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CITY OF ST. MARYS, GEORGIA ✓
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010 ✓

**CITY OF ST. MARYS, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

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**CITY OF ST. MARYS, GEORGIA
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FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Marys, Georgia as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2010, on our consideration of the City of St. Marys, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 and the Schedule of Funding Progress on page 46 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121 and is not a required part of the basic financial statements. The combining nonmajor fund financial statements and schedules, and schedule of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Macon, Georgia
December 9, 2010

CITY OF ST. MARYS, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

As management of the City of St. Marys, Georgia (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of St. Marys, Georgia for the fiscal year ended June 30, 2010. 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 of the City exceeded its liabilities at June 30, 2010 by \$62.5 million (*net assets*). Of this amount, \$14.7 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net assets increased by \$5 million.
- As of the close of the current fiscal year, the City's governmental activities reported combined ending net assets of \$22.5 million an increase of \$3.1 million in comparison with the prior year. Approximately 22% of this total amount, \$5.1 million is *available for spending* at the City's discretion (*unreserved fund balance*).
- As of the close of the current fiscal year, the City's business-type activities reported combined ending net assets of \$40 million, an increase of \$1.9 in comparison with the prior year. Approximately 24% of this total amount, \$9.6 million is *available for spending* at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was a positive \$4.45 million or a positive 48% of total general fund expenditures.

During the current fiscal year the City did not issue any new debt for governmental activities or business-type activities. The total combined reduction in debt service was \$2,291,004.

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 assets and the statement of activities, which are described below.

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

The *statement of net assets* presents information on all the City's assets and liabilities, with the difference between the two reported as *net assets*. This statement is a tool to measure the City's financial health or financial position. Over time, increases or decreases in net assets 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 two component units of the City.

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

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

The government-wide financial statements can be found on pages 11 – 13 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*.

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

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 14 – 18 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, both of which are considered major funds of the City, as well as the Aquatic Center Fund.

The basic proprietary fund financial statements can be found on pages 19 – 22 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 23 – 45 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 47 – 52 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$62.5 million at the close of the most recent fiscal year. By far the largest portion of the City's net assets 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

**City of St. Marys
Net Assets
June 30, 2010**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Current and other assets	\$ 6,098,827	\$ 7,492,415	\$ 24,686,825	\$ 10,647,432
Capital assets	15,457,100	18,009,751	69,059,110	81,316,745
Total assets	<u>21,555,927</u>	<u>25,502,166</u>	<u>93,745,935</u>	<u>91,964,177</u>
Other liabilities	1,547,537	2,840,294	4,212,117	2,387,225
Long-term liabilities outstanding	<u>629,197</u>	<u>149,384</u>	<u>51,442,264</u>	<u>49,570,362</u>
Total liabilities	<u>2,176,734</u>	<u>2,989,678</u>	<u>55,654,381</u>	<u>51,957,587</u>
Net assets:				
Invested in capital assets, net of related debt	14,360,678	17,380,554	26,744,210	26,683,866
Restricted for debt service			3,325,062	3,323,608
Restricted for renewal and extension			416,205	417,329
Unrestricted	<u>5,018,515</u>	<u>5,131,934</u>	<u>7,606,077</u>	<u>9,581,787</u>
Total net assets	<u>\$ 19,379,193</u>	<u>\$ 22,512,488</u>	<u>\$ 38,091,554</u>	<u>\$ 40,006,590</u>

Net assets may serve over time as a useful indicator of a government's financial position. The City of St. Marys combined net assets are \$62.5 million for the year ending June 30, 2010. Of this amount, \$40 million came from business-type activities and \$22.5 million came from governmental activities. This was an increase of \$5 million for the year. The Industrial Development Authority's (Component Unit) total net assets for 2010 decreased \$37,261 to \$382,311. The Downtown Development Authority's (Component Unit) total net assets for 2010 increased \$6,951 to \$661,583. This is the first year the Downtown Development Authority has been discretely presented in the City's financial statements.

The unrestricted net assets (\$14.7 million) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net assets except in the Convention & Visitors Bureau. The negative fund balance in Convention & Visitors Bureau is due to the sluggish economy.

Governmental activities. Governmental activities during the fiscal year ending June 30, 2010 increased the City of St. Marys net assets by \$3.1 million. Business-type activities during the same period increased net assets by \$1.9 million for a total increase in net assets of \$5 million. The Industrial Development Authority showed a decrease of \$37,261 in net assets and the Downtown Development Authority showed an increase of \$6,951 in net assets. The following chart shows the revenue and expenses by activity for the total primary government.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

City of St. Marys
Changes in Net Assets
June 30, 2010

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Revenues				
Program Revenues				
Charges for services	\$ 2,016,689	\$ 1,819,528	\$ 5,709,292	\$ 6,250,435
Operating grants and contributions	73,105	453,182		
Capital grants and contributions	-	611	4,808,077	1,031,895
General Revenues:				
Property taxes	3,899,788	3,704,579	-	-
Franchise taxes	814,810	820,730	-	-
Sales taxes	6,012,916	7,030,312	-	-
Hotel/Motel taxes	110,980	98,461	-	-
Other taxes	1,014,643	993,926	-	-
Unrestricted investment earnings	68,953	54,404	286,457	103,757
Gain on Sale of capital assets	8,719	-	-	6,695
Miscellaneous	-	-	13,881	10,228
Total revenues	<u>14,020,603</u>	<u>14,975,733</u>	<u>10,817,707</u>	<u>7,403,010</u>
Expenses				
Governmental activities				
General government	1,652,603	465,645	-	-
Public safety	4,468,636	4,467,093	-	-
Public works	2,466,841	3,442,972	-	-
Health and welfare	134,682	137,745	-	-
Judicial	191,884	172,019	-	-
Culture and recreation	595,489	1,002,250	-	-
Housing and development	592,903	531,059	-	-
Interest on long-term debt	58,557	33,064	-	-
Business-type activities				
Water and Sewer	-	-	5,419,176	5,353,476
Sanitation	-	-	1,202,957	1,247,448
Aquatic Center	-	-	482,360	477,641
	<u>10,161,595</u>	<u>10,251,847</u>	<u>7,104,493</u>	<u>7,078,565</u>
Increase in net assets before transfers	3,859,008	4,723,886	3,713,214	324,445
Transfers	(4,660,253)	(1,590,591)	4,660,253	1,590,591
Increase (decrease) in net assets	(801,245)	3,133,295	8,373,467	1,915,036
Net assets, beginning of year	20,180,438	19,379,193	29,718,087	38,091,554
Net assets, end of year	<u>\$ 19,379,193</u>	<u>\$ 22,512,488</u>	<u>\$ 38,091,554</u>	<u>\$ 40,006,590</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

Analysis of Balances:

Governmental Funds:

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

At the end of FY2010, the General Fund had a fund balance of \$4,454,159. This is a decrease of \$29,636 from the beginning fund balance. The General Fund budget for FY2010-2011 was decreased to keep from depleting fund balance to support expenses due to the sluggish economy.

The fund balance for the SPLOST fund increased by \$96,830. The fund balance at the end of FY2010 was a positive balance of \$80,332.

The fund balances for the other governmental funds decreased by \$128,629. The total combined fund balances for these funds was a positive \$402,554 at the end of the year.

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 \$7,660,057 at the end of fiscal year ending June 30, 2010. Of this amount, \$4,055,173 is restricted assets.

The Water and Sewer Fund had an ending net asset balance of \$37,666,341 for FY2010. This was an increase of \$2,174,612 from the previous year. Of this amount, \$24,774,273 is invested in capital assets, net of related debt.

The Solid Waste Fund had an ending net asset balance of \$546,565 for FY2010. This was a decrease of \$127,512 from the previous year. Of this amount, \$18,080 is invested in capital assets, net of related debt.

The Aquatic Center Fund had an ending net asset balance of \$1,793,684 for FY2010. This was a decrease of \$132,064 from the previous year. Of this amount, \$1,891,513 is invested in capital assets, net of related debt with an unrestricted deficit of (\$97,829).

General Fund Budget Highlights

The budget was prepared according to Georgia Law.

The 2010 original revenue budget was \$9,500,984. It was amended to \$9,594,091 to account for additional miscellaneous revenues. In total, the City realized 95% of the projected FY2010 revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

General Fund Budget Highlights (continued)

Differences between the original budget and the final amended budget are as follows:

- \$6,000 increase in charges for services – to account for additional revenues for services performed
- \$87,107 increase in miscellaneous revenues – increase in rental and other income
- \$58,780 increased in general government expenditures – election and legal fees
- \$154,053 increase in public safety expenditures – increase in personnel services, building and equipment repairs and equipment
- \$7,428 increase in court and senior service expenditures – increase in personnel services
- \$44,452 increase in housing and development expenditures – airport appraisals and miscellaneous

Comparison of General Fund Final Budget and Actual Expenditures:

Revenues - Deficiencies in taxes, fines and forfeitures and interest is due to economic conditions.

Expenditures - Actual total expenditures (\$9,201,530) came in less than the budget expenditures (\$10,426,789). The actual expenditures do not include the other financing sources (uses).

The City's actual expenditures exceeded revenues by \$29,636 including the other financing sources (uses).

Capital Asset and Debt Administration

Capital Assets. At the end of fiscal year ending June 30, 2010, governmental activities and business-type activities had capital assets of \$99,326,496 (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment and recreation and park facilities. The increase in assets for governmental activities was due to donated assets, improvements to the waterfront park and improvements to facilities. The business-type activities major increase was due to the construction of the point peter waste water treatment plant.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

**City of St. Marys Capital Assets
(Net of Depreciation)
June 30, 2010**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 481,333	\$ 846,727	\$ 1,328,060
Building and Improvements	3,558,608	4,871,577	8,430,185
Improvements other than buildings	6,582,060	0	6,582,060
Machinery and Equipment	1,473,911	674,575	2,148,486
Infrastructure	4,488,547	28,979,995	33,468,542
Construction in progress	1,425,292	45,943,871	47,369,163
Total	<u>\$ 18,009,751</u>	<u>\$ 81,316,745</u>	<u>\$ 99,326,496</u>

Additional information on the City's capital assets can be found in Note 6 on pages 35 and 36 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 the end of June 30, 2010, the City had \$629,197 of outstanding debt and \$382,869 in compensated absences related to governmental activities and \$50,442,264 of outstanding debt related to business-type activities for a total of \$51,454,330, compared to the previous year's total of \$53,770,275. This is a decrease of \$2,315,945.

Additional information on the City's debt can be found in Note 7 on pages 37 - 40 of this report.

Factors affecting the FY 2010 Budget:

The Mayor and Council of the City of St. Marys considered many factors when approving the City's FY2010 budget and were very aware of the present economic conditions and the effect on its citizens. The Mayor and Council chose to continue the hiring freeze, merit increase freeze, decreases in supplies, etc. An increase in business type rates was implemented to cover construction and debt service. The City continually strives to provide the very best service for its citizens.

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.

CITY OF ST. MARYS, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2010

Primary Government ASSETS	Primary Government			Component Units	
	Governmental	Business-type	Total	Industrial	Downtown
	Activities	Activities		Development	Development
				Authority	Authority
Cash and cash equivalents	\$ 4,242,229	\$ 3,604,884	\$ 7,847,113	\$ 50,077	\$ 17,936
Investments	346,814	723,263	1,070,077	-	28,388
Taxes receivable	569,890	-	569,890	-	-
Accounts receivable, net of allowances	14,996	649,722	664,718	-	-
Accrued interest receivable	-	5,525	5,525	-	-
Prepaid expenses	270,056	69,670	339,726	-	-
Due from other governments	1,943,321	-	1,943,321	-	-
Internal balances	105,109	(105,109)	-	-	-
Restricted assets, cash and investments	-	4,811,524	4,811,524	-	-
Deferred charges, unamortized balance	-	887,952	887,952	-	-
Capital assets:					
Non-depreciable	1,906,625	46,790,598	48,697,223	332,234	620,000
Depreciable, net of accumulated depreciation	16,103,126	34,526,147	50,629,273	-	-
Total assets	25,502,166	91,964,176	117,466,342	382,311	666,324
LIABILITIES					
Accounts payable	1,807,454	198,352	2,005,806	-	4,741
Retainage payable	-	592,822	592,822	-	-
Accrued liabilities	149,308	207,658	356,966	-	-
Customer deposits	-	516,490	516,490	-	-
Due to other governments	20,850	-	20,850	-	-
Compensated absences due within one year	382,869	-	382,869	-	-
Capital leases due within one year	43,858	-	43,858	-	-
Capital leases due in more than one year	9,104	-	9,104	-	-
Notes payable due within one year	435,955	616,902	1,052,857	-	-
Notes payable due in more than one year	140,280	6,040,362	6,180,642	-	-
Bonds payable due within one year	-	255,000	255,000	-	-
Bonds payable due in more than one year	-	43,530,000	43,530,000	-	-
Total liabilities	2,989,678	51,957,586	54,947,264	-	4,741
NET ASSETS					
Investment in capital assets, net of related debt	17,380,554	26,683,866	44,064,420	332,234	620,000
Restricted for debt service	-	3,323,608	3,323,608	-	-
Restricted for renewal and extension	-	417,329	417,329	-	-
Unrestricted	5,131,934	9,581,787	14,713,721	50,077	41,583
Total net assets	\$ 22,512,488	\$ 40,006,590	\$ 62,519,078	\$ 382,311	\$ 661,583

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, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 465,645	\$ 1,378,231	\$ 453,182	\$ -
Public safety	4,467,093	314,328	-	-
Public works	3,442,972	52,928	-	611
Health and welfare	137,745	-	-	-
Judicial	172,019	-	-	-
Culture and recreation	1,002,250	74,041	-	-
Housing and development	531,059	-	-	-
Interest on long-term debt	33,064	-	-	-
Total governmental activities	<u>10,251,847</u>	<u>1,819,528</u>	<u>453,182</u>	<u>611</u>
Business-type activities:				
Water & sewer	5,353,476	4,803,343	-	1,031,895
Solid waste	1,247,448	1,113,236	-	-
Aquatic center	477,641	333,856	-	-
Total business-type activities	<u>7,078,565</u>	<u>6,250,435</u>	<u>-</u>	<u>1,031,895</u>
Total primary government	<u>\$ 17,330,412</u>	<u>\$ 8,069,963</u>	<u>\$ 453,182</u>	<u>\$ 1,032,506</u>
Component Units:				
Industrial Development Authority	\$ 38,000	\$ -	\$ -	\$ -
Downtown Development Authority	8,641	5,277	-	-
Total component units	<u>\$ 46,641</u>	<u>\$ 5,277</u>	<u>\$ -</u>	<u>\$ -</u>
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 assets				
Net assets, beginning of year				
Net assets, end of year				

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

Net (Expenses) Revenues and Changes in Net Assets				
Governmental Activities	Business-type Activities	Total	Component Units	
			Industrial Development Authority	Downtown Development Authority
\$ 1,365,768	\$ -	\$ 1,365,768	\$ -	\$ -
(4,152,765)	-	(4,152,765)	-	-
(3,389,433)	-	(3,389,433)	-	-
(137,745)	-	(137,745)	-	-
(172,019)	-	(172,019)	-	-
(928,209)	-	(928,209)	-	-
(531,059)	-	(531,059)	-	-
(33,064)	-	(33,064)	-	-
<u>(7,978,526)</u>	<u>-</u>	<u>(7,978,526)</u>	<u>-</u>	<u>-</u>
-	481,762	481,762	-	-
-	(134,212)	(134,212)	-	-
<u>-</u>	<u>(143,785)</u>	<u>(143,785)</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>203,765</u>	<u>203,765</u>	<u>-</u>	<u>-</u>
<u>(7,978,526)</u>	<u>203,765</u>	<u>(7,774,761)</u>	<u>-</u>	<u>-</u>
-	-	-	(38,000)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,364)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,000)</u>	<u>(3,364)</u>
3,704,579	-	3,704,579	-	-
820,730	-	820,730	-	-
7,030,312	-	7,030,312	-	-
98,461	-	98,461	-	-
993,926	-	993,926	-	-
54,404	103,757	158,161	739	1,728
-	6,695	6,695	-	-
-	10,228	10,228	-	8,587
(1,590,591)	1,590,591	-	-	-
<u>11,111,821</u>	<u>1,711,271</u>	<u>12,823,092</u>	<u>739</u>	<u>10,315</u>
3,133,295	1,915,036	5,048,331	(37,261)	6,951
19,379,193	38,091,554	57,470,747	419,572	654,632
<u>\$ 22,512,488</u>	<u>\$ 40,006,590</u>	<u>\$ 62,519,078</u>	<u>\$ 382,311</u>	<u>\$ 661,583</u>

CITY OF ST. MARYS, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2010

ASSETS	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 3,726,228	\$ 58,856	\$ 457,145	\$ 4,242,229
Investments	346,814	-	-	346,814
Taxes receivable	569,890	-	-	569,890
Accounts receivable	6,442	-	8,554	14,996
Prepaid items	163,800	-	106,256	270,056
Due from other governments	228,678	1,714,643	-	1,943,321
Due from other funds	247,488	12,111	-	259,599
Total assets	\$ 5,289,340	\$ 1,785,610	\$ 571,955	\$ 7,646,905
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 110,061	\$ 1,593,533	\$ 103,860	\$ 1,807,454
Accrued liabilities	145,892	-	1,946	147,838
Deferred revenues	579,228	-	-	579,228
Due to other governments	-	20,850	-	20,850
Due to other funds	-	90,895	63,595	154,490
Total liabilities	835,181	1,705,278	169,401	2,709,860
FUND BALANCES				
Fund balances:				
Unreserved, reported in:				
General fund	4,454,159	-	-	4,454,159
Special revenue funds	-	-	402,554	402,554
Capital projects funds	-	80,332	-	80,332
Total fund balances	4,454,159	80,332	402,554	4,937,045
Total liabilities and fund balances	\$ 5,289,340	\$ 1,785,610	\$ 571,955	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				18,009,751
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				579,228
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(1,013,536)
Net assets of governmental activities				\$ 22,512,488

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, 2010

	General Fund	SPLOST Fund	Other Governmental Funds	Totals Governmental Funds
Revenues				
Taxes	\$ 7,271,679	\$ -	\$ 98,461	\$ 7,370,140
Licenses and permits	502,189	-	-	502,189
Intergovernmental	-	5,126,906	453,182	5,580,088
Fines and forfeitures	314,328	-	-	314,328
Charges for services	179,547	-	-	179,547
Interest income	51,074	611	3,330	55,015
Other revenues	799,177	8,500	15,787	823,464
Total revenues	<u>9,117,994</u>	<u>5,136,017</u>	<u>570,760</u>	<u>14,824,771</u>
Expenditures				
Current:				
General government	1,724,546	-	376,404	2,100,950
Public safety	3,894,317	-	-	3,894,317
Public works	1,950,345	-	-	1,950,345
Health and welfare	101,735	-	-	101,735
Judicial	172,019	-	-	172,019
Culture and recreation	370,637	-	147,166	517,803
Housing and development	488,691	-	-	488,691
Capital outlay	-	5,151,474	-	5,151,474
Debt service:				
Principal	467,225	-	-	467,225
Interest and fiscal charges	32,015	-	-	32,015
Total expenditures	<u>9,201,530</u>	<u>5,151,474</u>	<u>523,570</u>	<u>14,876,574</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83,536)</u>	<u>(15,457)</u>	<u>47,190</u>	<u>(51,803)</u>
Other financing sources (uses):				
Transfers in	75,532	112,287	120,238	308,057
Transfers out	(21,632)	-	(296,057)	(317,689)
Total other financing sources (uses)	<u>53,900</u>	<u>112,287</u>	<u>(175,819)</u>	<u>(9,632)</u>
Net change in fund balances	(29,636)	96,830	(128,629)	(61,435)
Fund balances (deficit), beginning of year	<u>4,483,795</u>	<u>(16,498)</u>	<u>531,183</u>	<u>4,998,480</u>
Fund balances, end of year	<u>\$ 4,454,159</u>	<u>\$ 80,332</u>	<u>\$ 402,554</u>	<u>\$ 4,937,045</u>

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, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (61,435)
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. This is the amount by which capital outlay exceeded depreciation in the current period.	2,552,651
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	150,962
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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	467,225
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.	<u>23,892</u>
	<u>\$ 3,133,295</u>

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 YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,999,550	\$ 7,999,550	\$ 7,271,679	\$ (727,871)
Licenses and permits	436,000	436,000	502,189	66,189
Fines and forfeitures	398,500	398,500	314,328	(84,172)
Interest	75,000	75,000	51,074	(23,926)
Charges for services	75,434	81,434	179,547	98,113
Miscellaneous	516,500	603,607	799,177	195,570
Total revenues	<u>9,500,984</u>	<u>9,594,091</u>	<u>9,117,994</u>	<u>(476,097)</u>
Expenditures				
Current:				
General government:				
Legislative	216,720	221,170	203,463	17,707
Executive	199,760	247,186	220,627	26,559
Legal	134,719	27,298	23,033	4,265
Finance	1,125,229	1,121,909	841,846	280,063
Building and plant	244,575	244,575	177,918	66,657
Human resources	113,806	113,891	107,883	6,008
Information technology	164,699	164,699	149,776	14,923
Total general government	<u>2,199,508</u>	<u>2,140,728</u>	<u>1,724,546</u>	<u>416,182</u>
Public safety:				
Fire	1,457,442	1,483,310	1,367,295	116,015
Police	2,654,289	2,782,474	2,527,022	255,452
Total public safety	<u>4,111,731</u>	<u>4,265,784</u>	<u>3,894,317</u>	<u>371,467</u>
Public works:				
Public works administration	1,772,343	1,798,768	1,675,101	123,667
Highways and streets administration	285,000	285,000	271,104	13,896
Cemetery	14,875	14,875	4,140	10,735
Total public works	<u>2,072,218</u>	<u>2,098,643</u>	<u>1,950,345</u>	<u>148,298</u>
Judicial:				
Municipal court	210,525	210,715	172,019	38,696
Total judicial	<u>210,525</u>	<u>210,715</u>	<u>172,019</u>	<u>38,696</u>
Health and welfare:				
Senior citizens center	112,722	119,960	101,735	18,225
Total health and welfare	<u>112,722</u>	<u>119,960</u>	<u>101,735</u>	<u>18,225</u>
Culture and recreation:				
Parks administration	89,420	89,420	55,741	33,679
Library administration	327,316	327,331	314,896	12,435
Total culture and recreation	<u>416,736</u>	<u>416,751</u>	<u>370,637</u>	<u>46,114</u>
Housing and development:				
Protective inspection administration	146,323	147,343	125,351	21,992
Planning and zoning	175,106	175,281	150,249	25,032
Airport	7,000	50,897	50,873	24
Special facilities	53,746	52,996	35,016	17,980
Economic development	131,193	131,303	127,202	4,101
Total housing and development	<u>513,368</u>	<u>557,820</u>	<u>488,691</u>	<u>69,129</u>

(Continued)

CITY OF ST. MARYS, GEORGIA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures (continued):				
Debt service:				
Principal	\$ 569,274	\$ 568,914	\$ 467,225	\$ 101,689
Interest	47,114	47,474	32,015	15,459
Total debt service	<u>616,388</u>	<u>616,388</u>	<u>499,240</u>	<u>117,148</u>
Total expenditures	<u>10,253,196</u>	<u>10,426,789</u>	<u>9,201,530</u>	<u>1,225,259</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(752,212)</u>	<u>(832,698)</u>	<u>(83,536)</u>	<u>749,162</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	20,000	20,000	-	(20,000)
Issuance of notes payable	130,000	130,000	-	(130,000)
Transfers in	-	80,486	75,532	(4,954)
Transfers out	<u>(21,632)</u>	<u>(21,632)</u>	<u>(21,632)</u>	<u>-</u>
Total other financing sources (uses)	<u>128,368</u>	<u>208,854</u>	<u>53,900</u>	<u>(154,954)</u>
Net change in fund balances	(623,844)	(623,844)	(29,636)	594,208
Fund balances, beginning of year	<u>4,483,795</u>	<u>4,483,795</u>	<u>4,483,795</u>	<u>-</u>
Fund balances, end of year	<u>\$ 3,859,951</u>	<u>\$ 3,859,951</u>	<u>\$ 4,454,159</u>	<u>\$ 594,208</u>

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