,000	41,455,000	41,455,000	39,815,000	38,085,000
Less: amounts set aside for repayment of general obligation bonds	-	-	-	-	(428,944)	(165,348)	(355,749)	(292,466)	(292,466)	(339,773)
Total net debt applicable to limit	-	-	-	-	41,026,056	41,289,652	41,099,251	41,162,534	39,522,534	37,745,227
Legal debt margin	$ 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	$ 14,220,301

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
2007	$ 1,551	$ 436	3.56	$ 1,115
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	2,959	417	7.10	2,542
2016	2,967	426	6.96	2,541

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.

See accompanying independent auditors' report.

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]
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	598,817	33,727	9.60%
2014	17,949	569,432	31,725	7.50%
2015	17,968	588,523	32,754	6.00%
2016	**	**	**	**

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

	2016			2010 [1]		
	Employer	Number of Employees	Percentage of Total City Employment	Rank	Employer	Number of Employees	Percentage of Total City Employment
1	Express Scripts	350	25.70%	1	Express Scripts	474	29.74%
2	Southeast Georgia Health Systems	330	24.23%	2	Wal-Mart Supercenter	418	26.22%
3	Wal-Mart Supercenter	237	17.40%	3	Southeast Georgia Health Systems	293	18.38%
4	City of St. Marys	139	10.21%	4	Green Cedar Stores	95	5.96%
5	Georgia Pacific	63	4.63%	5	Ospey Cove Golf Course	85	5.33%
6	Green Golf Partners, LLC	59	4.33%	6	Georgia Pacific	76	4.77%
7	Pilo	53	3.89%	7	B.A.E Systems	67	4.20%
8	Winn Dixie	48	3.52%	8	Customer Service of America	36	2.26%
9	ATN, Inc.	47	3.45%	9	Harvey's Grocery Store	27	1.69%
10	Gilman Building Products	36	2.64%	10	Aunt B's Restaurant	23	1.44%
	Total Employees	1362	100%			1594	100%

Source:

City of St. Marys Planning & Building

Notes:

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

CITY OF ST. MARYS, GEORGIA
Full Time Equivalent City Employees by Function (Unaudited)
Last Ten Fiscal Years

Fuction	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
General government	17.00	19.00	14.00	13.00	9.30	8.30	8.93	8.93	9.25	9.25
Public safety										
Police department	46.00	46.00	40.00	40.00	40.50	36.50	35.50	35.60	33.60	33.60
Fire department	30.00	30.00	23.00	23.00	26.00	29.00	29.00	26.00	25.70	25.70
Public works	48.00	46.00	40.00	40.00	29.70	19.36	19.61	19.71	18.02	18.02
Health and welfare	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.36	2.36	2.36
Judicial	2.00	2.00	1.00	1.00	1.50	1.00	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	6.34	6.34
Housing and development	10.00	8.00	7.00	7.00	7.25	7.25	6.50	6.50	6.15	6.15
Business-type activities										
Water and sewer	30.00	30.00	29.00	28.00	39.05	35.39	35.39	34.39	34.39	34.39
Solid waste	7.00	0.00	0.00	0.00	5.49	1.45	1.45	1.45	1.50	1.50
Aquatic center	1.00	1.00	1.00	1.00	9.60	8.60	8.60	0.00	0.00	0.00
Total	197.00	188.00	161.00	159.00	175.39	153.85	152.98	140.94	138.31	138.31

Notes:

Full-time equivalent information was not available for 2007 through 2010. 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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Building permits issued	255	165	142	257	261	285	282	316	287	108
Building inspections conducted	No data	3,054	2,519	3,306	1,660	1,609	1,621	1,815	2,110	2,367
Police										
Physical arrests	974	693	623	731	868	759	652	375	515	518
Other violations	2,804	2,526	2,193	2,539	2,568	2,374	2,128	2,542	1,752	1,443
Traffic violations	3,082	2,641	2,565	4,993	4,299	3,369	3,088	3,208	2,713	3,081
Fire										
Emergency room	1,670	1,492	1,619	1,575	1,617	1,863	1,733	1,417	1,011	1,193
Fires extinguished	96	75	82	96	82	99	75	60	51	68
Inspections	138	84	139	2,013	228	279	250	50	70	300
Public Works										
Streets resurfaced (miles)	No data	2	No data	1	1	-	-	-	-	-
Water										
New connections	269	101	74	52	32	21	29	36	29	43
Volume (thousands of gallons)	1,551	1,650	1,572	1,541	1,516	1,445	1,103	1,363	1,388	1,430
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,195	1,377	1,479	1,383	1,259	1,521	1,900	1,985	1,468	1,903

Source:
Various City departments

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

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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)	93	94	99	103	107	107	107	107	107	107
Water										
Fire hydrants	943	997	1,037	1,109	1,127	1,135	1,135	1,135	1,135	1,150
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	3,000	5,200	5,200	4,500	4,500	4,500	4,500

Source:

Various City departments



Compliance Section

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Marys, Georgia, as of and for the year ended June 30, 2016, 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 21, 2016.

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 21, 2016

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, 2016 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, 2016

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	$ 682,460	$ 670	$ 683,130
Drainage	5,530,000	3,000,000	457,492	-	457,492
Sewer	5,000,000	5,310,000	6,869,488	2,215,300	9,084,788
City buildings	3,500,000	1,000,000	1,135,646	-	1,135,646
Total	$ 18,760,000	$ 11,760,000	$ 9,145,086	$ 2,215,970	$ 11,361,056

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	$ 1,680,800	$ 3,324,900
Improvements	4,327,918	4,327,918	154,450	134,605	289,055
Equipment/vehicles capital outlay	2,503,375	2,503,375	191,022	160	191,182
Total	$ 17,831,293	$ 17,831,293	$ 1,989,572	$ 1,815,565	$ 3,805,137

See accompanying independent auditors' report.