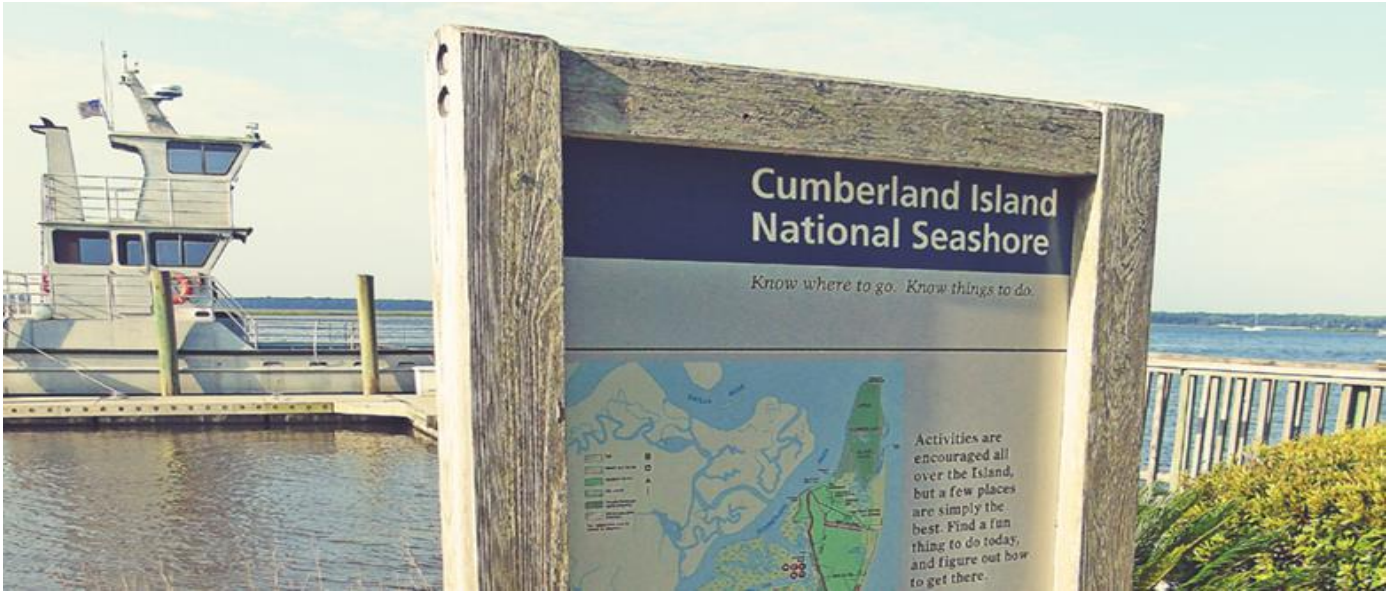
THE CITY OF ST. MARYS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017



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THE CITY OF ST. MARYS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017

John F. Morrissey
Mayor

Jennifer Brown
Finance Director

CITY OF ST. MARYS, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017
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Introductory Section
(Unaudited)

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

January 30, 2018

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, 2017. 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, 2017. 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 per the 2010 census. 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 - FY2016 budgets. The City received the Certificate in Achievement in Financial Reporting for FY2014, FY2015 and FY2016.

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 4.7% compared to 4.2% nationally and 4.4% 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, 2017, 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 2018 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 FY2018 budget was a challenge 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 2018 through 2022 identifies projects and funding that total $4.7 million and includes major categories of water and sewer, public buildings, parks and recreation, community development, drainage, streets and traffic improvements. The General Fund is projected to contribute $2.1 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). SPLOST will be used for bond debt retirement to keep from passing the cost to the customers.

2. Council approved $40,000 for marketing the City.

3. Council approved upgrades to the software to prepare the City for storms.

4. Council approved $20,000 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. Council approved the (SHRIMP) Stormwater, Highways, Renovations, Improvement, Maintain Project that is part of the renaissance plan in the amount of $982,333.

8. Approval to move forward with the Douglas Drive Drainage project.

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

10. Continued temporary help was used to assist with the maintenance of the historic Oak Grove Cemetery.

11. Approval of $15,000 for maritime facility repairs.

12. Approval of $10,000 for the Downtown Development.

13. Approval of $500,000 for water clear well project.

14. Approval of $50,000 for trash collection enhancement in the downtown.

15. The City continues to work toward bringing in new business and retaining current businesses 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 incentives 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

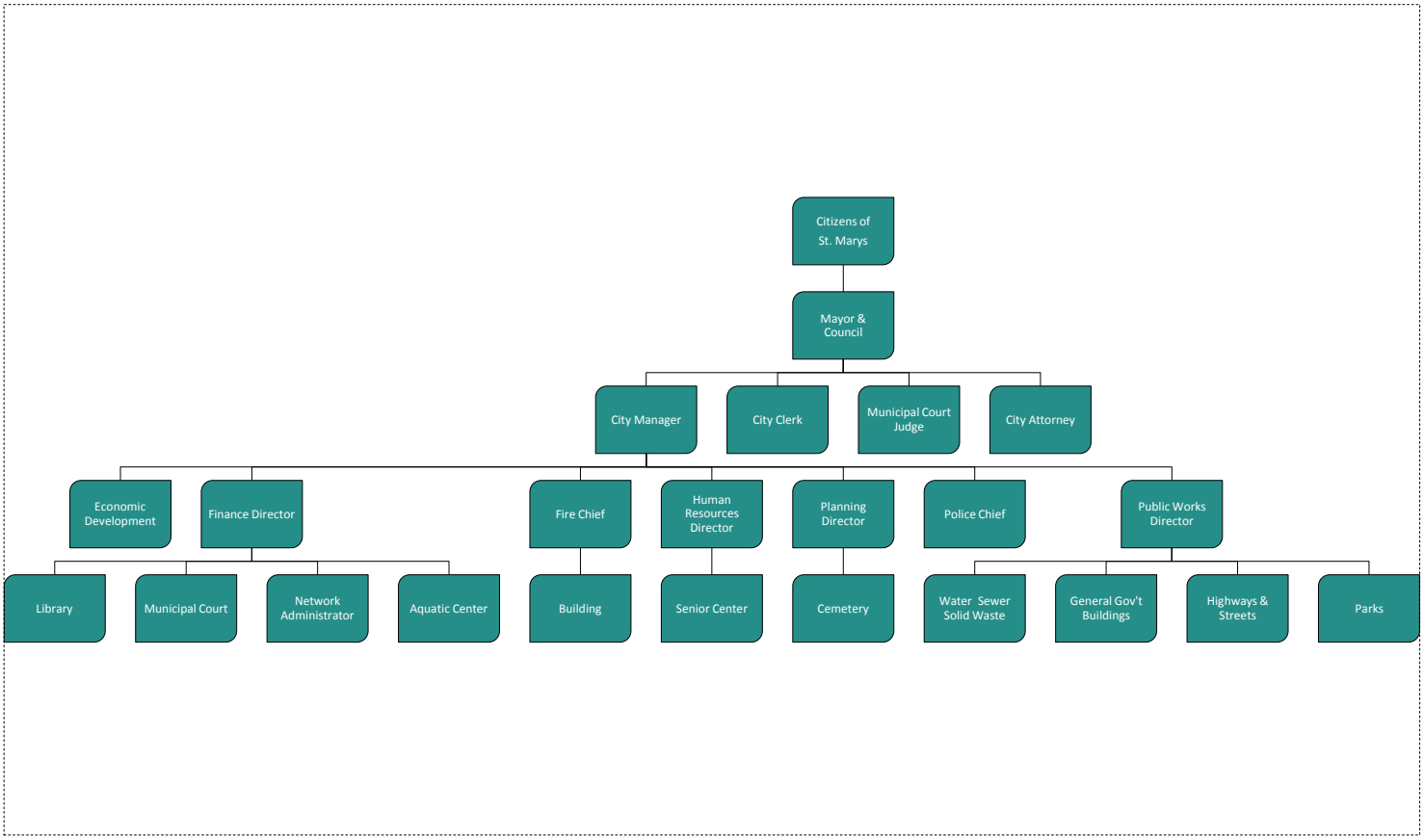
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

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
Allen Rassi

Post 6
Linda P. Williams

APPOINTED

City Manager
John J. Holman

City Clerk
Deborah Walker-Reed

Finance Director
Jennifer Brown

Human Resources Director
Donna Folsom

City Attorney
Gary Moore

Police Chief
Tim Hatch

Fire Chief
Robert Horton

City Engineer
Chris Cox

Utilities Director
Bobby Marr



Financial Section

CRI CARR RIGGS & INGRAM
CPAs and Advisors

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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Marys, Georgia, as of and for the year ended June 30, 2017 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, 2017, 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 69 through 71 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 January 30, 2018, 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
January 30, 2018

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, 2017 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, 2017, by $62.0 million (*net position*). Of this amount, $11.1 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net position decreased by $.6 million.

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $8.3 million, a decrease of $.074 million in comparison with the prior year. Approximately 73.8% of this total amount, $6.1 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 $39.3 million, an increase of $.084 million in comparison with the prior year. Approximately 13% of this total amount, $5.0 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 $6.4 million or a positive 66.7% of total General Fund expenditures.

During the current fiscal year the City did issue new debt for the Governmental funds of $121,321 and Business-type funds of $38,770,891. The Governmental funds had a decrease of $197,898 in debt service. The Business-type funds had decrease of $37,277,663 in debt service. The total overall change in debt service was an increase of $1,416,651. *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 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 69 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 72 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 80 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 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,	2016	**2017**	2016	**2017**	**2016**	**2017**
Current and other assets	$ 8,827,467	**$ 8,966,830**	$ 7,907,996	**$ 8,275,730**	$ 16,735,463	**$ 17,242,560**
Capital assets	16,514,150	**15,924,191**	73,630,295	**71,573,747**	90,144,445	**87,497,938**
Total assets	25,341,617	**24,891,021**	81,538,291	**79,849,477**	106,879,908	**104,740,498**
Deferred outflows from pensions	19,540	**-**	1,128,581	**-**	1,148,121	**-**
Refunding of debt	-	**-**	-	**4,599,335**	-	**4,599,335**
Total deferred outflows from pensions	19,540	**-**	1,128,581	**4,599,335**	1,148,121	**4,599,335**
Other liabilities	776,811	**1,040,953**	3,367,715	**3,593,469**	4,144,526	**4,634,422**
Long-term liabilities outstanding	1,135,285	**1,113,880**	40,113,813	**41,576,168**	41,249,098	**42,690,048**
Net Pension liability	-	**-**			-	**-**
Total liabilities	1,912,096	**2,154,833**	43,481,528	**45,169,637**	45,393,624	**47,324,470**
Unavailable revenue	-	**-**	-	**10,062**	-	**10,062**
Deferred inflows from pensions	-	**3,130**	-	**-**	-	**3,130**
Total deferred inflows of resources	-	**3,130**	-	**10,062**	-	**13,192**
Net position:						
Net investment in capital assets	15,368,187	**14,854,805**	32,154,292	**32,075,270**	47,522,479	**46,930,075**
Restricted	1,704,547	**1,886,056**	1,608,546	**2,049,167**	3,313,093	**3,935,223**
Unrestricted	6,376,327	**5,992,197**	5,422,506	**5,144,676**	11,798,833	**11,136,873**
Total net position	$ 23,449,061	**$ 22,733,058**	$ 39,185,344	**$ 39,269,113**	$ 62,634,405	**$ 62,002,171**

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

By far the largest portion of the City's net position, $46.9 million (75.7%) 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, $3.9 million (6.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $11.1 million (18%) 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 2017 is $.34 million, which did not change from 2016. The Downtown Development Authority (Component Unit) total net position for 2017 is $.67 million, which was a decrease over 2016 of ($2,634). The Convention & Visitors Bureau (Component Unit) total net position for 2017 is $50,002, which was an increase over 2016 of $18,004. The Cemetery Authority (Component Unit) total net position for 2017 is $89,998, which was an increase over 2016 of $20,724. 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, 2017 decreased the City of St. Marys net position by $.716 million. Business-type activities during the same period increased net position by $.084 million for a total decrease in net position of $.632 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,	**2016**	**2017**	2016	**2017**	2016	**2017**
Revenues						
Program revenues:						
Charges for services	$ 1,385,678	**$ 1,386,352**	$ 7,907,208	**$ 8,347,822**	$ 9,292,886	**$ 9,734,174**
Operating grants and contributions	67,767	**261,385**	-	**-**	67,767	**261,385**
Capital grants and contributions	4,619,371	**2,183,872**	-	**-**	4,619,371	**2,183,872**
General revenues:						
Property taxes	3,585,232	**3,520,121**	-	**-**	3,585,232	**3,520,121**
Franchise taxes	1,011,980	**996,179**	-	**-**	1,011,980	**996,179**
Sales taxes	1,795,049	**1,753,020**	-	**-**	1,795,049	**1,753,020**
Hotel/motel taxes	140,460	**157,570**	-	**-**	140,460	**157,570**
Other taxes	1,260,860	**1,348,895**	-	**-**	1,260,860	**1,348,895**
Unrestricted investment earnings	4,859	**5,034**	4,726	**7,867**	9,585	**12,901**
Gain on disposal of capital assets	-	**-**	3,779	**-**	3,779	**-**
Miscellaneous	3,586	**2,351**	22,385	**22,055**	25,971	**24,406**
Total revenues	13,874,842	**11,614,779**	7,938,098	**8,377,744**	21,812,940	**19,992,523**
Expenses						
Governmental activities:						
General government	2,373,458	**2,762,386**	-	**-**	2,373,458	**2,762,386**
Public safety	3,940,511	**4,069,083**	-	**-**	3,940,511	**4,069,083**
Public works	1,927,762	**2,213,808**	-	**-**	1,927,762	**2,213,808**
Health and welfare	129,467	**145,040**	-	**-**	129,467	**145,040**
Judicial	176,330	**187,872**	-	**-**	176,330	**187,872**
Culture and recreation	507,216	**520,280**	-	**-**	507,216	**520,280**
Housing and development	659,695	**737,632**	-	**-**	659,695	**737,632**
Interest on long-term debt	2,151	**25,381**	-	**-**	2,151	**25,381**
Business-type activities:						
Water & Sewer	-	**-**	8,025,543	**8,291,427**	8,025,543	**8,291,427**
Solid Waste	-	**-**	1,065,162	**1,222,388**	1,065,162	**1,222,388**
Aquatic Center	-	**-**	465,014	**449,460**	465,014	**449,460**
Total expenses	9,716,590	**10,661,482**	9,555,719	**9,963,275**	19,272,309	**20,624,757**
Increase (decrease) in net position before transfers	4,158,252	**953,297**	(1,617,621)	**(1,585,531)**	2,540,631	**(632,234)**
Transfers	(3,896,100)	**(1,669,300)**	3,896,100	**1,669,300**	-	**-**
Increase (decrease) in net position	262,152	**(716,003)**	2,278,479	**83,769**	2,540,631	**(632,234)**
Net position, beginning	23,186,909	**23,449,061**	36,906,865	**39,185,344**	60,093,774	**62,634,405**
Net position, ending	$ 23,449,061	**$ 22,733,058**	$ 39,185,344	**$ 39,269,113**	$ 62,634,405	**$ 62,002,171**

Changes in net position. The City's total revenues before transfers were $20 million in FY2017. Expenses were $20.6 million. Governmental and business-type activities combined provided a $.632 million decrease in net position.

Government-wide Financial Analysis, Continued

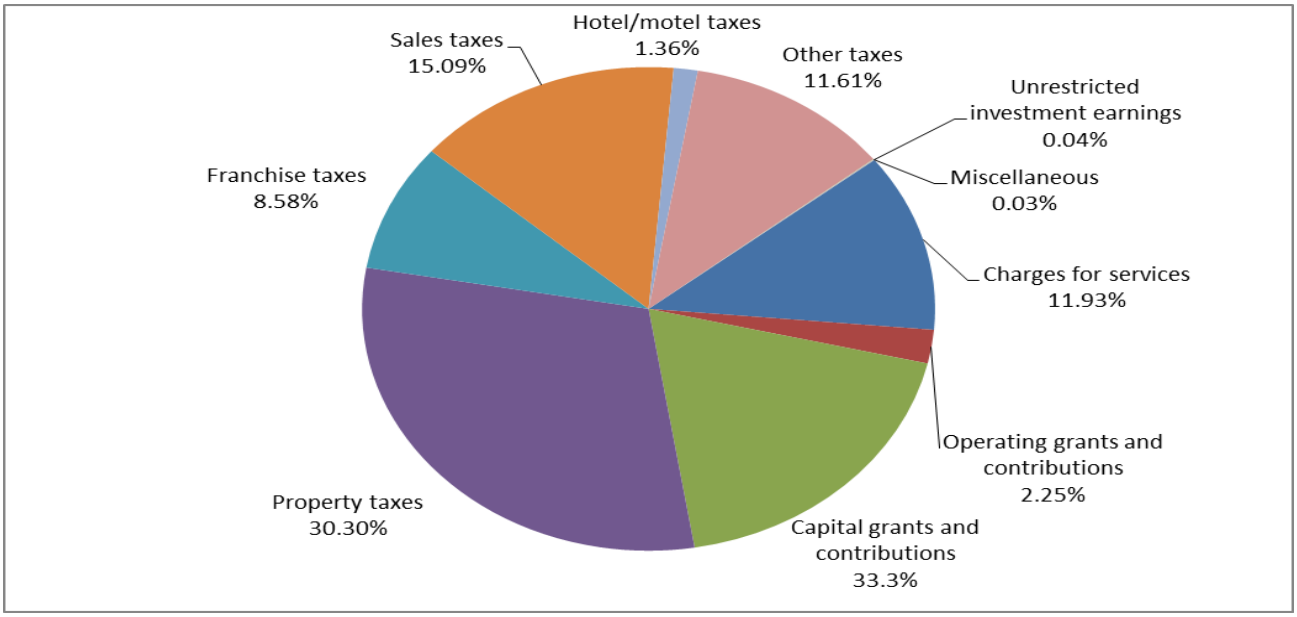
Governmental activities revenues, before transfers, were $11.6 million and included $1.4 million for charges for services, $2.4 for grants and contributions and $7.8 million in taxes and other revenues. The largest governmental activities expenses were for public safety of $4.1 million, general government of $2.8 million and public works of $2.2 million.

Business-type activity revenues, before transfers, were $8.4 million and included $8.35 million charges for services and $29,922 in other revenues. The largest business-type activity expenses were personal services of $1.85 million, of purchased and contracted services $2.1 million, supplies at $1.16 million and depreciation of $2.6 million.

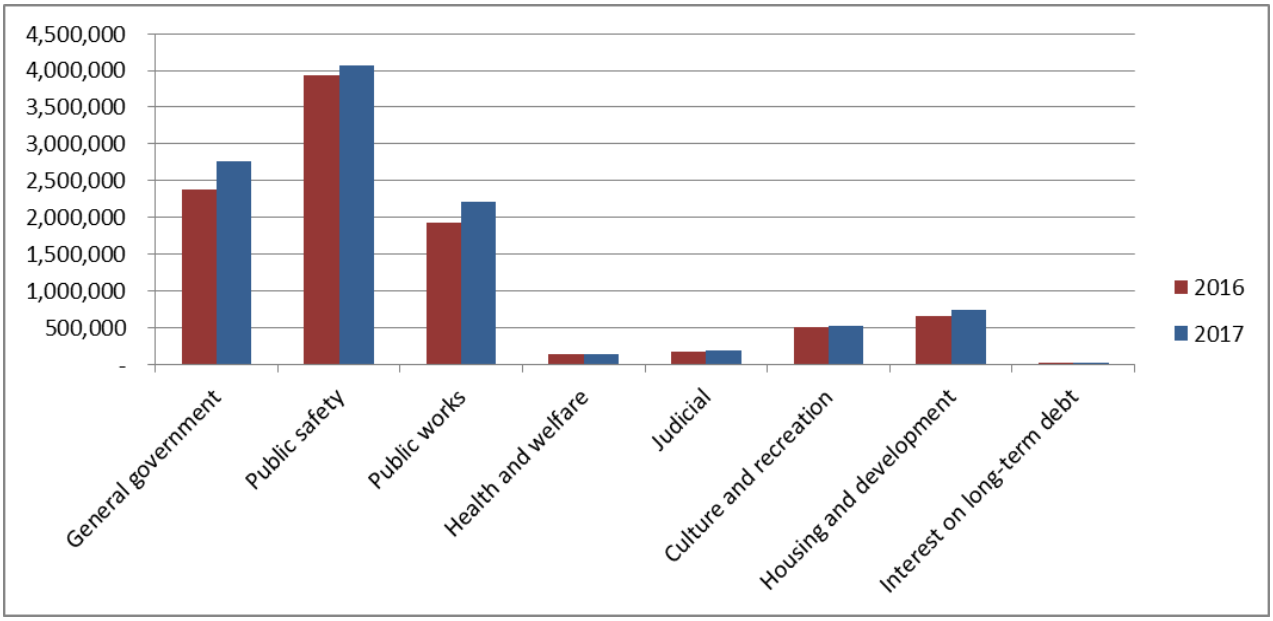
City of St. Marys – Changes in Net Position

Year ended June 30,	Total 2016	**Total 2017**	Increase (Decrease)	Percentage Change
Revenues				
Program revenues				
Charges for services	$ 9,292,886	**$ 9,734,174**	$ 441,288	5%
Operating grants and contributions	67,767	**261,385**	193,618	286%
Capital grants and contribution	4,619,371	**2,183,872**	(2,435,499)	-53%
General revenues:				
Property taxes	3,585,232	**3,520,121**	(65,111)	-2%
Franchise taxes	1,011,980	**996,179**	(15,801)	-2%
Sales taxes	1,795,049	**1,753,020**	(42,029)	-2%
Hotel/motel taxes	140,460	**157,570**	17,110	12%
Other taxes	1,260,860	**1,348,895**	88,035	7%
Unrestricted investment earnings	9,585	**12,901**	3,316	35%
Gain on disposal of capital assets	3,779	**-**	(3,779)	-100%
Miscellaneous	25,971	**24,406**	(1,565)	-6%
Total revenues	21,812,940	**19,992,523**	(1,820,417)	2%
Expenses				
Governmental activities				
General government	2,373,458	**2,762,386**	388,928	16%
Public safety	3,940,511	**4,069,083**	128,572	3%
Public works	1,927,762	**2,213,808**	286,046	15%
Health and welfare	129,467	**145,040**	15,573	12%
Judicial	176,330	**187,872**	11,542	7%
Culture and recreation	507,216	**520,280**	13,064	3%
Housing and development	659,695	**737,632**	77,937	12%
Interest on long-term debt	2,151	**25,381**	23,230	1080%
Business-type activities				
Water and Sewer	8,025,543	**8,291,427**	265,884	3%
Sanitation	1,065,162	**1,222,388**	157,226	15%
Aquatic Center	465,014	**449,460**	(15,554)	-3%
Total expenses	19,272,309	**20,624,757**	1,352,448	7%
Increase in net position	2,540,631	**(632,234)**	(3,172,865)	-125%
Net position, beginning	60,093,774	**62,634,405**	2,540,631	4%
Net position, ending	$ 62,634,405	**$ 62,002,171**	$ (632,234)	-1%

City of St. Marys – Changes in Net Position
Revenues by Source – Governmental Activities
For the Year Ended June 30, 2017



City of St. Marys – Changes in Net Position
Program Expenses – Governmental Activities
For the Year ended June 30, 2017



Revenue Impacts.

Operating grants and contributions increased $193,618 or 286%, which is primarily due increase in various grants received by the City.

Operating grants and contributions decreased $2.4 million or -53%, which is due to a decrease in the SPLOST funds received.

Hotel/motel taxes increased $17,110 or 12%, which is due to an increase in tourism.

Unrestricted investment earnings increased $3,316 or 35%, which is due to an increase in interest earned.

Gain on disposal of capital assets decreased $3,779 or -100%, which is due to the City not holding a surplus sale of capital assets.

Expense Impacts.

General government increased $388,928 or 16%, which is primarily due to the master/vision plan, equipment purchases, marketing and fees related to tax sale.

Public Works increased $286,046 or 15%, which is primarily due to projects that were started in FY 2017.

Housing and development increased $70,937 or 12%, which is due to capital project in this year.

Interest on long-term debt increased $23,230 or 1080% due to the issuance of new debt in FY2017.

Fund Balance.

Fund	Fund Balance 06/30/2016	Revenues/ Sources	Expenses/ Uses	Over (under) Expenditures/Uses	Fund Balance 06/30/2017
General Fund	$ 6,693,063	$ 9,374,261	$ 9,635,875	$ (261,614)	$ 6,431,449
SPLOST Fund	885,738	1,979,022	1,742,940	$ 236,082	$ 1,121,820
Other Funds	812,559	625,505	673,828	$ (48,323)	$ 764,236
Total	$ 8,391,360	$ 11,978,788	$ 12,052,643	$ (73,855)	$ 8,317,505

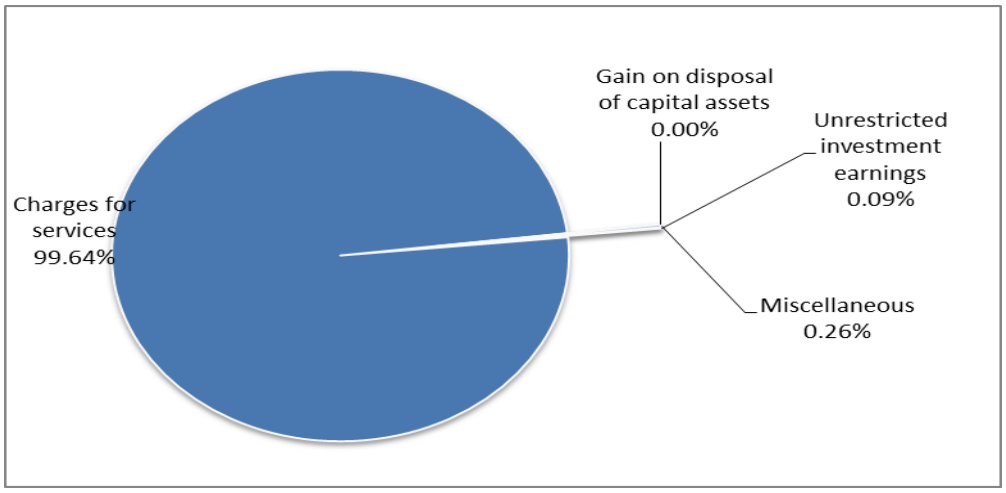
As of June 30, 2017, the City's governmental funds reported a combined fund balance of $8.32 million, which is a net decrease of $.074 million from the previous year.

General Fund's fund balance decrease by $.262 million and was $6.4 million at end of year. This was mainly due to capital projects.

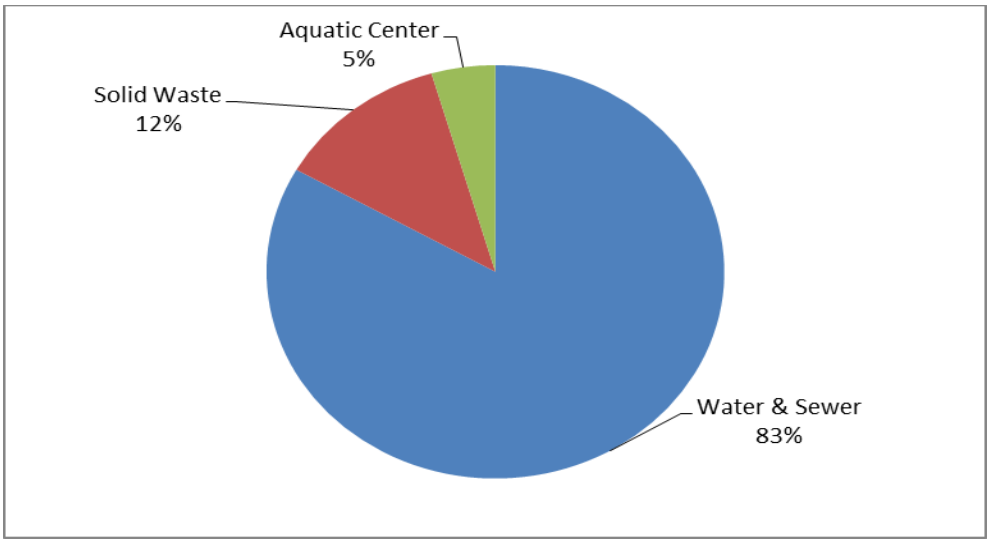
The SPLOST Fund's fund balance increase by $.236 million and was $1.1 million at end of year. The revenues exceeded the expenditures. These funds are restricted for projects and debt service.

Other Fund's fund balance decreased $.48 million and was $.764 million at end of year. The decrease was due to projects for the local maintenance grant projects.

St. Marys – Changes in Net Position
Revenues by Source – Business-type Activities
For the Year Ended June 30, 2017



City of St. Marys - Changes in Net Position
Expenses –Business-type Activities
For the Year Ended June 30, 2017



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 FY2017, the General Fund had a fund balance of $6,431,449. This is a decrease of $261,614 from the beginning fund balance. Of the total amount, $6,146,644 constitutes "unassigned fund balance" which is available for spending at the government's discretion. The General Fund budget FY2017-2018 increased which encompasses some one-time items, capital expenditures and funds to market the City.

The SPLOST Fund is presented as a major governmental fund. The SPLOST Funds are used to account for projects constructed with special purpose local option sales tax. The SPLOST Fund is a major fund in most years. The fund balance of $1,121,820 is restricted for SPLOST projects.

The fund balances for the other governmental funds decreased by $48,323. The total combined fund balances for the other governmental funds was a positive $764,236 at the end of the year with all funds restricted for specific use.

Business-type Activities Funds:

The enterprise funds, which include the City's Water & Sewer Fund, Solid Waste Fund and Aquatic Center Fund, showed a combined cash and cash equivalents balance of $6,319,152 at the end of fiscal year ending June 30, 2017. Of this amount, $2,156,435 is restricted assets.

The Water and Sewer Fund had an ending net position of $37,421,466 for FY2017. This was an increase of $186,664 from the previous year. Of the balance, $32,751,667 is restricted assets.

The Solid Waste Fund had an ending net position of $445,294 for FY2017. This was a decrease of $58,294 from the previous year. Of the balance, $0 is restricted assets.

The Aquatic Center Fund had an ending net asset balance of $1,402,353 for FY2017. This was a decrease of $44,601 from the previous year. Of the balance, $1,372,770 is restricted assets.

Financial Analysis of the Government's Funds, Continued

General Fund Budget Highlights

The budget was prepared according to Georgia Law.

The 2017 original revenue budget was $9,410,288. The original budget was amended to $9,769,069. The major increase was due to increase in other revenue income. The final budgeted revenues increased 3.8% or $358,781. The total budgeted expenditures increased $611,322 or 6.4% 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, 2017, governmental activities and business-type activities had capital assets of $87,497,938 (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment and recreation and park facilities. This represents 3% decrease or $2,646,507. The governmental activities decreased 3.7% and business-type activities decreased 2.8% due to depreciation of assets.

- For governmental activities, construction in progress decreased $26,017 and was transferred to infrastructure. Infrastructure increased $45,445 due to the completion of projects. Machinery & equipment increased $221,333 which encompassed equipment purchases and decreased $115,565 for the disposal of equipment. Buildings increase $21,117 for improvements.

- For business-type activities, construction in progress decreased $25,873 for sewer infrastructure projects completed. Infrastructure increased $418,296 plus a transfer from construction in progress of $25,873 for a total increase of $444,169. Machinery & equipment increased $131,231 for new.

City of St. Marys – Capital Assets (Net of Depreciation)
June 30, 2017

	Governmental Activities	Business-type Activities	Total
Land	$ 1,798,738	$ 846,727	$ 2,645,465
Construction in progress	266,523	54,313	320,836
Infrastructure	6,808,637	66,823,879	73,632,516
Buildings and improvements	3,256,999	3,524,239	6,781,238
Improvements other than buildings	2,598,312	-	2,598,312
Machinery & equipment	1,194,982	324,589	1,519,571
Total	$ 15,924,191	$ 71,573,747	$ 87,497,938

Additional information on the City's capital assets can be found in Note 6 on pages 54 through 55 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, 2017, the City had $1,069,386 of outstanding debt related to governmental activities and $44,097,812 of outstanding debt related to business-type activities, for a total of $45,167,198 compared to the previous year's total of $43,750,547. This is an increase of $1,416,651. *Numbers do not include compensated absences.

At the end of 2017, the business activities had bonded debt of $40,560,000. Of this amount, $410,000 is secured by revenues of the water/sewer system and $40,150,000 is backed by the full faith and credit of the City. The City maintains an "AA" rating from Standards & Poor's.

Additional information on the City's debt can be found in Note 7 on pages 56 through 59 of this report.

Factors affecting the FY2018 Budget:

The FY2018 city-wide budget decreased approximately 5.93%. This was mainly due to capital equipment purchased approved and new projects starting FY2018. The city-wide budget was set at $24,464,206.

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 FY2018 budget and were very aware of the present economic conditions and the effect on its citizens. The tax digest remained stable, 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 FY2018 budget:

FY 2018 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). SPLOST will be used for bond debt retirement to keep from passing the cost to the customers.

2. Council approved $40,000 for marketing the City.

3. Council approved upgrades to the software to prepare the City for storms.

4. Council approved $20,000 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. Council approved the (SHRIMP) Stormwater, Highways, Renovations Improvement Maintain Project that is part of the renaissance plan in the amount of $982,333.

8. Approval to move forward with the Douglas Drive Drainage project.

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

10. Continued temporary help was used to assist with the maintenance of the historic Oak Grove Cemetery.

11. Approval of $15,000 for maritime facility repairs.

12. Approval of $10,000 for the Downtown Development.

13. Approval of $500,000 for water clear well project.

14. Approval of $50,000 for trash collection enhancement in the downtown area.

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 FY2018 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, 2017

	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	$ 7,311,965	$ 4,162,717	$ 11,474,682	$ 11,911	$ 50,690	$ 31,641	$ 88,045
Restricted cash and cash equivalents	406,868	1,708,894	2,115,762	-	-	-	-
Investments	47,737	734,673	782,410	-	-	-	-
Restricted investments	-	418,700	418,700	-	-	-	-
Taxes receivable	118,521	-	118,521	-	-	-	-
Accounts receivable, net	106,572	721,958	828,530	-	-	12	-
Prepaid expenses	234,805	131,161	365,966	-	-	1,911	-
Due from component units	-	-	-	-	-	-	-
Due from primary government	-	-	-	-	-	26,551	1,953
Due from other governments	690,448	-	690,448	-	-	-	-
Total current assets	8,916,916	7,878,103	16,795,019	11,911	50,690	60,115	89,998
Noncurrent assets:							
Restricted cash and cash equivalents	-	447,541	447,541	-	-	-	-
Internal balances	49,914	(49,914)	-	-	-	-	-
Capital assets:							
Nondepreciable	2,065,261	901,040	2,966,301	332,234	620,000	-	-
Other capital assets, net	13,858,930	70,672,707	84,531,637	-	-	-	-
Total noncurrent assets	15,974,105	71,971,374	87,945,479	332,234	620,000	-	-
Total assets	24,891,021	79,849,477	104,740,498	344,145	670,690	60,115	89,998
Deferred Outflows of Resources							
Deferred outflows from pensions	-	-	-				
Refunding of debt	-	4,599,335	4,599,335	-	-	-	-
Total deferred outflows of resources	-	4,599,335	4,599,335	-	-	-	-
Total assets and deferred outflows of resources	$ 24,891,021	$ 84,448,812	$ 109,339,833	$ 344,145	$ 670,690	$ 60,115	$ 89,998

-Continued-

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

CITY OF ST. MARYS, GEORGIA
Statement of Net Position
June 30, 2017

	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	$ 461,778	$ 494,870	$ 956,648	$ -	$ 1,879	$ 9,641	$ -
Contracts payable	-	-	-	-	-	-	-
Customer deposits	925	422,260	423,185	-	-	-	-
Accrued liabilities	48,717	127,626	176,343	-	-	472	-
Due to component units	26,551	-	26,551	-	-	-	-
Due to primary government	-	-	-	-	-	-	-
Current portion of compensated absences	276,845	27,069	303,914	-	-	-	-
Current portion of capital leases payable	226,137	52,265	278,402				
Current portion of notes payable	-	324,379	324,379	-	-	-	-
Current portion of bonds payable	-	2,145,000	2,145,000	-	-	-	-
Total current liabilities	1,040,953	3,593,469	4,634,422	-	1,879	10,113	-
Noncurrent liabilities:							
Net pension liability	270,631	-	270,631	-	-	-	-
Noncurrent portion of capital leases payable	843,249	86,700	929,949				
Noncurrent portion of notes payable	-	3,074,468	3,074,468	-	-	-	-
Noncurrent portion of bonds payable	-	38,415,000	38,415,000	-	-	-	-
Total noncurrent liabilities	1,113,880	41,576,168	42,690,048	-	-	-	-
Total liabilities	2,154,833	45,169,637	47,324,470	-	1,879	10,113	-
Deferred Inflows of Resources							
Unavailable revenue	-	10,062	10,062	-	-	-	
Deferred inflows from pension	3,130	-	3,130	-	-	-	-
Total deferred inflows of resources	3,130	10,062	13,192	-	-	-	-
Net Position							
Net investment in capital assets	14,854,805	32,075,270	46,930,075	332,234	620,000	-	-
Restricted for:							
Capital projects	1,886,056	-	1,886,056	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	1,625,291	1,625,291	-	-	-	-
Renewal and extension	-	423,876	423,876	-	-	-	-
Unrestricted	5,992,197	5,144,676	11,136,873	11,911	48,811	50,002	89,998
Total net position	22,733,058	39,269,113	62,002,171	344,145	668,811	50,002	89,998
Total liabilities, deferred inflows of resources, and net position	$ 24,891,021	$ 84,448,812	$ 109,339,833	$ 344,145	$ 670,690	$ 60,115	$ 89,998

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, 2017

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	$ 2,762,386	$ 1,093,999	$ -	$ -	$ (1,668,387)
Judicial	187,872	202,089	-	-	14,217
Public safety	4,069,083	993	261,385	-	(3,806,705)
Public works	2,213,808	43,135	-	2,183,872	13,199
Health and welfare	145,040	30,000	-	-	(115,040)
Culture and recreation	520,280	4,564	-	-	(515,716)
Housing and development	737,632	11,572	-	-	(726,060)
Interest on long-term debt	25,381	-	-	-	(25,381)
Total governmental activities	10,661,482	1,386,352	261,385	2,183,872	(6,829,873)
Business-type activities:					
Water & Sewer	8,291,427	6,778,955	-	-	(1,512,472)
Solid Waste	1,222,388	1,164,094	-	-	(58,294)
Aquatic Center	449,460	404,773	-	-	(44,687)
Total business-type activities	9,963,275	8,347,822	-	-	(1,615,453)
Total primary government	$ 20,624,757	$ 9,734,174	$ 261,385	$ 2,183,872	$ (8,445,326)
Component Units:					
Industrial Development Authority	$ 6	$ -	$ -	$ -	$ (6)
Downtown Development Authority	48,722	3,600	35,000	-	(10,122)
Convention & Visitors Bureau	178,060	3,827	182,018	-	7,785
Cemetery Authority	48	-	20,478	-	20,430
Total component units	$ 226,836	$ 7,427	$ 237,496	$ -	$ 18,087

-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, 2017

	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	$ (6,829,873)	$ (1,615,453)	$ (8,445,326)	$ (6)	$ (10,122)	$ 7,785	$ 20,430
General revenues:							
Taxes:							
Property	3,520,121	-	3,520,121	-	-	-	-
Sales	1,753,020	-	1,753,020	-	-	-	-
Franchise	996,179	-	996,179	-	-	-	-
Hotel/motel	157,570	-	157,570	-	-	-	-
Alcoholic beverage	235,686	-	235,686	-	-	-	-
Business	1,113,209	-	1,113,209	-	-	-	-
Unrestricted investment earnings	5,034	7,867	12,901	-	28	18	114
Gain on disposal of capital assets	-	-	-	-	-	-	-
Miscellaneous	2,351	22,055	24,406	-	7,460	10,201	180
Transfers	(1,669,300)	1,669,300	-	-	-	-	-
Total general revenues and transfers	6,113,870	1,699,222	7,813,092	-	7,488	10,219	294
Change in net position	(716,003)	83,769	(632,234)	(6)	(2,634)	18,004	20,724
Net position, beginning of year	23,449,061	39,185,344	62,634,405	344,151	671,445	31,998	69,274
Net position, end of year	$ 22,733,058	$ 39,269,113	$ 62,002,171	$ 344,145	$ 668,811	$ 50,002	$ 89,998

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

CITY OF ST. MARYS, GEORGIA
Balance Sheet – Governmental Funds
June 30, 2017

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 6,145,882	$ 779,909	$ 793,042	$ 7,718,833
Investments	47,737	-	-	47,737
Taxes receivable	118,521	-	-	118,521
Accounts receivable, net	80,021	-	26,551	106,572
Prepaid items	234,805	-	-	234,805
Due from other funds	234,333	5,058	-	239,391
Due from component units	-	-	-	-
Due from other governments	148,068	336,853	205,527	690,448
Advances to other funds	50,000	-	-	50,000
Total assets	$ 7,059,367	$ 1,121,820	$ 1,025,120	$ 9,206,307
Liabilities				
Accounts payable	$ 461,778	$ -	$ -	$ 461,778
Contracts payable	-	-	-	-
Customer deposits	925	-	-	925
Accrued liabilities	48,717	-	-	48,717
Due to other funds	5,144	-	234,333	239,477
Due to component units	-	-	26,551	26,551
Total liabilities	516,564	-	260,884	777,448
Deferred Inflows of Resources				
Deferred inflows of property taxes	111,354	-	-	111,354
Total deferred inflows of resources	111,354	-	-	111,354
Fund Balances				
Nonspendable				
Prepaid items	234,805	-	-	234,805
Advances to other funds	50,000	-	-	50,000
Restricted for:				
Capital projects	-	1,121,820	764,236	1,886,056
Economic development	-	-	-	-
Unassigned	6,146,644	-	-	6,146,644
Total fund balances	6,431,449	1,121,820	764,236	8,317,505
Total liabilities, deferred inflows of resources and fund balances	$ 7,059,367	$ 1,121,820	$ 1,025,120	$ 9,206,307

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, 2017

Total governmental fund balances	$	8,317,505
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.		15,924,191
Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(276,845)
Net pension liability		(270,631)
Notes payable		(1,069,386)
Certain pension related deferrals are not reported in the funds.		(3,130)
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.		111,354
Net position of governmental activities	$	22,733,058

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, 2017

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 7,597,818	$ -	$ 159,270	$ 7,757,088
Licenses and permits	519,316	-	-	519,316
Intergovernmental	-	1,978,572	466,235	2,444,807
Charges for services	86,323	-	-	86,323
Fines and forfeitures	209,762	-	-	209,762
Interest income	5,034	450	-	5,484
Contributions and donations	2,351	-	-	2,351
Other revenues	570,951	-	-	570,951
Total revenues	8,991,555	1,979,022	625,505	11,596,082
Expenditures				
Current:				
General government	2,069,025	-	-	2,069,025
Judicial	187,872	-	-	187,872
Public safety	3,854,980	-	-	3,854,980
Public works	2,153,565	-	-	2,153,565
Health and welfare	145,040	-	-	145,040
Culture and recreation	460,441	-	-	460,441
Housing and development	541,673	-	157,570	699,243
Capital outlay	-	73,640	254,873	328,513
Debt service:				
Principal	197,898	-	-	197,898
Interest	25,381	-	-	25,381
Total expenditures	9,635,875	73,640	412,443	10,121,958
Excess (deficiency) of revenues over (under) expenditures	(644,320)	1,905,382	213,062	1,474,124
Other Financing Sources (Uses)				
Transfers from other funds	261,385	-	-	261,385
Transfers to other funds	-	(1,669,300)	(261,385)	(1,930,685)
Sale of capital assets	-	-	-	-
Issuance from long-term debt	121,321	-	-	121,321
Total other financing sources (uses)	382,706	(1,669,300)	(261,385)	(1,547,979)
Net change in fund balances	(261,614)	236,082	(48,323)	(73,855)
Fund balances, beginning of year	6,693,063	885,738	812,559	8,391,360
Fund balances, end of year	$ 6,431,449	$ 1,121,820	$ 764,236	$ 8,317,505

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, 2017

Net change in fund balances - total governmental funds	$	(73,855)
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		18,697
The issuance of long-term debt provides current financial resources to governmental funds but has no effect on effect on net position.		
Proceeds from issuance of capital leases		(121,321)
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 on capital leases		197,898
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		(26,169)
Change in net pension liability		(98,624)
Change in pension related deferrals		(22,670)
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		536,168
Depreciation expense		(1,346,597)
Loss on sale of assets is not reported in the fund statements		(768)
Change in net position of governmental activities	$	(716,003)

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, 2017

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Taxes	$ 7,653,725	$ 7,701,725	$ 7,597,818	$ (103,907)
Licenses and permits	422,600	422,600	519,316	96,716
Charges for services	79,836	79,836	86,323	6,487
Fines and forfeitures	282,537	282,537	209,762	(72,775)
Interest income	6,000	6,000	5,034	(966)
Contributions and donations	2,100	2,100	2,351	251
Other revenues	963,490	1,274,271	570,951	(703,320)
Total revenues	9,410,288	9,769,069	8,991,555	(777,514)
Expenditures				
Current:				
General government				
Legislative	326,617	368,992	338,103	30,889
Executive	341,663	378,224	365,274	12,950
Finance	901,502	943,147	870,972	72,175
Human resources	151,284	159,934	146,312	13,622
Information technology	176,779	183,379	165,709	17,670
Buildings and plant	219,900	225,900	182,655	43,245
Total general government	2,117,745	2,259,576	2,069,025	190,551
Judicial				
Municipal court	181,673	198,423	187,872	10,551
Total judicial	181,673	198,423	187,872	10,551
Public safety				
Police	2,282,455	2,320,800	2,215,954	104,846
Fire	1,726,379	1,709,079	1,639,026	70,053
Total public safety	4,008,834	4,029,879	3,854,980	174,899

-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, 2017

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Expenditures (Continued)				
Current (Continued):				
Public works				
Public works administration	1,338,261	1,355,711	1,247,873	107,838
Highways and streets administration	580,000	817,286	796,604	20,682
Cemetery	101,324	115,104	109,088	6,016
Total public works	2,019,585	2,288,101	2,153,565	134,536
Health and welfare				
Senior citizen center	133,646	142,746	145,040	(2,294)
Total health and welfare	133,646	142,746	145,040	(2,294)
Culture and recreation				
Parks administration	57,900	169,446	170,286	(840)
Library administration	324,701	312,701	290,155	22,546
Total culture and recreation	382,601	482,147	460,441	21,706
Housing and development				
Protective inspection administration	119,716	122,616	116,595	6,021
Planning and zoning	214,792	236,542	210,243	26,299
Code enforcement	63,818	65,138	57,751	7,387
Airport	5,000	7,550	6,685	865
Tourism	-	-	-	-
Special facilities	32,328	52,138	47,895	4,243
Economic development	105,548	109,048	102,504	6,544
Total housing and development	541,202	593,032	541,673	51,359
Total current	9,385,286	9,993,904	9,412,596	581,308

-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, 2017

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Expenditures (Continued)				
Debt service:				
Principal	210,387	210,091	197,898	12,193
Interest	23,865	26,865	25,381	1,484
Total debt service	234,252	236,956	223,279	13,677
Total expenditures	9,619,538	10,230,860	9,635,875	594,985
Excess (deficiency) of revenues over (under) expenditures	(209,250)	(461,791)	(644,320)	(182,529)
Other Financing Sources (Uses)				
Transfers from other funds	101,250	353,791	261,385	(92,406)
Sale of capital assets	5,000	5,000	-	(5,000)
Proceeds from long-term debt	103,000	103,000	121,321	18,321
Total other financing sources (uses)	209,250	461,791	382,706	(79,085)
Net change in fund balances	-	-	(261,614)	(261,614)
Fund balances, beginning of year	6,693,063	6,693,063	6,693,063	-
Fund balances, end of year	$ 6,693,063	$ 6,693,063	$ 6,431,449	$ (261,614)

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

CITY OF ST. MARYS, GEORGIA
Statement of Net Position – Proprietary Funds
June 30, 2017

	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	$ 3,519,467	$ 499,245	$ 144,005	$ 4,162,717
Investments	734,673	-	-	734,673
Restricted cash and cash equivalents	1,708,894	-	-	1,708,894
Restricted Investments	418,700	-	-	418,700
Accounts receivable, net	616,133	102,909	2,916	721,958
Interfund receivable	86	-	-	86
Prepaid expenses	125,494	4,552	1,115	131,161
Total current assets	7,123,447	606,706	148,036	7,878,189
Noncurrent assets:				
Restricted cash and cash equivalents	447,541	-	-	447,541
Capital assets				
Land	846,727	-	-	846,727
Construction in progress	54,313	-	-	54,313
Other capital assets, net of accumulated depreciation	69,299,937	-	1,372,770	70,672,707
Total noncurrent assets	70,648,518	-	1,372,770	72,021,288
Total assets	77,771,965	606,706	1,520,806	79,899,477
Deferred Outflows of Resources				
Refunding of debt	4,599,335	-	-	4,599,335
Total deferred outflows of resources	4,599,335	-	-	4,599,335
Total assets and deferred outflows of resources	$ 82,371,300	$ 606,706	$ 1,520,806	$ 84,498,812

-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, 2017

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
Liabilities				
Current liabilities:				
Accounts payable	$ 281,904	$ 160,693	$ 52,273	$ 494,870
Customer deposits	422,260	-	-	422,260
Accrued interest payable	101,412	-	-	101,412
Other accrued liabilities	19,377	719	6,118	26,214
Compensated absences - current	27,069	-	-	27,069
Capital leases payable - current	52,265	-	-	52,265
Bonds payable - current	2,145,000	-	-	2,145,000
Notes payable - current	324,379	-	-	324,379
Total current liabilities	3,373,666	161,412	58,391	3,593,469
Long-term liabilities:				
Capital leases payable	86,700	-	-	86,700
Bonds payable	38,415,000	-	-	38,415,000
Notes payable	3,074,468	-	-	3,074,468
Advances from other funds	-	-	50,000	50,000
Total long-term liabilities	41,576,168	-	50,000	41,626,168
Total liabilities	44,949,834	161,412	108,391	45,219,637
Deferred Inflows of Resources				
Unavailable revenue	-	-	10,062	10,062
Total deferred inflows of resources	-	-	10,062	10,062
Net Position				
Net investment in capital assets	30,702,500	-	1,372,770	32,075,270
Restricted for debt service	1,625,291	-	-	1,625,291
Restricted for renewal and extension	423,876	-	-	423,876
Unrestricted	4,669,799	445,294	29,583	5,144,676
Total net position	37,421,466	445,294	1,402,353	39,269,113
Total liabilities and net position	$ 82,371,300	$ 606,706	$ 1,520,806	$ 84,498,812

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, 2017

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
Operating Revenues				
Sanitation fees	$ -	$ 1,029,687	$ -	$ 1,029,687
Admission fees	-	-	219,746	219,746
Concessions	-	-	89,217	89,217
Water sales	2,933,052	-	-	2,933,052
Sewer sales	2,774,897	-	-	2,774,897
Tap and capacity recovery fees	283,227	-	-	283,227
Reconnection fees	74,798	-	-	74,798
Construction fees	473,081	-	-	473,081
Penalties	131,445	24,095	-	155,540
Rents	42,000	-	-	42,000
Miscellaneous	66,455	110,312	95,810	272,577
Total operating revenues	6,778,955	1,164,094	404,773	8,347,822
Operating Expenses				
Personal services	1,768,857	80,751	-	1,849,608
Purchased & contracted services	765,337	1,137,564	222,217	2,125,118
Supplies	1,030,381	4,073	132,671	1,167,125
Depreciation	2,511,503	-	94,572	2,606,075
Total operating expenses	6,076,078	1,222,388	449,460	7,747,926
Operating income (loss)	702,877	(58,294)	(44,687)	599,896
Nonoperating Revenues (Expenses)				
Interest income	7,867	-	-	7,867
Interest expense and issuance costs	(2,215,349)	-	-	(2,215,349)
Gain on disposal of capital assets	-	-	-	-
Other nonoperating income	21,969	-	86	22,055
Total nonoperating revenues (expenses)	(2,185,513)	-	86	(2,185,427)
Income (loss) before capital contributions and transfers	(1,482,636)	(58,294)	(44,601)	(1,585,531)
Capital Contributions	-	-	-	-
Transfers In	1,669,300	-	-	1,669,300
Change in Net Position	186,664	(58,294)	(44,601)	83,769
Net position, beginning of year	37,234,802	503,588	1,446,954	39,185,344
Net position, end of year	$ 37,421,466	$ 445,294	$ 1,402,353	$ 39,269,113

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, 2017

	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	$ 6,656,762	$ 1,155,640	$ 416,513	$ 8,228,915
Cash payments to employees for services	(1,766,824)	(80,532)	-	(1,847,356)
Cash payments to suppliers for goods & services	(1,608,763)	(1,065,730)	(332,471)	(3,006,964)
Cash payments to others	-	-	-	-
Cash flows from nonoperating activities	21,969	-	86	22,055
Net cash provided by operating activities	3,303,144	9,378	84,128	3,396,650
Cash Flows From Noncapital Financing Activities				
Net change in interfund receivable	535,439	-	(10,000)	525,439
Transfers in (out)	-	-	-	-
Net cash provided by noncapital financing activities	535,439	-	(10,000)	525,439
Cash Flows From Capital and Related Financing Activities				
Proceeds from capital leases payable	96,445	-	-	96,445
Proceeds from notes payable	404,446	-	-	404,446
Principal payments on capital leases payable	(24,236)	-	-	(24,236)
Principal payments on bonds payable	(2,555,000)	-	-	(2,555,000)
Principal payments on notes payable	(298,427)	-	-	(298,427)
Interest paid	(1,907,323)	-	(34,786)	(1,942,109)
Acquisition and construction of capital assets	(514,741)	-	-	(514,741)
Transfers in (out)	1,669,300	-	-	1,669,300
Net cash used in capital and related financing activities	(3,129,536)	-	(34,786)	(3,164,322)
Cash Flows From Investing Activities				
Interest received	7,867	-	-	7,867
Reinvestment of interest income	(6,528)	-	-	(6,528)
Net cash provided by investing activities	1,339	-	-	1,339
Net increase (decrease) in cash and cash equivalents	710,386	9,378	39,342	759,106
Cash and cash equivalents, beginning of year	4,965,516	489,867	104,663	5,560,046
Cash and cash equivalents, end of year	$ 5,675,902	$ 499,245	$ 144,005	$ 6,319,152
Classified as:				
Cash and cash equivalents	$ 3,519,467	$ 499,245	$ 144,005	$ 4,162,717
Restricted cash and cash equivalents:				
Current	1,708,894	-	-	1,708,894
Noncurrent	447,541	-	-	447,541
Total	$ 5,675,902	$ 499,245	$ 144,005	$ 6,319,152

-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, 2017

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Total Proprietary Funds
Noncash investing, capital, and financing activities				
Refunding of debt	$ 3,870,000	$ -	$ -	$ 3,870,000
Defeasance of existing bonds	34,400,000	-	-	34,400,000
Total noncash investing, capital and financing activities	$ 38,270,000	$ -	$ -	$ 38,270,000
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 702,877	$ (58,294)	$ (44,687)	$ 599,896
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,511,503	-	94,572	2,606,075
Other nonoperating income	21,969	-	86	22,055
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(56,903)	(5,750)	1,343	(61,310)
Prepaid expenses	(63,860)	(2,704)	335	(66,229)
Increase (decrease) in:				
Accounts payable	185,672	75,907	25,315	286,894
Other accrued liabilities	6,152	219	(3,498)	2,873
Unavailable revenue	-	-	10,662	10,662
Customer deposits	(1,430)	-	-	(1,430)
Compensated absences	(2,836)	-	-	(2,836)
Net cash provided by operating activities	$ 3,303,144	$ 9,378	$ 84,128	$ 3,396,650

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 acquisition 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, 2017.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

Effective June 1, 2017, the City adopted three new statements issued by GASB as follows:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- GASB Statement No. 77, *Tax Abatement Disclosures*
- GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- GASB Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*
- GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73*

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"), replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB (Other Postemployment Benefits) Measurement by Agent Employers and Agent Multiple-Employer Plans*. This Statement revises the requirements for defined contribution OPEB plans as previously required in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. GASB 74 also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria. There was no impact on the City's financial statements as a result of the implementation of GASB 74.

GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB 77"), requires governments that enter into tax abatement agreements to disclose: (1) Brief descriptive information concerning the agreement; (2) The gross dollar amount of taxes abated during the period; and 3) Commitments made by the government, other than to abate taxes, that are part of the tax abatement agreement. The City has included any disclosures required by GASB 77 in the 2017 financial statements.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* ("GASB 78"), amends the scope and applicability of Statement 68. It excludes pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local government employers, and (3) has no predominate state or local government employer.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosure; and required supplementary information for pensions that have the characteristics described above. There was no impact on the City's financial statements as a result of the implementation of GASB 78.

GASB Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14* ("GASB 80"), amends the blending requirements for the financial statement presentation of component units of all state and local governments. There was no impact on the City's financial statements as a result of the implementation of GASB 80.

GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73* ("GASB 82"), addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (Plan member) contribution requirements. GASB 82 will be effective for fiscal years beginning after June 15, 2016. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement. The City has included any disclosures required by GASB 82 in the 2017 financial statements.

Accounting Standards Issued But Not Yet Effective

Other recently issued standards the City is reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended,* and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. GASB No. 75 will be effective for fiscal years beginning after June 15, 2017. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. The City has not completed the process of evaluating the impact of GASB 75 on its financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* ("GASB 81"), requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 will be effective for the fiscal years beginning after December 15, 2016. The City has not completed the process of evaluating the impact of GASB 81 on its financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations* ("GASB 83"), addresses accounting and financial reporting for certain asset retirement obligations. GASB 83 will be effective for the fiscal years beginning after June 15, 2018. The City has not completed the process of evaluating the impact of GASB 83 on its financial statements.

GASB Statement No. 84, *Fiduciary Activities* ("GASB 84"), establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the fiscal years beginning after December 15, 2018. The City has not completed the process of evaluating the impact of GASB 84 on its financial statements.

GASB Statement No. 85, *Omnibus 2017* ("GASB 85"), addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). GASB 85 will be effective for the fiscal years beginning after June 15, 2017. The City has not completed the process of evaluating the impact of GASB 85 on its financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* ("GASB 86"), establishes criteria to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 will be effective for the fiscal years beginning after June 15, 2017. The City has not completed the process of evaluating the impact of GASB 86 on its financial statements.

GASB Statement No. 87, *Leases* ("GASB 87"), establishes criteria to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 will be effective for the fiscal years beginning after December 15, 2019. The City has not completed the process of evaluating the impact of GASB 87 on its financial statements.

Subsequent Events

The City has performed an evaluation of subsequent events, as defined under FASB ASC 855-10, through January 30, 2018, 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	
	Cash Deposits	Certificates of Deposit	Georgia Fund 1	Total
Cash and cash equivalents	$ 11,656,969	$ -	$ -	$ 11,656,969
Restricted cash and cash equivalents	2,563,303	-	-	2,563,303
Investments	-	-	782,410	782,410
Restricted investments	-	-	418,700	418,700
	$ 14,220,272	$ -	$ 1,201,110	$ 15,421,382

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

	June 30, 2017
Primary government:	
Current	
Cash and cash equivalents	11,474,682
Restricted cash and cash equivalents	2,115,762
Investments	782,410
Restricted investments	418,700
Noncurrent	
Restricted cash and cash equivalents	447,541
Total primary government	15,239,095
Component units:	
Cash and cash equivalents	182,287
Investments	-
Total component units	182,287
Total government-wide	$ 15,421,382

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

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.

Credit Risk

At June 30, 2017, 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, 2017, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	48 day weighted average	$ 1,201,110

Fair Value Measurements

The Georgia Fund 1 investment pool does not meet the criteria established by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.* As a result, the City does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

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, 2017, 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 2017 is as follows:

Levy date	October 17, 2016
Payment due date	December 19, 2016
Delinquency date	December 20, 2016
Lien filing date	January 30, 2017

In the governmental funds, the net receivables collected during the year ended June 30, 2017, and expected to be collected by August 31, 2017, are recognized as revenues for the year ended June 30, 2017, whereas net receivables estimated to be collectible subsequent to August 31, 2017, are recorded as revenue when received.

NOTE 4: RECEIVABLES (CONTINUED)

II. Receivables

Receivables at June 30, 2017 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	$173,549	$ -	$ -	$ -	$ -	$ -	$ 173,549
Accounts	80,021	-	1,096,251	164,191	26,551	2,916	1,369,930
Due from component units	-	-	-	-	-	-	-
Due from other governments	148,068	336,853	-	-	205,527	-	690,448
Gross receivable	401,638	336,853	1,096,251	164,191	232,078	2,916	2,233,927
Less allowance for uncollectibles	(55,028)	-	(480,118)	(61,282)	-	-	(596,428)
Total net receivable	$346,610	$336,853	$ 616,133	$102,909	$ 232,078	$ 2,916	$1,637,499

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, 2017 was as follows:

	Due From			
Due to	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total
General fund	$ -	$ -	$ 234,333	$ 234,333
SPLOST Fund	5,058	-	-	5,058
Water & Sewer fund	86	-	-	86
	$ 5,144	$ -	$ 234,333	$ 239,477

	Advance To
Advance from	Aquatic Center Fund
General fund	$ 50,000

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, 2017 consisted of the following:

Transfer from	Transfer to	Amount	Purpose
SPLOST Fund	Water & Sewer	$ 1,669,300	Debt service payment on City's water & sewer bonds, in
Nonmajor governmental funds	General Fund	$ 261,385	Transfer of grant income

NOTE 6: CAPITAL ASSETS

Governmental activities' capital asset activity for the year ended June 30, 2017 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	44,267	248,273	-	(26,017)	266,523
Total nondepreciable capital assets	1,843,005	248,273	-	(26,017)	2,065,261
Other capital assets					
Infrastructure	10,827,267	45,445	-	26,017	10,898,729
Buildings	6,820,057	21,117	-	-	6,841,174
Improvements	6,853,512	-	-	-	6,853,512
Machinery & equipment	9,402,632	221,333	(115,565)	-	9,508,400
Total other capital assets at cost	33,903,468	287,895	(115,565)	26,017	34,101,815
Less accumulated depreciation for:					
Infrastructure	(3,949,314)	(362,016)	-	221,238	(4,090,092)
Buildings	(3,392,308)	(191,867)	-	-	(3,584,175)
Improvements	(3,812,726)	(221,236)	-	(221,238)	(4,255,200)
Machinery & equipment	(8,077,975)	(350,240)	114,797	-	(8,313,418)
Total accumulated depreciation	(19,232,323)	(1,125,359)	114,797	-	(20,242,885)
Other capital assets, net	14,671,145	(837,464)	(768)	26,017	13,858,930
Governmental activities capital assets, net	$ 16,514,150	$ (589,191)	$ (768)	$ -	$ 15,924,191

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

Governmental activities:	
General government	$ 545,130
Public safety	265,436
Public works	183,172
Culture and recreation	93,232
Economic development	38,389
Total governmental activities depreciation expense	$ 1,125,359

NOTE 6: CAPITAL ASSETS (CONTINUED)

Business-type activities' capital asset activity for the year ended June 30, 2017was as follows:

Primary Government: *Business-type Activities*	**Beginning Balance**	**Increases**	**Decreases**	**Transfers**	**Ending Balance**
Nondepreciable					
Land	$ 846,727	$ -	$ -	$ -	$ 846,727
Construction in progress	80,186		-	(25,873)	54,313
Total nondepreciable capital assets	926,913	-	-	(25,873)	901,040
Other capital assets					
Buildings	8,115,590	-	-	-	8,115,590
Infrastructure	94,940,775	418,296	-	25,873	95,384,944
Machinery & equipment	3,787,897	131,231	-	-	3,919,128
Total other capital assets at cost	106,844,262	549,527	-	25,873	107,419,662
Less accumulated depreciation for:					
Buildings	(4,386,690)	(204,661)	-	-	(4,591,351)
Infrastructure	(26,231,725)	(2,329,340)	-	-	(28,561,065)
Machinery & equipment	(3,522,465)	(72,074)	-	-	(3,594,539)
Total accumulated depreciation	(34,140,880)	(2,606,075)	-	-	(36,746,955)
Other capital assets, net	72,703,382	(2,056,548)	-	25,873	70,672,707
Business-type activities capital assets, net	$ 73,630,295	$ (2,056,548)	$ -	$ -	$ 71,573,747

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

Business-type activities:	
Water & Sewer Fund	$ 2,511,503
Solid Waste Fund	-
Aquatic Center Fund	94,572
Total business-type activities depreciation expense	$ 2,606,075

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. In June of 2017, the City issued $38,270,000 of revenue bonds (Series 2017). The proceeds derived from the sale of the Series 2017 Bonds were used by the City for the purpose of a) refunding $34,400,000 of the City's outstanding Series 2010 Bonds maturing on December 1, 2019 through December 1, 2032 and b) paying a portion of the costs of issuing the Series 2017 Bonds. The City's Water & Sewer bonds outstanding at June 30, 2017, 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%	$ 410,000
Series 2010 $43,695,000 General Obligation Bonds, final annual installment of $1,880,000 due December 1, 2017, plus interest of 3.0%	1,880,000
Series 2017 $38,270,000 Water Revenue Bonds, due in annual installments of $265,000 to $2,895,000 through December 1, 2032, plus interest of 2.74%	38,270,000
	$ 40,560,000

Bonds payable debt service requirements to maturity are as follows as of June 30, 2017:

Fiscal Year Ending,	Principal	Interest	Total
2018	$ 2,145,000	$ 1,073,168	$ 3,218,168
2019	2,340,000	1,027,453	3,367,453
2020	1,960,000	961,604	2,921,604
2021	2,550,000	899,817	3,449,817
2022	2,475,000	830,974	3,305,974
2023-2027	12,480,000	3,143,874	15,623,874
2028-2032	13,715,000	1,349,654	15,064,654
2033	2,895,000	39,661	2,934,661
	$ 40,560,000	$ 9,326,205	$ 49,886,205

$1,640,857 of interest related to the City's bonds payable was incurred and charged to interest expense during the year ended June 30, 2017.

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, 2017 were as follows:

Interest Rate	Term	Fiscal Year Due Date	Amount
3.00%	20 years	2025	$ 2,215,523
3.81%	20 years	2033	778,878
1.09%	20 years	2037	404,446
			$ 3,398,847

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

Fiscal Year Ending,	Principal	Interest	Total
2018	$ 324,379	$ 95,770	$ 399,510
2019	335,755	86,271	399,510
2020	345,859	76,167	399,510
2021	356,488	65,539	399,510
2022	367,249	54,778	422,027
2023-2027	1,115,829	134,279	1,250,108
2028-2032	396,574	46,490	443,064
2033-2037	156,714	3,785	160,499
	$ 3,398,847	$ 563,079	$ 3,873,738

$100,338 of interest related to the City's GEFA notes payable agreements was incurred and charged to interest expense during the year ended June 30, 2017.

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 $1,122,741 at June 30, 2017. 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, 2017.

Fiscal Year Ending,	Governmental Activities	Business-type Activities
2018	$ 248,701	$ 56,994
2019	244,608	55,046
2020	199,585	33,570
2021	157,356	-
2022	157,356	-
2023 - 2027	144,223	-
Total minimum lease payments	1,151,829	145,610
Less amount representing interest	(82,443)	(6,645)
Present value of future minimum lease payments	$ 1,069,386	$ 138,965

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, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases payable	$ 1,145,963	$ 121,321	$ (197,898)	$ 1,069,386	$ 226,137
Net pension liability	172,007	218,081	(119,457)	270,631	-
Compensated absences	250,676	276,845	(250,676)	276,845	276,845
Governmental activities long-term liabilities	$ 1,568,646	$ 616,247	$ (568,031)	$ 1,616,862	$ 502,982
Business-type activities:					
Capital leases payable	$ 66,756	$ 96,445	$ (24,236)	$ 138,965	$ 52,265
Bonds payable	39,245,000	38,270,000	(36,955,000)	40,560,000	2,145,000
Notes payable	3,292,828	404,446	(298,427)	3,398,847	324,379
Compensated absences	29,905	27,069	(29,905)	27,069	27,069
Business-type activities long-term liabilities	$ 42,634,489	$ 38,797,960	$ (37,307,568)	$ 44,124,881	$ 2,548,713

For governmental activities, net pension liability and 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, 2017, the government-wide statement of net position reports the following restricted net position:

Restricted by enabling legislation for:	
Economic development	$ -
Net position otherwise restricted for:	
Capital projects	1,886,056
Debt service	1,625,291
Renewal and extension	423,876
Total restricted net position	$ 3,935,223

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, 2017, the following employees were covered by the Plan:

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	8
Active employees	- -

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, 2016, 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, 2017 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, 2017 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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
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, 2015*	$ 906,504	$ 734,497	$ 172,007
Changes for the year:			
Service cost	-	-	-
Interest	65,625	-	65,625
Differences between expected and actual experience	124,702	-	124,702
Contributions - employer	-	22,683	(22,683)
Contributions - employee	-	-	-
Net investment income	-	76,881	(76,881)
Benefit payments, including refunds of employee contributions	(119,457)	(119,457)	-
Administrative expense	-	(7,861)	7,861
Other	-	-	-
Net changes	70,870	(27,754)	98,624
Balances at September 30, 2016**	$ 977,374	$ 706,743	$ 270,631

** 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, 2014 constitute measurements of the NPL for the fiscal year ending June 30, 2016.*

*** Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2017 are used to measure TPL as of September 30, 2015. The balances as of September 30, 2016 constitute measurements of the NPL for the fiscal year ending June 30, 2017.*

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	$ 333,246	$ 270,631	$ 214,949

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, 2017, the City recognized pension expense of $143,887, as follows:

Service cost	$	-
Interest on TPL		65,625
Employee contributions		-
Administrative expenses		7,861
Expected return on assets		(52,869)
Expensed portion of current year period differences between expected and actual experience in TPL		124,702
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		(4,804)
Current year recognition of deferred inflows and outflows established in prior years		3,372
Total expense	$	143,887

At June 30, 2017, 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	-	(3,130)
Total	$ -	$ (3,130)

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	$ (1,430)
2018	(1,430)
2019	4,532
2020	(4,802)
2021	-
Thereafter	-
	$ (3,130)

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, 2017, there were 125 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, 2017. 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, 2017 were $247,723. Total employee contributions for the year ended June 30, 2017 were $225,641.

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, 2017, 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, 2017, $157,570 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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total pension liability										
Service cost	$ -	$ -	$ -							
Interest	65,625	67,785	69,743							
Differences between expected and actual experience	124,702	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	(119,457)	(97,821)	(99,674)							
Net change in total pension liability	70,870	(17,049)	(26,194)							
Total pension liability - beginning	906,504	923,553	949,747							
Total pension liability - ending (a)	977,374	906,504	923,553							
Plan fiduciary net position										
Contributions - employer	22,683	19,285	19,285							
Contributions - employee	-	-	-							
Net investment income	76,881	12,598	88,859							
Benefit payments, including refunds of employee contributions	(119,457)	(97,821)	(99,674)	(The schedule will present 10 years of information once it is accumulated)						
Administrative expense	(7,861)	(7,167)	(5,996)							
Other			-							
Net change in fiduciary net position	(27,754)	(73,105)	2,474							
Plan fiduciary net position - beginning	734,497	807,602	805,128							
Plan fiduciary net position - ending (b)	706,743	734,497	807,602							
Net pension liability - ending: (a)-(b)	$ 270,631	$ 172,007	$ 115,951							
Plan's fiduciary net position as a percentage of the total pension liability	72.31%	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	0.00%	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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	$ 19,285	$ 19,285								
Contributions in relation to the actuarially determined contribution	$ 19,285	$ 19,285								
Contribution deficiency (excess)	$ -	$ -								
Covered-employee payroll	$ 47,778	$ 49,178								
Contributions as a percentage of covered-employee payroll	40.36%	39.21%								

(The schedule will present 10 years of information once it is accumulated)

Notes to Schedule:

Valuation Date	January 1, 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, 2017

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Intergovernmental	$ 1,929,300	$ 1,929,300	$ 1,978,572	$ 49,272
Interest income	-	-	450	450
Total revenues	1,929,300	1,929,300	1,979,022	49,722
Expenditures				
Capital outlays	260,000	260,000	73,640	186,360
Total expenditures	260,000	260,000	73,640	186,360
Excess (deficiency) of revenues over (under) expenditures	1,669,300	1,669,300	1,905,382	236,082
Other Financing Sources (Uses)				
Transfers to other funds	(1,669,300)	(1,669,300)	(1,669,300)	-
Total other financing sources (uses)	(1,669,300)	(1,669,300)	(1,669,300)	-
Net change in fund balance	-	-	236,082	236,082
Fund balance, beginning of year	885,738	885,738	885,738	-
Fund balance, end of year	$ 885,738	$ 885,738	$ 1,121,820	$ 236,082

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 **Tax Allocation District Fund** is used to account for the additional incremental property taxes within the tax allocation district.

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, 2017

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Tax Allocation District	Multiple Grants Fund	Capital Project Fund	
Assets					
Cash and cash equivalents	$ -	$ 310	$ 436,639	$ 356,093	$ 793,042
Accounts receivable, net	26,551	-	-	-	26,551
Due from other governments	-	1,390	204,137	-	205,527
Total assets	$ 26,551	$ 1,700	$ 640,776	$ 356,093	$ 1,025,120
Liabilities					
Due to other funds	$ -	$ -	$ 234,333	$ -	$ 234,333
Due to component units	26,551	-	-	-	26,551
Total liabilities	26,551	-	234,333	-	260,884
Fund Balances					
Restricted for:					
Capital projects	-	1,700	406,443	356,093	764,236
Total fund balances	-	1,700	406,443	356,093	764,236
Total liabilities and fund balances	$ 26,551	$ 1,700	$ 640,776	$ 356,093	$ 1,025,120

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, 2017

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Tax Allocation District	Multiple Grants Fund	Capital Project Fund	
Revenues					
Taxes	$ 157,570	$ 1,700	$ -	$ -	$ 159,270
Intergovernmental	-	-	261,385	204,850	466,235
Interest income	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	157,570	1,700	261,385	204,850	625,505
Expenditures					
Current:					
Public safety	-	-	-	-	-
Housing and development	157,570	-	-	-	157,570
Capital outlay	-	-	-	254,873	254,873
Total expenditures	157,570	-	-	254,873	412,443
Excess (deficiency) of revenues over (under) expenditures	-	1,700	261,385	(50,023)	213,062
Other Financing Sources (Uses)					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	(261,385)	-	(261,385)
Sale of capital assets	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-
Total other financing sources (uses)	-	-	(261,385)	-	(261,385)
Net change in fund balances	-	1,700	-	(50,023)	(48,323)
Fund balances, beginning of year	-	-	406,443	406,116	812,559
Fund balances, end of year	$ -	$ 1,700	$ 406,443	$ 356,093	$ 764,236

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, 2017

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Taxes	$ 131,000	$ 8,000	$ 157,570	$ 149,570
Total revenues	131,000	8,000	157,570	149,570
Expenditures				
Housing and development	(131,000)	(8,000)	(157,570)	(149,570)
Total expenditures	(131,000)	(8,000)	(157,570)	(149,570)
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, 2017

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Intergovernmental	$ 101,250	$ 353,791	$ 261,385	$ (92,406)
Other revenues	-	-	-	-
Total revenues	101,250	353,791	261,385	(92,406)
Expenditures				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	101,250	353,791	261,385	(92,406)
Other Financing Sources (Uses)				
Transfers to other funds	(101,250)	(353,791)	(261,385)	92,406
Total other financing sources (uses)	(101,250)	(353,791)	(261,385)	92,406
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, 2017

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Intergovernmental	$ 450,000	$ 450,000	$ 204,850	$ (245,150)
Interest income	150	150	-	(150)
Total revenues	450,150	450,150	204,850	(245,300)
Expenditures				
Capital outlays	450,150	450,150	254,873	195,277
Total expenditures	450,150	450,150	254,873	195,277
Net change in fund balance	-	-	(50,023)	(50,023)
Fund balance, beginning of year	406,116	406,116	406,116	-
Fund balance, end of year	$ 406,116	$ 406,116	$ 356,093	$ (50,023)

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, 2017

	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
Assets				
Cash and cash equivalents	$ 11,911	$ 50,690	$ 31,641	$ 88,045
Accounts receivable	$ -	$ -	12	$ -
Prepaid items	-	-	1,911	-
Investments	-	-	-	-
Due from primary government	-	-	26,551	1,953
Total assets	11,911	50,690	60,115	89,998
Liabilities				
Accounts payable	-	1,879	9,641	-
Accrued liabilities	-	-	472	-
Due to primary government	-	-	-	-
Total liabilities	-	1,879	10,113	-
Fund Balances				
Unassigned	11,911	48,811	50,002	89,998
Total fund balances	11,911	48,811	50,002	89,998
Total liabilities and fund balances	$ 11,911	$ 50,690	$ 60,115	$ 89,998

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, 2017

	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
Revenues				
Intergovernmental	$ -	$ 35,000	$ 182,018	$ 20,478
Charges for services	-	-	3,617	-
Interest revenues	-	28	18	114
Rents	-	3,600	210	-
Contributions and donations	-	-	2,423	180
Other revenues	-	7,460	7,778	-
Total revenues	-	46,088	196,064	20,772
Expenditures				
Current:				
Housing and development	6	48,722	178,060	48
Total expenditures	6	48,722	178,060	48
Net change in fund balances	(6)	(2,634)	18,004	20,724
Fund balances (deficits), beginning of year	11,917	51,445	31,998	69,274
Fund balances, end of year	$ 11,911	$ 48,811	$ 50,002	$ 89,998

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 80

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 85

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

Debt Capacity 91

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 96

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 99

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net investment in capital assets	$ 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	$14,854,805
Restricted				366,185	431,679	550,242	1,182,601	1,116,711	1,704,547	1,886,056
Unrestricted	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	5,992,197
Total governmental activities	$ 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	$ 22,733,058
Business-type activities										
Net investment in capital assets	$ 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	$32,075,270
Restricted	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	2,049,167
Unrestricted	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	5,144,676
Total business-type activities	$ 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	$ 39,269,113
Primary government										
Net investment in capital assets	$ 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	$46,930,075
Restricted	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	3,935,223
Unrestricted	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	11,136,873
Total primary government	$ 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	$ 62,002,171

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
General government	$ 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	$ 2,762,387
Judicial	250,126	191,884	172,019	227,996	201,782	188,216	176,296	165,599	176,330	187,872
Public safety	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	4,069,083
Public works	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	2,213,808
Health and welfare	89,928	134,682	137,745	98,558	116,492	111,221	118,747	129,908	129,467	145,040
Culture and recreation	987,974	595,489	1,002,250	549,875	521,389	501,057	437,819	456,448	507,216	520,280
Housing and development	791,216	592,903	531,059	484,338	438,725	483,860	682,444	603,979	659,695	737,632
Interest on long-term debt	115,022	58,557	33,064	16,492	3,821	1,786	727	20	2,151	25,381
Total Governmental Activities	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	10,661,483
Business-Type Activities										
Water and sewer	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	8,291,427
Solid waste	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	1,222,388
Aquatic center		482,360	477,641	460,695	409,451	408,567	441,899	434,759	465,014	449,460
Total Business-Type Activities	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	9,963,275
Total Primary Government	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	20,624,758
Program Revenue										
Governmental Activities										
Charges for Services										
General government	1,113,143	1,585,497	1,378,231	1,182,164	1,101,935	986,902	838,573	969,520	1,001,862	1,093,999
Judicial	-	-	-	-	-	-	318,859	242,778	294,720	202,089
Public safety	413,928	326,744	314,328	449,060	431,856	369,934	5,684	1,147	550	993
Public works	50,359	40,754	52,928	40,940	45,154	27,232	72,071	38,266	38,112	43,135
Health and welfare	-	-	-	-	-	-	25,000	30,000	30,000	30,000
Culture and recreation	425,237	63,694	74,041	61,578	56,090	43,437	6,124	4,924	4,866	4,564
Housing and development	-	-	-	-	-	-	16,300	14,914	15,568	11,572
Operating grants and contribution	537,196	73,105	453,182	224,705	305,498	191,685	157,803	8,618	67,767	261,385
Capital grants and contributions	-	-	611	940,701	565,399	1,119,677	851,770	3,646,965	4,619,371	2,183,873
Total Governmental Activities	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	3,831,610
Business-Type Activities										
Charges for services										
Water and Sewer	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	6,778,955
Solid Waste	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	1,164,094
Aquatic Center	-	324,209	333,856	338,636	332,148	332,912	354,069	392,422	407,946	404,773
Capital grants and contributions	1,573,959	4,808,077	1,031,895	403,316	-	-	614,258	590,526	-	-
Total Business-Type Activities	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	8,347,822
Total Primary Government	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	12,179,432
NET (EXPENSE) REVENUE										
Governmental Activities	(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)	(6,829,873)
Business-Type Activities	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)	(1,615,453)
Total Primary Government	(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)	(8,445,326)

-Continued-

See accompanying independent auditors' report.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes:										
Property taxes	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	3,520,121
Sales taxes	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	1,753,020
Franchise taxes	768,041	814,810	820,730	874,322	910,675	887,266	905,317	1,070,546	1,011,980	996,179
Hotel/motel taxes	126,521	110,980	98,461	107,006	104,033	103,943	118,907	138,298	140,460	157,570
Other taxes	977,604	1,014,643	993,926	965,861	1,048,986	1,111,129	1,146,466	1,187,316	1,260,860	1,348,895
Unrestricted investment earnings	147,341	68,953	54,404	14,345	11,032	7,775	8,460	8,007	4,859	5,034
Gain on sale of capital assets	99,000	8,719	-	14,602	-	-	-	12,963	-	-
Miscellaneous	92,500	-	-	-	-	-	131	19,825	3,586	2,351
Transfers	-	(4,660,253)	(1,590,591)	(1,003,102)	(91,553)	(67,400)	(102,639)	(3,031,768)	(3,896,100)	(1,669,300)
Total Governmental Activities	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	6,113,870
Business-Type Activities										
Unrestricted investment earnings	682,374	286,457	103,757	30,055	12,271	4,710	3,898	4,498	4,726	7,867
Gain on sale of capital assets	-	-	6,695	-	-	28,662	-	26,185	3,779	-
Miscellaneous	40,742	13,881	10,228	19,353	15,132	20,101	5,583	4,390	22,385	22,055
Transfers	-	4,660,253	1,590,591	1,003,102	91,553	67,400	102,639	3,031,768	3,896,100	1,669,300
Total Business-Type Activities	723,116	4,960,591	1,711,271	1,052,510	118,956	120,873	112,120	3,066,841	3,926,990	1,699,222
Total Primary Government	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	7,813,092
Change In Net Position										
Governmental Activities	29,510	(801,245)	3,133,295	356,225	96,571	275,506	235,972	(123,109)	262,152	(716,003)
Business-Type Activities	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	83,769
Total Primary Government	$ 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	$ (632,234)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable										
Prepaid items	$ -	$ -	$ -	$ 42,285	$ 145,048	$ 29,537	$ 31,381	$ 41,842	$ 53,760	$ 234,805
Advances to other funds	-	-	-	92,998	86,088	85,957	65,809	65,809	60,000	50,000
Restricted, reported in										
Housing and development	-	-	-	25,000	25,000	6,250	6,250	6,250	6,250	-
Reserved for										
Prepaids	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in										
General fund	4,994,961	4,483,795	4,454,159	-	-	-	-	-	-	-
Unassigned	-	-	-	3,199,443	4,205,195	4,959,599	5,437,868	6,001,980	6,573,053	6,146,644
Total General Fund	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	6,431,449
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	1,886,056
Housing and development	-	-	-	8,626	236	-	-	-	-	-
Reserved for										
Special projects	-	-	-	-	-	-	-	-	-	-
Prepaids	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in										
Special revenue funds	575,816	419,264	402,554	-	-	-	-	-	-	-
Capital projects funds	97,208	95,421	80,332	-	-	-	-	-	-	-
Unassigned, reported in										
Special revenue funds	-	-	-	-	-	(4,024)	-	-	-	-
Total All Other Governmental Funds	673,024	514,685	482,886	415,369	406,756	540,045	1,176,351	1,110,461	1,698,297	1,886,056
Total All Governmental Funds	$ 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	$ 8,317,505

Notes:

GASB 54 was implemented during fiscal 2011.

GASBs 63 and 65 were implemented during fiscal 2013.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	$ 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	$ 7,757,088
Licenses and permits	541,639	463,372	502,189	312,663	416,059	348,420	360,696	384,527	470,557	519,316
Intergovernmental	537,196	73,105	5,580,088	2,118,700	870,897	1,311,362	1,009,573	3,654,763	4,686,684	2,444,807
Charges for services	444,724	96,982	179,547	123,375	127,975	67,652	92,955	85,531	81,706	86,323
Fines and forfeitures	413,928	326,744	314,328	449,060	431,856	369,934	331,474	249,957	302,847	209,762
Interest income	147,341	68,953	55,015	15,093	11,032	7,775	8,460	8,827	5,313	5,484
Contributions and donations	-	-	-	-	-	-	131	19,825	3,586	2,351
Other revenues	694,876	1,129,591	823,464	848,644	659,145	641,499	497,486	581,534	530,568	570,951
Total Revenues	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	11,596,082
Expenditures										
General government	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	2,069,025
Judicial	250,126	191,884	172,019	227,996	201,782	188,216	176,296	165,599	176,330	187,872
Public safety	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	3,854,980
Public works	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	2,153,565
Health and welfare	81,699	100,270	101,735	98,558	116,492	111,221	118,747	129,908	129,467	145,040
Culture and recreation	991,757	632,096	517,803	488,321	477,569	439,315	346,379	406,381	459,233	460,441
Housing and development	776,607	569,252	488,691	444,060	398,102	460,368	650,942	579,536	625,370	699,243
Capital outlay	2,014,022	4,075,013	5,151,474	1,907,993	565,399	982,128	219,605	2,072,855	2,350,735	328,513
Debt service:										
Principal	1,493,355	778,708	467,225	479,813	166,731	51,055	40,653	10,188	15,024	197,898
Interest	116,765	63,143	32,015	17,697	3,884	1,885	808	42	2,151	25,381
Total Expenditures	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	10,121,958
Excess (deficiency) of revenues over (under) expenditures	(2,649,349)	(850,072)	(51,803)	(1,169,642)	980,202	750,801	1,112,472	2,135,720	1,684,831	1,474,124
Other Financing Sources										
Proceeds from sale of capital assets	99,000	74,969	-	14,602	-	2,500	-	12,963	-	-
Proceeds from note payable	-	-	-	-	-	-	-	-	-	-
Capital leases and notes payable	-	-	-	-	-	-	-	-	-	121,321
Issuance of notes payable	886,000	128,000	-	-	119,700	-	-	-	1,160,987	-
Transfers in	866,055	257,964	308,057	410,701	417,324	307,674	295,352	-	100,116	261,385
Transfers out	(866,055)	(280,366)	(317,689)	(417,611)	(424,234)	(307,674)	(315,500)	(1,640,000)	(1,780,916)	(1,930,685)
Total other financing sources (uses)	985,000	180,567	(9,632)	7,692	112,790	2,500	(20,148)	(1,627,037)	(519,813)	(1,547,979)
Net change in fund balances	$ (1,664,349)	$ (669,505)	$ (61,435)	$ (1,161,950)	$ 1,092,992	$ 753,301	$ 1,092,324	$ 508,683	$ 1,165,018	$ (73,855)
Debt service as a percentage of noncapital expenditures	14.20%	8.70%	5.40%	5%	2.10%	0.60%	0.49%	0.10%	0.16%	2.33%

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
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
2017	2016	3,520,121	996,179	1,753,020	157,570	1,348,895	7,775,785
Change 2008-2017		-1.07%	29.70%	-57.26%	24.54%	37.98%	-18.43%

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 Percentage of Actual Value
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%
2017	2016	506,736,859	16,144,250	1,174,178	211,540	-	15,242,710	509,024,117	6.000%	1,272,560,293	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
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
2017	2016	6.000	13.940	16.000	0.000	35.940

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

	2017			2008		
Customer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
NLP Brant Creek LLC	11,093,512	1	2.18%			
Old Weed & Ready Plantation LLC	9,714,311	2	1.91%			
Walmart Real Estate	7,315,725	3	1.44%	15,558,203	4	2.27%
Express Scripts Inc	6,925,502	4	1.36%			
Harbor Pines Limited	6,675,927	5	1.31%	7,500,230	9	1.09%
Wilkinson St Marys LLC	6,404,619	6	1.26%			
SFP Pool Seven LLC	5,842,087	7	1.15%			
SP Cumberland LLC	5,688,795	8	1.12%			
Osprey Cove Real Estate LLC	5,558,308	9	1.09%			
M3 American Investments LLC	4,304,604	10	0.85%			
Point Peter LLLP	-			63,123,421	1	9.20%
Winding River LLC	-			21,027,003	2	3.07%
Osprey Development LLC	-			15,780,606	3	2.30%
Park Place LLC				13,353,232	5	1.95%
North River LLC	-			10,567,247	6	1.54%
United Fuel Inc				7,625,039	7	1.11%
Kings Bay Village II LLP				7,568,642	8	1.10%
The Club at Osprey Cove LLC				6,037,083	10	0.88%
Total	$ 69,523,390		13.66%	$ 168,140,706		24.52%

Source:

City of St. Marys Finance/Tax Department Records.

Notes:

The above information is based on the tax year digest.

See accompanying independent auditors' report.

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

		Collected within the Fiscal Year of the Levy			Total Collections to Date		
Fiscal Year	Tax Digest Year	Taxes Levied [1]	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
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%	274,162	3,454,645	98.75%
2011	2010	3,036,967	2,885,039	95.00%	92,418	2,977,457	98.04%
2012	2011	3,234,429	2,986,509	92.33%	149,593	3,136,102	96.96%
2013	2012	2,757,956	2,622,660	95.09%	28,517	2,651,177	96.13%
2014	2013	2,571,779	2,536,290	98.62%	32,095	2,568,385	99.87%
2015	2014	2,760,041	2,704,564	97.99%	29,925	2,734,489	99.07%
2016	2015	3,039,808	2,863,049	94.19%	-	2,863,049	94.19%
2017	2016	3,054,145	2,853,424	93.43%	-	2,853,424	93.43%

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)
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
2017	434,247,200	20.45	2.860	3.280	20.45	2.860	3.280

Source:
City of St. Marys Water Department

See accompanying independent auditors' report.

CITY OF ST. MARYS, GEORGIA
Ratios of Outstanding Debt by Type (Unaudited)
Last Ten Fiscal Years

	Governmental Activities		Business-type Activities								
Fiscal Year	Capital Leases	Notes Payable	1992 Water/Sewer Bond	2007 Water/Sewer Bond	2010 Water/Sewer Bond	2017 Water/Sewer Bond	Capital Leases	Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita
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	8.28%	2,627
2015	-	-	1,505,000	-	39,815,000	-	-	3,581,972	44,901,972	7.63%	2,499
2016	1,145,963	-	1,160,000	-	38,085,000	-	66,756	3,292,828	43,750,547	7.31%	1,322
2017	1,069,386	-	410,000	-	1,880,000	38,270,000	138,965	3,398,847	45,167,198	**	**

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
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%	2,120	17,968	506,634,647
2017	1,880,000	-	1,880,000	0.37%	104	18,088	509,024,117

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, 2017

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	1,880,000	100%	1,880,000
	$ 1,880,000		$ 1,880,000

Sources:

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Legal Debt Margin										
Debt limit	$ 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	$ 52,426,683
Amount of debt limit utilized	-	-	-	41,026,056	41,289,652	41,099,251	41,162,534	39,522,534	37,745,227	1,880,000
Legal debt margin	$ 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	$ 50,546,683
Total net debt applicable to the limit as a percentage of a debt limit	0.00%	0.00%	0.00%	61.46%	64.32%	69.80%	76.07%	74.74%	72.64%	3.59%
Legal Debt Margin Calculation										
Assessed value	$ 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	$509,024,117
Add back: exempt property	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	15,242,710
Total assessed value	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	524,266,827
Debt limit (10% of total assessed value)	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	52,426,683
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	1,880,000
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	1,880,000
Legal debt margin	$ 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	$ 50,546,683

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) (in thousands)	Historical Bond Debt Service (2) (in thousands)	Debt Coverage Ratio	Excess Funds (in thousands)
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
2017	3,222	799	4.03	2,423

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]
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	18,088	598,749	33,102	5.50%
2017	**	**	**	**

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

	2017			2010 [1]		
	Employer	Number of Employees	Percentage of Total City Employment	Rank	Employer	Number of Employees	Percentage of Total City Employment
1	Express Scripts	337	25.04%	1	Express Scripts	474	29.74%
2	Southeast Georgia Health Systems	330	24.52%	2	Wal-Mart Supercenter	418	26.22%
3	Wal-Mart Supercenter	229	17.01%	3	Southeast Georgia Health Systems	293	18.38%
4	City of St. Marys	140	10.40%	4	Green Cedar Stores	95	5.96%
5	Belk	66	4.90%	5	Osprey Cove Golf Course	85	5.33%
6	Georiga Pacific	63	4.68%	6	Georgia Pacific	76	4.77%
7	Winn Dixie	48	3.57%	7	B.A.E Systems	67	4.20%
8	Pilot	48	3.57%	8	Customer Service of America	36	2.26%
9	Coastal Home Care	46	3.42%	9	Harvey's Grocery Store	27	1.69%
10	ATN, Inc.	39	2.90%	10	Aunt B's Restaurant	23	1.44%
	Total Employees	1,346	100%			1,594	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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
General government	19.00	14.00	13.00	9.30	8.30	8.93	8.93	9.25	9.25	8.15
Public safety										
Police department	46.00	40.00	40.00	40.50	36.50	35.50	35.60	33.60	33.60	33.60
Fire department	30.00	23.00	23.00	26.00	29.00	29.00	26.00	25.70	25.70	25.70
Public works	46.00	40.00	40.00	29.70	19.36	19.61	19.71	18.02	18.02	18.02
Health and welfare	1.00	1.00	1.00	2.00	2.00	2.00	2.36	2.36	2.36	2.36
Judicial	2.00	1.00	1.00	1.50	1.00	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	6.34	6.34	5.00
Housing and development	8.00	7.00	7.00	7.25	7.25	6.50	6.50	6.15	6.15	10.59
Business-type activities										
Water and sewer	30.00	29.00	28.00	39.05	35.39	35.39	34.39	34.39	34.39	34.39
Solid waste	-	-	-	5.49	1.45	1.45	1.45	1.50	1.50	1.50
Aquatic center	1.00	1.00	1.00	9.60	8.60	8.60	-	-	-	-
Total	188.00	161.00	159.00	175.39	153.85	152.98	140.94	138.31	138.31	140.31

Notes:

Full-time equivalent information was not available for 2008 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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Building permits issued	165	142	257	261	285	282	316	287	108	93
Building inspections conducted	3,054	2,519	3,306	1,660	1,609	1,621	1,815	2,110	2,367	3,282
Police										
Physical arrests	693	623	731	868	759	652	375	515	518	568
Other violations	2,526	2,193	2,539	2,568	2,374	2,128	2,542	1,752	1,443	571
Traffic violations	2,641	2,565	4,993	4,299	3,369	3,088	3,208	2,713	3,081	2,287
Fire										
Emergency room	1,492	1,619	1,575	1,617	1,863	1,733	1,417	1,011	1,193	1,276
Fires extinguished	75	82	96	82	99	75	60	51	68	78
Inspections	84	139	2,013	228	279	250	50	70	300	325
Public Works										
Streets resurfaced (miles)	2	No data	1	1	-	-	-	-	-	-
Water										
New connections	101	74	52	32	21	29	36	29	43	44
Volume (thousands of gallons)	1,650	1,572	1,541	1,516	1,445	1,103	1,363	1,388	1,430	1,471
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,377	1,479	1,383	1,259	1,521	1,900	1,985	1,468	1,903	2,992

Source:

Various City departments

See accompanying independent auditors' report.

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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)	94	99	103	107	107	107	107	107	107	107
Water										
Fire hydrants	997	1,037	1,109	1,127	1,135	1,135	1,135	1,135	1,150	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	3,000	5,200	5,200	4,500	4,500	4,500	4,500	4,500

Source:

Various City departments

See accompanying independent auditors' report.



Compliance Section

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Marys, Georgia, as of and for the year ended June 30, 2017, 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 January 30, 2018.

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
January 30, 2018

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, 2017 due to the City not expending $750,000 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, 2017

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	$ 683,130	$ -	$ 683,130
Drainage	5,530,000	3,000,000	457,492	-	457,492
Sewer	5,000,000	5,310,000	9,084,788	-	9,084,788
City buildings	3,500,000	1,000,000	1,135,646	-	1,135,646
Total	$ 18,760,000	$ 11,760,000	$ 11,361,056	$ -	$ 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	$ 3,324,900	$ 1,669,300	$ 4,994,200
Improvements	4,327,918	4,327,918	289,055	73,640	362,695
Equipment/vehicles capital outlay	2,503,375	2,503,375	191,182	-	191,182
Total	$ 17,831,293	$ 17,831,293	$ 3,805,137	$ 1,742,940	$ 5,548,077

See accompanying independent auditors' report.