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CITY OF ST. MARYS, GEORGIA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2008 ✓**

CITY OF ST. MARYS, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

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CITY OF ST. MARYS, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

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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 discretely presented component unit, 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, 2008, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of St. Marys, Georgia as of June 30, 2008, 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 30, 2008, 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 is not a required part of the basic financial statements, but is 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 30, 2008

CITY OF ST. MARYS, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2008. 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, 2008 by \$49.9 million (*net assets*). Of this amount, \$9.9 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 \$1.1 million.
- As of the close of the current fiscal year, the City's governmental activities reported combined ending net assets of \$20.2 million, an increase of \$29,510 in comparison with the prior year. Approximately 26% of this total amount, \$5.3 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 funds reported combined ending net assets of \$29.7 million, an increase of \$1,022,639 in comparison with the prior year. Approximately 15% of this total amount, \$4.6 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 \$5 million or a positive 39% of total general fund expenditures.
- The City's total debt increased by \$45,082,080 during the current fiscal year. This increase consisted of new debt for Governmental activities of \$1,387,080 for the purchase of new equipment. The new debt for Business-type activities was \$43,695,000 for the up-grade of the Point Peter Waste Water plant capacity. The total reduction in debt service was \$2,285,310 of scheduled payments.

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, and 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

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 a component unit 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 and sanitation.

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

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 funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund and Solid Waste 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 both are considered major funds of the City.

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 - 53 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 \$49.9 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

City of St. Marys Net Assets June 30, 2008

	Governmental Activities		Business-type Activities	
	2007	2008	2007	2008
Current and other assets	7,897,698	6,156,219	7,893,701	37,173,589
Capital assets	15,373,601	16,598,303 ✓	34,360,255	49,558,850 ✓
Total assets	<u>23,271,299</u>	<u>22,754,522</u>	<u>42,253,956</u>	<u>86,732,439</u>
Other liabilities	3,024,659	1,452,869	2,327,723	3,787,374
Long-term liabilities outstanding	95,713	1,121,215 ✓	11,230,785	53,226,978 ✓
Total liabilities	<u>3,120,372</u>	<u>2,574,084</u>	<u>13,558,508</u>	<u>57,014,352</u>
Net assets:				
Invested in capital assets, net of related debt	13,205,436	14,851,172 ✓	22,562,522	21,406,616 ✓
Restricted for debt service			440,093	3,306,943
Restricted for renewal and extension			394,808	410,581
Unrestricted	6,945,491	5,329,266	5,298,025	4,593,947
Total net assets	<u>20,150,927</u>	<u>20,180,438</u> ✓	<u>28,695,448</u>	<u>29,718,087</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 \$49.9 million for the year ending June 30, 2008. Of this amount, \$29.7 million came from business-type activities and \$20.2 million came from governmental activities. This was an increase over 2007 of \$1.0 million. The Industrial Development Authority (Component Unit) total net assets for 2008 are \$453,927, which is not included in the above totals. This was an increase over 2007 of \$14,596.

The unrestricted net assets (\$9.9 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/fund balance except in the SPLOST Fund. The negative fund balance is due to prior year accounting fees.

Governmental activities. Governmental activities during the fiscal year ending June 30, 2008 increased the City of St. Marys net assets by \$29,510. Business-type activities during the same period increased net assets by \$1,022,639 for a total increase in net assets of \$1,052,149. The Industrial Development Authority showed an increase of \$14,596 in net assets. The following chart shows the revenue and expenses by activity for the total primary government.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of St. Marys Changes in Net Assets June 30 2008

	Governmental Activities		Business-type Activities	
	2007	2008	2007	2008
Revenues				
Program Revenues				
Charges for services	2,976,366	2,002,667 ✓	4,976,525	5,418,877 ✓
Operating grants and contributions	29,718	537,196 ✓		✓
Capital grants and contribution	91,567	0 ✓	3,151,297	1,573,959 ✓
General Revenues:				
Property taxes	3,223,663	3,558,092		
Franchise taxes	724,213	768,041		
Sales taxes	2,991,372	4,101,868		
Hotel/motel Taxes		126,521		
Other taxes	948,736	977,604		
Unrestricted investment earnings	198,602	147,341	227,310	682,374
Gain on Sale of capital assets	9,492	99,000	13,877	0
Miscellaneous	0	92,500	17,222	40,742
Total revenues	11,193,729	12,410,830	8,386,231	7,715,952
Expenses				
Governmental activities				
General government	2,041,996	1,356,206		
Public safety	3,969,908	4,628,281		
Public works	2,438,935	4,162,567		
Health and welfare	58,225	89,928		
Judicial	253,957	250,126		
Culture and recreation	1,006,264	987,974		
Housing and development	788,967	791,216		
Interest on long-term debt	80,299	115,022		
Business-type activities				
Water and Sewer			4,342,075	5,609,650
Sanitation			916,596	1,083,663
Total expenses	10,638,551	12,381,320 ✓	5,258,671	6,693,313 ✓
Increase in net assets before transfers	555,178	29,510	3,127,560	1,022,639
Transfers	0	0	0	0
Increase in net assets	555,178	29,510 ✓	3,127,560	1,022,639 ✓
Net assets, beginning of year	19,595,749	20,150,928	25,567,888	28,695,448
Net assets, end of year	20,150,927	20,180,438	28,695,448	29,718,087

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 FY 2008, the General Fund had a fund balance of \$4,994,961. This is a decrease of \$1,471,951 from the beginning fund balance. The General Fund's budget FY 2008-09 was decreased in order to keep from using fund balance to support expenses. The General Fund's taxes were increased to help with ongoing expenses.

The fund balance for the SPLOST fund increased by \$1,522. The fund balance at the end of FY2008 was a negative \$13,738.

The fund balances for the other governmental funds decreased by \$193,920. The total fund balance for these funds was a positive \$686,762 at the end of the year.

Business-Type Activities Funds:

The enterprise funds, which include the City's Water & Sewer Fund and Solid Waste Funds showed a combined cash and cash equivalents balance of \$34,046,756 at the end of fiscal year ending June 30, 2008. Of this amount, \$28,366,855 is restricted assets.

The Water and Sewer Fund had an ending net asset balance of \$28,837,185 for FY 2008. This was an increase of \$991,089 from the previous year. Of the balance, \$25,000,579 is restricted net assets. Bonds of \$43.7 million were issued which accounts for the increase..

The Solid Waste Fund had an ending net asset balance of \$880,902 for Fy2008. This was an increase of \$31,550 from the previous year. There are no restricted assets in the Solid Waste Fund.

General Fund Budget Highlights

The budget was prepared according to Georgia Law.

The 2008 original revenue budget was \$11,170,250. It was amended to \$11,358,925 to account for additional miscellaneous revenues. In total, the City realized 85% of the projected 2008 revenues.

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

\$140,000 increase in property tax revenue – to account for an increase in real property taxes

\$9,000 increase in fines and forfeitures – to account for a new fine collected

\$8,000 increase in concession revenue – concession sales

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budget Highlights continued

\$31,675 increase in miscellaneous revenues – insurance proceeds
\$82,357 increase in transfers in – to account for grant revenue and fire tax revenue
\$102,484 decrease in general government – contingency transferred to various departments
\$25,900 decrease in housing and development – transfer to various departments
\$76,391 increase in general government – hiring of a full time attorney and additional expenditures
\$13,300 increase in judicial – for additional fees collected as pass through fees
\$52,625 increase in public safety – increase for medical expenses and replacement of a vehicle
\$8,000 increase in culture and recreation – concession expenditures offset by revenues
\$44,500 increase in housing and development – engineering services offset by a grant
\$204,600 increase in Public Safety – equip new fire station

Comparison of Final Budget and Actual expenditures:

Revenues – All categories were deficient except interest.
The deficiencies are due to economic conditions and decrease in building within the City.

Expenditures deficiencies:

Culture and recreation – increase in supplies
Transfers out – advanced grant revenue returned due to savings on expenditures.

Actual expenditures (\$12,761,566) came in less than the budget expenditures (\$15,362,957). The actual expenditures do not include the other financing sources (uses).

The City's actual expenditures exceeded revenues the by \$1,471,951 including the other financing sources (uses).

Capital Asset and Debt Administration

Capital Assets. At the end of fiscal year ending June 30, 2008, governmental activities and business-type activities had capital assets of \$66,157,153 (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 the purchase of new equipment and construction in progress. Business-type activities major increase was due to new construction of the waste water treatment plant and various infrastructure improvements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of St. Marys Capital Assets
(Net of Depreciation)
June 30, 2008

	Governmental Activities	Business-type Activities	Total
Land	\$ 481,333	846,727	1,328,060
Building and Improvements	5,232,579	3,211,406	8,443,985
Improvements other than buildings	5,374,361	0	5,374,361
Machinery and Equipment	2,573,686	1,172,248	3,745,934
Infrastructure	1,874,985	26,163,086	28,038,071
Construction in progress	1,061,359	18,165,383	19,226,742
Total	\$ 16,598,303 ✓	49,558,850 ✓	66,157,153

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, 2008, the City had \$2,193,013 of outstanding debt related to governmental activities and \$54,700,777 of outstanding debt related to business-type activities for a total of \$56,893,790 compared to the previous year's total of \$14,467,793. This is an increase of \$42,425,997.

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

Factors affecting the FY 2009 Budget:

The Mayor and Council of the City of St. Marys considered many factors when approving the City's FY 2009 budget and were very aware of the present economic conditions and the effect on its citizens. The Mayor and Council chose to decrease the current year's budget compared to prior years. In order to meet the demands, the City increased property taxes. The City's business-type activities issued \$43.7 million dollars in bonds to upgrade the Point Peter water treatment plant. This was necessary to provide for future growth. An increase in business type rates was implemented to cover new 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, 2008**

ASSETS	Primary Government			Component Unit
	Governmental	Business-type	Total	Industrial
	Activities	Activities		Development Authority
Cash and cash equivalents	\$ 4,407,353	\$ 5,679,901	\$ 10,087,254	\$ 27,826
Investments	837,311	711,547	1,548,858	92,737
Taxes receivable	126,415	-	126,415	-
Accounts receivable, net of allowances	-	486,443	486,443	-
Accrued interest receivable	-	-	-	1,130
Prepaid expenses	296,256	160,320	456,576	-
Other receivables	29,003	-	29,003	-
Due from other governments	463,312	-	463,312	-
Internal balances	(3,431)	3,431	-	-
Other current assets	-	55,017	55,017	-
Restricted assets, cash and investments	-	29,098,786	29,098,786	-
Deferred charges, unamortized balance	-	978,144	978,144	-
Capital assets:				
Non-depreciable	1,542,692	19,012,110	20,554,802	332,234
Depreciable, net of accumulated depreciation	15,055,611	30,546,740	45,602,351	-
Total assets	22,754,522	86,732,439	109,486,961	453,927
LIABILITIES				
Accounts payable	261,873	158,766	420,639	-
Contracts payable	-	1,443,348	1,443,348	-
Retainage payable	-	104,000	104,000	-
Accrued liabilities	119,198	91,095	210,293	-
Customer deposits	-	516,366	516,366	-
Compensated absences due within one year	370,000	-	370,000	-
Compensated absences due in more than one year	75,883	-	75,883	-
Capital leases due within one year	48,251	-	48,251	-
Capital leases due in more than one year	97,557	-	97,557	-
Notes payable due within one year	653,547	573,799	1,227,346	-
Notes payable due in more than one year	947,775	7,251,978	8,199,753	-
Bonds payable due within one year	-	900,000	900,000	-
Bonds payable due in more than one year	-	45,975,000	45,975,000	-
Total liabilities	2,574,084	57,014,352	59,588,436	-
NET ASSETS				
Investment in capital assets, net of related debt	14,851,173	21,406,616	36,257,789	332,234
Restricted for debt service	-	3,306,943	3,306,943	-
Restricted for renewal and extension	-	410,581	410,581	-
Unrestricted	5,329,265	4,593,947	9,923,212	121,693
Total net assets	\$ 20,180,438	\$ 29,718,087	\$ 49,898,525	\$ 453,927

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, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 1,356,206	\$ 1,113,143	\$ 130,753	\$ -
Public safety	4,628,281	413,928	-	-
Public works	4,162,567	50,359	-	-
Health and welfare	89,928	-	-	-
Judicial	250,126	-	-	-
Culture and recreation	987,974	425,237	-	-
Housing and development	791,216	-	406,443	-
Interest on long-term debt	115,022	-	-	-
Total governmental activities	<u>12,381,320</u>	<u>2,002,667</u>	<u>537,196</u>	<u>-</u>
Business-type activities:				
Water & sewer	5,609,650	4,318,375	-	1,573,959
Solid waste	1,083,663	1,100,502	-	-
Total business-type activities	<u>6,693,313</u>	<u>5,418,877</u>	<u>-</u>	<u>1,573,959</u>
Total primary government	<u>\$ 19,074,633</u>	<u>\$ 7,421,544</u>	<u>\$ 537,196</u>	<u>\$ 1,573,959</u>
Component Unit: Industrial Development Authority	<u>\$ 3,574</u>	<u>\$ 5,493</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				
Total general revenues				
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 Unit Industrial Development Authority
\$ (112,310)	\$ -	\$ (112,310)	\$ -
(4,214,353)	-	(4,214,353)	-
(4,112,208)	-	(4,112,208)	-
(89,928)	-	(89,928)	-
(250,126)	-	(250,126)	-
(562,737)	-	(562,737)	-
(384,773)	-	(384,773)	-
(115,022)	-	(115,022)	-
<u>(9,841,457)</u>	<u>-</u>	<u>(9,841,457)</u>	<u>-</u>
-	282,684	282,684	-
-	16,839	16,839	-
-	299,523	299,523	-
<u>(9,841,457)</u>	<u>299,523</u>	<u>(9,541,934)</u>	<u>-</u>
-	-	-	1,919
3,558,092	-	3,558,092	-
768,041	-	768,041	-
4,101,868	-	4,101,868	-
126,521	-	126,521	-
977,604	-	977,604	-
147,341	682,374	829,715	12,677
99,000	-	99,000	-
92,500	40,742	133,242	-
<u>9,870,967</u>	<u>723,116</u>	<u>10,594,083</u>	<u>12,677</u>
29,510 ✓	1,022,639 ✓	1,052,149	14,596
20,150,928 ✓	28,695,448 ✓	48,846,376	439,331 ✓
<u>\$ 20,180,438 ✓</u>	<u>\$ 29,718,087 ✓</u>	<u>\$ 49,898,525</u>	<u>\$ 453,927 ✓</u>

CITY OF ST. MARYS, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

ASSETS	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 3,436,381	\$ 120,268	\$ 850,704	\$ 4,407,353
Investments	837,311	-	-	837,311
Taxes receivable	126,415	-	-	126,415
Accounts receivable	12,053	-	16,950	29,003
Prepaid items	296,256	-	-	296,256
Due from other governments	354,827	108,485	-	463,312
Due from other funds	353,347	148,485	52,076	553,908
Total assets	\$ 5,416,590	\$ 377,238	\$ 919,730	\$ 6,713,558
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	\$ 130,999	\$ 130,495	\$ 379	\$ 261,873
Accrued liabilities	113,219	-	972	114,191
Deferred revenues	112,170	-	-	112,170
Due to other funds	65,241	260,481	231,617	557,339
Total liabilities	421,629	390,976	232,968	1,045,573
FUND BALANCES (DEFICIT)				
Fund balances:				
Unreserved (deficit), reported in:				
General fund	4,994,961	-	-	4,994,961
Special revenue funds	-	-	575,816	575,816
Capital projects fund	-	(13,738)	110,946	97,208
Total fund balances (deficits)	4,994,961	(13,738)	686,762	5,667,985
Total liabilities and fund balances (deficits)	\$ 5,416,590	\$ 377,238	\$ 919,730	

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.	16,598,303 ✓
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	112,170 ✓
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(2,198,020) ✓
Net assets of governmental activities	\$ 20,180,438 ✓

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, 2008

	General Fund	SPLOST Fund	Other Governmental Funds	Totals Governmental Funds
Revenues				
Taxes	\$ 7,549,692	\$ 1,865,537	\$ 126,521	\$ 9,541,750
Licenses and permits	541,639	-	-	541,639
Intergovernmental	-	-	537,196	537,196
Fines and forfeitures	413,928	-	-	413,928
Charges for services	444,724	-	-	444,724
Interest income	132,329	1,522	13,490	147,341
Other revenues	555,392	92,500	46,984	694,876
Total revenues	<u>9,637,704</u>	<u>1,959,559</u>	<u>724,191</u>	<u>12,321,454</u>
Expenditures				
Current:				
General government	2,039,524	-	-	2,039,524
Public safety	4,554,622	-	-	4,554,622
Public works	2,652,326	-	-	2,652,326
Health and welfare	81,699	-	-	81,699
Judicial	250,126	-	-	250,126
Culture and recreation	796,542	-	195,215	991,757
Housing and development	776,607	-	-	776,607
Capital outlay	-	2,014,022	-	2,014,022
Debt service:				
Principal	1,493,355	-	-	1,493,355
Interest and fiscal charges	116,765	-	-	116,765
Total expenditures	<u>12,761,566</u>	<u>2,014,022</u>	<u>195,215</u>	<u>14,970,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,123,862)</u>	<u>(54,463)</u>	<u>528,976</u>	<u>(2,649,349)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	99,000	-	-	99,000 ✓
Issuance of notes payable	886,000	-	-	886,000 ✓
Transfers in	666,911	55,985	143,159	866,055
Transfers out	-	-	(866,055)	(866,055)
Total other financing sources (uses)	<u>1,651,911</u>	<u>55,985</u>	<u>(722,896)</u>	<u>985,000</u>
Net change in fund balances	(1,471,951)	1,522	(193,920)	(1,664,349) ✓
Fund balances (deficits), beginning of year	<u>6,466,912</u> ✓	<u>(15,260)</u> ✓	<u>880,682</u> ✓	<u>7,332,334</u> ✓
Fund balances (deficits), end of year	<u>\$ 4,994,961</u> ✓	<u>\$ (13,738)</u> ✓	<u>\$ 686,762</u> ✓	<u>\$ 5,667,985</u>

The accompanying notes are an integral part of these financial statement:

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, 2008

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

Net change in fund balances - total governmental funds

\$ (1,664,349) ✓

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.

1,224,702 ✓

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(9,624) ✓

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.

607,355 ✓

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.

(128,574) ✓

\$ 29,510 ✓

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, 2008

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,822,775	\$ 7,962,775	\$ 7,549,692	\$ (413,083)
Licenses and permits	988,500	988,500	541,639	(446,861)
Fines and forfeitures	456,500	465,500	413,928	(51,572)
Interest	125,000	125,000	132,329	7,329
Charges for services	503,950	511,950	444,724	(67,226)
Miscellaneous	1,273,525	1,305,200	555,392	(749,808)
Total revenues	<u>11,170,250</u>	<u>11,358,925</u>	<u>9,637,704</u> ✓	<u>(1,721,221)</u>
Expenditures				
Current:				
General government:				
Legislative	266,857	269,857	242,790	27,067
Executive	386,768	454,209	413,839	40,370
Finance	1,262,022	1,159,538	885,312	274,226
Building and plant	286,925	286,925	163,611	123,314
Human resources	144,596	148,644	134,432	14,212
Information technology	201,853	215,198	199,540	15,658
Total general government	<u>2,549,021</u>	<u>2,534,371</u>	<u>2,039,524</u>	<u>494,847</u>
Public safety:				
Fire	1,560,240	1,764,840	1,517,691	247,149
Police	3,355,539	3,408,166	3,036,931	371,235
Total public safety	<u>4,915,779</u>	<u>5,173,006</u>	<u>4,554,622</u>	<u>618,384</u>
Public works:				
Public works administration	2,641,461	2,641,461	2,336,756	304,705
Highways and streets administration	320,000	320,000	310,932	9,068
Cemetery	72,500	46,600	4,638	41,962
Total public works	<u>3,033,961</u>	<u>3,008,061</u>	<u>2,652,326</u>	<u>355,735</u>
Judicial:				
Municipal court	278,658	291,958	250,126	41,832
Total judicial	<u>278,658</u>	<u>291,958</u>	<u>250,126</u>	<u>41,832</u>
Health and welfare:				
Senior citizens center	114,298	114,298	81,699	32,599
Total health and welfare	<u>114,298</u>	<u>114,298</u>	<u>81,699</u>	<u>32,599</u>
Culture and recreation:				
Culture and recreation administration	405,213	413,213	416,940	(3,727)
Parks administration	125,600	125,600	56,893	68,707
Library administration	342,806	342,806	322,709	20,097
Total culture and recreation	<u>873,619</u>	<u>881,619</u>	<u>796,542</u>	<u>85,077</u>
Housing and development:				
Protective inspection administration	344,843	331,498	290,391	41,107
Planning and zoning	317,833	317,833	234,169	83,664
Airport	785,000	785,000	31,305	753,695
Special facilities	97,590	91,790	47,024	44,766
Economic development	132,922	177,422	173,718	3,704
Total housing and development	<u>1,678,188</u>	<u>1,703,543</u>	<u>776,607</u>	<u>926,936</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, 2008

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures (continued):				
Debt service:				
Principal	\$ 1,524,997	\$ 1,524,997	\$ 1,493,355	\$ 31,642
Interest	131,104	131,104	116,765	14,339
Total debt service	<u>1,656,101</u>	<u>1,656,101</u>	<u>1,610,120</u>	<u>45,981</u>
Total expenditures	<u>15,099,625</u>	<u>15,362,957</u>	<u>12,761,566</u> ✓	<u>2,601,391</u>
Deficiency of revenues under expenditures	<u>(3,929,375)</u>	<u>(4,004,032)</u>	<u>(3,123,862)</u> ✓	<u>880,170</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	99,000	99,000
Issuance of notes payable	864,000	864,000	886,000	22,000
Transfers in	965,375	1,047,732	666,911	(380,821)
Transfers out	-	(7,700)	-	7,700
Total other financing sources (uses)	<u>1,829,375</u>	<u>1,904,032</u>	<u>1,651,911</u> ✓	<u>(252,121)</u>
Net change in fund balances	<u>(2,100,000)</u>	<u>(2,100,000)</u>	<u>(1,471,951)</u> ✓	<u>628,049</u>
Fund balances, beginning of year	<u>6,466,912</u>	<u>6,466,912</u>	<u>6,466,912</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,366,912</u>	<u>\$ 4,366,912</u>	<u>\$ 4,994,961</u> ✓	<u>\$ 628,049</u>

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

CITY OF ST. MARYS, GEORGIA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2008

ASSETS	Business-type Activities - Enterprise Funds		
	Water & Sewer Fund	Solid Waste Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	\$ 4,990,956 ✓	\$ 688,945 ✓	\$ 5,679,901
Investments	711,547	-	711,547
Restricted cash and cash equivalents	600,143 ✓	-	600,143
Restricted investments	326,411	-	326,411
Accounts receivable, net	402,109	84,334	486,443
Accrued interest receivable	55,017	-	55,017
Prepaid expenses	147,829	12,491	160,320
Due from other funds	11,815	67,667	79,482
Total current assets	<u>7,245,827</u>	<u>853,437</u>	<u>8,099,264</u>
NONCURRENT ASSETS			
Restricted cash and cash equivalents	27,766,712 ✓	-	27,766,712
Restricted investments	405,520	-	405,520
Deferred charges, unamortized bond issuance costs	978,144	-	978,144
Capital assets			
Non-depreciable	19,012,110	-	19,012,110
Depreciable, net of accumulated depreciation	30,423,179	123,561	30,546,740
Total noncurrent assets	<u>78,585,665</u>	<u>123,561</u>	<u>78,709,226</u>
Total assets	<u>85,831,492</u>	<u>976,998</u>	<u>86,808,490</u>
LIABILITIES			
CURRENT LIABILITIES, PAYABLE FROM CURRENT ASSETS			
Accounts payable	72,404	86,362	158,766
Contracts payable	1,443,348	-	1,443,348
Retainage payable	104,000	-	104,000
Accrued interest payable	23,218	-	23,218
Other accrued liabilities	67,877	-	67,877
Due to other funds	66,317	9,734	76,051
Current portion of notes payable	573,799	-	573,799
Current portion of bonds payable	900,000	-	900,000
Total current liabilities, payable from current assets	<u>3,250,963</u>	<u>96,096</u>	<u>3,347,059</u>
CURRENT LIABILITIES, PAYABLE FROM RESTRICTED ASSETS			
Customer deposits	516,366	-	516,366
Total current liabilities, payable from restricted assets	<u>516,366</u>	<u>-</u>	<u>516,366</u>
LONG-TERM LIABILITIES			
Revenue bonds payable, net	45,975,000	-	45,975,000
Notes payable	7,251,978	-	7,251,978
Total liabilities	<u>56,994,307</u>	<u>96,096</u>	<u>57,090,403</u>
NET ASSETS			
Invested in capital assets, net of related debt	21,283,055	123,561 ✓	21,406,616
Restricted for debt service	3,306,943	-	3,306,943
Restricted for renewal and extension	410,581	-	410,581
Unrestricted	3,836,606	757,341	4,593,947
Total net assets	<u>\$ 28,837,185</u>	<u>\$ 880,902</u>	<u>\$ 29,718,087</u> ✓

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

CITY OF ST. MARYS, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds		
	Water & Sewer Fund	Solid Waste Fund	Totals
OPERATING REVENUE			
Sanitation fees	\$ -	\$ 992,603	\$ 992,603
Water sales	1,966,243	-	1,966,243
Sewer sales	1,829,026	-	1,829,026
Reconnection fees	70,963	-	70,963
Construction fees	333,074	-	333,074
Penalties	91,288	-	91,288
Miscellaneous	27,781	107,899	135,680
Total operating revenues	<u>4,318,375</u>	<u>1,100,502</u>	<u>5,418,877</u>
OPERATING EXPENSES			
Personal services	1,425,217	202,498	1,627,715
Purchased and contracted services	727,443	755,527	1,482,970
Supplies	1,003,043	69,585	1,072,628
Depreciation	1,336,846	55,846	1,392,692
Bad debt expense	50,209	-	50,209
Total operating expenses	<u>4,542,758</u>	<u>1,083,456</u>	<u>5,626,214</u>
Operating income (loss)	<u>(224,383)</u>	<u>17,046</u>	<u>(207,337)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	677,701	4,673	682,374
Interest expense	(1,066,892)	(207)	(1,067,099)
Other nonoperating income	30,704	10,038	40,742
Total nonoperating revenues (expenses)	<u>(358,487)</u>	<u>14,504</u>	<u>(343,983)</u>
Income (loss) before contributions	<u>(582,870)</u>	<u>31,550</u>	<u>(551,320)</u>
Capital contributions	1,573,959	-	1,573,959
	<u>1,573,959</u>	<u>-</u>	<u>1,573,959</u>
Change in net assets	991,089	31,550	1,022,639 ✓
Total net assets, beginning of year	27,846,096 ✓	849,352 ✓	28,695,448
Total net assets, end of year	<u>\$ 28,837,185 ✓</u>	<u>\$ 880,902 ✓</u>	<u>\$ 29,718,087</u>

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