CITY OF ST. MARYS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

PREPARED BY
City Finance Department

CITY OF ST. MARYS, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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418 Osborne Street
St Marys, Georgia 31558
912-510-4000

December 31, 2018

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

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

The Finance Department is pleased to present this Comprehensive Annual Financial Report (CAFR) of the City of St Marys (the "City") for the year ended June 30, 2018. A copy of this report is on file with the Finance Department for public inspection and located at the Customer Service Department. A copy will be filed with the State Auditor's office to fulfill requirements set forth.

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 an absolute, assurance that the financial statements are free of any material misstatements. As management, we emphasize that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

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 the fiscal years 2013 - 2017 budgets. The City received the Certificate in Achievement in Financial Reporting for the fiscal years 2014 - 2017.

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 May 2018, unemployment in the Camden County area was 3.8% compared to 3.8% nationally and 4.2% for the State of Georgia as a whole.

Palpable growth is evident when looking at the census numbers. The City's population has grown significantly since 1990 to today (8,187 to 18,019 est. 2017 by the United States census). Growth has come from many factors which include the Naval Base, United State Coast Guard, retirees and others wanting to enjoy the warm climate, economic conditions, and close proximity to major transit areas such as I-95 and the Jacksonville Airport.

The City has seen growth in building fees within the last few years. We look forward to additional residential growth along with commercial growth. A planned development, in St. Marys, is in the works that will include a marina with approximately 181 wetslips, 212 dry stack, townhomes, apartments, retail units, restaurant, and senior living.

Within the area, the County is currently working on initiatives to develop a commercial spaceport site. Our sister city has seen growth within commercial development and has the potential for a future sports complex and resort entertainment site of 500 acres. Along with the Camden County Joint Development Authority, the City's Economic Development Department continues to work on promoting economic growth.

Long-term Financial Planning

As of June 30, 2018, 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 fiscal year 2019 budget.

The City of St. Marys has made great strides to improve service levels and improve the financial integrity of the City. The fiscal year 2019 budget was a challenge again this year due to the effects of the declined economy in the past several years. The declined economy resulted in a decrease in sales tax revenues, property tax digest, and other taxes, which have not fully recovered. The City did make the decision to increase its millage rate from 6 mills to 6.5 mills in the fiscal year 2019 budget to help offset the cost.

However, the 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 increases 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 2019 through 2023 identifies projects and funding that total $8.2 million and includes major categories of water and sewer, public buildings, parks and recreation, community development, drainage, streets, and traffic improvements. The General Fund is projected to contribute $3.5 million of the funding for the five-year plan.

Major Initiatives

The City of St. Marys continues its efforts to provide excellent service and to provide the best possible quality of life for its citizens.

The city council has approved the purchase of a new radio system for public safety and public works. The new equipment, estimated at $1m, will eliminate dead spots that are located within the City limits and provide a safer environment for both city workers and citizens.

To promote economic growth and to begin implementation of the completed downtown strategic visioning and planning process, the downtown area which includes St. Marys Street and between Osborne Street and Wheeler Street will be updated in this next year. The improvements will include the reduction in the width of asphalt, the addition of greenery and expansion of the sidewalk on the north side of St. Marys Street. This project is estimated to be $.98m

The City continues its efforts to work on drainage projects around the City to help with the elimination of flooding. It continues to work to change over its meter program to help to increase efficiency with meter reading and billing. Efforts continue to rebuild our maritime facilities after the damage was realized from back to back hurricanes. Also, the City continues to use SPLOST to help assist with its bond debt payment. This eliminates the cost being passed on to its citizens

Acknowledgments

The preparation and completion of the CAFR represent 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 firm of Mauldin & Jenkins, LLC.

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

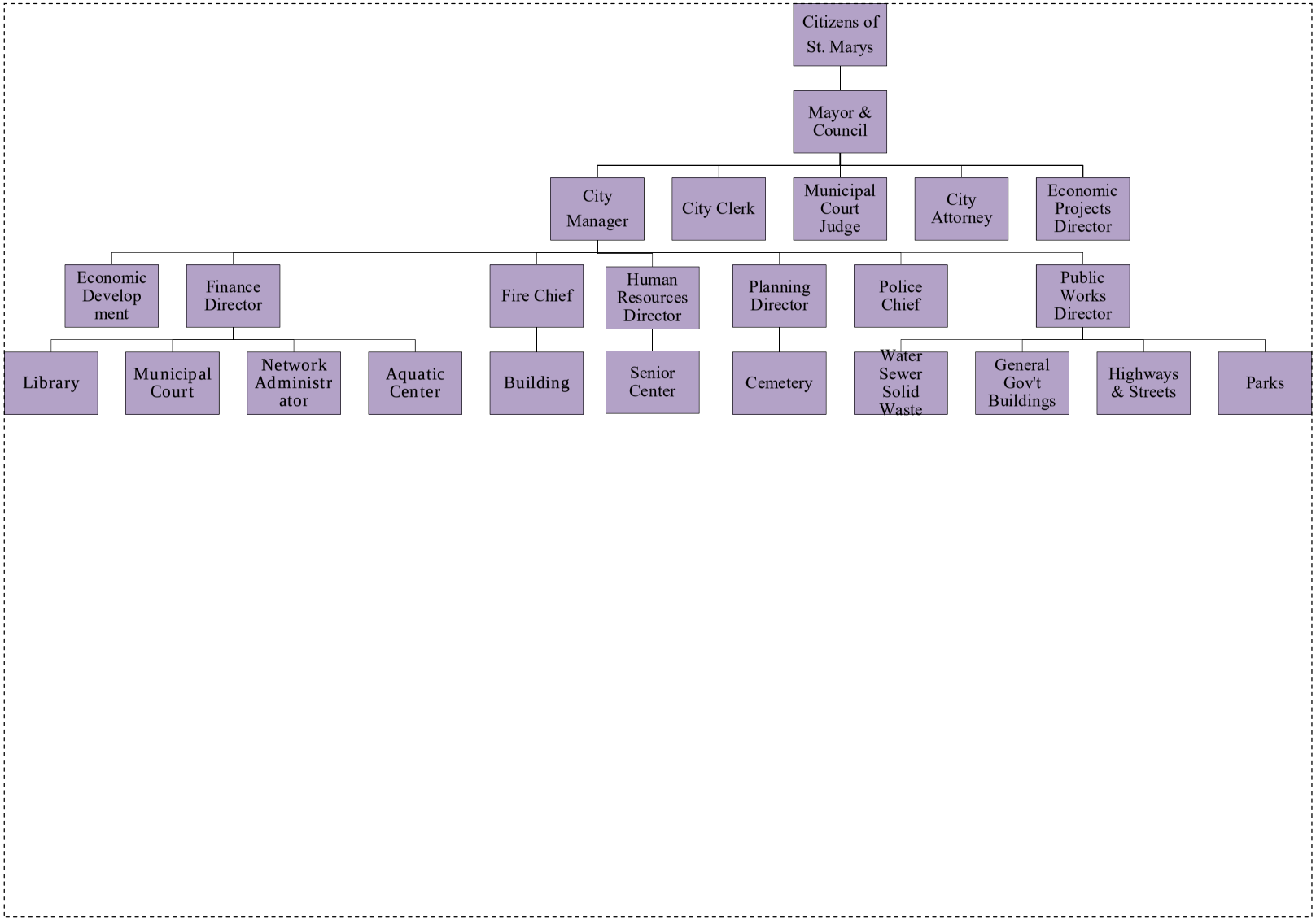
Respectfully submitted,



Jennifer Brown
Finance Director

City of St. Marys

Organizational Chart



CITY OF ST. MARYS, GEORGIA

PRINCIPAL OFFICIALS

ELECTED

Mayor
John F. Morrissey

City Council

Robert L. Nutter	Post 1
Elaine Powierski	Post 2
Jim Gant	Post 3
David Reilly	Post 4
Allen Rassi	Post 5
Linda P. Williams	Post 6

APPOINTED

City Manager
John J. Holman

Deborah Walker-Reed	City Clerk
Jennifer Brown	Finance Director
Donna Larson	Human Resources Director
Gary Moore	City Attorney
Tim Hatch	Police Chief
Robert Horton	Fire Chief
Chris Cox	City Engineer
Bobby Marr	Utilities 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, 2017

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of 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** (the "City"), as of and for the year ended June 30, 2018, 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.

Auditor's 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 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 as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons 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 17), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 56), the Schedule of City Contributions – Retirement Plan (on page 57), 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. The accompanying schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of the City.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, on our consideration of the City'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's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 31, 2018

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CITY OF ST. MARYS, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 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, 2018. 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 as of June 30, 2018, exceeded its liabilities at June 30, 2017, by $62.7 million (net position). Of this amount, $16.5 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net position increased by $.7 million.

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $8.4 million, an increase of $.05 million in comparison with the prior year. Approximately 68% of this total amount, $5.7 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 $40.7 million, an increase of $1.46 million in comparison with the prior year. Approximately 27% of this total amount, $11.0 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 $5.7 million or a positive 44.5% of total General Fund expenditures.

During the current fiscal year, the City did issue new debt for the Governmental funds of $443,513 and Business-type funds construction line of credit (note payable) of $500,000 with a total drawdown to date of $18,125. The Governmental funds had a decrease of $246,183 in debt service. The Business-type funds had a decrease of $2,955,084 in debt service. The total overall change in debt service was a decrease of $2,739,629. *Numbers do not include compensated absences or the net pension liability.

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

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

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

The government-wide financial statements can be found on pages 18 - 20 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 21 and 24 of this report.

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 the 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 can be found on pages 27 - 30 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 - 55 of 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 56 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and enterprise funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 58 - 66 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 67 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 $62.7 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.

Government-wide Financial Analysis (Continued)

City of St. Marys - Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	**2018**	2017	**2018**	2017
Current and other assets	**$ 8,846,757**	$ 8,966,830	**$ 9,496,680**	$ 8,275,730	**$ 18,343,437**	$ 17,242,560
Capital assets	**15,282,540**	15,924,191	**68,968,004**	71,573,747	**84,250,544**	87,497,938
Total assets	**24,129,297**	24,891,021	**78,464,684**	79,849,477	**102,593,981**	104,740,498
Deferred outflows of resources	**-**	-	**4,311,877**	4,599,335	**4,311,877**	4,599,335
Other liabilities	**369,215**	1,040,953	**859,830**	3,603,531	**1,229,045**	4,644,484
Long-term liabilities	**1,539,076**	1,113,880	**41,187,460**	41,576,168	**42,726,536**	42,690,048
Net pension liability	**229,611**	-	**-**	-	**229,611**	-
Total liabilities	**2,137,902**	2,154,833	**42,047,290**	45,179,699	**44,185,192**	47,334,532
Deferred inflows of resources	**39,000**	3,130	**-**	-	**39,000**	3,130
Net position:						
Net investment in capital assets	**14,015,824**	14,854,805	**27,807,151**	32,075,270	**41,822,975**	46,930,075
Restricted	**2,567,159**	1,886,056	**1,840,323**	2,049,167	**4,407,482**	3,935,223
Unrestricted	**5,369,412**	5,992,197	**11,081,797**	5,144,676	**16,451,209**	11,136,873
Total net position	**$ 21,952,395**	$ 22,733,058	**$ 40,729,271**	$ 39,269,113	**$ 62,681,666**	$ 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, $41.8 million (66.7%) 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, $4.4 million (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $16.5 million (26.3%) is unrestricted net position may be used to meet the government's ongoing obligations of the City.

Governmental activities during the fiscal year ending June 30, 2018, decreased the City of St. Marys net position by $.781 million. Business-type activities during the same period increased the net position by $1.460 million for a total increase in net position of $.679 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	
	2018	2017	**2018**	2017	**2018**	2017
Revenues						
Program revenues						
Charges for services	$ **1,533,243**	$ 1,386,352	$ **8,947,028**	$ 8,347,822	$ **10,480,271**	$ 9,734,174
Operating grants and contributions	**-**	261,385	**-**	-	**-**	261,385
Capital grants and contributions	**4,602,481**	2,183,872	**-**	-	**4,602,481**	2,183,872
General revenues						
Property taxes	**3,722,766**	3,520,121	**-**	-	**3,722,766**	3,520,121
Franchise taxes	**969,126**	996,179	**-**	-	**969,126**	996,179
Sales taxes	**1,844,924**	1,753,020	**-**	-	**1,844,924**	1,753,020
Hotel/Motel taxes	**139,172**	157,570	**-**	-	**139,172**	157,570
Other taxes	**1,408,542**	1,348,895	**-**	-	**1,408,542**	1,348,895
Unrestricted investment earnings	**5,867**	5,034	**16,731**	7,867	**22,598**	12,901
Gain on sale of capital assets	**-**	-	**7,684**	-	**7,684**	-
Miscellaneous	**-**	2,351	**-**	22,055	**-**	24,406
Total revenues	**14,226,121**	11,614,779	**8,971,443**	8,377,744	**23,197,564**	19,992,523
Expenses						
Governmental activities						
General government	**5,663,402**	2,762,386	**-**	-	**5,663,402**	2,762,386
Public safety	**4,262,525**	4,069,083	**-**	-	**4,262,525**	4,069,083
Public works	**1,936,690**	2,213,808	**-**	-	**1,936,690**	2,213,808
Health and welfare	**152,029**	145,040	**-**	-	**152,029**	145,040
Judicial	**188,366**	187,872	**-**	-	**188,366**	187,872
Culture and recreation	**379,147**	520,280	**-**	-	**379,147**	520,280
Housing and development	**744,961**	737,632	**-**	-	**744,961**	737,632
Interest on long-term debt	**25,614**	25,381	**-**	-	**25,614**	25,381
Business-type activities						
Water and sewer	**-**	-	**7,575,655**	8,291,427	**7,575,655**	8,291,427
Solid waste	**-**	-	**1,156,030**	1,222,388	**1,156,030**	1,222,388
Aquatic center	**-**	-	**433,650**	449,460	**433,650**	449,460
Total expenses	**13,352,734**	10,661,482	**9,165,335**	9,963,275	**22,518,069**	20,624,757
Increase (decrease) in net position before transfers	**873,387**	953,297	**(193,892)**	(1,585,531)	**679,495**	(632,234)
Transfers	**(1,654,050)**	(1,669,300)	**1,654,050**	1,669,300	**-**	-
Increase (decrease) in net position	**(780,663)**	(716,003)	**1,460,158**	83,769	**679,495**	(632,234)
Net position, beginning of year	**22,733,058**	23,449,061	**39,269,113**	39,185,344	**62,002,171**	62,634,405
Net position, end of year	$ **21,952,395**	$ 22,733,058	$ **40,729,271**	$ 39,269,113	$ **62,681,666**	$ 62,002,171

Changes in net position. The City's total revenues before transfers were $23.2 million in fiscal year 2018. Expenses were $22.5 million. Governmental and business-type activities combined provided a $.679 million increase in net position.

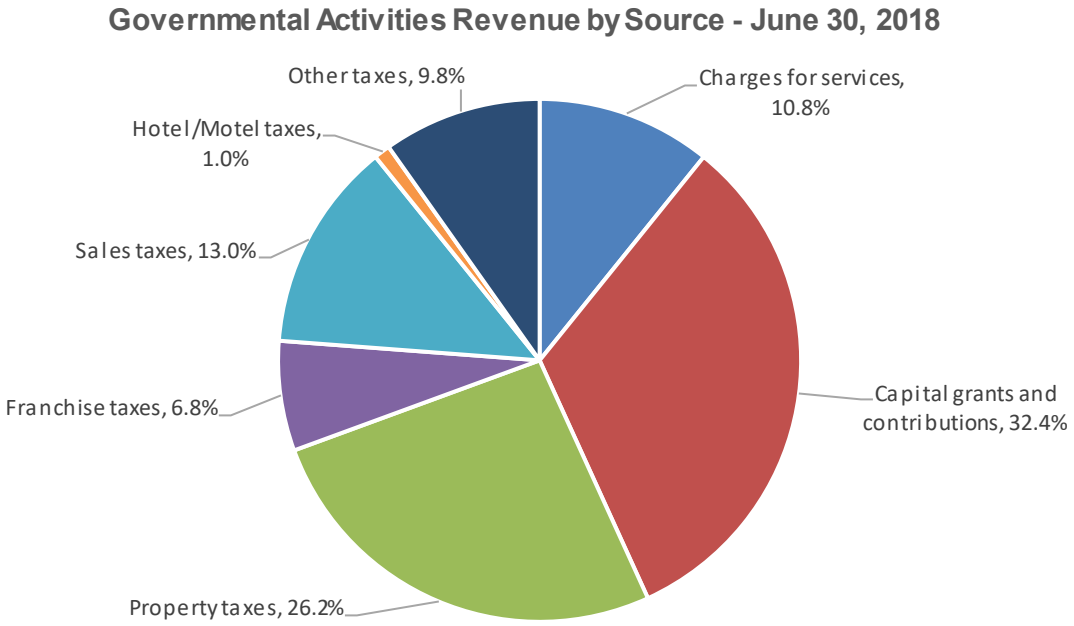
Government-wide Financial Analysis (Continued)

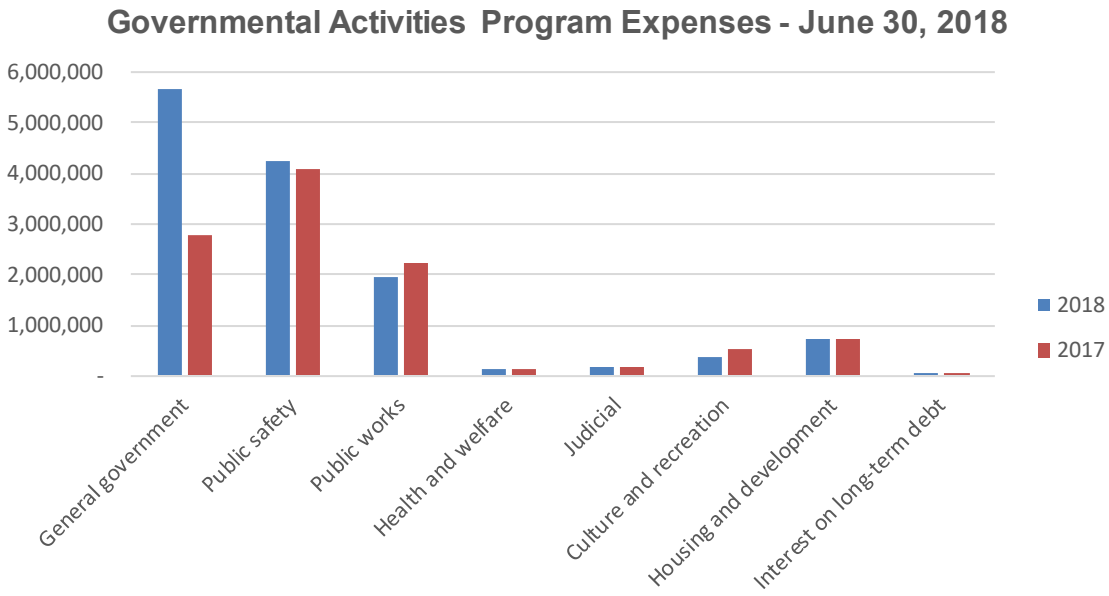
Governmental activities revenues, before transfers, were $14.2 million and included $1.5 million for charges for services, $4.6 for grants and contributions and $8.1 million in taxes and other revenues. The largest governmental activities expenses were for the general government of $5.7 million, public safety of $4.3 million, and public works of $1.9 million.

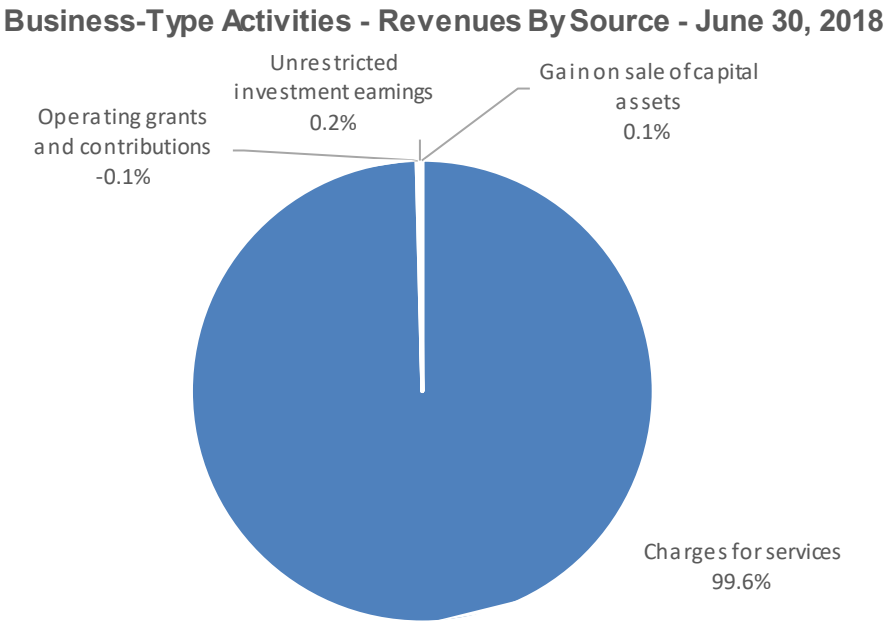
Business-type activity revenues, before transfers, were $8.97 million and included $8.95 million in charges for services and $.02 in other revenues. The largest business-type activity expenses were personal services of $1.77 million, purchased and contracted services of $2.1 million, supplies of $1.14 million and depreciation of $2.6 million.

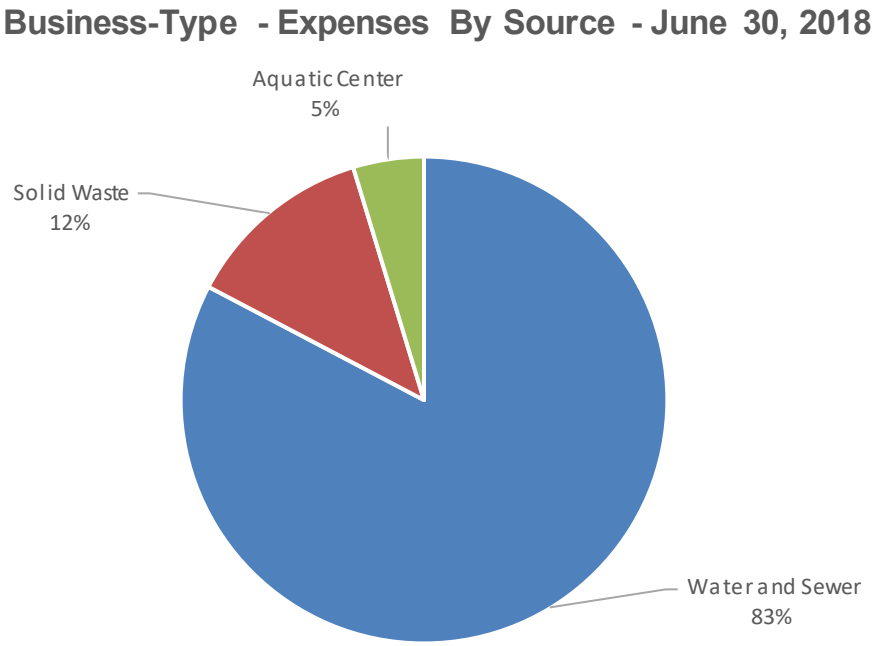
City of St. Marys - Changes in Net Position

	Total		Increase	Percentage
	2018	2017	(Decrease)	Change
Revenues				
Program revenues				
Charges for services	$ **10,480,271**	$ 9,734,174	$ 746,097	7.7%
Operating grants and contributions	**-**	261,385	(261,385)	-100.0%
Capital grants and contributions	**4,602,481**	2,183,872	2,418,609	110.7%
General revenues				
Property taxes	**3,722,766**	3,520,121	202,645	5.8%
Franchise taxes	**969,126**	996,179	(27,053)	-2.7%
Sales taxes	**1,844,924**	1,753,020	91,904	5.2%
Hotel/Motel taxes	**139,172**	157,570	(18,398)	-11.7%
Other taxes	**1,408,542**	1,348,895	59,647	4.4%
Unrestricted investment earnings	**22,598**	12,901	9,697	75.2%
Gain on sale of capital assets	**7,684**	-	7,684	1000.0%
Miscellaneous	**-**	24,406	(24,406)	-100.0%
Total revenues	**23,197,564**	19,992,523	3,205,041	16.0%
Expenses				
Governmental activities				
General government	**5,663,402**	2,762,386	2,901,016	105.0%
Public safety	**4,262,525**	4,069,083	193,442	4.8%
Public works	**1,936,690**	2,213,808	(277,118)	-12.5%
Health and welfare	**152,029**	145,040	6,989	4.8%
Judicial	**188,366**	187,872	494	0.3%
Culture and recreation	**379,147**	520,280	(141,133)	-27.1%
Housing and development	**744,961**	737,632	7,329	1.0%
Interest on long-term debt	**25,614**	25,381	233	0.9%
Business-type activities				
Water and sewer	**7,575,655**	8,291,427	(715,772)	-8.6%
Solid waste	**1,156,030**	1,222,388	(66,358)	-5.4%
Aquatic center	**433,650**	449,460	(15,810)	-3.5%
Total expenses	**22,518,069**	20,624,757	1,893,312	9.2%
Increase (decrease) in net position	**679,495**	(632,234)	1,311,729	-207.5%
Net position, beginning of year	**62,002,171**	62,634,405	(632,234)	-1.0%
Net position, end of year	$ **62,681,666**	$ 62,002,171	$ 679,495	1.1%


Governmental Activities Revenue by Source - June 30, 2018
Other taxes, 9.8%
Charges for services, 10.8%
Hotel/Motel taxes, 1.0%
Sales taxes, 13.0%
Franchise taxes, 6.8%
Capital grants and contributions, 32.4%
Property taxes, 26.2%


Governmental Activities Program Expenses - June 30, 2018
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
General government
Public safety
Public works
Health and welfare
Judicial
Culture and recreation
Housing and development
Interest on long-term debt
2018
2017


Business-Type Activities - Revenues By Source - June 30, 2018
Unrestricted investment earnings 0.2%
Gain on sale of capital assets 0.1%
Operating grants and contributions -0.1%
Charges for services 99.6%


Business-Type - Expenses By Source - June 30, 2018
Aquatic Center 5%
Solid Waste 12%
Water and Sewer 83%

Revenue Impacts. Operating grants and contributions decreased $261,385 or -100%, which is primarily due to a decrease in various grants received by the City. Capital grants and contributions increased by $2.4 million or 110.7%, which is due to funds received from hurricane damage. Hotel/motel taxes decreased $18,398 or -11.7%, which is due to a decrease in the portion received from the county government. Unrestricted investment earnings increased $9,697 or 75.2%, which is due to an increase in interest rates over the past year. Miscellaneous revenues decreased $24,406 or -100%. These revenues are not guaranteed from year to year.

Expense Impacts. General government increased $2,901,016 or 105%, which is primarily due to the hurricane IRMA expense. Public Works decreased $277,118 or -12.5%, which is primarily due to projects that were finished in fiscal year 2017. Culture and recreation decreased $141,133 or -27.1%, which is due to capital projects completed in the prior year.

Fund Balance.

Fund	Fund Balance 6/30/2017	Revenues/ Sources	Expenses/ Uses	Over (under) Exp./Uses	Fund Balance 6/30/2018
General Fund	$ 6,431,449	$ 12,215,599	$ 12,819,260	$ (603,661)	$ 5,827,788
SPLOST Fund	1,121,820	2,082,817	1,654,050	428,767	1,550,587
Nonmajor Governmental Funds	764,236	418,046	190,710	227,336	991,572
Total	$ 8,317,505	$ 14,716,462	$ 14,664,020	$ 52,442	$ 8,369,947

As of June 30, 2018, the City's governmental funds reported a combined fund balance of $8.37 million, which is a net increase of $.05 million from the previous year.

General Fund's fund balance decreased by $.6 million and was $5.8 million at the end of the year. This was mainly due to storm-related expenditures.

The SPLOST Fund's fund balance increased by $.43 million and was $1.55 million at the end of the year. The revenues exceeded the expenditures. These funds are restricted for capital projects.

Other Fund's fund balance increased $.23 million and was $.99 million at the end of the year. The increase was due to grants received for the local maintenance grant projects

Financial Analysis of the City's Funds

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

Financial Analysis of the City's Funds (Continued)

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 fiscal year 2018, the General Fund reported fund balance of $5,827,788. This is a decrease of $603,661 from the beginning fund balance. Of the total amount, $5,700,629 constitutes "unassigned fund balance" which is available for spending at the government's discretion for non-recurring items, such as, one-time capital expenditures and debt retirement. The remaining amounts in fund balance are non-spendable prepaid items and advance.

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 $1,550,587 is restricted for voter-approved SPLOST projects.

The fund balances for the other governmental funds increased by $227,336. The total combined fund balances for the other governmental funds was a positive $991,572 at the end of the year with all funds restricted for a 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 $8,305,720 at the end of fiscal year ending June 30, 2018. Of this amount, $1,921,489 is reported as restricted assets.

The Water and Sewer Fund had an ending net position of $38,848,420 for fiscal year 2018. This was an increase of $1,426,954 from the previous year. Of the balance, $26,527,027 is the net investment in capital assets and $1,840,323 is reported as restricted assets.

The Solid Waste Fund had an ending net position of $478,303 for fiscal year 2018. This was an increase of $33,009 from the previous year.

The Aquatic Center Fund had an ending net position balance of $1,402,548 for fiscal year 2018. This was an increase of $195 from the previous year. Of the balance, $1,280,124 is invested in capital assets.

General Fund Budget Highlights:

The budget was prepared according to Georgia Law. The fiscal year 2018 original revenue budget was $8,997,418. The original budget was amended to $11,762,274. The major increase was miscellaneous income which included funds for insurance reimbursement due to hurricane damage and FEMA/GEMA funds. The final budgeted revenues increased 30.7% or $2,764,856. The total budgeted expenditures increased $4,078,424 or 36.8% from the original budget due to hurricane damage expenses and capital projects.

Capital Asset and Debt Administration

Capital Assets. At the end of fiscal year ending June 30, 2018, governmental activities and business-type activities had capital assets of $84,250,544 (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment, and recreation and park facilities. This represents a 4% decrease or $3,247,394 overall. The governmental activities decreased by 4% and, business-type activities decreased by 3.6%, which was due to the depreciation of assets exceeding additions.

Major capital asset events during the current period include the following:

- For governmental activities, the City purchased machinery and equipment for $458,856
- For business-type activities, construction in progress decreased $54,313 for sewer infrastructure projects completed and was transferred to infrastructure.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	**2018**	2017	**2018**	2017
Land	**$ 1,798,738**	$ 1,798,738	**$ 846,727**	$ 846,727	**$ 2,645,465**	$ 2,645,465
Construction in progress	**211,751**	266,523	**18,125**	54,313	**229,876**	320,836
Infrastructure	**6,640,148**	6,808,637	**64,534,438**	66,823,879	**71,174,586**	73,632,516
Buildings	**3,046,562**	3,256,999	**3,330,832**	3,524,239	**6,377,394**	6,781,238
Improvements	**2,377,078**	2,598,312	**-**	-	**2,377,078**	2,598,312
Machinery and equipment	**1,208,263**	1,194,982	**237,882**	324,589	**1,446,145**	1,519,571
	$ 15,282,540	$ 15,924,191	**$ 68,968,004**	$ 71,573,747	**$ 84,250,544**	$ 87,497,938

Additional information on the City's capital assets can be found in Note 5 on pages 43 and 44 of this report.

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

At June 30, 2018, the City had $1,266,716 of outstanding debt related to governmental activities and $41,160,853 of outstanding debt related to business-type activities, for a total of $42,427,569 compared to the previous year's total of $45,167,198. This is a decrease of $2,739,629. *Numbers do not include compensated absences.

At the end of 2018, the business activities had bonded debt of $37,984,207. This amount is secured 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 6 on pages 45 through 48 of this report.

Factors affecting the Fiscal Year 2019 Budget

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 fiscal year 2019 budget. The fiscal year 2019 city-wide budget did increase by approximately 6%.

The major increases in the fiscal year 2019 budget were due to capital equipment approved and new projects for fiscal year 2019. The city-wide budget was set at $25,930,769. The City increased the millage rate from 6 mills to 6.5 mills due to major capital equipment needs for safety concerns with public safety and public works and the downtown project (SHRIMP).

Fiscal Year 2019 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 funds for marketing the City.
3. New radio equipment will be purchased for public safety and public works at approximately $1M.
4. Council approved a new computer server.
5. Council approved $20,000 for enhancements of the “Gateway” of the City.
6. Road enhancements with the Local Maintenance Improvement Grant.
7. Leasing of various vehicles for public works and public safety.
8. Council approved the (SHRIMP) Stormwater, Hydro, Renovations, Improvement, Maintenance, Project that is part of the renaissance plan in the amount of $982,333.
9. Approval to move forward with the Douglas Drive Drainage project.
10. Continue installation of $100,000 in radio water read meters.
11. Continued temporary help was used to assist with the maintenance of the historic Oak Grove Cemetery.
12. Move forward with restoration of the docks and boat ramp due to hurricane IRMA.
13. Council approved $10,000 for the Downtown Development.
14. To Move forward with the water clear well project for $500,000.
15. Council approved $50,000 for trash collection enhancement in the downtown.

Fiscal Year 2019 Major Initiatives (Continued)

16. Council approved $5,000 to assist with ferry services to Fernandina Beach.

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 fiscal year 2019 projections continue to be conservative, yet realistic.

Economic Factors

The County-wide economy shows signs of recovery. This has been realized through residential and commercial building along with a decreased unemployment rate. The Governor has allocated funding for the Coastal Pines Technical College to be located in Kingsland, our sister city. The County has a prime site under contract and is looking to develop an aerospace industrial park. A favorable Environmental Impact Study for the site was released in March 2018. Please visit www.spaceportcamden.us for more information.

The City of St. Marys has seen growth in residential building and is currently working with several potential residential developments for future growth. St. Marys' is looking forward to commercial growth in the near future, which includes a new development proposed on the old mill site. The development will consist of a marina, dry boat storage, apartments, townhouses, retail stores, and a senior living facility. Verizon will be moving to St. Marys, building a new facility. Also, the City is looking at several other growth opportunities for its Intracoastal Gateway site and MEDS site.

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 at jennifer.brown@stmarysga.gov.

CITY OF ST. MARYS, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
Cash and cash equivalents	$ 6,770,318	$ 6,384,231	$ 13,154,549	$ 11,929	$ 46,811	$ 43,792	$ 120,359
Taxes receivable	112,262	-	112,262	-	-	-	-
Accounts receivable, net of allowances	1,328,827	733,074	2,061,901	-	-	92	783
Prepaid expenses	72,159	73,580	145,739	-	-	45	-
Due from other governments	520,845	-	520,845	-	-	-	-
Internal balances	40,000	(40,000)	-	-	-	-	-
Due from component units	2,346	-	2,346	-	-	-	-
Due from primary government	-	-	-	-	-	17,696	-
Restricted assets, cash and cash equivalents	-	2,345,795	2,345,795	-	-	-	-
Capital assets:							
Non-depreciable	2,010,489	864,852	2,875,341	332,234	620,000	-	-
Depreciable, net of accumulated depreciation	13,272,051	68,103,152	81,375,203	-	-	-	-
Total assets	24,129,297	78,464,684	102,593,981	344,163	666,811	61,625	121,142
DEFERRED OUTFLOWS OF RESOURCES							
Deferred refunding loss	-	4,311,877	4,311,877	-	-	-	-
LIABILITIES							
Accounts payable	298,391	230,407	528,798	-	1,879	1,724	-
Accrued liabilities	53,128	198,947	252,075	-	-	363	-
Due to component units	17,696	-	17,696	-	-	-	-
Due to primary government	-	-	-	-	-	2,346	-
Customer deposits	-	419,545	419,545	-	-	-	-
Unearned revenue	-	10,931	10,931	-	-	-	-
Compensated absences due within one year	272,360	26,607	298,967	-	-	-	-
Capital leases due within one year	333,854	50,907	384,761	-	-	-	-
Capital leases due in more than one year	932,862	33,147	966,009	-	-	-	-
Notes payable due within one year	-	335,755	335,755	-	-	-	-
Notes payable due in more than one year	-	2,756,837	2,756,837	-	-	-	-
Net pension liability	229,611	-	229,611	-	-	-	-
Bonds payable due within one year	-	1,930,000	1,930,000	-	-	-	-
Bonds payable due in more than one year	-	36,054,207	36,054,207	-	-	-	-
Total liabilities	2,137,902	42,047,290	44,185,192	-	1,879	4,433	-
DEFERRED INFLOWS OF RESOURCES							
Pension	39,000	-	39,000	-	-	-	-
NET POSITION							
Net investment in capital assets	14,015,824	27,807,151	41,822,975	332,234	620,000	-	-
Restricted for housing and development	25,000	-	25,000	-	-	-	-
Restricted for capital projects	2,542,159	-	2,542,159	-	-	-	-
Restricted for economic development	-	-	-	-	-	-	-
Restricted for debt service	-	1,840,323	1,840,323	-	-	-	-
Unrestricted	5,369,412	11,081,797	16,451,209	11,929	44,932	57,192	121,142
Total net position	$ 21,952,395	$ 40,729,271	$ 62,681,666	$ 344,163	$ 664,932	$ 57,192	$ 121,142

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

CITY OF ST. MARYS, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities				
General government	$ 5,663,402	$ 1,221,504	$ -	$ 2,449,428
Public safety	4,262,525	235,348	-	-
Public works	1,936,690	64,213	-	2,146,129
Health and welfare	152,029	-	-	-
Judicial	188,366	-	-	-
Culture and recreation	379,147	12,178	-	6,924
Housing and development	744,961	-	-	-
Interest on long-term debt	25,614	-	-	-
Total governmental activities	13,352,734	1,533,243	-	4,602,481
Business-type activities				
Water & sewer	7,575,655	7,324,144	-	-
Solid waste	1,156,030	1,189,039	-	-
Aquatic center	433,650	433,845	-	-
Total business-type activities	9,165,335	8,947,028	-	-
Total primary government	$ 22,518,069	$ 10,480,271	$ -	$ 4,602,481
Component units				
Industrial Development Authority	$ -	$ -	$ -	$ -
Downtown Development Authority	50,227	3,600	35,000	-
Convention & Visitors Bureau	197,263	2,134	189,233	-
Cemetery Authority	844	31,319	-	-
Total component units	$ 248,334	$ 37,053	$ 224,233	$ -
General revenues				
Property taxes				
Franchise taxes				
Sales taxes				
Hotel/motel taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expenses) Revenues and Changes in Net Position						
			Component Units			
Governmental Activities	Business-type Activities	Total	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
$ (1,992,470)	$ -	$ (1,992,470)	$ -	$ -	$ -	$ -
(4,027,177)	-	(4,027,177)	-	-	-	-
273,652	-	273,652	-	-	-	-
(152,029)	-	(152,029)	-	-	-	-
(188,366)	-	(188,366)	-	-	-	-
(360,045)	-	(360,045)	-	-	-	-
(744,961)	-	(744,961)	-	-	-	-
(25,614)	-	(25,614)	-	-	-	-
(7,217,010)	-	(7,217,010)	-	-	-	-
-	(251,511)	(251,511)	-	-	-	-
-	33,009	33,009	-	-	-	-
-	195	195	-	-	-	-
-	(218,307)	(218,307)	-	-	-	-
(7,217,010)	(218,307)	(7,435,317)	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(11,627)	-	-
-	-	-	-	-	(5,896)	-
-	-	-	-	-	-	30,475
-	-	-	-	(11,627)	(5,896)	30,475
3,722,766	-	3,722,766	-	-	-	-
969,126	-	969,126	-	-	-	-
1,844,924	-	1,844,924	-	-	-	-
139,172	-	139,172	-	-	-	-
1,408,542	-	1,408,542	-	-	-	-
5,867	16,731	22,598	18	28	21	304
-	7,684	7,684	-	-	-	-
-	-	-	-	7,720	13,065	365
(1,654,050)	1,654,050	-	-	-	-	-
6,436,347	1,678,465	8,114,812	18	7,748	13,086	669
(780,663)	1,460,158	679,495	18	(3,879)	7,190	31,144
22,733,058	39,269,113	62,002,171	344,145	668,811	50,002	89,998
$ 21,952,395	$ 40,729,271	$ 62,681,666	$ 344,163	$ 664,932	$ 57,192	$ 121,142

CITY OF ST. MARYS, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 4,550,539	$ 1,202,260	$ 1,017,519	$ 6,770,318
Taxes receivable	112,262	-	-	112,262
Accounts receivable	1,310,971	-	17,856	1,328,827
Prepaid items	72,159	-	-	72,159
Due from other governments	162,139	348,327	10,379	520,845
Due from other funds	46,486	-	-	46,486
Due from component units	2,346	-	-	2,346
Advance to other funds	30,000	-	-	30,000
Total assets	$ 6,286,902	$ 1,550,587	$ 1,045,754	$ 8,883,243
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 298,391	$ -	$ -	$ 298,391
Accrued liabilities	53,128	-	-	53,128
Due to component units	-	-	17,696	17,696
Due to other funds	-	-	36,486	36,486
Total liabilities	351,519	-	54,182	405,701
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	107,595	-	-	107,595
FUND BALANCES				
Nonspendable:				
Prepaid items	72,159	-	-	72,159
Advances to other funds	30,000	-	-	30,000
Restricted for:				
Housing and development	25,000	-	-	25,000
Capital projects	-	1,550,587	991,572	2,542,159
Unassigned	5,700,629	-	-	5,700,629
Total fund balances	5,827,788	1,550,587	991,572	8,369,947
Total liabilities, deferred inflows of resources and fund balances	$ 6,286,902	$ 1,550,587	$ 1,045,754	$ 8,883,243

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

CITY OF ST. MARYS, GEORGIA

RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total governmental fund balances.	$	8,369,947
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,282,540
Certain long term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(272,360)
Net pension liability		(229,611)
Capital leases		(1,266,716)
Certain pension related deferred inflows are not reported in the funds.		(39,000)
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.		107,595
Net position of governmental activities.	$	21,952,395

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 FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Totals Governmental Funds
Revenues				
Taxes	$ 7,949,117	$ -	$ 139,172	$ 8,088,289
Licenses and permits	599,329	-	-	599,329
Intergovernmental	1,025,382	2,082,339	278,470	3,386,191
Fines and forfeitures	228,945	-	-	228,945
Charges for services	96,162	-	-	96,162
Interest income	5,463	478	404	6,345
Other revenues	1,824,619	-	-	1,824,619
Total revenues	11,729,017	2,082,817	418,046	14,229,880
Expenditures				
Current:				
General government	5,253,261	-	-	5,253,261
Public safety	4,204,586	-	-	4,204,586
Public works	1,828,184	-	-	1,828,184
Health and welfare	129,591	-	-	129,591
Judicial	188,376	-	-	188,376
Culture and recreation	362,028	-	-	362,028
Housing and development	581,437	-	139,172	720,609
Capital outlay	-	-	25,320	25,320
Debt service:				
Principal	246,183	-	-	246,183
Interest and fiscal charges	25,614	-	-	25,614
Total expenditures	12,819,260	-	164,492	12,983,752
Excess (deficiency) of revenues over (under) expenditures	(1,090,243)	2,082,817	253,554	1,246,128
Other financing sources (uses)				
Proceeds from sale of capital assets	16,851	-	-	16,851
Proceeds from capital leases	443,513	-	-	443,513
Transfers in	26,218	-	-	26,218
Transfers out	-	(1,654,050)	(26,218)	(1,680,268)
Total other financing sources (uses)	486,582	(1,654,050)	(26,218)	(1,193,686)
Net change in fund balances	(603,661)	428,767	227,336	52,442
Fund balances, beginning of year	6,431,449	1,121,820	764,236	8,317,505
Fund balances, end of year	$ 5,827,788	$ 1,550,587	$ 991,572	$ 8,369,947

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 FISCAL YEAR ENDED JUNE 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds.	$	52,442
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay		602,165
Depreciation expense		(1,180,270)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations to other funds) is to decrease net position.		(63,546)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(3,759)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:		
Proceeds from issuance of capital leases		(443,513)
Principal payments on capital leases		246,183
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 governmental funds:		
Compensated absences		4,485
Net pension liability and deferred inflows of resources related to pension		5,150
	$	(780,663)

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

CITY OF ST. MARYS, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 7,583,100	$ 7,615,600	$ 7,949,117	$ 333,517
Licenses and permits	496,750	496,750	599,329	102,579
Intergovernmental	-	-	1,025,382	1,025,382
Fines and forfeitures	289,290	289,290	228,945	(60,345)
Interest	6,180	6,180	5,463	(717)
Charges for services	78,820	97,820	96,162	(1,658)
Miscellaneous	543,278	3,256,634	1,824,619	(1,432,015)
Total revenues	8,997,418	11,762,274	11,729,017	(33,257)
Expenditures				
Current				
General government:				
Legislative	271,687	270,787	241,466	29,321
Executive	374,004	457,489	368,120	89,369
Finance	942,903	1,229,169	1,133,663	95,506
Building and plant	170,100	3,202,327	3,144,043	58,284
Human resources	140,476	148,126	137,845	10,281
Information technology	243,367	246,517	228,124	18,393
Total general government	2,142,537	5,554,415	5,253,261	301,154
Public safety				
Fire	1,806,150	2,116,391	2,023,311	93,080
Police	2,404,593	2,402,115	2,181,275	220,840
Total public safety	4,210,743	4,518,506	4,204,586	313,920
Public works				
Public works administration	1,242,141	1,262,346	1,120,186	142,160
Highways and streets administration	1,457,333	1,698,764	612,833	1,085,931
Cemetery	106,519	126,269	95,165	31,104
Total public works	2,805,993	3,087,379	1,828,184	1,259,195
Judicial				
Municipal court	189,839	205,564	188,376	17,188
Total judicial	189,839	205,564	188,376	17,188
Health and welfare				
Senior citizens center	134,205	135,705	129,591	6,114
Total health and welfare	134,205	135,705	129,591	6,114
Culture and recreation				
Culture and recreation administration	73,900	97,385	76,948	20,437
Library administration	313,919	325,069	285,080	39,989
Total culture and recreation	387,819	422,454	362,028	60,426

(Continued)

CITY OF ST. MARYS, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAl
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures (continued)				
Current (continued)				
Housing and development				
Protective inspection administration	155,862	157,312	120,230	37,082
Planning and zoning	275,678	288,378	230,137	58,241
Airport	33,000	33,000	29,329	3,671
Special facilities	231,727	231,727	73,975	157,752
Economic development	107,525	107,525	84,626	22,899
Economic development	95,406	95,406	43,140	52,266
Total housing and development	899,198	913,348	581,437	331,911
Debt service				
Principal	$ 297,917	$ 270,091	$ 246,183	$ 23,908
Interest	-	39,213	25,614	13,599
Total debt service	297,917	309,304	271,797	37,507
Total expenditures	11,068,251	15,146,675	12,819,260	2,327,415
Excess (deficiency) of revenues over (under) expenditures	(2,070,833)	(3,384,401)	(1,090,243)	2,294,158
Other financing sources (uses)				
Proceeds from sale of capital assets	12,500	12,500	16,851	4,351
Proceeds from capital leases	330,000	663,513	443,513	(220,000)
Transfers in	392,333	490,849	26,218	(464,631)
Total other financing sources (uses)	734,833	1,166,862	486,582	(680,280)
Net change in fund balances	(1,336,000)	(2,217,539)	(603,661)	1,613,878
Fund balances, beginning of year	6,431,449	6,431,449	6,431,449	-
Fund balances, end of year	$ 5,095,449	$ 4,213,910	$ 5,827,788	$ 1,613,878

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

CITY OF ST. MARYS, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

ASSETS	Major Enterprise Funds: Water & Sewer Fund	Major Enterprise Funds: Solid Waste Fund	Nonmajor: Aquatic Center Fund	Totals
CURRENT ASSETS				
Cash and cash equivalents	$ 5,711,481	$ 457,198	$ 215,552	$ 6,384,231
Restricted cash and cash equivalents	1,473,856	-	-	1,473,856
Restricted investments	424,306	-	-	424,306
Accounts receivable, net	620,532	107,833	4,709	733,074
Prepaid expenses	71,319	2,261	-	73,580
Total current assets	8,301,494	567,292	220,261	9,089,047
NONCURRENT ASSETS				
Restricted cash and cash equivalents	447,633	-	-	447,633
Capital assets				
Non-depreciable	864,852	-	-	864,852
Depreciable, net of accumulated depreciation	66,823,028	-	1,280,124	68,103,152
Total noncurrent assets	68,135,513	-	1,280,124	69,415,637
Total assets	76,437,007	567,292	1,500,385	78,504,684
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding loss	4,311,877	-	-	4,311,877
LIABILITIES				
CURRENT LIABILITIES, PAYABLE FROM CURRENT ASSETS				
Accounts payable	105,811	88,226	36,370	230,407
Accrued interest payable	50,916	-	-	50,916
Other accrued liabilities	136,732	763	10,536	148,031
Due to other funds	-	-	10,000	10,000
Unearned revenue	-	-	10,931	10,931
Current portion of compensated absences	26,607	-	-	26,607
Current portion of capital lease payable	50,907	-	-	50,907
Current portion of notes payable	335,755	-	-	335,755
Current portion of bonds payable	1,930,000	-	-	1,930,000
Total current liabilities, payable from current assets	2,636,728	88,989	67,837	2,793,554
CURRENT LIABILITIES, PAYABLE FROM RESTRICTED ASSETS				
Customer deposits	419,545	-	-	419,545
Total current liabilities, payable from restricted assets	419,545	-	-	419,545
LONG-TERM LIABILITIES				
Revenue bonds payable, net	36,054,207	-	-	36,054,207
Capital lease payable	33,147	-	-	33,147
Notes payable	2,756,837	-	-	2,756,837
Advances from other funds	-	-	30,000	30,000
Total long-term liabilities	38,844,191	-	30,000	38,874,191
Total liabilities	41,900,464	88,989	97,837	42,087,290
NET POSITION				
Net investment in capital assets	26,527,027	-	1,280,124	27,807,151
Restricted for debt service	1,840,323	-	-	1,840,323
Unrestricted	10,481,070	478,303	122,424	11,081,797
Total net position	$ 38,848,420	$ 478,303	$ 1,402,548	$ 40,729,271

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

CITY OF ST. MARYS, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Major Enterprsie Funds		Nonmajor	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Totals
OPERATING REVENUE				
Sanitation fees	$ -	$ 1,139,966	$ -	$ 1,139,966
Admission fees	-	-	242,188	242,188
Concessions	-	-	104,783	104,783
Water sales	2,992,845	-	-	2,992,845
Sewer sales	2,821,028	-	-	2,821,028
Tap and capacity recovery fees	381,019	-	-	381,019
Reconnection fees	73,842	-	-	73,842
Construction fees	804,049	-	-	804,049
Penalties	128,174	25,480	-	153,654
Miscellaneous	123,187	23,593	86,874	233,654
Total operating revenues	7,324,144	1,189,039	433,845	8,947,028
OPERATING EXPENSES				
Personal services	1,693,028	80,117	-	1,773,145
Purchased and contracted services	854,400	1,060,574	196,310	2,111,284
Supplies	987,413	15,339	138,689	1,141,441
Depreciation	2,528,601	-	98,651	2,627,252
Amortization	287,458	-	-	287,458
Bad debt expense	70,550	-	-	70,550
Total operating expenses	6,421,450	1,156,030	433,650	8,011,130
Operating income	902,694	33,009	195	935,898
NONOPERATING REVENUES (EXPENSES)				
Interest income	16,731	-	-	16,731
Interest expense	(1,154,205)	-	-	(1,154,205)
Gain on disposal of capital assets	7,684	-	-	7,684
Total nonoperating expenses, net	(1,129,790)	-	-	(1,129,790)
Income (loss) before transfers	(227,096)	33,009	195	(193,892)
TRANSFERS				
Transfers in	1,654,050	-	-	1,654,050
Total transfers	1,654,050	-	-	1,654,050
Change in net position	1,426,954	33,009	195	1,460,158
Total net position, beginning of year	37,421,466	445,294	1,402,353	39,269,113
Total net position, end of year	$ 38,848,420	$ 478,303	$ 1,402,548	$ 40,729,271

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

CITY OF ST. MARYS, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 7,317,030	$ 1,184,115	$ 432,052	$ 8,933,197
Payments to suppliers	(1,916,841)	(1,146,089)	(358,918)	(3,421,848)
Payments to employees	(1,693,490)	(80,073)	4,418	(1,769,145)
Net cash provided by (used in) operating activities	3,706,699	(42,047)	77,552	3,742,204
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	1,654,050	-	-	1,654,050
Net cash provided by noncapital financing activities	1,654,050	-	-	1,654,050
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on revenue bonds payable	(2,575,793)	-	-	(2,575,793)
Principal payments on notes payable	(324,379)	-	-	(324,379)
Principal payments on leases	(54,911)	-	-	(54,911)
Proceeds from long-term borrowings	18,125	-	-	18,125
Interest paid	(1,204,701)	-	-	(1,204,701)
Proceeds from the sale of capital assets	10,305	-	-	10,305
Purchase of capital assets	(18,125)	-	(6,005)	(24,130)
Net cash used in capital and related financing activities	(4,149,479)	-	(6,005)	(4,155,484)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	729,067	-	-	729,067
Interest received	16,731	-	-	16,731
Net cash provided by investing activities	745,798	-	-	745,798
Net increase (decrease) in cash	1,957,068	(42,047)	71,547	1,986,568
Cash and cash equivalents, beginning of year	5,675,902	499,245	144,005	6,319,152
Cash and cash equivalents, end of year	$ 7,632,970	$ 457,198	$ 215,552	$ 8,305,720
Classified as				
Cash and cash equivalents	$ 5,711,481	$ 457,198	$ 215,552	$ 6,384,231
Restricted assets				
Current cash and cash equivalents	1,473,856	-	-	1,473,856
Noncurrent cash and cash equivalents	447,633	-	-	447,633
	$ 7,632,970	$ 457,198	$ 215,552	$ 8,305,720

(Continued)

CITY OF ST. MARYS, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Major Enterprise Funds		Nonmajor Enterprise Fund	
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	Totals
Reconciliation of operating income to net cash provided by (used in) operating activities				
Operating income	$ 902,694	$ 33,009	195	$ 935,898
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation	2,528,601	-	98,651	2,627,252
Change in assets and liabilities				
Increase in accounts receivable	(4,399)	(4,924)	(1,793)	(11,116)
Decrease in prepaid expenses	54,175	2,291	1,115	57,581
Decrease in due from other funds	86	-	-	86
Decrease in deferred outflows of resources	287,458	-	-	287,458
Decrease in accounts payable	(176,094)	(72,467)	(15,903)	(264,464)
Increase in accrued liabilities	117,355	44	4,418	121,817
Decrease in customer deposits	(2,715)	-	-	(2,715)
Decrease in compensated absences	(462)	-	-	(462)
Increase in unearned revenue	-	-	869	869
Decrease in due to other funds/advances	-	-	(10,000)	(10,000)
Net cash provided by (used in) operating activities	$ 3,706,699	$ (42,047)	$ 77,552	$ 3,742,204

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

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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 governmental 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.

A. Reporting Entity

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

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

Discretely Presented Component Units

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

The Downtown Development Authority of St. Marys (the "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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

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.

B. 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 non-fiduciary 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 non-current assets which were previously reported in the General Fixed Assets Account Group and non-current liabilities previously reported in the General Long-Term Debt Account Group. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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.

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

The City reports the following major governmental funds:

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

The **Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating to the 2008 and 2013 1% Special Purpose Local Option Sales Tax.

The City reports the following major proprietary funds:

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Additionally, the City reports the following fund type:

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

The ***capital projects fund*** accounts for the acquisition and/or construction of capital facilities.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 non-operating revenues and expenses.

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

D. Budgets

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less from the date of acquisition. State statutes authorize the City to invest in the following: (1) obligations of Georgia or any 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; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. Investments are reported at fair value.

F. Receivables and Payables

Activity between funds that is 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 "advances to/from other funds (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

G. 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.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column 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. Donated capital assets are recorded at their 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 asset lives are not capitalized.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

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

J. 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)

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the period incurred.

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.

L. Fund Equity

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

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

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

Fund Balance - (Continued)

- ***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 Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's Finance Director to assign fund balances.

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

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

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

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

M. 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualified for reporting in this category. The deferred refunding loss, which is reported in the government-wide and proprietary fund Statements of Net Position, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category, one of which arises only under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other item relates to the City's Retirement Plan and is reported in the government-wide Statement of Net Position. The net difference between projected an actual earnings on pension plan investments is deferred and amortized against pension expense over a five year period, resulting in recognition as a deferred inflow of resources.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of St Marys Retirement Plan (the "Retirement Plan") and additions to/deductions from the Retirement Plan's fiduciary net position have been determined on the same basis as they are reported by the respective plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. LEGAL COMPLIANCE − BUDGETS

The City of St. Marys, Georgia employs the following procedures in establishing its annual budget:

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 for 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 of the City, at least 10 days prior to such hearing.

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 as of June 30, 2018, are summarized as follows:

Amounts as presented on the entity wide statement of net position:	
Cash and cash equivalents	$ 13,154,549
Restricted cash and cash equivalents	2,345,795
Component Units - cash and cash equivalents	222,891
Total	$ 15,723,235
Cash deposited with financial institutions	$ 14,506,043
Cash deposited with Georgia Fund 1	1,217,192
Total	$ 15,723,235

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. It is the City's policy to limit its investments to those allowed and authorized by State law. As of June 30, 2018, the City's investment in Georgia Fund 1 was rated AAAf by Standard & Poor's.

As of June 30, 2018, the City had the following investments:

Investment	Maturity	Fair Value
Georgia Fund 1	10 day weighted average	$ 1,217,192

Georgia Fund 1 was created under OCGA 36-83-8 as a stable net asset value investment pool which follows Standard & Poor's criteria for AAAm rated money market funds. 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 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair value as of year-end and the Authority's investment in Georgia Fund 1 is reported at fair value. The pool is regulated by the Georgia Office of State Treasurer.

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.

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, 2018, the City's deposits were fully collateralized in compliance with the state requirements.

Fair Value Measurements. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy. The City does not maintain any other investments that would require reporting in the fair value hierarchy.

NOTE 4. RECEIVABLES

Property taxes are levied by the City based on the assessed value of property as of January 1. Property taxes attach as an enforceable lien on property as of February 28, 2018. Taxes were levied on November 14, 2017, and payable on or before January 26, 2018. Property taxes not collected by January 26th are considered and reported as delinquent taxes receivable. Property taxes levied for the year ending June 30, 2018, are recorded as receivables, net of estimated uncollectibles.

In the governmental funds, the net receivables collected during the year ended June 30, 2018, and expected to be collected by August 31, 2018, are recognized as revenues for the year ended June 30, 2018, whereas, net receivables estimated to be collectible subsequent to August 31, 2018, are recorded as revenue when received.

NOTE 4. RECEIVABLES (CONTINUED)

Receivables at June 30, 2018, for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	SPLOST	Nonmajor Governmental Funds	Water and Sewer	Solid Waste	Nonmajor Enterprise Fund
Receivables						
Taxes	$ 158,972	$ -	$ -	$ -	$ -	$ -
Accounts	1,310,971	-	17,856	1,080,758	178,778	4,709
Due from other governments	162,139	348,327	10,379	-	-	-
Less allowance for uncollectibles	(46,710)	-	-	(460,226)	(70,945)	-
Net total receivable	$ 1,585,372	$ 348,327	$ 28,235	$ 620,532	$ 107,833	$ 4,709

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated					
Land	$ 1,798,738	$ -	$ -	$ -	$ 1,798,738
Construction in progress	266,523	143,309	-	(198,081)	211,751
Total	2,065,261	143,309	-	(198,081)	2,010,489
Capital assets, being depreciated					
Infrastructure	10,898,729	-	-	142,269	11,040,998
Buildings	6,841,174	-	-	(36,792)	6,804,382
Improvements	6,853,512	-	-	-	6,853,512
Machinery and equipment	9,508,400	458,856	(304,616)	92,604	9,755,244
Total	34,101,815	458,856	(304,616)	198,081	34,454,136
Less accumulated depreciation for					
Infrastructure	(4,090,092)	(365,743)	-	54,985	(4,400,850)
Buildings	(3,584,175)	(191,427)	-	17,782	(3,757,820)
Improvements	(4,255,200)	(221,236)	-	2	(4,476,434)
Machinery and equipment	(8,313,418)	(401,864)	241,070	(72,769)	(8,546,981)
Total	(20,242,885)	(1,180,270)	241,070	-	(21,182,085)
Total capital assets, being depreciated, net	13,858,930	(721,414)	(63,546)	-	13,272,051
Governmental activities capital assets, net	$ 15,924,191	$ (578,105)	$ (63,546)	$ -	$ 15,282,540

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated					
Land	$ 846,727	$ -	$ -	$ -	$ 846,727
	54,313	18,125	-	(54,313)	18,125
Total	901,040	18,125	-	(54,313)	864,852
Capital assets, being depreciated					
Buildings	8,115,590	-	-	-	8,115,590
Infrastructure	95,384,944	-	(7,685)	54,313	95,431,572
Furniture, fixtures, and equipment	3,919,128	6,005	(141,945)	-	3,783,188
Total	107,419,662	6,005	(149,630)	54,313	107,330,350
Less accumulated depreciation for					
Buildings	(4,591,351)	(193,407)	-	-	(4,784,758)
Infrastructure	(28,561,065)	(2,342,849)	6,780	-	(30,897,134)
Furniture, fixtures, and equipment	(3,594,539)	(90,996)	140,229	-	(3,545,306)
Total	(36,746,955)	(2,627,252)	147,009	-	(39,227,198)
Total capital assets, being depreciated, net	70,672,707	(2,621,247)	(2,621)	54,313	68,103,152
Business-type activities capital assets, net	$ 71,573,747	$ (2,603,122)	$ (2,621)	$ -	$ 68,968,004

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	$ 410,063
Public safety	437,475
Public works	229,588
Culture and recreation	54,927
Health and welfare	22,518
Economic development	25,699
Total governmental activities	$ 1,180,270
Business-type activities	
Water and sewer fund	$ 2,528,601
Aquatics center fund	98,651
Total Business-type activities	$ 2,627,252

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 6. LONG-TERM DEBT

Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City's Water and Sewer Fund's revenue bonds outstanding at June 30, 2018, are as follows:

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 2.74%	$ 37,984,207

Revenue bond debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2019	$ 1,930,000	$ 1,014,896	$ 2,944,896
2020	1,960,000	961,653	2,921,653
2021	2,550,000	899,816	3,449,816
2022	2,475,000	830,974	3,305,974
2023	2,400,000	764,186	3,164,186
2024-2028	12,725,000	2,988,570	15,713,570
2029-2033	13,944,207	970,441	14,914,648
Total	$ 37,984,207	$ 8,430,536	$ 46,414,743

Notes Payable

The City has incurred debt to the Georgia Environmental Facilities Authority for construction of various water and sewer system projects and various improvements to the water and sewer system. Included with these notes is a construction line of credit agreement for $500,000, of which $18,125 had been drawn down as of June 30, 2018.

NOTE 6. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

These notes are as follows at June 30, 2018:

Interest Rate	Term	Fiscal Year Due Date	Amount
3.00%	20 years	2025	$ 1,944,882
3.81%	20 years	2033	741,813
1.09%	20 years	2037	387,772
			3,074,467
	Construction line of credit - draw down phase		18,125
			$ 3,092,592

As the City has one note that remained in the draw down phase as of June 30, 2018, the interest rate, term and due date will be disclosed for this note when construction is complete.

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

Fiscal year ending June 30,	Principal	Interest	Total
2019	$ 335,755	$ 86,271	$ 422,026
2020	345,859	76,167	422,026
2021	356,488	65,538	422,026
2022	367,249	54,777	422,026
2023	378,409	43,617	422,026
2024-2028	811,914	104,780	916,694
2029-2033	388,910	32,122	421,032
2034-2038	89,883	2,056	91,939
Total	$ 3,074,467	$ 465,328	$ 3,539,795

The construction line of credit agreement for $500,000, of which $18,125 had been drawn down as of June 30, 2018, is not included in the above schedule. Repayment will be determined when construction is complete and all draws have been made.

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.

NOTE 6. LONG-TERM DEBT (CONTINUED)

Leases (Continued)

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%).

The City reported equipment acquired under capital leases with a total acquisition value of $1,878,159 at June 30, 2018. The City reported accumulated depreciation and depreciation expense as of June 30, 2018, on these assets in the amounts of $734,924 and $339,190, respectively.

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, 2018.

	Governmental Activities	Business-type Activities
Fiscal year ending June 30,		
2019	$ 371,432	$ 52,753
2020	326,456	33,570
2021	279,611	-
2022	230,420	-
2023	145,965	-
Total minimum lease payments	1,353,884	86,323
Less amounts representing interest	(87,168)	(2,269)
Present value of future minimum lease payments	$ 1,266,716	$ 84,054

NOTE 6. LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Capital leases	$ 1,069,386	$ 443,513	$ (246,183)	$ 1,266,716	$ 333,854
Net pension liability	270,631	96,040	(137,060)	229,611	-
Compensated absences	276,845	372,698	(377,183)	272,360	272,360
Governmental activity Long-term liabilities	$ 1,616,862	$ 912,251	$ (760,426)	$ 1,768,687	$ 606,214
Business-type activities					
Bonds payable	$ 40,560,000	$ -	$ (2,575,793)	$ 37,984,207	$ 1,930,000
Notes payable	3,398,847	18,125	(324,380)	3,092,592	335,755
Capital leases payable	138,965	-	(54,911)	84,054	50,907
Compensated absences	27,069	49,597	(50,059)	26,607	26,607
Business-type activity Long-term liabilities	$ 44,124,881	$ 67,722	$ (3,005,143)	$ 41,187,460	$ 2,343,269

For governmental activities, compensated absences and the net pension liability are generally liquidated by the General Fund.

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2018, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 36,486
General Fund	Nonmajor enterprise fund	10,000
		$ 46,486

Advance To	Advance From	
General Fund	Nonmajor enterprise fund	$ 30,000

These balances resulted from time lag between the dates the: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Additionally, at June 30, 2018, the City's General Fund has advanced the Aquatic Center Fund $30,000.

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

The composition of interfund transfers as of June 30, 2018, is as follows:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	$ 26,218
Water and Sewer Fund	SPLOST Fund	1,654,050
		$ 1,680,268

Transfers are used to: (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounts for in other funds in accordance with budgetary authorizations.

NOTE 8. PENSION PLANS

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.

NOTE 8. PENSION PLANS (CONTINUED)

Employee Participation

At June 30, 2018, the following employees were covered by the Plan:

Inactive plan members or beneficiaries currently receiving benefits	29
Inactive plan members entitled to, but not receiving benefits	8
Total	37

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, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2017.

Actuarial assumptions. The total pension liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	2.75%, plus service based merit increases
Investment rate of return	7.50%

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

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

NOTE 8. PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

Cost of living adjustments were assumed to be 3.00% although the Plan allowance for annual cost of living adjustment is variable, as established by the City Commission, in an amount not to exceed 4%.

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, 2017, are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.71%
International equity	20%	7.71
Domestic fixed income	20%	2.11
Real estate	10%	5.21
Global fixed income	5%	3.36
Cash	0%	
Total	100%	

* Rates shown are net of the 3.00% assumed rate of inflation.

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTE 8. PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2018, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning Balance	$ 977,374	$ 706,743	$ 270,631
Changes for the year			
Interest	71,041	-	71,041
Differences between expected and actual experience	(3,979)	-	(3,979)
Assumption changes	13,951	-	13,951
Contributions - employer	-	35,443	(35,443)
Net investment income	-	97,638	(97,638)
Benefit payments, including refunds of employee contributions	(121,442)	(121,442)	-
Administrative expense	-	(11,048)	11,048
Net changes	(40,429)	591	(41,020)
Ending Balance	$ 936,945	$ 707,334	$ 229,611

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

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 7.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's net pension liability	$ 25,989,410	$ 229,611	$ 9,490,914

NOTE 8. PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2017, and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense of $2,597,030 and deferred inflows of resources related to pensions of $39,000 resulting from an investment earnings difference between projected and actual investments. This deferred inflow of resources will be recognized in pension expense as follows:

Year ending June 30:		
2019	$	10,755
2020		4,793
2021		14,127
2022		9,325
Total	$	39,000

NOTE 9. DEFINED CONTRIBUTION PENSION PLAN

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, 2018, there were 145 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary up to a maximum of $18,000 for the year ended June 30, 2018. 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, 2018, were $255,921. Total employee contributions for the year ended June 30, 2018, were $217,543.

NOTE 10. 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, 2018, 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 11. RELATED ORGANIZATIONS

The City Council is responsible for the appointment of a board member to the Southeast Georgia Consolidated Housing Authority. However, the City has no further accountability for this organization. During the year ended June 30, 2018, the City did not provide any contributions to the Southeast Georgia Consolidated Housing Authority.

NOTE 12. 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 13. HOTEL/MOTEL LODGING TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 6%. Expenditures of the tax were used to promote tourism as required by O.C.G.A. 48-13-50. For the year ended June 30, 2018, $139,172 of hotel/motel tax was collected. Of the total collected, 100% was used for the promotion of tourism.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions arising in the course of City operations. 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.

Construction Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2018, the City has contractual commitments on uncompleted contracts of approximately $545,058.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF ST. MARYS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,

	2018	2017	2016	2015
Total pension liability				
Interest on total pension liability	**$ 71,041**	$ 65,625	$ 67,785	$ 69,743
Differences between expected and actual experience	**(3,979)**	124,702	12,987	1,546
Changes of assumptions	**13,951**	-	-	2,191
Benefit payments, including refunds of employee contributions	**(121,442)**	(119,457)	(97,821)	(99,674)
Net change in total pension liability	**(40,429)**	70,870	(17,049)	(26,194)
Total pension liability - beginning	**977,374**	906,504	923,553	949,747
Total pension liability - ending (a)	**$ 936,945**	$ 977,374	$ 906,504	$ 923,553
Plan fiduciary net position				
Contributions - employer	**$ 35,443**	$ 22,683	$ 19,285	$ 19,285
Net investment income	**97,638**	76,881	12,598	88,859
Benefit payments, including refunds of member contributions	**(121,442)**	(119,457)	(97,821)	(99,674)
Administrative expenses	**(11,048)**	(7,861)	(7,167)	(5,996)
Net change in plan fiduciary net position	**591**	(27,754)	(73,105)	2,474
Plan fiduciary net position - beginning	**706,743**	734,497	807,602	805,128
Plan fiduciary net position - ending (b)	**$ 707,334**	$ 706,743	$ 734,497	$ 807,602
City's net pension liability - ending (a) - (b)	**$ 229,611**	$ 270,631	$ 172,007	$ 115,951
Plan fiduciary net position as a percentage of the total pension liability	**75.5%**	72.3%	81.0%	87.4%
Covered payroll	**$ -**	$ 47,778	$ 49,178	$ 49,178
Net pension liability as a percentage of covered payroll	**0.0%**	566.4%	349.8%	235.8%

Notes to the Schedule:

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

CITY OF ST. MARYS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS - RETIREMENT PLAN
FOR THE FISCAL YEARS ENDED JUNE 30,

	2018	2017	2016
Actuarially determined contribution	**$ 22,683**	$ 19,285	$ 19,285
Contributions in relation to the actuarially determined contribution	**22,683**	19,285	19,285
Contribution deficiency (excess)	**$ -**	$ -	$ -
Covered payroll	**$ -**	$ -	$ 47,778
Contributions as a percentage of covered payroll	**0.0%**	**0.0%**	40.4%

Notes to the Schedule:

Valuation Date	January 1, 2018
Cost Method	Projected Unit Credit
Actuarial 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 amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return On Investments	7.50%
Projected Salary Increases	2.75%, plus service based merit increases
Cost-of-living Adjustment	0.00%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	11 years

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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CITY OF ST. MARYS, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Hotel/Motel Tax Fund – To account for excise taxes on lodgings and accommodations.

Tax Allocation District Fund – To account for the additional incremental property tax within the City's tax allocation district.

Multiple Grants Fund – To account for small grants received from various agencies.

Capital Project Funds

Capital Project Fund – To account for appropriations and expenditures related to various City construction projects.

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CITY OF ST. MARYS, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS	Special Revenue			Capital Projects	
	Hotel/Motel Tax Fund	Tax Allocation District	Multiple Grants Fund	Capital Project	Nonmajor Governmental Funds
Cash and cash equivalents	$ -	$ 9,977	$ 431,221	$ 576,321	$ 1,017,519
Accounts receivable	17,696	-	-	160	17,856
Due from other governments	-	9,229	1,150	-	10,379
Total assets	$ 17,696	$ 19,206	$ 432,371	$ 576,481	$ 1,045,754
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to component units	$ 17,696	$ -	$ -	$ -	$ 17,696
Due to other funds	-	10,558	25,928	-	36,486
Total liabilities	17,696	10,558	25,928	-	54,182
FUND BALANCE					
Restricted for:					
Capital projects	-	8,648	406,443	576,481	991,572
Total fund balances	-	8,648	406,443	576,481	991,572
Total liabilities and fund balances	$ 17,696	$ 19,206	$ 432,371	$ 576,481	$ 1,045,754

CITY OF ST. MARYS, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue			Capital Projects	
	Hotel/Motel Tax Fund	Tax Allocation District	Multiple Grants Fund	Capital Project	Nonmajor Governmental Funds
REVENUES					
Taxes	$ 139,172	$ -	$ -	$ -	$ 139,172
Intergovernmental	-	6,924	26,218	245,328	278,470
Interest	-	24	-	380	404
Total revenues	139,172	6,948	26,218	245,708	418,046
EXPENDITURES					
Current					
Housing and development	139,172	-	-	-	139,172
Capital outlay	-	-	-	25,320	25,320
Total expenditures	139,172	-	-	25,320	164,492
Excess of revenues over expenditures	-	6,948	26,218	220,388	253,554
Other financing uses					
Transfers out	-	-	(26,218)	-	(26,218)
Total other financing uses	-	-	(26,218)	-	(26,218)
Net change in fund balances	-	6,948	-	220,388	227,336
FUND BALANCE, beginning of year	-	1,700	406,443	356,093	764,236
FUND BALANCE, end of year	$ -	$ 8,648	$ 406,443	$ 576,481	$ 991,572

CITY OF ST. MARYS, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL HOTEL/MOTEL TAX FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 182,890	$ 202,351	$ 139,172	$ (63,179)
Total revenues	182,890	202,351	139,172	(63,179)
Expenditures				
Current:				
Housing and development	182,890	203,711	139,172	64,539
Total expenditures	182,890	203,711	139,172	64,539
Net change in fund balances	-	(1,360)	-	(1,360)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ (1,360)	$ -	$ (1,360)

CITY OF ST. MARYS, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TAX ALLOCATION DISTRICT FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ 12,000	$ 12,000	$ 6,924	$ (5,076)
Interest	-	-	24	24
Total revenues	12,000	12,000	6,948	(5,052)
Other financing uses				
Transfers out	(12,000)	(12,000)	-	(12,000)
Total other financing uses	(12,000)	(12,000)	-	(12,000)
Net change in fund balances	-	-	6,948	6,948
Fund balance, beginning of year	1,700	1,700	1,700	-
Fund balance, end of year	$ 1,700	$ 1,700	$ 8,648	$ 6,948

CITY OF ST. MARYS, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL MULTIPLE GRANTS FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ 392,333	$ 881,409	$ 26,218	$ (855,191)
Total revenues	392,333	881,409	26,218	(855,191)
Other financing uses				
Transfers out	(392,333)	(881,409)	(26,218)	855,191
Total other financing uses	(392,333)	(881,409)	(26,218)	855,191
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	406,443	406,443	406,443	-
Fund balance, end of year	$ 406,443	$ 406,443	$ 406,443	$ -

CITY OF ST. MARYS, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX - 2008 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Project	Original Estimated Cost	Current Estimated Cost	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
Totals	$ 18,760,000	$ 11,760,000	$ 11,361,056	$ -	$ 11,361,056

CITY OF ST. MARYS, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX - 2012 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Bond debt	$ 11,000,000	$ 11,000,000	$ 4,994,200	$ 1,654,050	$ 6,648,250
Improvements	4,327,918	4,327,918	362,695	-	362,695
Equipment/vehicles capital outlay	2,503,375	2,503,375	191,182	-	191,182
Totals	$ 17,831,293	$ 17,831,293	$ 5,548,077	$ 1,654,050	$ 7,202,127

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CITY OF ST. MARYS, GEORGIA

DISCRETELY PRESENTED COMPONENT UNITS

Industrial Development Authority – 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.

Downtown Development Authority – 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.

Convention and Visitors Center Bureau – Established to foster and promote tourism within the City of St. Marys.

Cemetery Authority – Established to account for the operation, care and maintenance of the Historic Oak Grove Cemetery.

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CITY OF ST. MARYS, GEORGIA

BALANCE SHEET
COMPONENT UNITS
JUNE 30, 2018

ASSETS	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
Cash and cash equivalents	$ 11,929	$ 46,811	$ 43,792	$ 120,359
Accounts receivable	-	-	92	783
Prepaid items	-	-	45	-
Due from primary government	-	-	17,696	-
Total assets	$ 11,929	$ 46,811	$ 61,625	$ 121,142
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	$ -	$ 1,879	$ 1,724	$ -
Due to primary government	-	-	2,346	-
Accrued expenses	-	-	363	-
Total liabilities	-	1,879	4,433	-
FUND BALANCE				
Unassigned	11,929	44,932	57,192	121,142
Total fund balances	11,929	44,932	57,192	121,142
Total liabilities and fund balances	$ 11,929	$ 46,811	$ 61,625	$ 121,142

CITY OF ST. MARYS, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Industrial Development Authority	Downtown Development Authority	Convention & Visitors Bureau	Cemetery Authority
REVENUES				
Intergovernmental revenue	$ -	$ 35,000	$ 189,233	$ -
Charges for services	-	-	2,134	31,319
Rental income	-	3,600	-	-
Interest revenue	18	28	21	304
Miscellaneous	-	7,720	13,065	365
Total revenues	18	46,348	204,453	31,988
EXPENDITURES				
Current				
Housing and development	-	50,227	197,263	844
Net change in fund balance	18	(3,879)	7,190	31,144
FUND BALANCE, beginning of year	11,911	48,811	50,002	89,998
FUND BALANCE, end of year	$ 11,929	$ 44,932	$ 57,192	$ 121,142

STATISTICAL SECTION

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STATISTICAL SECTION

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.

Contents

Page

Financial Trends ..... **67 – 72**
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 ..... **73 – 78**
These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity ..... **79 – 82**
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 ..... **83 and 84**
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 ..... **85 – 87**
These schedules contain service 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.

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CITY OF ST. MARYS, GEORGIA

NET POSITION BY ACTIVITY
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	$ 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	$ 14,015,824
Restricted	-	-	366,185	431,679	550,242	1,182,601	1,116,711	1,704,547	1,886,056	2,567,159
Unrestricted	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	5,369,412
Total governmental activities net position	$ 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	$ 21,952,395
Business-type activities										
Net investment in capital assets	$ 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	$ 27,807,151
Restricted	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	1,840,323
Unrestricted	4,593,947	9,581,787	4,456,173	5,001,818	4,940,356	4,989,481	5,367,531	5,422,506	5,144,676	11,081,797
Total business-type activities net position	$ 35,079,424	$ 40,006,590	$ 40,036,617	$ 38,188,751	$ 36,037,063	$ 34,934,331	$ 36,906,865	$ 39,185,344	$ 39,269,113	$ 40,729,271
Primary government										
Net investment in capital assets	$ 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	$ 41,822,975
Restricted	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	4,407,482
Unrestricted	9,612,462	14,713,721	7,984,318	9,600,044	10,095,544	10,587,106	11,200,475	11,798,833	11,136,873	16,451,209
Total primary government net position	$ 54,458,617	$ 62,519,078	$ 62,905,330	$ 61,154,035	$ 59,277,853	$ 58,415,040	$ 60,093,774	$ 62,634,405	$ 62,002,171	$ 62,681,666

Note: GASB 68 was implemented during fiscal year 2015.

CITY OF ST. MARYS, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Primary government										
Governmental activities										
General government	$ 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	$ 5,663,402
Public safety	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	4,262,525
Public works	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	1,936,690
Health and welfare	134,682	137,745	98,558	116,492	111,221	118,747	129,908	129,467	145,040	152,029
Judicial	191,884	172,019	227,996	201,782	188,216	176,296	165,599	176,330	187,872	188,366
Culture and recreation	595,489	1,002,250	549,875	521,389	501,057	437,819	456,448	507,216	520,280	379,147
Housing and development	592,903	531,059	484,338	438,725	483,860	682,444	603,979	659,695	737,632	744,961
Interest on long-term debt	58,557	33,064	16,492	3,821	1,786	727	20	2,151	25,381	25,614
Total governmental activities expenses	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	13,352,734
Business-type activities										
Water & sewer	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	7,575,655
Solid waste	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	1,156,030
Aquatic center	482,360	477,641	460,695	409,451	408,567	441,899	434,759	465,014	449,460	433,650
Total business-type activities expenses	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	9,165,335
Total primary government expenses	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	22,518,069
Program revenues										
Primary government										
Governmental activities										
Charges for services										
General government	1,585,497	1,378,231	1,182,164	1,101,935	986,902	838,573	969,520	1,001,862	1,093,999	1,221,504
Public safety	326,744	314,328	449,060	431,856	369,934	5,684	1,147	550	993	235,348
Public works	40,754	52,928	40,940	45,154	27,232	72,071	38,266	38,112	43,135	64,213
Health and welfare	-	-	-	-	-	25,000	30,000	30,000	30,000	-
Judicial	-	-	-	-	-	318,859	242,778	294,720	202,089	-
Culture and recreation	63,694	74,041	61,578	56,090	43,437	6,124	4,924	4,866	4,564	12,178
Housing and development	-	-	-	-	-	16,300	14,914	15,568	11,572	-
Operating grants and contributions	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	4,602,481
Total governmental activities program revenues	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	6,135,724
Business-type activities										
Charges for services [a]										
Water & sewer	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	7,324,144
Solid waste	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	1,189,039
Aquatic center	324,209	333,856	338,636	332,148	332,912	354,069	392,422	407,946	404,773	433,845
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	4,808,077	1,031,895	403,316	-	-	614,258	590,526	-	-	-
Total business-type activities program revenues	$ 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	$ 8,947,028

(Continued)

CITY OF ST. MARYS, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total primary government program revenues	$ 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	$ 15,082,752
General revenues and other changes in net position										
Primary government										
Governmental activities										
Property taxes	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	3,722,766
Franchise taxes	814,810	820,730	874,322	910,675	887,266	905,317	1,070,546	1,011,980	996,179	969,126
Sales taxes	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	1,844,924
Hotel/motel taxes	110,980	98,461	107,006	104,033	103,943	118,907	138,298	140,460	157,570	139,172
Other taxes	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	1,408,542
Unrestricted investment earnings	68,953	54,404	14,345	11,032	7,775	8,460	8,007	4,859	5,034	5,867
Gain on sale of capital assets	8,719	-	14,602	-	-	-	12,963	-	-	-
Miscellaneous	-	-	-	-	-	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)	(1,654,050)
Total governmental activities general revenues and changes in net position	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	6,436,347
Business-type activities										
Unrestricted investment earnings	286,457	103,757	30,055	12,271	4,710	3,898	4,498	4,726	7,867	16,731
Gain on sale of assets	-	6,695	-	-	28,662	-	26,185	3,779	-	7,684
Miscellaneous	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	1,654,050
Total business type activities general revenues and changes in net position	4,960,591	1,711,271	1,052,510	118,956	120,873	112,120	3,066,841	3,926,990	1,699,222	1,678,465
Total primary government general revenues and other changes in net position	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	8,114,812
Change in net position										
Governmental activities	(801,245)	3,133,295	356,225	96,571	275,506	235,972	(123,109)	262,152	(716,003)	(780,663)
Business-type activities	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	1,460,158
Total primary government change in net position	$ 7,572,222	$ 5,048,331	$ 388,252	$ (1,753,295)	$ (1,577,949)	$ (866,760)	$ 1,849,425	$ 2,540,631	$ (632,234)	$ 679,495

[a] Revenue growth from year to year due mostly to increased rates for services due to rising energy costs.

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CITY OF ST. MARYS, GEORGIA

FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Unreserved	$ 4,483,795	$ 4,454,159								
Total general fund	$ 4,483,795	$ 4,454,159								
All other governmental funds										
Unreserved, reported in										
Special revenue funds	$ 419,264	$ 402,554								
Capital projects funds	95,421	80,332								
Total all other governmental funds	$ 514,685	$ 482,886								
Total all governmental funds	$ 4,998,480	$ 4,937,045								
General fund										
Nonspendable			$ 135,283	$ 231,136	$ 115,494	$ 97,190	$ 107,651	$ 113,760	$ 284,805	$ 102,159
Restricted			25,000	25,000	6,250	6,250	6,250	6,250	-	25,000
Unassigned			3,199,443	4,205,195	4,959,599	5,437,868	6,001,980	6,573,053	6,146,644	5,700,629
Total general fund			$ 3,359,726	$ 4,461,331	$ 5,081,343	$ 5,541,308	$ 6,115,881	$ 6,693,063	$ 6,431,449	$ 5,827,788
All other governmental funds										
Nonspendable, reported in										
Special revenue funds			$ 74,184	$ 77	$ 77	$ -	$ -	$ -	$ -	$ -
Restricted, reported in										
Special revenue funds			341,185	406,679	543,992	406,443	406,443	406,443	408,143	415,091
Capital projects funds			-	-	-	769,908	704,018	1,291,854	1,477,913	2,127,068
Unassigned			-	-	(4,024)	-	-	-	-	-
Total all other governmental funds			$ 415,369	$ 406,756	$ 540,045	$ 1,176,351	$ 1,110,461	$ 1,698,297	$ 1,886,056	$ 2,542,159
Total all governmental funds			$ 3,775,095	$ 4,868,087	$ 5,621,388	$ 6,717,659	$ 7,226,342	$ 8,391,360	$ 8,317,505	$ 8,369,947

Note: GASB 54 was implemented during fiscal year 2011.

CITY OF ST. MARYS, GEORGIA

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	$ 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	$ 8,088,289
Licenses and permits	463,372	502,189	312,663	416,059	348,420	360,696	384,527	470,557	519,316	599,329
Intergovernmental	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	3,386,191
Fines and forfeitures	326,744	314,328	449,060	431,856	369,934	331,474	249,957	302,847	209,762	228,945
Charges for services	96,982	179,547	123,375	127,975	67,652	92,955	85,531	81,706	86,323	96,162
Interest income	68,953	55,015	15,093	11,032	7,775	8,460	8,827	5,313	5,484	6,345
Contributions and donations	-	-	-	-	-	131	19,825	3,586	2,351	-
Other revenues	1,129,591	823,464	848,644	659,145	641,499	497,486	581,534	530,568	570,951	1,824,619
Total revenues	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	14,229,880
Expenditures										
Current										
General government	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	5,253,261
Public safety	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	4,204,586
Public works	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	1,828,184
Health and welfare	100,270	101,735	98,558	116,492	111,221	118,747	129,908	129,467	145,040	129,591
Judicial	191,844	172,019	227,996	201,782	188,216	176,296	165,599	176,330	187,872	188,376
Culture and recreation	632,096	517,803	488,321	477,569	439,315	346,379	406,381	459,233	460,441	362,028
Housing and development	569,252	488,691	444,060	398,102	460,368	650,942	579,536	625,370	699,243	720,609
Capital outlay	4,075,013	5,151,474	1,907,993	565,399	982,128	219,605	2,072,855	2,350,735	328,513	25,320
Debt service										
Principal	778,708	467,225	479,813	166,731	51,055	40,653	10,188	15,024	197,898	246,183
Interest and fiscal charges	63,143	32,015	17,697	3,884	1,885	808	42	2,151	25,381	25,614
Total expenditures	14,545,820	14,876,574	12,358,921	8,905,281	9,272,533	8,618,805	10,591,583	12,214,758	10,121,958	12,983,752
Deficiency of revenues over expenditures	(850,032)	(51,803)	(1,169,642)	980,202	750,801	1,112,472	2,135,720	1,684,831	1,474,124	1,246,128

(Continued)

CITY OF ST. MARYS, GEORGIA

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other financing sources (uses)										
Proceeds from the sale of capital assets	$ 74,969	$ -	$ 14,602	$ -	$ 2,500	$ -	$ 12,963	$ -	$ -	$ 16,851
Proceeds from notes payable	128,000	-	-	119,700	-	-	-	1,160,987	-	-
Proceeds from capital leases	-	-	-	-	-	-	-	-	121,321	443,513
Transfers in	257,964	308,057	410,701	417,324	307,674	295,352	-	100,116	261,385	26,218
Transfers out	(280,366)	(317,689)	(417,611)	(424,234)	(307,674)	(315,500)	(1,640,000)	(1,780,916)	(1,930,685)	(1,680,268)
Total other financing sources	180,567	(9,632)	7,692	112,790	2,500	(20,148)	(1,627,037)	(519,813)	(1,547,979)	(1,193,686)
Net change in fund balances	$ (669,465)	$ (61,435)	$ (1,161,950)	$ 1,092,992	$ 753,301	$ 1,092,324	$ 508,683	$ 1,165,018	$ (73,855)	$ 52,442
Debt service as a percentage of noncapital expenditures	8.70%	5.40%	5.00%	2.10%	0.60%	0.49%	0.10%	0.16%	2.33%	2.24%

CITY OF ST.MARYS, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(in thousands)

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Hotel/Motel Tax	Other [1]	Total
2009	$ 3,899,788	$ 814,810	$ 6,012,916	$ 110,980	$ 1,014,643	$ 11,853,137
2010	3,704,579	820,730	7,030,312	98,461	993,926	12,648,008
2011	3,394,403	874,322	3,711,861	107,006	965,861	9,053,453
2012	3,367,477	910,675	1,956,799	104,003	1,048,986	7,387,940
2013	3,177,293	887,267	1,905,129	103,943	1,548,132	7,621,764
2014	3,351,960	905,317	1,907,852	118,907	1,146,466	7,430,502
2015	3,219,206	1,070,545	1,916,715	138,298	1,187,316	7,532,080
2016	3,623,352	1,011,979	1,795,049	140,460	1,260,860	7,831,700
2017	3,520,121	996,179	1,753,020	157,570	1,348,895	7,775,785
2018	3,674,169	969,126	1,844,924	139,172	1,460,899	8,088,289

Notes: [1] Includes alcohol business taxes, hotel/motel taxes, insurance premium taxes and franchise fees.

CITY OF ST. MARYS, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30th	Digest Tax Year	Real and Personal Property	Motor Vehicle	Motor Homes	Other Property [a]	Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a % of Actual Value
2009	2008	$ 666,245,759	$ 33,846,180	$ 1,445,663	$ 17,330	$ 15,722,566	$ 685,832,366	5.60	$ 1,714,580,915	40%
2010	2009	686,729,044	35,770,460	1,351,146	-	14,798,800	709,051,850	5.35	1,772,629,625	40%
2011	2010	633,531,532	32,606,900	1,351,146	-	13,513,338	653,976,240	5.35	1,634,940,600	40%
2012	2011	608,273,055	32,560,440	1,127,433	-	12,973,950	628,986,978	5.35	1,572,467,445	40%
2013	2012	554,314,317	33,340,400	1,157,065	-	12,241,670	576,570,112	5.32	1,441,425,280	40%
2014	2013	504,286,654	35,668,380	1,126,965	-	13,743,563	527,338,436	5.32	1,318,346,090	40%
2015	2014	496,366,175	31,256,660	1,085,535	62,406	12,971,648	515,799,128	5.35	1,289,497,820	40%
2016	2015	496,146,425	22,194,870	1,206,391	107,589	13,020,628	506,634,647	6.00	1,266,586,618	40%
2017	2016	506,736,859	16,144,250	1,174,178	211,540	15,242,710	509,024,117	6.00	1,272,560,293	40%
2018	2017	530,237,860	11,898,750	1,127,255	91,622	15,342,710	528,012,777	6.00	1,320,031,943	40%

Source: Camden County Tax Commissioner.

[a] Other property consists of agricultural, utilities, heavy truck, etc.

CITY OF ST. MARYS, GEORGIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per $1,000 of assessed value)

Fiscal Year	Digest Year	City Direct Rate	Overlapping Rates: Camden County	Overlapping Rates: Camden County Board of Education	Overlapping Rates: State	Total Direct and Overlapping Rates
2009	2008	5.600	11.700	14.750	0.250	32.300
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	5.321	11.700	15.500	0.250	32.771
2014	2013	5.321	11.700	15.500	0.150	32.671
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	-	35.940
2018	2017	6.000	13.940	16.000	-	35.940

Source: Camden County Tax Commissioner.

(1) Fire protection and insurance premium rollback is applied only to unincorporated rates.

CITY OF ST. MARYS, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	2018			2009		
Taxpayer	Taxable Assessed Value (In thousands)	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value (In thousands)	Rank	Percentage of Total City Taxable Assessed Value
Georgia Power Company	$ 18,282,083	1	3.46%	$ 10,292,135	8	1.50%
Georgia Pacific St Marys, LLC	15,786,364	2	2.99%	12,716,381	6	1.85%
NLP Brant Creek, LLC	10,952,114	3	2.07%			-
Old Weed & Ready Plantation, LLC	9,714,331	4	1.84%			-
Wilkinson St Marys, LLC	8,077,521	5	1.53%			-
Walmart Stores East, LP	7,994,599	6	1.51%	8,837,422	9	1.29%
Harbor Pines Limited	7,717,819	7	1.46%			-
Walmart Real Estate	6,691,422	8	1.27%	15,558,203	4	2.27%
M3 American Investments, LLC	6,686,600	9	1.27%			-
Osprey Cove Real Estate, LLC	6,642,912	10	1.26%			-
Point Peter, LLLP	-		-	63,123,421	1	9.20%
Winding River, LLC	-		-	21,027,003	2	3.07%
Osprey Development, LLC	-		-	15,819,040	3	2.31%
Park Place, LLC	-		-	13,353,232	5	1.95%
North River, LLC	-		-	10,567,247	7	1.54%
Camden Telephone & Telegraph Co.	-		-	7,721,368	10	1.13%
Total	$ 98,545,765		18.66%	$ 179,015,452		26.11%

Source: City of St. Marys Finance and Tax Department.

CITY OF ST. MARYS, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30th	Digest Tax Year	Taxes Levied for the Fiscal Year [(a)]	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Total Taxes Outstanding
			Amount	Percentage of Levy		Amount	Percentage of Levy	
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%	43,739
2011	2010	3,036,967	2,885,039	95.00%	92,418	2,977,457	98.04%	59,510
2012	2011	3,234,429	2,986,509	92.33%	149,593	3,136,102	96.96%	98,327
2013	2012	2,757,956	2,622,660	95.09%	28,517	2,651,177	96.13%	106,780
2014	2013	2,571,779	2,536,290	98.62%	32,095	2,568,385	99.87%	3,394
2015	2014	2,760,041	2,704,564	97.99%	29,925	2,734,489	99.07%	25,552
2016	2015	3,039,808	2,863,049	94.19%	-	2,863,049	94.19%	176,759
2017	2016	3,054,145	2,853,424	93.43%	-	2,853,424	93.43%	200,721
2018	2017	3,168,077	3,027,631	95.57%	81,438	3,109,069	98.14%	59,008

Source: City of St. Marys Finance and Tax Department.

[(a)] Digest tax year levied actually fund the following fiscal year (i.e., taxes levied for 2017 are used for fiscal year ending in 2018).

CITY OF ST. MARYS, GEORGIA

WATER SEWER RATES
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)
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
2018	434,530,600	20.45	2.860	3.280	20.45	2.860	3.280

Source: City of St. Marys Water Department.

CITY OF ST. MARYS, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Estimated Actual Value of Taxable Property [1]	Percentage of Personal Income	Per Capita [1]
	Notes Payable	Capital Leases	Water Revenue Bonds	Notes Payable	Capital Leases				
2009	$ 99,250	$ 998,546	$ 45,025,000	$ 6,931,200	$ 309,843	$ 53,363,839	3.11%	10.9%	3,181
2010	55,491	575,576	43,785,000	6,470,261	187,003	51,073,331	2.88%	10.0%	2,983
2011	12,579	140,513	44,140,000	3,730,307	47,700	48,071,099	2.94%	8.7%	2,792
2012	-	102,037	43,870,000	3,455,218	-	47,427,255	3.02%	8.1%	2,694
2013	-	50,983	43,585,000	4,134,321	-	47,770,304	3.31%	8.0%	2,691
2014	-	10,330	43,285,000	3,862,414	-	47,157,744	3.58%	8.3%	2,627
2015	-	-	41,320,000	3,581,972	-	44,901,972	3.48%	7.6%	2,499
2016	-	1,145,963	39,245,000	3,359,584	-	43,750,547	3.45%	7.3%	2,419
2017	-	1,069,386	40,560,000	3,398,847	138,965	45,167,198	3.55%	7.2%	2,507
2018	-	1,266,716	37,984,207	3,092,592	84,054	42,427,569	3.21%	**	**

** Information not readily available

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] See Assessed Value and Estimated Actual Value of Taxable Property for property values and Demographic and Economic Statistics for population data.

CITY OF ST. MARYS, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT FISCAL YEARS

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property [1]	Per Capita [1]
2011	$ 41,026,056	6.27%	$ 2,383
2012	41,289,652	6.56%	2,345
2013	41,099,251	7.13%	2,315
2014	41,162,534	7.81%	2,293
2015	39,522,534	7.66%	2,200
2016	37,745,227	7.45%	2,087
2017	1,880,000	0.37%	104
2018	-	0.00%	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] See Assessed Value and Estimated Actual Value of Taxable Property for property values and Demographic and Economic Statistics for population data.

CITY OF ST. MARYS, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST EIGHT FISCAL YEARS
(In thousands)

	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	$ 66,752	$ 64,196	$ 58,881	$ 54,108	$ 52,877	$ 51,966	$ 50,902	$ 52,801
Total net debt applicable to limit	41,026	41,290	41,099	41,163	39,523	37,745	1,880	-
Legal debt margin	$ 25,726	$ 22,906	$ 17,782	$ 12,945	$ 13,354	$ 14,221	$ 49,022	$ 52,801
Total net debt applicable to the limit as a percentage of debt limit	61.46%	64.32%	69.80%	76.08%	74.75%	72.63%	3.69%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2018	
Total assessed value	$ 543,355
Less Exempt	15,343
Total taxable assessed value	528,012
Debt limit (10% of total taxable assessed value)	52,801
Debt applicable to limit	-
Legal debt margin	$ 52,801

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

[(a)] Digest tax year levied actually funds the following fiscal year (i.e., taxes levied for 2017 are used for fiscal year ending in 2018).

CITY OF ST. MARYS, GEORGIA

REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(in thousands)

Fiscal Year	Operating Revenue [1]	Direct Operating Expenses [2]	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	$ 4,326	$ 3,313	$ 1,013	$ 900	$ 768	$ 1,668	0.61
2010	4,803	3,350	1,453	1,190	843	2,033	0.71
2011	6,000	3,271	2,729	755	375	1,130	2.42
2012	6,251	3,209	3,042	275	166	441	6.90
2013	6,068	3,236	2,832	260	165	425	6.66
2014	6,079	3,139	2,940	255	167	422	6.97
2015	6,285	3,330	2,955	255	162	417	7.09
2016	6,430	3,468	2,962	275	151	426	6.95
2017	6,779	3,564	3,215	550	249	799	4.02
2018	7,324	3,605	3,719	286	1,044	1,330	2.80

Note: Amounts above are in thousands.

[1] Operating revenue includes operating revenue and interest of the Water/Wastewater fund and the Electric Fund.

[2] Direct operating expenses do not include depreciation or amortization expense.

CITY OF ST.MARYS, GEORGIA

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population [1]	Personal Income [1] (In thousands)	Per Capital Personal Income [2]	Unemployment Rate [3]
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	18,019	628,034	34,854	4.60%
2018	**	**	**	3.80%

** Information not readily available

[1] Source - U.S. Bureau of the Census.

[2] Source - U.S. Bureau of Economic Analysis.

[3] Source - U.S. Bureau of Labor Statistics for all of Camden County.

CITY OF ST. MARYS, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND EIGHT YEARS AGO

	2018			2010		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Express Scripts	366	1	2.13%	474	1	2.77%
Southeast Georgia Health Systems	300	2	1.75%	293	3	1.71%
Wal-Mart Supercenter	225	3	1.31%	418	2	2.44%
City of St. Marys	140	4	0.81%			
Georgia Pacific	65	5	0.38%	76	6	0.44%
Pilot Travel Center	49	6	0.29%			
Winn Dixie	43	7	0.25%			
ATN, Inc. AMTEL	35	8	0.20%			
Osprey Cove Golf Course	33	9	0.19%	85	5	0.50%
Gilman Building Products	32	10	0.19%			
Green Cedar Stores	-		-	95	4	0.55%
B.A.E. Systems	-		-	67	7	0.39%
Customer Service of America	-		-	36	8	0.21%
Harvey's Grocery Store	-		-	27	9	0.16%
Aunt B's Resaurant	-		-	23	10	0.13%
Total	1,288		7.49%	1,594		9.31%

Source: City of St. Marys Planning and Building Department.
Note: Information for 2009 was not readily available.

CITY OF ST. MARYS, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION
LAST TEN FISCAL YEARS

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
General government	14	13	9	8	9	9	9	9	8	8
Public safety										
Police department	40	40	41	37	36	36	34	34	34	34
Fire department	23	23	26	29	29	26	26	26	26	26
Public works	40	40	30	19	20	20	18	18	18	18
Health and welfare	1	1	2	2	2	2	2	2	2	3
Judicial	1	1	2	1	1	1	1	1	1	1
Culture and recreation	5	5	5	5	5	5	6	6	5	6
Housing and development	7	7	7	7	7	7	6	6	11	9
Business-type activities										
Water and sewer	29	28	39	35	35	34	34	34	34	34
Solid waste	0	0	5	1	1	1	2	2	2	2
Aquatic center	1	1	10	9	9	0	0	0	0	0
Total	161	159	175	154	153	141	138	138	140	140

Source: City Finance Department.

CITY OF ST. MARYS, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Building permits issued	142	257	261	285	282	316	287	108	93	263
Building inspections conducted	2,519	3,306	1,660	1,609	1,621	1,815	2,110	2,367	3,282	3,705
Police										
Physical arrests	623	731	868	759	652	376	515	518	568	581
Other violations	2,193	2,539	2,568	2,374	2,128	2,542	1,753	1,443	571	403
Traffic violations	2,565	4,993	4,299	3,369	3,088	3,208	2,713	3,081	2,287	2,182
Fire										
Emergency room	1,619	1,575	1,617	1,863	1,733	1,417	1,011	1,193	1,276	1,435
Fires extinguished	82	96	82	99	75	60	51	68	78	58
Inspections	139	2,013	228	279	250	50	70	300	325	336
Public Works										
Streets resurfaced (miles)	**	1	1	-	-	-	-	-	-	-
Water										
New connections	74	52	32	21	29	36	29	43	44	107
Volume (thousands of gallons per day)	1,572	1,541	1,516	1,445	1,103	1,363	1,388	1,430	1,471	1,410
Wastewater										
Average daily sewage treatment (thousands of gallons per day)	1,479	1,383	1,259	1,521	1,900	1,985	1,468	1,903	2,992	2,244

Sources: Various City departments.

** No data available for this operating indicator for fiscal year 2010.

CITY OF ST. MARYS, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works - streets (miles	99	103	107	107	107	107	107	107	107	107
Water										
Fire hydrants	1,037	1,109	1,127	1,135	1,135	1,135	1,135	1,150	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	3,000	5,200	5,200	4,500	4,500	4,500	4,500	4,500	4,500

Sources: Various City departments.

COMPLIANCE SECTION

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CITY OF ST. MARYS, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Total Expenditures	Passed Through to Subrecipients
U.S. Department of Justice				
Direct Awards				
Bulletproof Vest Partnership Program	16.607	1121-0235	$ 2,300	$ -
Body Worn Camera Grant Program	16.835	2015-DE-BX-K061	11,486	-
Total U.S. Department of Justice Programs			13,786	-
Department of Homeland Security				
(Passed through the Georgia Emergency Management Agency)				
Disaster Grants	97.036	N/A	1,025,382	-
Total Department of Homeland Security Programs			1,025,382	-
Total Expenditures of Federal Awards			$ 1,039,168	$ -

CITY OF ST. MARYS, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared using the accrual basis of accounting.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding the larger of $750,000 or 3% of total federal expenditures. The threshold of $750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk-based approach was used in the selection of federal programs to be tested as major programs. The City did not qualify as a low-risk auditee for the fiscal year ended June 30, 2018.

De-Minimis Indirect Cost Rate

The City did not elect to use the de-minimis indirect cost rate for the fiscal year ended June 30, 2018.

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S 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 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 (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 31, 2018.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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'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 City'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.

Mauldin & Jenkins, LLC

Macon, Georgia
December 31, 2018

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of St. Marys, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on The Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
December 31, 2018

CITY OF ST. MARYS, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses 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

Internal control over major programs:	
Material weaknesses identified?	____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __X__ None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____ Yes __X__ No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
97.036	**U.S. Department of Homeland Security –** Disaster Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	____ Yes __X__ No

CITY OF ST. MARYS, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF ST. MARYS, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.

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