



CITY OF ST. MARYS, GEORGIA
March 7, 2011

TOWN HALL MEETING
“Gaines Davis Subdivision Sewer”
5:00 p.m.

CITY COUNCIL MEETING

6:00 p.m.

AGENDA

- I. CALL TO ORDER**
- II. INVOCATION:**
- III. PLEDGE OF ALLEGIANCE**
- IV. ROLL CALL** **QUORUM: YES NO**
- V. APPROVAL OF MINUTES:** *February 22, 2011 Regular City Council Meeting Minutes*
February 28, 2011 Special Called City Council Meeting Minutes
- VI. PRESENTATION:**
 - EMPLOYEE RECOGNITION:** *Sharon Head & Pam Jones*
 - EARTH HOUR PROCLAMATION**
 - ST. MARYS CONVENTION & VISITOR BUREAU AUTHORITY CERTIFICATES OF APPRECIATION:** *Barbara Ryan*
 - ST. MARYS SUBMARINE MUSEUM ANNUAL REPORT:** *Doug Cooper*
 - MAULDIN & JENKINS AUDIT:** *Meredith Lipson*
 - ANNOUNCEMENT OF BOARD TERM EXPIRATIONS AND VACANCY:**
 - 1. Downtown Development Authority** (*Natzic & Ryan*) 3/28/11
 - 2. St Marys Citizens City-Wide Beautification Advisory Board** (Ward)
 - Board Appointment**
 - 1. St Marys Airport Authority** (*Vacancy*)
- VII. SET CONSENT AGENDA:** *Proposed Consent Agenda New Business A- B*
- VIII. APPROVAL OF THE AGENDA**

IX. GRANTING AUDIENCE TO THE PUBLIC:

X. OLD BUSINESS:

- A. **ALCOHOL ORDINANCE AMENDMENT (POSTPONED 2/22/11)**.....TAB “A”
Adopt revisions to Chapter 10, Alcoholic Beverages
- B. **ORDINANCE AMENDMENT: Adopt revisions to Chapter 18, Article III, Building and Building Regulations (POSTPONED 2/22/11)**.....TAB “B”
To conform this section to comply with state law regarding codes that are to be enforced in the State of Georgia, and include the adoption of the International Property Maintenance Code

XI. NEW BUSINESS:

- A. **LIFT STATION NO. 11 ODOR, CORROSION & FOG CONTROL PROJECT**:.....TAB “C”
To authorize the Mayor to enter into a Service Agreement with Byo-Gon for the Project
- B. **GEFA ENERGY EFFICIENCY RETROFIT PROJECT**:.....TAB “D”
To authorize the Mayor to enter into a contract with Turner Brothers Heating & Air Conditioning Inc., for the City of St. Marys GEFA Energy Efficiency Retrofit Project
- C. **DEPARTMENT OF DEFENSE MOA: Excess Personal Property**TAB “E”
To request permission from the Mayor and Council for the Police Chief to sign a Memorandum of Agreement to participate in the Georgia 1033 Program to receive excess and surplus property.
- D. **LEGISLATIVE DEPARTMENT VACANCY: Executive Administrative Assistant (Part-Time)**
Consideration to advertise and hire a part-time employee in the City Clerk’s office..... TAB “F”
- E. **OAK GROVE CEMETERY STUDY COMMITTEE: Committee Structure**.....TAB “G”
Request direction for citizen participation on the Oak Grove Cemetery Study Committee
- F. **SR. HOMESTEAD EXEMPTION REFERENDUM: Discussion – Councilmember Hase**
- G. **TRANSPORTATION INVESTMENT ACT 2010: House Bill 277- Discussion**.....TAB “H”
- H. **CITY PURCHASING POLICY: Councilmember Bird**.....TAB “I”
Attorney’s legal opinion in regards to the mayor’s authority
- I. **ATTORNEY BILLING: Councilmember Bird**
Understanding the two hour limit tasking of the city attorney
- J. **SPECIAL COMMITTEE TO REVIEW WAYS IN WHICH THE CITY CAN SAVE MONEY WITHOUT SACRIFICING SERVICES: Councilmember Bird**
Connection with other governments in purchasing power and sharing of resources to include consolidation, regionalization, intergovernmental policy review, etc
- K. **PROCEDURES FOR HIRING THE CITY MANAGER: Councilmember Bird**

L. CITY MANAGER RESUMES: *Confidentiality Requirements – Councilmember Morrissey*

XII. REPORT OF AUTHORITIES, BOARDS, COMMISSIONS & COMMITTEES:

A. FINANCE DIRECTOR'S REPORT

B. CITY CALENDAR: *City Clerk*

XIII. REPORT OF MAYOR

XIV. REPORT OF CITY MANAGER: *None*

XV. GRANTING AUDIENCE TO THE PUBLIC

XVI. EXECUTIVE SESSION

XVII. ADJOURNMENT

**CITY OF ST. MARYS, GEORGIA
TOWN HALL MEETING**

“Gaines Davis Subdivision Sewer”

**MARCH 7, 2011
5:00 p.m.**

MINUTES

The Mayor and City Council for the City of St. Marys, Georgia conducted a Town Meeting on Monday, March 7, 2011 in the Council Chamber at City Hall.

PRESENT WERE:

Mayor William DeLoughy
Councilmember Greg Bird
Councilmember Deborah Hase
Councilmember John Morrissey
Councilmember Keith Post
Councilmember Sidney Howell
Councilmember Chuck Trader

CITY OFFICIALS PRESENT:

Gary Moore, City Attorney
Roger Weaver, Planning Director
Tim Hatch, Police Chief
Bobby Marr, Public Works Director
Robby Horton, Fire Chief
Jennifer Brown, Finance Director
Marsha Hershberger, Asst. Finance Director
Jeff Juliano, Sergeant-At-Arms
C. Battle, Sergeant-At-Arms

Mayor DeLoughy called the Town Meeting to order at 5:00 p.m., and opened the floor to the public for questions and/or comments.

Public Works Director Bobby Marr presented a PowerPoint presentation to explain the sewer moratorium imposed by the Environmental Protection Division in 2003 after the Gaines Davis annexation because of the city’s growth. He described the use of the easements that were required without obstruction of trees and buildings to provide sewer. The project cannot move forward without obtaining the easements and securing funding for construction. Property owners would be responsible for Capital Recovery Fees that were in effect at the time of annexation; disconnect wells and septic systems; connect to the city’s water and sewer and demolish septic tanks.

GRANTING AUDIENCE TO THE PUBLIC:

David Bell, 25 Linda Street: State statute for city services, funding and the water/sewer bond

Seth Howard, 237 Hightower Street: Refused to give his land or sign the easement

The City Attorney provided the definition of an easement as an interest in property that allows someone to do something specific with property. In the city's case, easements will be used to construct a sewer line adjacent to/on or through property. Easements are not ownership of property, and it does not affect set-backs. The property owner will continue to own the property but the city will have the right to disturb the dirt in order to construct or maintain the sewer line. The easement is nonexclusive so it could be given to other utility companies.

Seth Howard, 237 Hightower Street: Five feet of property is clear with no woods to disturb

The City Attorney responded that easements were 5-10 feet depending on the need. The engineers were working in a straight line and staying clear of buildings and trees because of the cost to move or replace them.

Seth Howard, 237 Hightower Street: County received 10 feet of his property on Hightower to pave the street. Cost for the easement.

The City Attorney responded that all the easements indicate the consideration (gift to the City) for \$1.00, which is legal language.

William Luke Reader, 184 Fourth Street: Twenty foot easement in the middle of his property. He will allow five feet in front and down Fourth Street without cutting any trees. Personal expense to tie into the city.

David Bell, 25 Linda Street: State statute requiring tie in to sewer.

The City Attorney responded it was a city ordinance that when the line is available you must tap in.

David Bell, 25 Linda Street: Effective date of ordinance and disturbance of road paving

The Public Works Director stated that road paving disturbance would be as little as possible and driveways would be repaired after construction. The City Attorney stated that the ordinance was effective in 1979.

William Trapnell (Mother Betty Trapnell), 202 Hightower: No interest in giving up land, 10 feet in front and 20 feet in back where there are many buildings with slabs, a chain link fence, sprinkler system, and historic chicken coop. The lot behind his mother's has only trees but the owner was not notified.

The Engineer stated that easements were down property lines, and splitting it between properties.

Dot Morgan, 236 Charles Street: Septic system failures

The Public Works Director stated that some properties do not reach the sewer because of gravity. A small diameter pipe could be run or a pump for only a few homes but not a community.

Tom Turner, 208 Palmetto Street: Water/Sewer Master Plan, the state inventory of all wells and septic tanks on the river and funding through RED grant.

The Public Works Director stated that it was in the Plan.

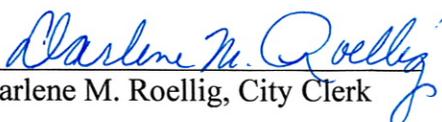
Dave Schmitz, 112 New Hammock Circle: Addressed the easements being completed by Mr. Gaines when the property was annexed 11 years ago, disturbance of property and the petition for sewer

Any questions regarding the sewer were to be directed to the Public Works Director and residents interested in signing easements were asked to see the City Attorney after the meeting.

ADJOURNMENT

There were no further requests to address Council; therefore Mayor DeLoughy declared the Town Meeting closed at 5:59 p.m.

Respectfully submitted,


Darlene M. Roellig, City Clerk

**CITY OF ST. MARYS, GEORGIA
CITY COUNCIL MEETING
March 7, 2011
6:00 p.m.**

MINUTES

The Mayor and City Council for the City of St. Marys, Georgia met for its regular City Council session on Monday, March 7, 2011 in the Council Chamber at City Hall.

PRESENT WERE:

Mayor William DeLoughy
Councilmember Greg Bird
Councilmember Deborah Hase
Councilmember John Morrissey
Councilmember Keith Post
Councilmember Sidney Howell
Councilmember Chuck Trader

CITY OFFICIALS PRESENT:

Gary Moore, City Attorney
Roger Weaver, Planning Director
Tim Hatch, Police Chief
Bobby Marr, Public Works Director
Robby Horton, Fire Chief
Jennifer Brown, Finance Director
Marsha Hershberger, Asst. Finance Director
Donna Folsom, HR Director
Judy Armantrout, Library Director
Angela Wigger, Tourism Director
Jeff Juliano, Sergeant-At-Arms
C. Battle, Sergeant-At-Arms

CALL TO ORDER

Mayor DeLoughy called the City Council Meeting to order at 6:00 p.m. Reverend Steve Kegley, St. Marys First Baptist Church gave the invocation. Mayor DeLoughy led the audience in the pledge of allegiance. Council roll call indicated a quorum of council members present for the meeting.

APPROVAL OF MINUTES:

February 22, 2011 Regular City Council Meeting Minutes

February 28, 2011 Special Called City Council Meeting Minutes

Councilmember Howell made a motion to approve the February 22, 2011 regular City Council meeting and February 28, 2011 special City Council meeting minutes. Councilmember Post seconded the motion. Voting was unanimous in favor of the motion.

PRESENTATION:

EMPLOYEE RECOGNITION: *Sharon Head & Pam Jones*

St. Marys Library employees Sharon Head and Pam Jones were recognized for their good spirit, dedication and years of service to the library and the community.

EARTH HOUR PROCLAMATION:

Mayor DeLoughy read a joint proclamation declaring Earth Hour 2011 in St. Marys and urged individuals, businesses, governments and organizations around the world to turn off all non-essential lighting for one hour. Earth Hour 2011 begins at 8:30 p.m. on March 28, 2011 for one hour.

ST. MARYS CONVENTION & VISITOR BUREAU AUTHORITY CERTIFICATES OF APPRECIATION:
Barbara Ryan

CVB Chairwoman Barbara Ryan, Co-Chairwoman Jolene Haney and Tourism Director Angela Wigger presented Certificates of Appreciation to citizens and businesses for their help, contributions and support of the move into the new tourism center. Certificates were presented as follows:

Choo Choo Build It Mart	Mike Spiers, Lowes	Express Scripts
St. Marys Garden Club	Francis Smith	Diana Ewing
Gwen Menton	Curt Lacey	Judy Molnar
Chuck Porter	Patrick, K-Mart	Carrie Gievara
Steve Walker	The Wigger Family	The Lang Family
Mill Street Nursery	Doug Vaught	Scott Hornbaker
David Haberer	George Nettles	Sandy Village
St. Marys Public Works	Picture This Gallery	Angie Mock & Team
Jerry Lockamy	Donini's Florist	Gross Construction
Alan Haney	Marie Boyett	Geno Moyer
Chuck Lanham	Tim & Nan Ward	Gene Rudy
St. Marys City Council		

ST. MARYS SUBMARINE MUSEUM ANNUAL REPORT: *Doug Cooper*

Doug Cooper, Submarine Museum Chairman spoke about the loss of longtime Museum Manager John Crouse on September 4, 2010, the donations made in Mr. Crouse's name and Keith Post's appointment as permanent Executive Director. He reported on the events, activities and maintenance of the museum along with future projects and issues. A copy of the report is attached as part of the minutes.

MAULDIN & JENKINS AUDIT: *Meredith Lipson*

Meredith Lipson, Engagement Partner presented the City's Annual Audit Agenda for June 30, 2010 to include the Audit Opinion; Financial Statement; Compliance Report; Required Communications; Accounting Recommendations; Continuing Education Program and Closing

Statement. Ms. Lipson recommended that council review the Executive Summary in the gray audit report. A copy of the agenda and report is attached as part of the official minutes.

ANNOUNCEMENT OF BOARD TERM EXPIRATION AND/OR VACANCY:

- 1. Downtown Development Authority** (*Natzic & Ryan*) 3/28/11
- 2. St. Marys Citizens City-Wide Beautification Advisory Board** (*Ward*)

Mayor DeLoughy announced the term expirations of Barbara Ryan and Walt Natzic on the Downtown Development Authority at the end of the month. Also announced was the resignation of Tim Ward and other vacancies on the St. Marys Citizens City-Wide Beautification Advisory Board.

BOARD APPOINTMENT

- 1. St Marys Airport Authority** (*Vacancy*)

Mayor DeLoughy stated that there were three candidates for one vacancy on the S. Marys Airport Authority. The candidates were Dick Russell, Jay Stanford and Kenneth Hilson. Voting was recorded as follows:

Dick Russell: Councilmember Bird

*Jay Stanford: Councilmember's Hase, Trader, Post and Morrissey

Kenneth Hilson: Councilmember Howell

SET CONSENT AGENDA (*) *Proposed Consent Agenda New Business A & B*

Councilmember Trader moved to add item "A" to the consent agenda. Councilmember Post seconded the motion. Voting was unanimous in favor of the motion.

APPROVAL OF THE AGENDA

Councilmember Post made a motion to approve the agenda. Councilmember Hase seconded the motion. Voting was unanimous in favor of the motion.

GRANTING AUDIENCE TO THE PUBLIC:

Pastor Steve Kegley, St. Marys First Baptist Church: Opposed to open container ordinance at festivals and close proximity to church property

Jolene Haney, 306 Greyfield Drive, and Chairwoman Alcohol Ordinance Committee: Explained the committee's commitment for over a year to present a new ordinance that was clear and concise. They researched other city's festivals; held public meetings for input from citizens, businesses, and churches; stayed close to state law; made it easier to understand; event and visitor friendly and built in safeguards.

Mary McGhin, 709 Ann Street: Opposed to the alcohol ordinance

Mary Filoso, 200 Gunter Street: Opposed to open containers and additional alcohol related incidents

Chris Daniels, 113 Plantation Court: Fishing Tournament serving alcohol in controlled area and generation of revenues for businesses

Kelly Davis, 397 Cypress Lane: Support of open containers

Louis Filoso, 200 Gunter Street: Opposed to the alcohol ordinance, the need for extra policing and additional littering

Bob Nutter, 521 Moeckel Place: Over budget of attorney billing

Alex Kearns, 902 Ann Street: St. Marys EarthKeepers will hold a recycling event for electronic equipment on April 23rd at Tribune & Georgian's parking lot 10:00 a.m. - 4:00 p.m.

Tom Turner, 208 Palmetto Street: Alcohol ordinance is in place because of previous problems

Thor Brooks, 113 Greyfield Drive: Asked the following questions for the record: 1) Has a formal Economic Impact Cost Study Analyst been conducted by the City of St Marys on the proposed amendment? 2) What were the results of the study? 3) Has the study been published? 4) Has St. Marys City Council formally surveyed the St. Marys taxpayers for the purposes of soliciting feedback and opinion on the proposed amendment? 5) Has St. Marys City Council consulted with the St. Marys Police Chief regarding additional manning requirements to police designated open container areas should the amendment be approved? 6) Are there police assets available? 7) Are there operating funds in the city budget to support these additional police manning requirements? 8) Has St. Marys City Council consulted with leaders of our local religious establishments to determine whether or not parking, at these religious establishments, would continue to be offered to the open public during city festivals and other events should the alcohol ordinance amendment be approved? 9) Has the City Council considered the impact of potential unavailability of parking at these religious establishments during city festival or events upon passage of the alcohol ordinance amendment? Mr. Brooks spoke about children and community safety at festivities.

Rick Lundgren, 309 Barrimack Drive: Opposed open containers

Roger Rillo, 605 Wheeler Street: Provided a report on the success of the Mardi Gras Festival, the economic impact to the community, the Great Camden County Chili Cook-Off and the Pet Parade. Mr. Rillo spoke in opposition of selling alcohol at festivals

Cheri Richter, 800 Seminole Avenue: Support of adult beverages at festivals

Barbara Ryan, 711 Mildred Street: Support of approved small events serving alcohol, and requested that council communicate with legislators about taking away film tax credits from Georgia

Doug Cooper, 814 Riverview Drive East: Appreciated that the high school jazz band students were given an opportunity to participate in the Mardi Gras Parade and support of the alcohol ordinance

Doug Vaught, 701 West Church Street: Camden County's designation from the state as a film ready county.

Barbara Lundin, 338 Charles Street: Opposition of the alcohol ordinance

OLD BUSINESS:

A. ALCOHOL ORDINANCE AMENDMENT (POSTPONED 2/22/11)
Adopt revisions to Chapter 10, Alcoholic Beverages

Councilmember Morrissey moved to approve the new alcohol ordinance. Councilmember Post seconded the motion. Council discussed their concerns with the committee chair regarding new distance of 16,000 feet for new liquor stores from an existing liquor store; requirements for alcohol sales during special events and the city clerk's purchase of wrist bands for businesses at \$3.00 per band to off-set costs.

Councilmember's commented on businesses having the option of participating during large or small events, the convoluted chart for distance requirements, open containers not being St. Marys' salvation and legal aspects and the preapproved list from the City Clerk.

The City Attorney commented on events being denied that were similar to another event that was approved, and the need to have a good reason why they were not treated the same.

The committee chair continued to discuss the ordinance's compliance with state law, the language on the event form not holding the city responsible, and event planners having their own insurance to cover any issues. Following much discussion, voting was recorded as follows:

<u>FOR</u>	<u>OPPOSED</u>	<u>ABSTAINED</u>
Councilmember Morrissey	Councilmember Hase	Councilmember Bird
Councilmember Post	Councilmember Howell	
Councilmember Trader		

Councilmember Hase called for a point of order for the rules of abstaining. The City Attorney responded that conscience of an individual councilmember, if they are not comfortable with voting for whatever reason is sufficient to abstain.

B. ORDINANCE AMENDMENT: Adopt revisions to Chapter 18, Article III, Building and Building Regulations (POSTPONED 2/22/11)

To conform this section to comply with state law regarding codes that are to be enforced in the State of Georgia, and include the adoption of the International Property Maintenance Code as part of the responsibilities for the Code Enforcement Officer

Councilmember Hase moved to approve the ordinance with the international property code. Councilmember Trader seconded the motion. Councilmember's discussed not supporting the code without reviewing the code and being more efficient with state and county dilapidated structure code. Voting was recorded as follows:

<u>FOR</u>	<u>OPPOSED</u>
Councilmember Hase	Councilmember Bird
Councilmember Morrissey	Councilmember Howell
Councilmember Post	
Councilmember Trader	

Break: Mayor DeLoughy called for a recess at 8:00 p.m., returning at 8:08 p.m.

NEW BUSINESS:

A. LIFT STATION NO. 11 ODOR, CORROSION & FOG CONTROL PROJECT (*):

To authorize the Mayor to enter into a Service Agreement with Byo-Gon for the Project

Councilmember Trader moved to approve the Lift Station No. 11 Odor, Corrosion & FOG Control Project. Councilmember Post seconded the motion. Voting was unanimous in favor of the motion.

B. GEFA ENERGY EFFICIENCY RETROFIT PROJECT:

To authorize the Mayor to enter into a contract with Turner Brothers Heating & Air Conditioning Inc., for the City of St. Marys GEFA Energy Efficiency Retrofit Project

Councilmember Bird moved to approve the GEFA Energy Efficiency Retrofit Project. Councilmember Howell seconded the motion. Council discussed the use of Energy grant funds for the project. Voting was unanimous in favor of the motion.

C. DEPARTMENT OF DEFENSE MOA: Excess Personal Property

To request permission from the Mayor and Council for the Police Chief to sign a Memorandum of Agreement to participate in the Georgia 1033 Program to receive excess and surplus property

Councilmember Hase moved to approve the request for the Police Chief to sign the Department of Defense MOA. Councilmember Post seconded the motion. Council discussed coming to council before accepting donations and the use of donated property for the Capital Improvement Program. Voting was unanimous in favor of the motion.

D. LEGISLATIVE DEPARTMENT VACANCY: *Executive Administrative Assistant (Part-Time)*

Consideration to advertise and hire a part-time executive employee in the City Clerk's office

Councilmember Hase moved to approve the request to advertise and hire a part-time executive administrative assistant. Councilmember Post seconded the motion. Council discussed the differences between executive and staff assistants, the ability to cover the office in the absence of the clerk and the hiring freeze. Voting was unanimous in favor of the motion.

E. OAK GROVE CEMETERY STUDY COMMITTEE: *Committee Structure*

Request direction for citizen participation on the Oak Grove Cemetery Study Committee

The Planning Director recommended the structure of the committee to consist of seven members as follows:

Ms. Westberry (Study Coordinator), be one member of the committee, regardless of the number of applicants, due to her vital interest in the future of the Cemetery. Council should encourage that the committee include the voluntary participation of a funeral director; a financial planner/advisor; an attorney familiar with the issues to be investigated; and the remainder of interested residents fill at-large seats. To the extent possible, all committee members should be residents of the City of St. Marys.

Councilmember Morrissey moved to approve. Following much discussion, Councilmember Morrissey withdrew the motion.

Councilmember Bird moved to comprise the structure of the committee with seven members to include Ms. Westberry as described. Councilmember Morrissey seconded the motion. Council discussed the method to appoint, voting on each member and terms.

Councilmember Hase amended the motion for the appointment procedure for each position to be approved by the majority vote of council. Councilmember Morrissey seconded the amended motion. Council discussed the study providing the continual care of the cemetery through a city trust fund and board of directors. Following much discussion, voting was unanimous in favor of the motion.

Councilmember Hase made a motion to appoint Kay Westberry as Study Coordinator. Councilmember Post seconded the motion. Voting was unanimous in favor of the motion.

J. SR. HOMESTEAD EXEMPTION REFERENDUM: Discussion – Councilmember Hase

Councilmember Hase stated that last year this body approved, by majority vote, to draft legislation to remove the income cap on St. Marys' seniors for homestead exemptions. Since then our representative in Atlanta decided not to present this bill for us, which she spoke to him about. It was the representative's suggestion to put it to a referendum. Martin Gillette was contacted, and we could have a nonbinding referendum at the primary this summer. The subject was brought up to find out the will of council.

Councilmember Trader made a motion to direct the Mayor to send a letter to Representative Spencer to reconsider his position; and to support the Senior Homestead Exemption as was previously passed, and approved by majority of council. Councilmember Post seconded the motion. Voting was unanimous in favor of the motion.

Councilmember Trader read the following statement:

"I wish Representative Spencer would have been more willing to support the majority vote of council on the senior homestead exemption issue. I was surprised of his unprofessional and critical remarks toward his fellow citizen representatives.

Beyond that, I believe the position of Representative Spencer on the senior homestead exemption should consider much more than his one dimensional position that a \$30,000 drop in property tax revenue for the city would put an undue hardship on all the other citizens of St. Marys.

I believe this analysis is shortsighted and should have included a more seasoned and in depth consideration of items that were ignored such as (1) seniors have one of the largest disposable incomes of any other segment of the population; (2) seniors build bigger than average houses that result in more property taxes for the city; and (3) seniors pay county and school system taxes (80% of their property tax bills) as well as LOST and SLPOST that all have a favorable impacts on all the citizens of St. Marys. With most senior citizens not having students attending local schools these taxes would be "free" revenue for all the county citizens to share with reduced taxes. It should also be noted that many seniors become very actively involved as volunteers in making their communities better places to live.

Most importantly, the increased level of senior spending creates local wealth and increased prosperity. A little understanding of economic theory has proven for decades that increased spending has a significant impact known as the 'multiplier effect' on the economy. The amount spent by citizens becomes income for someone, a portion of which is saved while a large portion is spent. This additional spending becomes income for someone else...and the cycle repeats. This economic theory is one of the key factors why we as a state and local municipality focus on bringing new residents and tourism to the area. The multiplier effect is alive and well and is real money that alone would well exceed the \$30,000 that seems to have gotten all the attention.

It is my sincere hope that Mr. Spencer will move forward with the bill as approved by the majority of St. Marys City Council several months back. It seems that an incomplete financial analysis and consideration of all the facts may have been shortsighted and one dimensional.

I believe that seniors are an investment in the future. Should St. Marys have to take a back seat to other areas both in and outside of Camden County that focus on attracting the demographic segment with the wealth and large disposable incomes? I don't."

Councilmember's discussed the exemption's financial impact affecting different income levels and families; the number of seniors turning 65; providing the same or equal exemption as the other county entities; the veteran exemption; real estate in St. Marys and the former proposed exemption.

Councilmember Bird amended the motion that every citizen in St. Marys qualifying for a Homestead Exemption would receive a \$25,000 exemption. Councilmember Howell seconded the motion.

Councilmember's discussed everyone sharing the costs equally and not discounting the wealthy. The City Attorney responded that Council does not have the authority to give everyone a homestead exemption. Council could ask the legislature to do it or as discussed on the amended motion to send a letter to Representative Spencer to reconsider his position and support a homestead exemption for everyone in the city.

Councilmember Bird restated the amended motion to send a letter to the appropriate congressional people for a valid homestead exemption of \$25,000 for all citizens.

Councilmember's discussed the exemption affecting 9,000 plus homes for an impact of over a million dollars in revenues, the budget, options on the demographics of people and those who barely exceed the income limit. Following discussion, voting was recorded as follows:

FOR
Councilmember Bird
Councilmember Howell

OPPOSED
Councilmember Hase
Councilmember Morrissey
Councilmember Post
Councilmember Trader

The original motion voting was recorded as follows:

FOR
Councilmember Hase
Councilmember Morrissey
Councilmember Post
Councilmember Trader

OPPOSED
Councilmember Bird
Councilmember Howell

K. TRANSPORTATION INVESTMENT ACT 2010: House Bill 277- Discussion

Ron Sadowsky, Coastal Regional Commission explained the Transportation Investment Act of 2010 for a 1% state tax increase in Camden County for regional and local

transportation projects, and requested a list of such projects to be submitted to Georgia Department of Transportation (GDOT) by March 30, 2011.

Councilmember Hase stated for the record that the city already does not get back the money from sales tax that we are entitled too. This program would be one more example of what the city would not get back.

Council scheduled a public workshop for citizen input on March 16th at 4:30 p.m. in the City Hall Council Chamber so projects could be on the next agenda for approval.

L. CITY PURCHASING POLICY: *Councilmember Bird*

Attorney's legal opinion in regards to the mayor's authority

Councilmember Bird stated that the purchasing policy was being discussed to come to a consensus about who authorizes expenditures and non-budget approval authority, and the Mayor's discretionary amount for expenditures. Council discussed expenditure authorization, deferring policy changes to staff and use of purchasing cards.

Following much discussion, Councilmember Trader made a motion that in light of not having an acting city manager, that the city manager as is written in the Purchasing Policy is replaced temporarily with the finance director. So the finance director has up to \$5,000; and finance director plus the signature of the Mayor, \$5,000 to \$10,000, and more than \$10,000 requires city council vote. Councilmember Morrissey seconded the motion. Council discussed the finance director and mayor's authorization to \$10,000.

Following discussion, Councilmember Trader amended the motion to provide authorization to the finance director for up to \$5,000 on non-budgeted items. Councilmember Morrissey seconded the motion.

The City Attorney asked if the finance director would be tasked with other duties of the city manager. Council continued to discuss the finance director authorization and justification. The City Attorney stated that he understood council was granting specific authority to the finance director in situations in the absence of the city manager for purchasing. Following much discussion, voting was unanimous in favor of the motion.

M. ATTORNEY BILLING: *Councilmember Bird*

Understanding the two hour limit tasking the city attorney

Councilmember Bird requested clarification of whether two hour tasking per issue and the attorney's contract specifically indicates "Council", which includes the mayor and not separating him out.

The City Attorney read from his contract, "The scope of services to be rendered by said Attorney include; but, are not limited to: rendering to Council (with the understanding

that any directed work that takes more than two (2) hours will be directed by a majority vote of the Council)." The contact does not split the mayor out from the council or modify it. Discussions continued on the mayor's tasking of the city attorney. The City Attorney read Section 2-60 (c) "No individual councilmember shall task a city attorney under general retainer with more than two hours work without prior approval from council. The Mayor shall be authorized to task the City Attorney as is consistent with the City's purchasing policies. The City's purchasing policy authorizes a designated authority to proceed without further authorization from Council." He understood it to be unlimited. Discussion continued on authorization, changes to the charter, ordinance or purchasing policy for the mayor to have a limitation and add details to the billing invoice.

Councilmember Trader made a motion to add the hourly rate to the attorney bill and the matters it refers too. Councilmember Morrissey seconded the motion.

The City Attorney stated the names were not indicated only the matter and time.

Councilmember Trader amended the motion to add the names and place a copy in the mailboxes. Councilmember Morrissey seconded the amended motion. Voting was unanimous in favor of the motion.

J. SPECIAL COMMITTEE TO REVIEW WAYS IN WHICH THE CITY CAN SAVE MONEY WITHOUT SACRIFICING SERVICES: *Councilmember Bird*

Connection with other governments in purchasing power and sharing of resources to include consolidation, regionalization, intergovernmental policy review, etc. more efficient for consolidation or regionalization for the municipalities and county.

Council discussed an independent study regarding regionalization to become more efficient, initial savings; ongoing savings; exploring cost savings options; ways to maintain the service level and costs of the services and presenting proposals at the budget work sessions.

M. PROCEDURES FOR HIRING THE CITY MANAGER: *Councilmember Bird*

Councilmember Bird stated that 38 applications were received for the city manager's position, which will close on Tuesday, March 15th. He read an excerpt from the Handbook for Georgia Mayors and Councilmembers as follows: "*Appointment of the executive head. Records that would identify all of the applicants for the position of executive head of an agency (such as city manager) may be withheld until three finalists are selected, unless the public has had access to the application and interview process. Fourteen days prior to the final decision, the names and application materials of the three finalists must be released, unless the applicant no longer seeks the position. However, the city may be required to provide information regarding the number of applicants and the race and gender of those applicants.*" Councilmember Hase posed a question to the city attorney about whether or not it was a law to keep the top three finalists confidential.

The city attorney responded that it is an exception to the open records law and protected from the public until three candidates were chosen. The candidates may be contacted before going public to be given the option to withdraw. There were two choices: release all the applications from the beginning or get down to three candidates for release and were the applicants going to be forewarned about releasing their information to all and their option to withdraw. Most applicants believe they will be protected until the three candidates were chosen for the final cut.

Council discussed following the guidelines and holding a forum for the top three candidates.

Councilmember Bird made a motion to follow the procedures to hire a city manager; to include the three finalists being notified and to conduct a public forum with questions from the council. Councilmember Howell seconded the motion. Voting was unanimous in favor of the motion.

N. CITY MANAGER RESUMES: *Confidentiality Requirements – Councilmember Morrissey*

Councilmember Morrissey discussed being sensitive to the fact that applicants lively hoods are in our hands and the interview process. Council discussed the HR Director review of resumes, providing a spreadsheet for qualifications, job description and skill set that was provided by council and councils review of resumes prior to the interview process.

REPORT OF AUTHORITIES, BOARDS, COMMISSIONS & COMMITTEES:

A. FINANCE DIRECTOR'S REPORT:

The Finance Director presented the 7-month financial report on revenues and expenditures for the General, Tourism, SPLOST, Water & Sewer, Solid Waste, and Aquatic Center Funds. A copy of the report is attached as part of the official minutes.

B. CITY CALENDAR: *City Clerk*

The City Clerk read the calendar of meetings, events and activities for the second and third week in March.

REPORT OF MAYOR:

- Attended the Jail Reentry Program that weans people back into society.
- Attended the Mardi Gras parade and festival, which both were exceptional
- Airport update: documents were turned over to the Federal Aviation Administration (FAA) and GDOT. The current airport appraisal came in at \$5.7million and the relocation property at \$5.3 million. The current owners of the 600 acres were approached to see if they were interested in donating additional property to increase the value.

REPORT OF CITY MANAGER:

There was no "City Manager Report" at this time.

GRANTING AUDIENCE TO THE PUBLIC:

Tom Turner, 208 Palmetto Street: Destination Camden performed studies to bring the community up to 2020 for consolidation on fire, trash and police.

Shavon Gibbs, 101 Royal Court: Recommended not hiring any other positions until the city manager is hired.

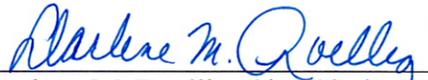
EXECUTIVE SESSION:

There was no "Executive Session" at this time.

ADJOURNMENT:

Councilmember Trader made a motion for adjournment. Councilmember Post seconded the motion. Mayor DeLoughy declared the meeting adjourned at 10:31 p.m.

Respectfully submitted,



Darlene M. Roellig, City Clerk



What Everyone Needs To Know About The

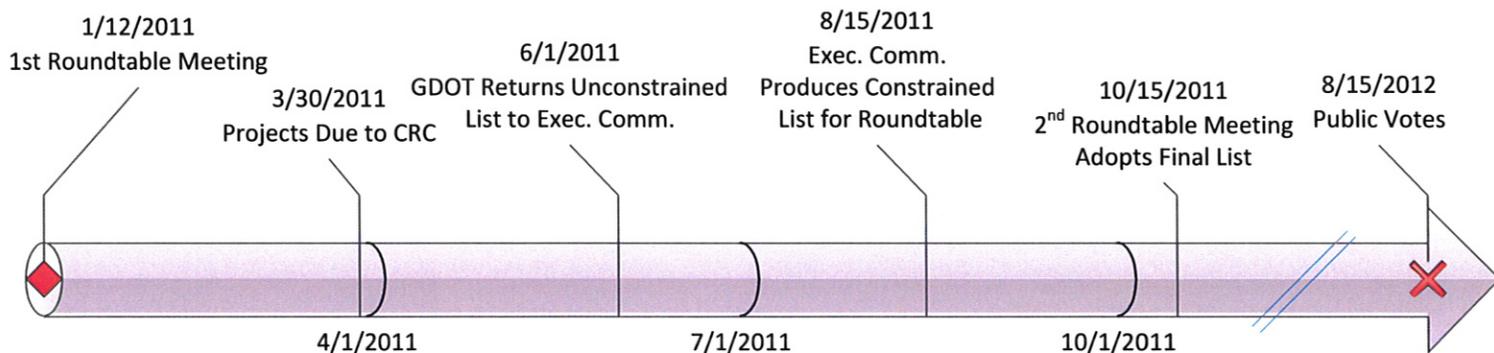
TRANSPORTATION INVESTMENT ACT OF 2010 IN CAMDEN COUNTY

Camden revenues will be \$2.5 million a year, \$37.5 million over 10 years + projects included in the constraint list

- \$1.8 Billion for Transportation Projects.
- 1% sales tax for 10 years.
- No County or City can opt out.
- Collected in 10 County Coastal Region
- 75% of funds for chosen Regional Transportation Projects.
- 25% to Local Governments for other transportation projects.
- Regional projects selected by a Roundtable of County Chairs and Mayors.
- 25% will be Local projects determined by local officials.

- Local projects can be matched with state and federal dollars.
- August 2012 the Public will vote
- A simple majority of all votes cast in the region will pass it.
- 100 percent of funds stay within the region in which they were collected.
- Projects must be financially feasible and buildable within the 10 year window.
- Funds start flowing in 1st quarter of 2013.
- 5 Member Citizen Review Panel to provide oversight of the administration of projects.

Timeline of Project Selection



Investment Criteria

GDOT will review all projects to make sure they meet the following:

Must be consistent with the Statewide Strategic Plan

Projects must be consistent with local MPO's LRTP, County's Transportation Plan or Comprehensive Plans.

Projects developed with a focus on deliverability

Projects are to come from existing plans or studies

Project list is to encourage effective multimodal solutions

Focus is on major area-wide projects that link employment and activity centers

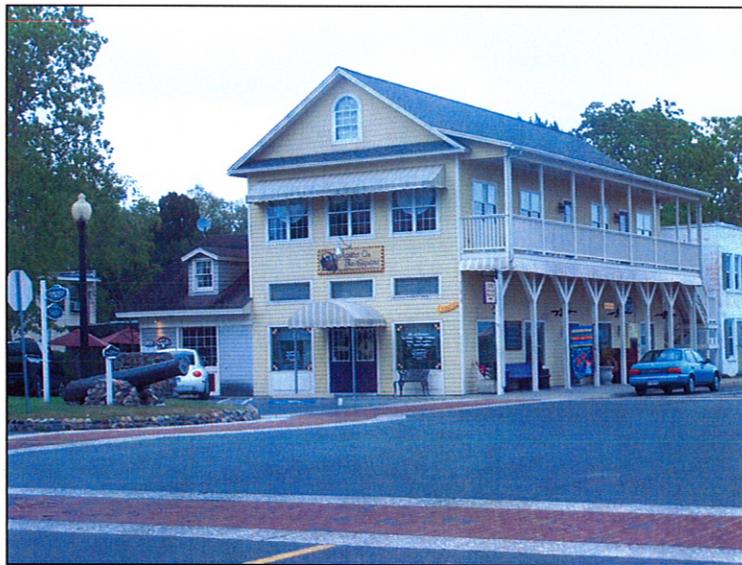
GDOT will release the unconstrained project list in early summer 2011.

Update on Airport

The city has received the appraisal documents showing the value of current St. Marys airport property at \$ 5.7 MM and the value of the 600 acre parcel identified for the airport relocation at \$ 5.3 MM. These documents have been sent to the FAA and DOT for their review and comment. Additionally, the current property owners of the 600 acres have been asked if they would consider donating additional property to increase the value of the appraisal. We are awaiting a response.

Without an increase in the appraisal value through additional donated property, the value of the property does not appear adequate to meet the required match funding contribution by the city and the airport relocation may not be possible at the current time. More information will be provided as it becomes available.

The City of St. Marys, Georgia



*Annual Audit Agenda
June 30, 2010*

**MAULDIN
& JENKINS**
CERTIFIED PUBLIC ACCOUNTANTS, LLC

1-800-277-0050

CITY OF ST. MARYS

Annual Audit Agenda

June 30, 2010

PURPOSE OF ANNUAL AUDIT AGENDA

- ◆ Engagement Team.
- ◆ Overview of:
 - Audit Opinion
 - Financial Statements, Footnotes and Supplementary Information
 - Compliance Reports.
- ◆ Required Communications under Government Auditing Standards.
- ◆ Accounting Recommendations and Related Matters.
- ◆ Answer Questions

ENGAGEMENT TEAM

Mauldin & Jenkins:

- Large regional firm serving the Southeastern United States with a primary emphasis in Georgia.
- Founded in 1920.
- Offices located in Macon, Atlanta, Albany and Birmingham with firm governmental leadership positioned in the Macon office.
- Serve more governmental entities in Georgia than any other certified public accounting firm requiring approximately 55,000 hours of service on an annual basis.
- Most recent auditor for approximately 25 counties in Georgia, as well as another 50 cities in Georgia, and over 170 total governmental entities in Georgia.
- Auditor of a substantial part of the State of Georgia including approximately 25% of the State's general fund, and approximately 13 of the State's component units.

Engagement team leaders for the City of St. Marys include the following:

- Meredith Lipson, Engagement Partner – 21 years experience serving governments
- David Irwin, Engagement Manager – 7 years experience serving governments.
- Miller Edwards, Concurring Partner – 25 years experience serving governments.

CITY OF ST. MARYS

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AUDIT OPINION

City's Responsibility

The financial statements are the responsibility of the City of St. Marys, Georgia's management and the City Council.

Auditor's Responsibility

Our responsibility, as external auditors, is to express an opinion on these financial statements.

Auditing Standards

We audited the City's financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

Clean Opinion

The financial statements of the City are considered to present fairly the financial position and results of operations as of, and for the year ended June 30, 2010.

CITY OF ST. MARYS

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FINANCIAL STATEMENTS,

The financial report for the City of St. Marys' June 30, 2010 fiscal year include the basic financial statements as well as Management's Discussion and Analysis as prepared by City management. Also included in the financial report is the Schedule of Expenditures of Special Purpose Local Option Sales Tax.

The City's basic financial statements include three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

The **government-wide financial statements** provide a broad overview of all of the City's funds. The *Statement of Net Assets* presents information on all assets and liabilities of the City, with the difference between the two reported as net assets. The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. Revenues are categorized as program revenues or general revenues. Expenses are categorized by function.

The **fund financial statements** more closely resemble the financial statements as presented prior to the adoption of GASB Statement No. 34. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

The **notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements.

The **supplementary statements and schedules** present combining information for all of the City's non major funds (special revenue funds). Additionally, schedules of expenditures of special purpose local option sales tax (SPLOST) proceeds are presented for each SPLOST issue. These schedules show prior year expenditures, current year expenditures and cumulative expenditures to date.

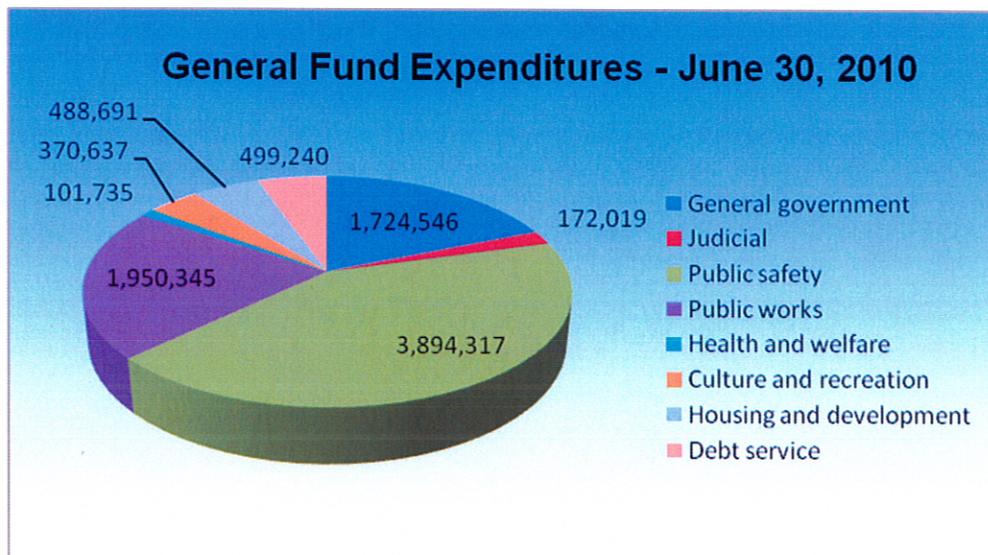
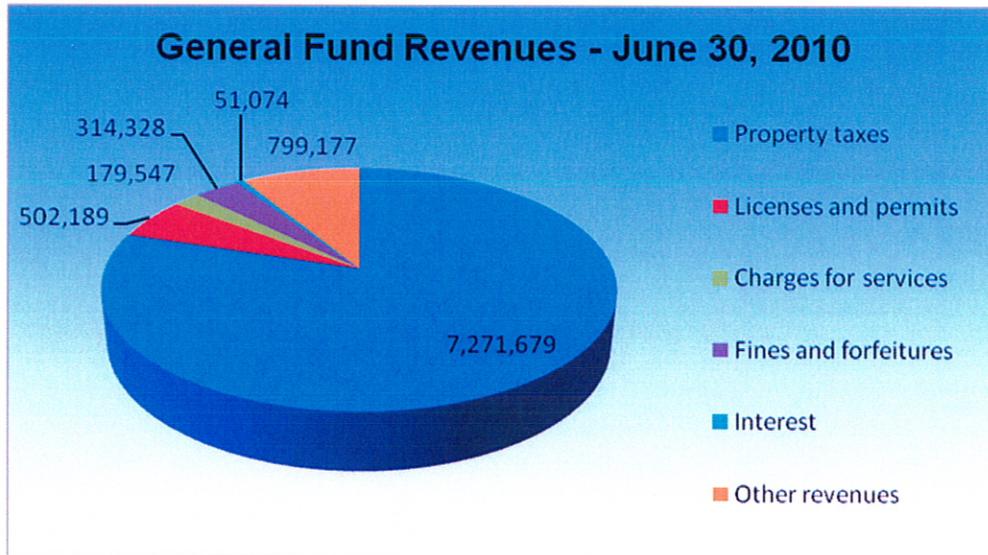
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General Fund

Of primary interest to the City is the General Fund, which accounts for the majority of revenues received and funds expended in the operations of the City, including administration, judicial activities, public safety, public works, and housing and development. The following charts present the sources of revenues and the expenditures of the General Fund for the fiscal year ended June 30, 2010:



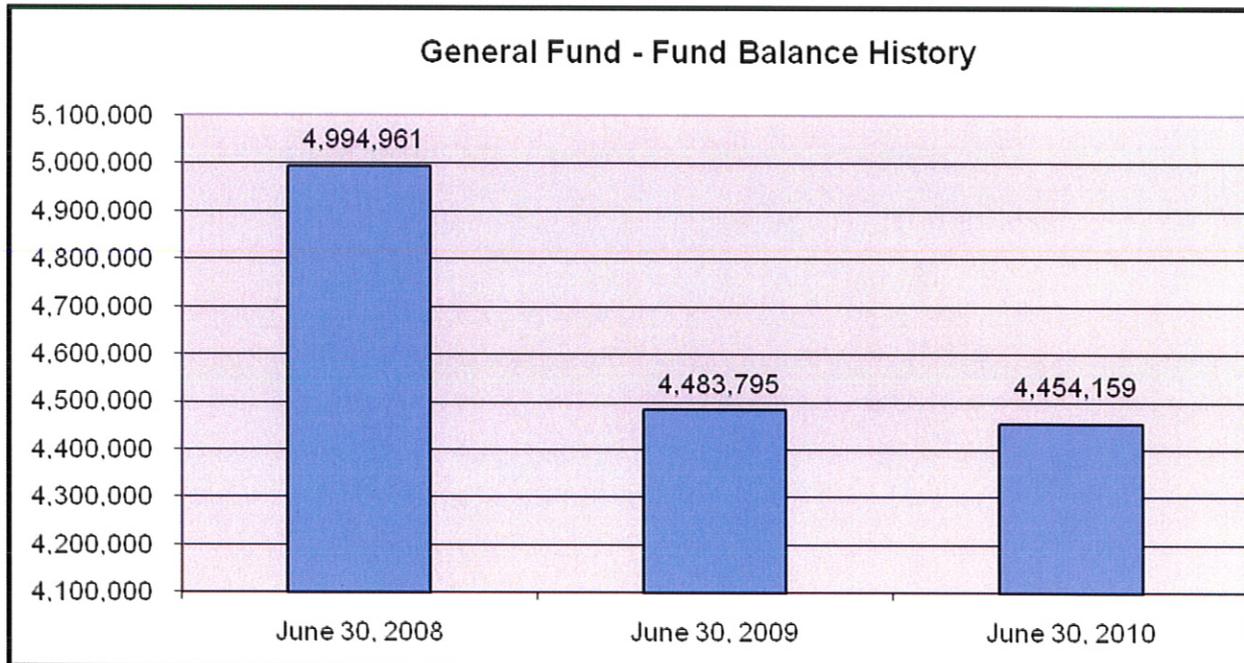
CITY OF ST. MARYS

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Total fund balance of the General Fund at June 30, 2010, was a positive \$4,454,159. Note that fund balance does not necessarily equal cash on hand and available to spend. Fund balance is the difference between assets and liabilities, only a portion of which is cash available to be spent. A large part of fund balance at June 30, 2010 is needed to fund expenditures going forward until property taxes are collected in November and December.

The following is a history of the total ending fund balance of the General Fund over the past three years:



Other Governmental Funds

The City also maintains the SPLOST and capital projects funds which are used to record activity related to projects financed with SPLOST proceeds as well as other capital projects of the City. The City also maintains various special revenue funds (Hotel/Motel, Multiple Grants, and the Convention and Visitors Bureau). These funds account for revenues derived from specific sources which are legally restricted to finance particular functions or activities.

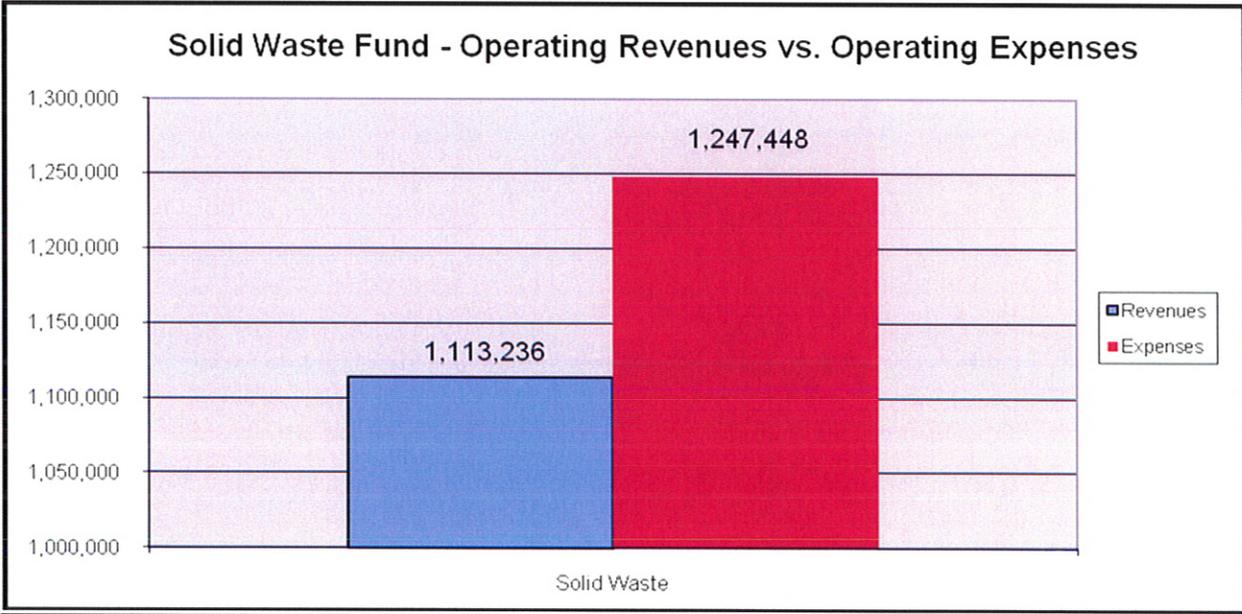
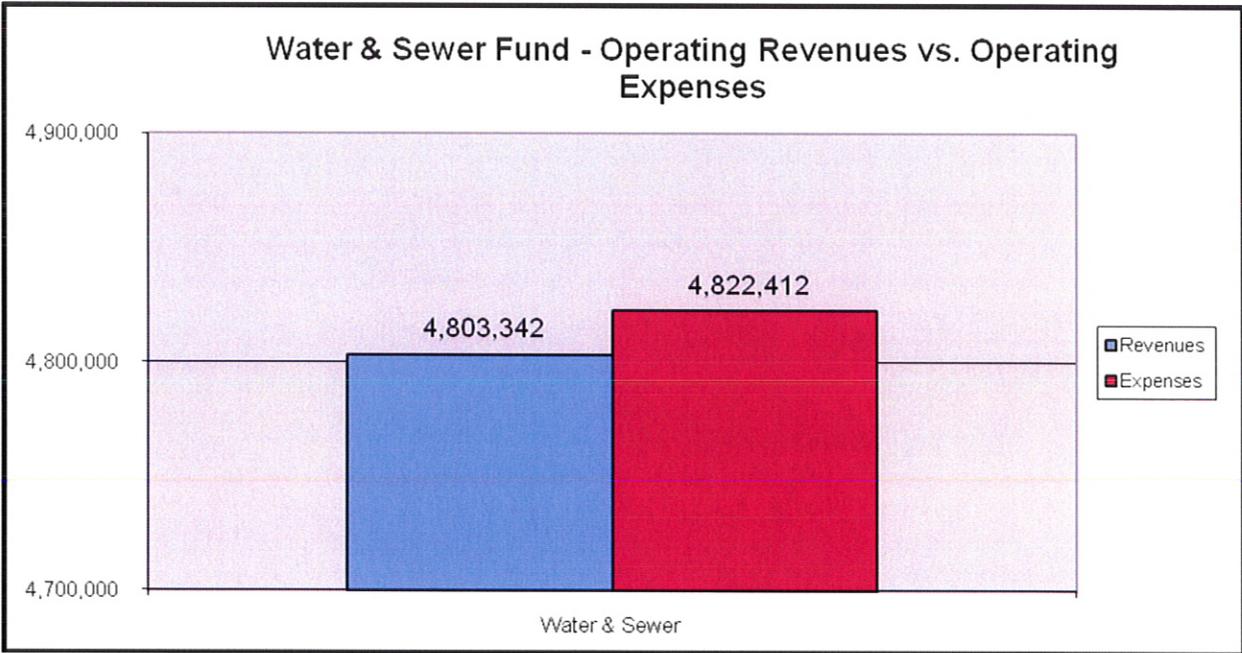
Enterprise Funds

The City maintains three enterprise funds which are used to account for operations in a manner similar to private business enterprises – where the intent is that the costs of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Water and Sewer and Solid Waste funds qualify as major funds for fiscal year 2010.

CITY OF ST. MARYS

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CITY OF ST. MARYS

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COMPLIANCE REPORT

The financial report package contains a report on our tests of the City's internal controls and compliance with laws, regulations, etc. The report is not intended to provide an opinion, but to provide a form of negative assurance as to the City's internal controls and compliance with applicable rules and regulations.

This report makes reference to the fact that we have issued a management letter which contains recommendations for improvement we noted during the course of our annual audit engagement.

This report and the procedures performed are required by *Government Auditing Standards*.

REQUIRED COMMUNICATIONS

The Auditor's Responsibility Under Auditing Standards

Generally Accepted in the United States of America

Our audit of the financial statements of the City for the year ended June 30, 2010, was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. 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. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplishes that objective.

In accordance with *Government Auditing Standards*, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the City's internal control or compliance with laws and regulations.

Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the City. There were no significant new accounting policies or standards implemented this year. There are new accounting standards which will be implemented in the coming years. These are discussed later in this document.

In considering the qualitative aspects of the City's accounting policies, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. The City's policies relative to the timing of recording of transactions are consistent with GAAP and typical government organizations.

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REQUIRED COMMUNICATIONS

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We considered this information and the qualitative aspect of management's calculations in evaluating the City's significant accounting estimates. Estimates significant to the financial statements include such items as the estimated allowance for uncollectible accounts receivable and the estimated lives of capital assets.

Financial Statement Disclosures

The footnote disclosures to the financial statements are also an integral part of the financial statements. The process used by management to accumulate the information included in the disclosures was the same process used in accumulating the financial statements and the accounting policies described above are included in those disclosures. The overall neutrality, consistency, and clarity of the disclosures was considered as part our audit and in forming our opinion on the financial statements.

Significant Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Audit Adjustments

During our audit of the City's basic financial statements as of and for the year ended June 30, 2010, there were several adjustments proposed to the funds of the City. The detail of all audit adjustments for each fund are available here today for your review. All adjustments have been discussed with, and delivered to management. We had no passed adjustments.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Representation from Management

We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without a problem.

CITY OF ST. MARYS

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REQUIRED COMMUNICATIONS

Management's Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements. We are not aware of any consultations management had with us or other accountants about accounting or auditing matters. No major issues were discussed with management prior to our retention to perform the aforementioned audit.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the City.

Independence

We are independent of the City, and all related organizations, in accordance with auditing standards promulgated by the American Institute of Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

CITY OF ST. MARYS

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ACCOUNTING RECOMMENDATIONS AND RELATED MATTERS

Recommendations for Improvement

During our audit of the financial statements as of and for the year ended June 30, 2010, we noted areas within the accounting and internal control systems that we believe can be improved and certain items management should consider as part of its decision making process. Our recommendations are presented in the following paragraphs. We believe consideration of these recommendations will help provide proper control over financial activities, and add effectiveness and efficiency to overall operations.

Items Noted As Management Recommendations

We have discussed various matters with management pertaining to operations and controls including, but not limited to:

1. Utility Accounts Receivable

During our testing of utility accounts receivable, we noted that there are numerous accounts that have been inactive for several years, some as far back as 1993. While an allowance has been properly booked for these accounts, M&J recommends that the City review their Aging Report and write off those accounts for which it has been determined that the City will not receive payment.

Other Matters

During our audit of the financial statements as of and for the year ended June 30, 2010, we noted other matters which we wish to communicate to you in an effort to keep the City abreast of accounting matters that could present challenges in financial reporting in future periods.

- 1) American Recovery & Reinvestment Act - In February 2009, the Federal Government passed the American Recovery & Reinvestment Act of 2009 (ARRA), often called the Federal Stimulus or Recovery Act. ARRA provides for approximately \$580 billion in additional Federal spending, which will predominately be distributed to state and local governments. Of this amount, the State of Georgia expects to receive \$7.3 billion, the majority of which is expected to be spent in state fiscal years 2010 and 2011, with the programs receiving funding ranging from Department of Education programs, transportation infrastructure, justice programs, and GEFA energy related programs. The funding available to local governments in Georgia is significant and should have a positive impact in stabilizing budgets and providing for programs that might not otherwise have been funded. That being said, this funding also comes with significant and increasing administrative requirements as well as potentially adding future commitments to your government. In regards to these ARRA funds, we recommend that you do the following:
- a) Establish a centralized process for accepting ARRA funds – this should be a conscious management decision with the entire organization aware of the requirements.
 - b) Ensure you have proper internal control procedures in place to track funds and ensure compliance with all grant requirements. This should include enhancing current controls for identified weaknesses.

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ACCOUNTING RECOMMENDATIONS AND RELATED MATTERS

- c) Ensure subrecipient monitoring controls will meet higher than ever scrutiny. The Federal Government wants the process to proactively identify issues and not just react to issues once they've occurred.
 - d) Be prepared for the quarterly Section 1512 reporting requirements. Additionally, be prepared to report ARRA funded projects separately on the SEFA, even if they have the same CFDA number as an existing federal program.
- 2) **New GASB Standards** - As has been the case for the past 10 years, GASB has issued several other new pronouncements which will be effective in future years. The following is a brief summary of the new standards:
- a) **Statement No. 51, *Accounting and Financial Reporting for Intangible Assets***, which establishes accounting for assets such as easements, water rights, trademarks, and internally generated computer software. This was effective for the City with fiscal year ending June 30, 2010, and is a pronouncement that the City should consider at least on annual basis going forward.
 - b) **Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments***, which is intended to improve how governments report information about derivative instruments in their financial statements.

Over the past two decades, the use of derivative instruments by state and local governments has increased significantly. Although derivatives often result from complex financial transactions, governments have discovered their usefulness in lowering borrowing costs, providing up-front cash payments, and reducing future risks of declining cash flows or asset values. Many governments also use derivative instruments as simple investments intended to generate additional revenues. Examples of derivative instruments commonly used in the public sector include interest rate swaps, forward delivery swaps, "swaptions," and interest rate caps.

Specifically, this pronouncement requires governments to measure most derivative instruments at fair value in their financial statements. It also addresses hedge accounting requirements to determine whether a derivative instrument results in an effective hedge. This pronouncement was effective for the City with fiscal year ending June 30, 2010, and should be heavily considered by the City going forward as opportunities present themselves for investing in various investments as well as issuing certain types of indebtedness.

- c) **Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions***, which changes the terminology and reporting relative to the presentation of fund balance in governmental funds at the fund level. This pronouncement is effective for the City with fiscal year ending June 30, 2011.

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ACCOUNTING RECOMMENDATIONS AND RELATED MATTERS

Currently, we have fund balance terms such as reserved, unreserved and designated. Going forward under this new pronouncement we will have terms such as:

- a. Nonspendable
- b. Restricted
- c. Committed
- d. Assigned
- e. Unassigned

Nonspendable fund balance would include amounts associated with inventory, prepaids, long-term receivables, property held for sale and the corpus of a permanent fund. In essence, *nonspendable* is the fund balance term to indicate that the respective resources are not available to be spent in any way due to their very nature and, or their lack of availability.

Restricted carries the same definition as set forth by GASB No. 34 relative to net assets. This would include any fund balance that is restricted in its use by: a) external parties; b) constitutional provisions; or, c) enabling legislation. Good examples in Georgia would include the fund balances associated with an E-911 Fund, a Hotel/Motel Tax Fund, or a SPLOST Fund. Another example would be the fund balance mandated by bond resolutions and covenants to be carried and reported in a Debt Service Fund.

Committed fund balance represents amounts for which the governing board of the respective reporting government imposes constraints on how funds may or may not be used. In such a case, the only way a constraint can be removed or changed is by action of the respective governing board. Actions to constrain resources should occur prior to the end of a fiscal year, though the exact amount may be determined subsequently.

Assigned fund balance represents amounts intended to be used for specific purposes with the intent being expressed by the reporting government's governing board or a high level body or individual authorized by the governing board. With the exception of the General Fund, amounts in all other governmental funds that are not *nonspendable*, *restricted* or *committed* will be considered to be *assigned*. Also, at the fiscal year end any appropriation of existing fund balance to eliminate a projected budgetary deficit in the next year's budget is considered to be an assignment of fund balance.

Unassigned fund balance is anything that does not meet the above definitions and represents fund balance that is available for any purpose. The only fund that will ever report *unassigned* fund balance is the General Fund except in cases of other governmental funds reporting deficit fund balance (or negative fund balance).

As you can see, financial reporting for governmental units continues to evolve and change with each and every GASB pronouncement. Along with the above financial statements elements this new pronouncements will require additional information and changes to the respective notes to the financial statements and the management discussion and analysis (MD&A).

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ACCOUNTING RECOMMENDATIONS AND RELATED MATTERS

- d) **Other New Statements.** The GASB continues to be busy preparing and issuing new pronouncements regulating financial reporting of governmental units. The following list provides brief information relative to new pronouncements that have recently been issued by the GASB. It is not expected that any of the pronouncements will have a significant impact on the financial reporting of the City:
- i. **Statement No. 55, GASB Hierarchy of GAAP for State and Local Governments** was effective upon issuance in March 2009. This pronouncement formalizes the order of priority on authoritative financial reporting guidance for governmental units.
 - ii. **Statement No. 56, Codification of Accounting and Financial Reporting Contained in AICPA Statements and Auditing Standards** was also effective upon issuance in March 2009. Specifically, this standard addresses: a) related party transactions; b) subsequent events; and, c) going concern considerations.
 - iii. **Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple Employer Plans** is effective the year ending June 30, 2012. This pronouncement should not affect the City unless the City becomes an agent for such plans.
 - iv. **Statement No. 58, Accounting and Financial Reporting for Chapter 9 Bankruptcies.** This statement is currently effective and addresses financial reporting issues for governments who have declared bankruptcy.
 - v. **Statement No. 59, Financial Instruments Omnibus** is currently effective and deals with certain financial instruments and external investment pools. This statement is not expected to significantly affect the City.

Yellow Book Standards - While GASB has been issuing new financial reporting pronouncements affecting governmental units, the Government Accountability Office (GAO) has been issuing revised standards relative to the audits of state and local governments. An exposure draft was issued in August 2010 by the GAO amending and revising *Government Auditing Standards* (the Yellow Book). It is expected that these standards will be finalized and issued in calendar year 2011. The more significant items addressed by the GAO in the August 2010 exposure draft included:

- Actions required if an impairment to auditor independence is identified;
- Definition of those charged with governance consistent with other AICPA audit guidelines;
- Definition of internal control deficiencies to be consistent with other AICPA audit guidelines;
- Promoting modernization of auditing standards consistent with technologies of today;

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- Added requirements for reporting restatements of previously issued financial statements;
- Addressed standards related to 1) performance audits, and 2) internal audits; and,
- Changed and emphasized continuing education requirements of auditors in the governmental sector to obtain a minimum of 80 hours of continuing education every two (2) years. The GAO emphasized a significant component of these hours must be directly relevant to governmental auditing. Further, audit team specialist (actuaries, engineers, etc.) have specific guidelines as well.

3) Sales Tax Collections and Remittances by the State of Georgia's Department of Revenue

During April and May 2009, the Georgia Department of Revenue (DOR) upgraded to a new system for distributing sales taxes and also changed their method of distribution. Previously, sales taxes collected were not substantially disbursed by the DOR to the local governments until two (2) months subsequent to the month that the sales taxes were collected.

The DOR now claims the speed of remittances to local governments to substantially take only one (1) month as compared to their old system. However, we have found that recording only one month of receivable to not be appropriate in all circumstances based on actual results and information obtained from the DOR. Additionally, based on our conversations with the DOR, the DOR will no longer be providing the information used in the last year for revenue and related accruals reporting. Therefore, we recommend the City continue to monitor this situation to determine the appropriate values for reporting sales tax revenues and accruals.

One last thought on this subject - the DOR has created a new Sales Tax Distribution Report on its website which allows every local government the ability to identify its monthly sales tax distribution amounts from January 1999 to the present. In an effort to better manage the recognition of revenues, we recommend the City consider utilizing the information as part of its ongoing budget process.

Summations of Thoughts Noted Above

We believe the implementation of these suggestions will enhance both the control environment and the financial reporting process, making both more effective. We also believe these recommendations can be easily implemented, and all problems resolved quite timely should management elect to employ the corrective measures.

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FREE QUARTERLY CONTINUING EDUCATION AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS

Free Continuing Education. Beginning in March 2009, we began providing free quarterly continuing education for all of our governmental clients. Each quarter we pick a couple of significant topics tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions two or three times per quarter at a variety of client provided locations resulting in greater networking among our governmental clients. We normally see approximately 100 people per quarter. We hope City staff and officials have been able to participate in this opportunity, and that it has been beneficial to you.

We obtain the input and services of experience outside speakers along with providing the instruction utilizing our in-house professional. Examples of subjects addressed in the past few quarters include:

- a. CAFR Preparation
- b. GASB updates
- c. Internal Controls Over Revenue and Cash Receipting
- d. American Recovery & Reinvestment Act (ARRA) information and issues
- e. Collateralization of Deposits and Investments
- f. SPLOST Accounting, Reporting and Compliance
- g. Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
- h. Capital Asset Accounting Processes and Controls
- i. Grant Accounting Processes and Controls
- j. ARRA Updates
- k. Policies and Procedures Manuals
- l. Segregation of Duties
- m. GASB No. 51 – Intangible Assets
- n. Single Audits for Auditees
- o. GASB No. 54 – Governmental Fund Balance (subject addressed twice)
- p. Best Budgeting Practices, Policies and Processes

Governmental Newsletters. Beginning in August 2009, we began producing newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects, and are authored by Mauldin & Jenkins personnel. The newsletters are produced and delivered periodically, and are intended to keep you informed of current developments in the government finance environment.

Communication. In an effort to better communicate our free continuing education plans and newsletters, please email Lauren Payne at LPayne@mjcpa.com (send corresponding copy to mlipson@mjcpa.com), and provide to her individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database of client representatives and interested parties. We hope our additional services have been beneficial and a valuable use of your time.

CITY OF ST. MARYS

Annual Audit Agenda

June 30, 2010

CLOSING

If you have any questions regarding any comments, suggestions or recommendations set forth in this memorandum, we will be pleased to discuss it with you at your convenience.

This information is intended solely for the use of the City of St. Marys, Georgia's management, and others within the City's organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve the City of St. Marys, Georgia and look forward to serving the City in the future. Thank you.



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
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

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FINANCIAL SECTION

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	629,197	149,384	51,442,264	49,570,362
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	10,251,847	1,819,528	453,182	611
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	7,078,565	6,250,435	-	1,031,895
Total primary government	\$ 17,330,412	\$ 8,069,963	\$ 453,182	\$ 1,032,506
Component Units:				
Industrial Development Authority	\$ 38,000	\$ -	\$ -	\$ -
Downtown Development Authority	8,641	5,277	-	-
Total component units	\$ 46,641	\$ 5,277	\$ -	\$ -
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)	-	-
-	(143,785)	(143,785)	-	-
-	203,765	203,765	-	-
<u>(7,978,526)</u>	<u>203,765</u>	<u>(7,774,761)</u>	<u>-</u>	<u>-</u>
-	-	-	(38,000)	-
-	-	-	-	(3,364)
-	-	-	(38,000)	(3,364)
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
<u>(1,590,591)</u>	<u>1,590,591</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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	<u>\$ 5,289,340</u>	<u>\$ 1,785,610</u>	<u>\$ 571,955</u>	<u>\$ 7,646,905</u>
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	<u>835,181</u>	<u>1,705,278</u>	<u>169,401</u>	<u>2,709,860</u>
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	<u>4,454,159</u>	<u>80,332</u>	<u>402,554</u>	<u>4,937,045</u>
Total liabilities and fund balances	<u>\$ 5,289,340</u>	<u>\$ 1,785,610</u>	<u>\$ 571,955</u>	
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.				<u>(1,013,536)</u>
Net assets of governmental activities				<u>\$ 22,512,488</u>

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	(21,632)	(21,632)	(21,632)	-
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.

CITY OF ST. MARYS, GEORGIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2010

ASSETS	Major Enterprise Funds		Nonmajor Enterprise Fund	Totals
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	
CURRENT ASSETS				
Cash and cash equivalent:	\$ 3,050,657	\$ 518,221	\$ 36,006	\$ 3,604,884
Investments	723,263	-	-	723,263
Restricted cash and cash equivalent:	726,432	-	-	726,432
Restricted investments	344,155	-	-	344,155
Accounts receivable, net	548,697	101,025	-	649,722
Accrued interest receivable	5,525	-	-	5,525
Prepaid expenses:	66,674	2,996	-	69,670
Total current assets	5,465,403	622,242	36,006	6,123,651
NONCURRENT ASSETS				
Restricted cash and cash equivalent:	3,740,937	-	-	3,740,937
Deferred charges, unamortized bond issuance cost	887,952	-	-	887,952
Capital assets				
Non-depreciable	46,790,598	-	-	46,790,598
Depreciable, net of accumulated depreciation	32,616,554	18,080	1,891,513	34,526,147
Total noncurrent assets	84,036,041	18,080	1,891,513	85,945,634
Total assets	89,501,444	640,322	1,927,519	92,069,285
LIABILITIES				
CURRENT LIABILITIES, PAYABLE FROM CURRENT ASSETS				
Accounts payable	96,011	92,694	9,647	198,352
Retainage payable	592,822	-	-	592,822
Accrued interest payable	109,788	-	-	109,788
Other accrued liabilities:	65,617	1,063	31,190	97,870
Due to other funds	12,111	-	92,998	105,109
Current portion of notes payable	616,902	-	-	616,902
Current portion of bonds payable	255,000	-	-	255,000
Total current liabilities, payable from current asset	1,748,251	93,757	133,835	1,975,843
CURRENT LIABILITIES, PAYABLE FROM RESTRICTED ASSETS				
Customer deposits	516,490	-	-	516,490
Total current liabilities, payable from restricted asset	516,490	-	-	516,490
LONG-TERM LIABILITIES				
Revenue bonds payable, net	43,530,000	-	-	43,530,000
Notes payable	6,040,362	-	-	6,040,362
Total liabilities:	51,835,103	93,757	133,835	52,062,695
NET ASSETS				
Invested in capital assets, net of related debt	24,774,273	18,080	1,891,513	26,683,866
Restricted for debt service	3,323,608	-	-	3,323,608
Restricted for renewal and extension	417,329	-	-	417,329
Unrestricted	9,151,131	528,485	(97,829)	9,581,787
Total net assets	\$ 37,666,341	\$ 546,565	\$ 1,793,684	\$ 40,006,590

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, 2010

	Major Enterprise Funds		Nonmajor Enterprise Fund	Totals
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	
OPERATING REVENUE				
Sanitation fees	\$ -	\$ 1,032,458	\$ -	\$ 1,032,458
Admission fees	-	-	188,980	188,980
Concessions	-	-	67,353	67,353
Water sales	2,217,652	-	-	2,217,652
Sewer sales	2,075,528	-	-	2,075,528
Reconnection fees	61,393	-	-	61,393
Construction fees	312,923	-	-	312,923
Penalties	115,746	18,154	-	133,900
Miscellaneous	20,101	62,624	77,523	160,248
Total operating revenue:	<u>4,803,343</u>	<u>1,113,236</u>	<u>333,856</u>	<u>6,250,435</u>
OPERATING EXPENSES				
Personal services	1,707,462	121,983	234,924	2,064,369
Purchased and contracted services	602,805	1,107,788	29,202	1,739,795
Supplies	988,852	2,090	129,759	1,120,701
Depreciation	1,472,118	15,587	83,756	1,571,461
Bad debt expense	51,175	-	-	51,175
Total operating expense:	<u>4,822,412</u>	<u>1,247,448</u>	<u>477,641</u>	<u>6,547,501</u>
Operating loss	<u>(19,069)</u>	<u>(134,212)</u>	<u>(143,785)</u>	<u>(297,066)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	103,530	5	222	103,757
Interest expense	(531,064)	-	-	(531,064)
Other nonoperating income	8,361	-	1,867	10,228
Gain on disposal of capital asset	-	6,695	-	6,695
Total nonoperating revenues (expenses)	<u>(419,173)</u>	<u>6,700</u>	<u>2,089</u>	<u>(410,384)</u>
Loss before transfers and contributions	<u>(438,242)</u>	<u>(127,512)</u>	<u>(141,696)</u>	<u>(707,450)</u>
CAPITAL CONTRIBUTIONS	<u>2,612,854</u>	<u>-</u>	<u>-</u>	<u>2,612,854</u>
TRANSFERS				
Transfers in	-	-	9,632	9,632
Total transfers	<u>-</u>	<u>-</u>	<u>9,632</u>	<u>9,632</u>
Change in net assets	<u>2,174,612</u>	<u>(127,512)</u>	<u>(132,064)</u>	<u>1,915,036</u>
Total net assets, beginning of year	<u>35,491,729</u>	<u>674,077</u>	<u>1,925,748</u>	<u>38,091,554</u>
Total net assets, end of year	<u>\$ 37,666,341</u>	<u>\$ 546,565</u>	<u>\$ 1,793,684</u>	<u>\$ 40,006,590</u>

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

CITY OF ST. MARYS, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Major Enterprise Funds		Nonmajor	Totals
	Water & Sewer Fund	Solid Waste Fund	Enterprise Fund Aquatic Center Fund	
	Fund	Fund	Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 4,682,675	\$ 1,113,799	\$ 333,856	\$ 6,130,330
Payments to suppliers	(3,646,697)	(918,073)	(194,652)	(4,759,422)
Payments to employees	(1,726,053)	(120,920)	(233,534)	(2,080,507)
Net cash provided by (used in) operating activities	(690,075)	74,806	(94,330)	(709,599)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	9,632	9,632
Other nonoperating income	8,361	-	1,867	10,228
Net cash provided by noncapital financing activities	8,361	-	11,499	19,860
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on revenue bonds payable	(1,240,000)	-	-	(1,240,000)
Principal payments on notes payable	(583,779)	-	-	(583,779)
Interest paid	(494,032)	-	-	(494,032)
Capital contributions	531,083	-	-	531,083
Purchase of capital assets	(11,747,325)	-	-	(11,747,325)
Proceeds from sale of capital assets	-	6,695	-	6,695
Net cash provided by (used in) capital and related financing activities	(13,534,053)	6,695	-	(13,527,358)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	399,367	-	-	399,367
Interest received	106,622	5	222	106,849
Net cash provided by investing activities	505,989	5	222	506,216
Net increase (decrease) in cash	(13,709,778)	81,506	(82,609)	(13,710,881)
Cash and cash equivalents, beginning of year	21,227,804	436,715	118,615	21,783,134
Cash and cash equivalents, end of year	\$ 7,518,026	\$ 518,221	\$ 36,006	\$ 8,072,253
Classified as:				
Cash and cash equivalents	\$ 3,050,657	\$ 518,221	\$ 36,006	\$ 3,604,884
Restricted assets:				
Current cash and cash equivalents	726,432	-	-	726,432
Noncurrent cash and cash equivalents	3,740,937	-	-	3,740,937
	\$ 7,518,026	\$ 518,221	\$ 36,006	\$ 8,072,253
Noncash investing, capital, and financing activities:				
Capital contributions received	\$ 500,812	\$ -	\$ -	\$ 500,812
Transfer of capital assets from other funds	1,580,959	-	-	1,580,959
Total noncash investing, capital and financing activities	\$ 2,081,771	\$ -	\$ -	\$ 2,081,771

(Continued)

CITY OF ST. MARYS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Major Enterprise Funds		Nonmajor Enterprise Fund	Totals
	Water & Sewer Fund	Solid Waste Fund	Aquatic Center Fund	
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (19,069)	\$ (134,212)	(143,785)	\$ (297,066)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	1,472,118	15,587	83,756	1,571,461
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(126,923)	563	-	(126,360)
Decrease in prepaid expenses	11,220	621	1,250	13,091
Decrease in due from other funds	2,797	191,328	8,796	202,921
Decrease in accounts payable	(192,699)	(144)	(16,260)	(209,103)
Decrease in contracts payable	(1,056,524)	-	-	(1,056,524)
Decrease in retainages payable	(589,442)	-	-	(589,442)
Increase (decrease) in accrued liabilities	(18,591)	1,063	1,390	(16,138)
Increase in customer deposits	6,255	-	-	6,255
Decrease in due to other funds	(179,217)	-	(29,477)	(208,694)
 Net cash provided by (used in) operating activities	 <u>\$ (690,075)</u>	 <u>\$ 74,806</u>	 <u>\$ (94,330)</u>	 <u>\$ (709,599)</u>

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

CITY OF ST. MARYS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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.

Blended Component Unit

The St. Marys Convention & Visitors Bureau (the "Bureau") is reported as a blended component unit in the City's financial statements because the City maintains financial accountability over the Bureau and the Bureau almost exclusively benefits the City. The St. Marys Convention & Visitors Bureau is reported as a special revenue fund. Separate financial statements are not prepared for the Bureau.

Discretely Presented Component Units

The Industrial Development Authority of St. Marys (the "Authority") 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 Authority. The Authority is presented as a governmental fund-type component unit. Separate financial statements are not prepared for the Authority.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 assets 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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 2009 1% Special Purpose Local Option Sales Tax and the 2002 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.

Additionally, the City reports the following fund types:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *capital projects fund* accounts for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new roads.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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.

NOTES TO FINANCIAL STATEMENTS

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 as determined by quoted market prices.

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, 2010 are recorded as prepaid items in both government-wide and fund financial statements.

NOTES TO FINANCIAL STATEMENTS

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 estimated fair market value at the date of donation. In accordance with GASB 34, the City has elected not to include infrastructure acquired prior to July 1, 2003.

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.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$2,148,762. Of this amount, \$1,585,683 was included as part of the capital assets under construction in connection with the wastewater treatment plant construction project.

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

<u>Assets</u>	<u>Years</u>
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.

NOTES TO FINANCIAL STATEMENTS

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 assets. 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 reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$1,013,536 difference are as follows:

Accrued interest payable	\$ (1,470)
Capital leases payable	(52,962)
Notes payable	(576,235)
Compensated absences	<u>(382,869)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ (1,013,536)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$2,552,651 difference are as follows:

Capital outlay	\$ 3,963,364
Depreciation expense	<u>(1,410,713)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 2,552,651</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (Continued)

Another element of that reconciliation explains that "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." The details of this \$467,225 difference are as follows:

Principal repayments:	
Note payable	\$ 422,630
Capital leases	44,595
	<hr/>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 467,225
	<hr/> <hr/>

Another element of that reconciliation explains that "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." The details of this \$23,892 difference are as follows:

Compensated absences	\$ 24,941
Accrued interest	(1,049)
	<hr/>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 23,892
	<hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE - BUDGETS

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

1. Prior to June 1, the Budget Committee/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.

Deficit Fund Balance. The Convention & Visitors Bureau Fund had a deficit fund balance of \$12,443 at June 30, 2010.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2010, are summarized as follows:

Amounts as presented on the entity wide statement of net assets:	
Cash and cash equivalents	\$ 7,847,113
Investments	1,070,077
Restricted cash and cash investments	4,811,525
Component Unit - cash and cash equivalents	68,013
Component Unit - investments	28,388
Total	\$ 13,825,116
Cash deposited with financial institutions	\$ 11,970,300
Cash deposited with Georgia Fund 1	1,482,273
Investments in certificates of deposit	372,543
	\$ 13,825,116

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, 2010, the City's investment in Georgia Fund 1 was rated AAAM by Standard & Poor's.

As of June 30, 2010, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	46 day weighted average	\$ 1,482,273
Certificates of deposit	6 months - 18 months	344,155
		\$ 1,826,428

NOTES TO FINANCIAL STATEMENTS

NOTE 4. 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, 2010, the City's deposits were fully collateralized in compliance with the state requirements.

NOTE 5. 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 25, 2010. Taxes were levied on November 18, 2009 and payable on or before January 25, 2010. Property taxes not collected by January 25th are considered and reported as delinquent taxes receivable. Property taxes levied for the year ending June 30, 2010, are recorded as receivables, net of estimated uncollectibles.

In the governmental funds, the net receivables collected during the year ended June 30, 2010, and expected to be collected by August 31, 2010, are recognized as revenues for the year ended June 30, 2010, whereas, net receivables estimated to be collectible subsequent to August 31, 2010, are recorded as revenue when received.

Receivables at June 30, 2010, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	SPLOST	Water and Sewer	Solid Waste	Nonmajor Funds
Receivables:					
Taxes	\$ 657,187	\$ -	\$ -	\$ -	\$ -
Accounts	6,442	-	881,088	106,196	8,554
Accrued interest	-	-	5,525	-	-
Due from other governments	228,678	1,714,643	-	-	-
Less allowance for uncollectibles	(87,297)	-	(332,391)	(5,171)	-
Net total receivable	<u>\$ 805,010</u>	<u>\$ 1,714,643</u>	<u>\$ 554,222</u>	<u>\$ 101,025</u>	<u>\$ 8,554</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 481,333	\$ -	\$ -	\$ -	\$ 481,333
Construction in progress	592,023	2,225,480	-	(1,392,211)	1,425,292
Total	<u>1,073,356</u>	<u>2,225,480</u>	<u>-</u>	<u>(1,392,211)</u>	<u>1,906,625</u>
Capital assets, being depreciated:					
Infrastructure	3,613,833	1,292,068	-	-	4,905,901
Buildings	5,032,552	205,800	-	427,292	5,665,644
Improvements	9,586,130	223,856	-	731,505	10,541,491
Machinery and equipment	9,154,316	16,160	(26,225)	233,414	9,377,665
Total	<u>27,386,831</u>	<u>1,737,884</u>	<u>(26,225)</u>	<u>1,392,211</u>	<u>30,490,701</u>
Less accumulated depreciation for:					
Infrastructure	(289,540)	(127,814)	-	-	(417,354)
Buildings	(1,931,555)	(175,481)	-	-	(2,107,036)
Improvements	(3,626,921)	(332,510)	-	-	(3,959,431)
Machinery and equipment	(7,155,071)	(774,908)	26,225	-	(7,903,754)
Total	<u>(13,003,087)</u>	<u>(1,410,713)</u>	<u>26,225</u>	<u>-</u>	<u>(14,387,575)</u>
Total capital assets, being depreciated, net	<u>14,383,744</u>	<u>327,171</u>	<u>-</u>	<u>-</u>	<u>16,103,126</u>
Governmental activities capital assets, net	<u>\$ 15,457,100</u>	<u>\$ 2,552,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,009,751</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 846,727	\$ -	\$ -	\$ 846,727
Construction in progress	32,770,131	13,173,740	-	45,943,871
Total	<u>33,616,858</u>	<u>13,173,740</u>	<u>-</u>	<u>46,790,598</u>
Capital assets, being depreciated:				
Buildings	8,093,035	-	-	8,093,035
Infrastructure	41,590,793	500,812	-	42,091,605
Machinery and equipment	4,191,620	154,544	(443,053)	3,903,111
Total	<u>53,875,448</u>	<u>655,356</u>	<u>(443,053)</u>	<u>54,087,751</u>
Less accumulated depreciation for:				
Buildings	(3,027,552)	(193,906)	-	(3,221,458)
Infrastructure	(12,045,529)	(1,066,081)	-	(13,111,610)
Machinery and equipment	(3,360,115)	(311,474)	443,053	(3,228,536)
Total	<u>(18,433,196)</u>	<u>(1,571,461)</u>	<u>443,053</u>	<u>(19,561,604)</u>
Total capital assets, being depreciated, net	<u>35,442,252</u>	<u>(916,105)</u>	<u>-</u>	<u>34,526,147</u>
Business-type activities capital assets, net	<u>\$ 69,059,110</u>	<u>\$ 12,257,635</u>	<u>\$ -</u>	<u>\$ 81,316,745</u>

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

Governmental activities:	
General government	\$ 436,284
Public safety	601,730
Public works	294,383
Health and welfare	36,010
Housing and development	42,306
Total depreciation expense - governmental activities	<u>\$ 1,410,713</u>
Business-type activities:	
Water and sewer	\$ 1,472,118
Sanitation	15,587
Aquatic center	83,756
Total depreciation expense - business-type activities	<u>\$ 1,571,461</u>

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES

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, 2010, are as follows:

Series 1992 \$5,595,000 Water Revenue Bonds, due in annual installments of \$80,000 to \$410,000 through July 1, 2018, plus interest of 3.0% to 6.125%.	\$ 2,940,000
Series 2007 \$43,695,000 Water Revenue Bonds, due in annual installments of \$900,000 to \$2,730,000 through December 1, 2032, plus interest at 1.55% to 3.765%.	40,845,000
	\$ 43,785,000

Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal year ending June 30,			
2011	\$ 255,000	\$ 1,710,080	\$ 1,965,080
2012	1,455,000	1,671,695	3,126,695
2013	1,520,000	1,609,141	3,129,141
2014	1,585,000	1,543,786	3,128,786
2015	1,660,000	1,475,324	3,135,324
2016-2020	9,040,000	6,244,597	15,284,597
2021-2025	9,190,000	4,484,116	13,674,116
2026-2030	11,210,000	2,570,553	13,780,553
2031-2033	7,870,000	452,365	8,322,365
Total	\$ 43,785,000	\$ 21,761,657	\$ 65,546,657

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

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. Additionally, the City has incurred debt to a local financial institution for the purchase of vehicles and equipment used in the water and sewer and solid waste operations. These notes are as follows at June 30, 2010:

<u>Interest Rate</u>	<u>Term</u>	<u>Fiscal Year Due Date</u>	<u>Amount</u>
2.00%	10 years	2012	\$ 91,949
5.60%	15 years	2013	36,986
4.76%	20 years	2020	290,003
4.55%	20 years	2021	2,152,291
3.00%	20 years	2025	3,899,032
4.05%	5 years	2012	187,003
			<u>\$ 6,657,264</u>

The City has also entered into other notes payable agreements with interest rates ranging from 3.71% to 4.41% for financing certain equipment and the renovation and improvement of the City's facilities. The principal of these loans is to be repaid in monthly or quarterly payments with maturities ranging from October 2010 to October 2012.

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

Fiscal year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 435,955	\$ 14,886	\$ 616,902	\$ 229,900
2012	128,573	1,741	510,985	208,448
2013	11,707	88	432,017	190,898
2014	-	-	446,459	174,891
2015	-	-	463,415	157,935
2016-2020	-	-	2,566,200	511,351
2021-2025	-	-	1,621,286	101,146
Total	<u>\$ 576,235</u>	<u>\$ 16,715</u>	<u>\$ 6,657,264</u>	<u>\$ 1,574,569</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

Capital Leases:

The City has entered into lease agreements as lessee for financing the acquisition of machinery and equipment. The lease 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 values of the future minimum lease payments as of the date of their inceptions. Interest rates range from 6.9% to 7.4%. The following is an analysis of leased assets under capital leases as of June 30, 2010:

	Governmental Activities
Machinery and equipment	\$ 344,059

The City's total capital lease debt service requirements to maturity are as follows:

	Governmental Activities
Fiscal Year Ending June 30,	
2011	\$ 45,349
2012	9,191
Total minimum lease payments	54,540
Less amount representing interest	1,578
Present value of future minimum lease payments	\$ 52,962

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 97,557	\$ -	\$ (44,595)	\$ 52,962	\$ 43,858
Notes payable	998,865	-	(422,630)	576,235	435,955
Compensated absences	407,810	387,717	(412,658)	382,869	382,869
Governmental activity Long-term liabilities	<u>\$ 1,504,232</u>	<u>\$ 387,717</u>	<u>\$ (879,883)</u>	<u>\$ 1,012,066</u>	<u>\$ 862,682</u>
Business-type activities:					
Revenue bonds	\$ 45,025,000	\$ -	\$ (1,240,000)	\$ 43,785,000	\$ 255,000
Notes payable	7,241,043	-	(583,779)	6,657,264	616,902
Business-type activity Long-term liabilities	<u>\$ 52,266,043</u>	<u>\$ -</u>	<u>\$ (1,823,779)</u>	<u>\$ 50,442,264</u>	<u>\$ 871,902</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2010 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor enterprise fund	\$ 92,998
General Fund	Nonmajor governmental funds	63,595
General Fund	SPLOST Fund	90,895
SPLOST Fund	Water & Sewer Fund	12,111
		<u>\$ 259,599</u>

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	\$ 75,532
SPLOST Fund	Nonmajor governmental funds	112,287
Nonmajor enterprise fund	General Fund	9,632
Nonmajor governmental funds	General Fund	12,000
Nonmajor governmental funds	Nonmajor governmental funds	108,238
		\$ 317,689

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.

During the year ended June 30, 2010, the City transferred capital assets with a net book value of \$1,580,959 from the SPLOST Fund to the Water and Sewer Fund. This transfer is reflected in the governmental activities column and the business-type activities column in the government-wide financial statements.

NOTE 9. PENSION PLANS

Plan Description

The City terminated its non-contributory pension plan through the Georgia Municipal Employees Benefit System (GMEBS) in 1996 and established a defined contribution plan. Prior to termination, the City had adopted an agent multiple-employer non-contributory defined benefit pension plan, the City of St. Marys Retirement Plan (the "Plan") through GMEBS covering all employees with a service period of one year or more. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries and is administered by the Georgia Municipal Association. The City has authorized the GMEBS board to establish and amend all plan provisions. Employees were eligible for participation after one year of continuous service and become vested after 10 years of service. 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, 201 Pryor Street, SW, Atlanta, Georgia 30303.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

Funding Policy

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; the current rate is 25.01% of annual covered payroll.

Annual Pension Cost

For the year ended June 30, 2010, the City's annual pension cost was \$19,289 for the City of St. Marys Retirement Plan. Recommended contributions of \$19,289 were determined as part of the January 1, 2010, actuarial valuation, using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increases for inflation of 3.5% per year plus age and service based merit increases, and (c) no postretirement benefit increases or cost of living adjustments. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982, and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions, and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. The method for determining the actuarial value of assets is part of GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets.

The smoothing technique gradually incorporates investment performance that exceeds or falls short of the expected return of 7.75%, which is the valuation's investment return assumption.

Trend Information

Trend information which gives an indication of the progress made in accumulating sufficient assets to pay benefits when due, is presented below.

		Fiscal Year Ending	Annual Pension Cost	Percentage Contributed	Net Pension Obligation	
		6/30/2008	\$ 7,887	100%	\$	-
		6/30/2009	38,861	100%		-
		6/30/2010	19,289	100%		-
Actuarial Valuation Date	Actuarial Value of Assets	AAL Actuarial Accrued Liability	Underfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfunded AAL as a Percentage of Covered Payroll
01/01/10	\$ 1,083,162	\$ 1,139,453	\$ 56,291	95.1%	\$ 75,794	74.3%

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. 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 long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2010.

NOTE 10. 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, 2010, there were 164 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 \$16,500 for the year ended June 30, 2010. 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, 2010, were \$321,065. Total employee contributions for the year ended June 30, 2010 were \$276,016.

NOTE 11. 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 Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended June 30, 2010, the City paid \$16,404 in such dues. Membership in the ARC 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 RDC 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 Georgia Regional Development Center, P.O. Box 1917, Brunswick, Georgia 31521.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RELATED ORGANIZATIONS

The City's 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, 2010, the City did not provide any contributions to the Southeast Georgia Consolidated Housing Authority.

NOTE 13. 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 pool's 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. 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, 2010, \$98,461 of hotel/motel tax was collected. Of the total collected, 100% was used for the promotion of tourism.

NOTE 15. 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, 2010, the City has contractual commitments on uncompleted contracts of approximately \$1,697,922.

NOTE 16. SUBSEQUENT EVENT

In September 2010, the City entered into an intergovernmental contract with the Camden County Public Service Authority (the "Authority"). The Authority agreed to issue Series 2010 Refunding Revenue Bonds (the "Series 2010 Bonds") in the aggregate principal amount of \$41,455,000 to refund and redeem the Series 2007 Variable Rate Demand Revenue Bonds (the "Series 2007 Bonds"), which were used to pay for the acquisition, construction, and equipping of extensions and improvements to the water and sewer system of the City. The City has agreed to pay the Authority amounts sufficient to pay the debt service on the Series 2010 Bonds.

The interest rate on the bonds range from 3.00% to 5.00% and final maturity is December 1, 2032. Debt service payments are scheduled semiannually at amounts that range from \$324,554 to \$3,596,200.

CITY OF ST. MARYS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	(AAL) Actuarial Accrued Liability	Underfund (Overfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfund (Overfunded) AAL as a Percentage of Covered Payroll
03/01/08	\$ 1,212,947	\$ 1,086,167	\$ (126,780)	111.7 %	\$ 120,609	-105.1 %
03/01/09	904,201	1,102,410	198,209	82.0 %	75,796	261.5 %
01/01/10	1,083,162	1,139,453	56,291	95.1 %	75,794	74.3 %

The assumptions used in the preparation of the above schedule are disclosed in Note 9 in the Notes to the Financial Statements.

CITY OF ST. MARYS, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Convention & Visitors Bureau – To account for monies received to operate tourism in the City.

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

Capital Projects Fund

Capital Projects Fund – To account for the construction of sidewalks and paving of streets in the City.

CITY OF ST. MARYS, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

ASSETS	Special Revenue		
	Hotel/Motel Tax Fund	Convention & Visitors Bureau	Multiple Grants Fund
Cash and cash equivalents	\$ -	\$ 5,619	\$ 451,526
Accounts receivable	8,554	-	-
Prepaid items	-	-	106,256
Total assets	<u>\$ 8,554</u>	<u>\$ 5,619</u>	<u>\$ 557,782</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ -	\$ 694	\$ 103,166
Accrued liabilities	-	1,946	-
Due to other funds	-	15,422	48,173
Total liabilities	<u>-</u>	<u>18,062</u>	<u>151,339</u>
FUND BALANCE (DEFICIT)			
Unreserved, undesignated	<u>8,554</u>	<u>(12,443)</u>	<u>406,443</u>
Total fund balances (deficit)	<u>8,554</u>	<u>(12,443)</u>	<u>406,443</u>
Total liabilities and fund balance (deficit)	<u>\$ 8,554</u>	<u>\$ 5,619</u>	<u>\$ 557,782</u>

Capital Projects Fund	Nonmajor Governmental Funds
\$ -	\$ 457,145
-	8,554
-	106,256
<u> </u>	<u> </u>
<u>\$ -</u>	<u>\$ 571,955</u>

\$ -	\$ 103,860
-	1,946
-	63,595
<u> </u>	<u> </u>
-	169,401
<u> </u>	<u> </u>
-	402,554
<u> </u>	<u> </u>
-	402,554
<u>\$ -</u>	<u>\$ 571,955</u>

CITY OF ST. MARYS, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue		
	Hotel/Motel Tax Fund	Convention & Visitors Bureau	Multiple Grants Fund
REVENUES			
Taxes	\$ 98,461	\$ -	\$ -
Intergovernmental	-	-	453,182
Interest	-	208	2,754
Miscellaneous	-	15,787	-
Total revenues	98,461	15,995	455,936
EXPENDITURES			
Current			
General government	-	-	376,404
Culture and recreation	-	147,166	-
Total expenditures	-	147,166	376,404
Excess (deficiency) of revenues over (under) expenditures	98,461	(131,171)	79,532
Other financing sources (uses)			
Transfers in	-	120,238	-
Transfers out	(104,238)	-	(79,532)
Total other financing sources (uses)	(104,238)	120,238	(79,532)
Net change in fund balances	(5,777)	(10,933)	-
FUND BALANCE (DEFICIT), beginning of year	14,331	(1,510)	406,443
FUND BALANCE (DEFICIT), end of year	\$ 8,554	\$ (12,443)	\$ 406,443

Capital Projects Fund	Nonmajor Governmental Funds
\$ -	\$ 98,461
-	453,182
368	3,330
-	15,787
<u>368</u>	<u>570,760</u>
-	376,404
-	147,166
-	<u>523,570</u>
<u>368</u>	<u>47,190</u>
-	120,238
<u>(112,287)</u>	<u>(296,057)</u>
<u>(112,287)</u>	<u>(175,819)</u>
<u>(111,919)</u>	<u>(128,629)</u>
<u>111,919</u>	<u>531,183</u>
<u>\$ -</u>	<u>\$ 402,554</u>

CITY OF ST. MARYS, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX - 2002 ISSUE
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
City Sidewalks/Streets	\$ 3,930,000	\$ 3,930,000	\$ 3,021,045	\$ 1,576,657	\$ 4,597,702
Drainage	3,500,000	3,500,000	2,074,800	1,300,839	3,375,639
Downtown Multi-Media Center	300,000	300,000	85,896	334,892	420,788
City Library Expansion	<u>588,000</u>	<u>588,000</u>	<u>339,316</u>	<u>145,580</u>	<u>484,896</u>
Totals	<u>\$ 8,318,000</u>	<u>\$ 8,318,000</u>	<u>\$ 5,521,057</u>	<u>\$ 3,357,968</u>	<u>\$ 8,879,025</u>

CITY OF ST. MARYS, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX - 2009 ISSUE
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
City Sidewalks/Streets	\$ 4,730,000	\$ 4,730,000	\$ -	\$ -	\$ -
Drainage	5,530,000	5,530,000	-	-	-
Sewer	5,000,000	5,000,000	2,645,697	1,585,070	4,230,767
City Buildings	<u>3,500,000</u>	<u>3,500,000</u>	<u>29,623</u>	<u>208,436</u>	<u>238,059</u>
Totals	<u>\$ 18,760,000</u>	<u>\$ 18,760,000</u>	<u>\$ 2,675,320</u>	<u>\$ 1,793,506</u>	<u>\$ 4,468,826</u>

CITY OF ST. MARYS, GEORGIA

BALANCE SHEET
COMPONENT UNITS
JUNE 30, 2010

	Industrial Development Authority	Downtown Development Authority
ASSETS		
Cash and cash equivalents	\$ 50,077	\$ 17,936
Investments	-	28,388
Total assets	<u>50,077</u>	<u>46,324</u>
LIABILITIES		
Accounts payable	-	4,741
Total liabilities	<u>-</u>	<u>4,741</u>
FUND BALANCE		
Unreserved, undesignated	<u>50,077</u>	<u>41,583</u>
Total fund balance	<u>\$ 50,077</u>	<u>\$ 41,583</u>

CITY OF ST. MARYS, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Industrial Development Authority</u>	<u>Downtown Development Authority</u>
REVENUES		
Rental income	\$ -	\$ 5,277
Donations	-	8,587
Interest revenue	739	1,728
Total revenues	<u>739</u>	<u>15,592</u>
 EXPENDITURES		
Current		
Housing and development	<u>38,000</u>	<u>8,641</u>
Net change in fund balance	(37,261)	6,951
 FUND BALANCE, beginning of year	<u>87,338</u>	<u>34,632</u>
 FUND BALANCE, end of year	<u><u>\$ 50,077</u></u>	<u><u>\$ 41,583</u></u>

COMPLIANCE SECTION



**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 the financial statements of the governmental activities, the business-type activities, the 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 of St. Marys, Georgia's basic financial statements and have issued our report thereon dated December 9, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of St. Marys, Georgia's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

We noted certain matters that we reported to management of the City of St. Marys, Georgia in a separate letter dated December 9, 2010.

This report is intended solely for the information and use of the audit committee, management, and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
December 9, 2010

CITY OF ST. MARYS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

yes no

Significant deficiencies identified not considered
to be material weaknesses?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Not applicable as a single audit was not performed for the year ended June 30, 2010 due to the City not expending \$500,000 or more of federal funds.

SECTION II FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV STATUS OF PRIOR YEAR FINDINGS

None reported.

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CITY OF ST. MARYS
REVENUE & EXPENSE REPORT (UNAUDITED)

Jan-11

FINANCIAL SUMMARY			Month % YEAR COMPLETED		7 58.33%
100-GENERAL FUND REVENUES	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET
100.31.1100 REAL PROP CURRENT YEAR	\$ 2,950,000	\$ 189,811	\$ 2,824,166	\$ 2,834,545	96%
100.31.1190 OVERPAYMENTS/ADJUST TAXES	\$ -	\$ 3,513	\$ 24,230	\$ 15,603	#DIV/0!
100.31.1201 2001 PROP TAX COLL	\$ -	\$ -	\$ -	\$ 9	#DIV/0!
100.31.1205 2005 PROP TAX COLL	\$ -	\$ -	\$ 45	\$ -	#DIV/0!
100.31.1206 2006 PROP TAX COLL	\$ -	\$ -	\$ -	\$ 69	#DIV/0!
100.31.1207 2007 PROP TAX COLL	\$ 5,000	\$ -	\$ 1,800	\$ 4,656	36%
100.31.1208 2008 PROPERTY TAX	\$ 15,000	\$ 401	\$ 156,527	\$ 46,618	1044%
100.31.1209 2009 PROPERTY TAX	\$ 70,000	\$ (2,803)	\$ 106,120	\$ -	152%
100.31.1310 MOTOR VEHICLE	\$ 200,000	\$ 15,162	\$ 107,515	\$ 109,297	54%
100.31.1320 MOBILE HOME	\$ 10,000	\$ 118	\$ 255	\$ 860	3%
100.31.1390 PAYMENT IN LIEU OF TAXES	\$ 3,900	\$ -	\$ -	\$ -	0%
100.31.1391 RAILROAD TAX	\$ 2,700	\$ -	\$ -	\$ -	0%
100.31.1600 REAL ESTATE TRANSFER TAX	\$ 13,000	\$ 660	\$ 4,587	\$ 7,109	35%
100.31.1610 RECORDING INTANGIBLE TAX	\$ 57,000	\$ 4,059	\$ 23,484	\$ 37,744	41%
100.31.1710 GA POWER FRANCHISE TAX	\$ 645,000	\$ 51,875	\$ -	\$ -	0%
100.31.1711 OKEF ELEC FRANCHISE TAX	\$ 52,000	\$ -	\$ 51,875	\$ 49,767	100%
100.31.1730 GAS FRANCHISE TAX	\$ 16,750	\$ -	\$ 9,941	\$ 8,531	59%
100.31.1750 CABLE TV FRANCHISE TAX	\$ 90,000	\$ 96,709	\$ 96,709	\$ -	107%
100.31.1760 TELEPHONE FRANCHISE TAX	\$ 25,000	\$ 15	\$ 12,582	\$ 12,556	50%
100.31.3100 LOCAL OPT SALES AND USE	\$ 2,200,000	\$ 158,401	\$ 1,070,300	\$ 1,122,893	49%
100.31.4200 ALCOHOLIC BEVERAGE EXCISE	\$ 200,000	\$ 17,366	\$ 117,397	\$ 114,847	59%
100.31.6200 INSURANCE PREMIUMS (1%)	\$ 765,000	\$ -	\$ 740,779	\$ 762,953	97%
100.31.6300 FINANCIAL INSTITUTIONS	\$ 35,000	\$ -	\$ -	\$ -	0%
100.31.9100 PENALTY AND INTEREST	\$ 35,000	\$ 5,755	\$ 39,659	\$ 18,492	113%
100.31.9500 FIFA LEGAL/PROCESS FEES	\$ 100	\$ -	\$ -	\$ 60	0%
100.32.1100 BEER/WINE LIC	\$ 90,000	\$ 3,947	\$ 72,988	\$ 73,975	81%
100.32.1200 GENERAL BUSINESS LIC	\$ 130,000	\$ 26,623	\$ 105,131	\$ 111,208	81%
100.32.1220 BUSINESS LIC INSURANCE	\$ 22,500	\$ 6,450	\$ 11,850	\$ 14,466	53%
100.32.2100 BUILDING PERMITS	\$ 150,000	\$ 1,643	\$ 36,918	\$ 169,386	25%
100.32.2210 ZONING FEES	\$ 15,000	\$ -	\$ 1,475	\$ 5,929	10%
100.32.2211 LAND-DISTURBING PERMITS	\$ 1,000	\$ -	\$ -	\$ -	0%
100.32.2230 SIGN PERMITS	\$ 3,000	\$ 410	\$ 1,455	\$ 1,800	49%
100.32.3910 PLAN REVIEW FEES	\$ 45,000	\$ 276	\$ 7,083	\$ 40,558	16%
100.34..... COPIES SOLD - ADMIN	\$ 21,000	\$ 1,230	\$ 10,402	\$ 10,392	50%
100.34.1910 QUALIFYING FFEEES	\$ -	\$ -	\$ -	\$ 2,376	#DIV/0!
100.34.4212 NSF FEES	\$ 120	\$ -	\$ -	\$ 120	0%
100.34.....REVENUES-ORANGE HALL	\$ 9,100	\$ 584	\$ 4,884	\$ 5,118	54%
100.34.7500 PROGRAM INCOME - SENIORS	\$ 4,850	\$ 170	\$ 3,250	\$ 2,604	67%
100.34.9100 CEMETERY FEES	\$ 30,000	\$ 1,688	\$ 17,830	\$ 28,617	59%
100.34.9900 ADMIN. FEES - TOURISM	\$ 3,600	\$ 300	\$ 2,100	\$ 2,127	58%
100.34.9900 ADMIN. FEES - MULTI GRANT	\$ 2,000	\$ -	\$ 566	\$ 580	28%

**CITY OF ST. MARYS
REVENUE & EXPENSE REPORT (UNAUDITED)**

Jan-11

FINANCIAL SUMMARY			Month % YEAR COMPLETED		7 58.33%
100-GENERAL FUND REVENUES	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET
100.34.9910 ADMIN. FEES - SPLOST	\$ 10,000	\$ -	\$ 2,208	\$ 8,363	22%
100.35..... COURT FINES/FEES	\$ 348,700	\$ 38,136	\$ 237,230	\$ 144,506	68%
100.35.1300 LIBRARY FINES/COLLECTIONS	\$ 7,000	\$ 460	\$ 2,451	\$ 4,199	35%
100.36.1000 INTEREST EARNED	\$ 50,000	\$ 1,073	\$ 7,499	\$ 32,526	15%
100.37.2000 ORANGE HALL DONATION	\$ 450	\$ 1	\$ 10	\$ 322	2%
100.38.0001 FUND EQUITY	\$ 2,186,456	\$ 182,205	\$ 1,275,433	\$ -	58%
100.38.1000 RENTAL INCOME	\$ 250,000	\$ 24,593	\$ 168,365	\$ 195,194	67%
100.38.1010 SPECIAL EVENTS RENTAL	\$ 7,500	\$ 1,325	\$ 4,800	\$ 4,595	64%
100.38.9010 MISCELLANEOUS INCOME	\$ 26,329	\$ 4,241	\$ 26,436	\$ 79,344	100%
100.38.9020 SHARED SVC SOL/W & SPLOST	\$ 150,000	\$ -	\$ -	\$ 172,399	0%
100.38.9025 SHARED SERVICES IDA	\$ -	\$ -	\$ 37,500	\$ 37,500	#DIV/0!
100.38.9030 SHARED SERVICES CUMB HARB	\$ 60,000	\$ -	\$ 20,000	\$ -	33%
100.39.1200 OP T/F IN MULT GRANT FUND	\$ 190,353	\$ 51,172	\$ 69,190	\$ -	36%
100.39.2200 SALE CITY PROPERTY	\$ 10,000	\$ -	\$ -	\$ -	0%
TOTAL REVENUE	\$ 11,214,408	\$ 887,570	\$ 7,515,025	\$ 6,294,812	67%

**CITY OF ST. MARYS
REVENUE & EXPENSE REPORT (UNAUDITED)**

Jan-11

FINANCIAL SUMMARY	Month	7
	% YEAR COMPLETED	58.33%

100-GENERAL FUND EXPENDITURE SUMMARY	CURRENT BUDGET	CURRENT PERIOD	YTD 2011	JAN YTD 2010	% YTD BUDGET
TOTAL LEGISLATIVE	\$ 192,270	\$ 15,336	\$ 105,897	\$ 124,168	55%
TOTAL EXECUTIVE	\$ 1,561,530	\$ 28,159	\$ 1,517,918	\$ 99,576	97%
TOTAL FINANCIAL ADMINISTRATION	\$ 1,415,945	\$ 67,053	\$ 497,068	\$ 595,318	35%
TOTAL LEGAL	\$ -	\$ -	\$ -	\$ 24,553	
TOTAL IT	\$ 169,191	\$ 10,834	\$ 106,823	\$ 94,712	63%
TOTAL HUMAN RESOURCES	\$ 94,255	\$ 6,744	\$ 51,121	\$ 62,906	54%
TOTAL GEN GOVT BLDGS & PLANT	\$ 171,834	\$ 15,887	\$ 109,732	\$ 103,906	64%
TOTAL MUNICIPAL COURT	\$ 198,890	\$ 13,463	\$ 113,590	\$ 91,352	57%
TOTAL POLICE ADMINISTRATION	\$ 2,578,513	\$ 189,230	\$ 1,555,926	\$ 1,536,020	60%
TOTAL FIRE ADMINISTRATION	\$ 1,653,708	\$ 132,631	\$ 939,002	\$ 874,383	57%
TOTAL PUBLIC WORKS ADMIN	\$ 1,914,391	\$ 130,087	\$ 1,089,312	\$ 1,123,306	57%
TOTAL HIGHWAYS & STREETS ADMIN	\$ 289,000	\$ 24,460	\$ 135,758	\$ 154,655	47%
TOTAL CEMETERY	\$ 9,175	\$ 143	\$ 1,802	\$ 2,978	20%
TOTAL SENIOR CITIZENS CENTER	\$ 122,828	\$ 8,253	\$ 61,757	\$ 64,995	50%
TOTAL PARKS ADMINISTRATION	\$ 62,420	\$ 8,828	\$ 31,376	\$ 33,379	50%
TOTAL LIBRARY ADMINISTRATION	\$ 314,170	\$ 19,723	\$ 173,394	\$ 186,688	55%
TOTAL PROTECTIVE INSP ADMIN	\$ 131,566	\$ 11,038	\$ 71,928	\$ 84,097	55%
TOTAL PLANNING & ZONING	\$ 150,929	\$ 12,326	\$ 87,131	\$ 74,107	58%
TOTAL ECONOMIC DEVELOPMENT	\$ 121,088	\$ 9,129	\$ 65,563	\$ 70,438	54%
TOTAL AIRPORT	\$ 15,500	\$ 6,750	\$ 54,175	\$ 15,226	350%
TOTAL SPECIAL FACILITIES	\$ 47,205	\$ 3,070	\$ 23,392	\$ 17,681	50%
TOTAL EXPENDITURES	\$ 11,214,408	\$ 713,144	\$ 6,792,665	\$ 5,434,442	61%

REVENUE OVER/(UNDER) EXPENDITURES	\$ -	\$ 174,426	\$ 722,360	\$ 860,370
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Cash Balances:	\$3,534,778	Run Rate Analysis:	
LESS: Restricted Budgeted Fund Equity	\$886,456	Average YTD Mo. Exp.	\$970,381
Unrestricted Cash Balances	\$2,648,322	Months of Operating Cash	2.70
LESS: Outstanding P.O.'s	\$28,276		
Available Cash	\$2,620,046		

**CITY OF ST. MARYS
REVENUE & EXPENSE REPORT (UNAUDITED)**

Jan-11

FINANCIAL SUMMARY	Month				7
	% YEAR COMPLETED				58.33%
275-SPECIAL REVENUE FUND REVENUES	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET
TAXES	\$ 130,575	\$ 4,942	\$ 52,463	\$ 52,675	40%
CHARGES FOR SERVICES	\$ 9,600	\$ 100	\$ 4,518	\$ 4,119	47%
INVESTMENT INCOME	\$ 250	\$ 3	\$ 16	\$ 102	6%
CONTRIBUTIONS/DONATIONS	\$ 500	\$ -	\$ 442	\$ 48	88%
MISCELLANEOUS	\$ 9,964	\$ (324)	\$ 5,601	\$ 4,855	56%
OTHER FINANCING SOURCES	\$ 21,000	\$ 17,000	\$ 17,000	\$ 16,000	81%
TOTAL REVENUES	\$ 171,889	\$ 21,721	\$ 80,040	\$ 77,799	47%

275-SPECIAL REVENUE FUND EXPENDITURE SUMMARY	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET
PRSNL SERVICES/BENEFITS	\$ 80,655	\$ 808	\$ 16,797	\$ 56,027	21%
PURCHASED/CONTRACTED SVC	\$ 60,649	\$ 4,520	\$ 19,977	\$ 20,650	33%
SUPPLIES	\$ 17,085	\$ 607	\$ 4,260	\$ 5,646	25%
INTERGOVERNMENTAL	\$ 13,500	\$ 10,050	\$ 11,226	\$ 2,562	83%
TOTAL TOURISM	\$ 171,889	\$ 15,985	\$ 52,259	\$ 84,885	30%

REVENUE OVER/(UNDER) EXPENDITURES	\$ -	\$ 5,736	\$ 27,781	\$ (7,086)	0
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Cash Balances:	\$19,867	Run Rate Analysis:	
LESS: Restricted Budgeted Fund Equity	\$0	Average YTD Mo. Exp.	\$7,466
Unrestricted Cash Balances	\$19,867	Months of Operating Cash	2.00
LESS: Outstanding P.O.'s	\$4,934		
Available Cash	\$14,933		

**CITY OF ST. MARYS
REVENUE & EXPENSE REPORT (UNAUDITED)**

Jan-11

FINANCIAL SUMMARY	Month				7
	% YEAR COMPLETED				58.33%
320-SPLOST FUND REVENUES	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET
TAXES	\$ 14,927,782	\$ 144,303	\$ 2,753,618	\$ 1,220,528	18%
INVESTMENT INCOME	\$ -	\$ 26	\$ 368	\$ 384	#DIV/0!
MISCELLANEOUS	\$ -	\$ -	\$ -		
OTHER FINANCING SOURCES	\$ -	\$ -	\$ -	\$ -	#DIV/0!
TOTAL REVENUES	\$ 14,927,782	\$ 144,329	\$ 2,753,986	\$ 1,220,912	18%

320-SPLOST FUND EXPENDITURE SUMMARY	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET
320.51512-52.1210 AUDIT - SPLOST V	\$ 3,000	\$ -	\$ 1,545	\$ 2,900	51%
320.54220-54.1410 SDEWLK/HNCAP V	\$ -	\$ -	\$ -	\$ 2,984	#DIV/0!
320.54220-54.1415 PAVING/OVERLAY V	\$ 1,333,782	\$ 3,252	\$ 33,101	\$ 125,934	2%
320.54220-54.1422 ROADWAYS SPLOST V	\$ -	\$ -	\$ -	\$ -	#DIV/0!
320.54250-54.1240 DRAINAGE - SPLOST V	\$ 1,089,000	\$ 711	\$ 85,368	\$ 700,401	8%
320.54270-54.1422 CAPITAL IMPROV SPL V	\$ 675,000	\$ -	\$ 20,608	\$ 131,065	3%
320.56180-54.1300 LIBRARY SPLOST V	\$ 150,000	\$ (20,866)	\$ 104,468	\$ 7,535	70%
320.56180-54.1310 MULTI MEDIA SPLOST V	\$ -	\$ -	\$ -	\$ 343,099	#DIV/0!
TOTAL EXPENDITURES V	\$ 3,250,782	\$ (16,904)	\$ 245,090	\$ 1,313,919	8%

320-SPLOST FUND EXPENDITURE SUMMARY	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET
320.51512-52.1211 AUDIT SPLOST VI	\$ 27,000	\$ -	\$ 3,029	\$ -	11%
320.51565-54.1500 CITY BUILDINGS VI	\$ 3,000,000	\$ -	\$ -	\$ 96,030	0.0%
320.54220-54.1416 PAVING/OVERLAY VI	\$ 3,150,000	\$ -	\$ -	\$ 3,591	0%
320.54250-54.1241 DRAINAGE - SPLOST VI	\$ 4,300,000	\$ -	\$ -	\$ 367	0%
320.54310-54.1202 SEWER INFRA SPLOST VI	\$ 1,200,000	\$ 3,700	\$ 993,274	\$ 2,335	83%
320.59000-61.1000 OPERATING TFR OUT	\$ -	\$ -	\$ -	\$ -	#DIV/0!
TOTAL EXPENDITURES VI	\$ 11,677,000	\$ 3,700	\$ 996,303	\$ 102,322	8.53%

REVENUE OVER/(UNDER) EXPENDITURES	\$ -	\$ 157,533	\$ 1,512,594	\$ (195,329)
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Cash Balances:	\$137,071	Run Rate Analysis:	
LESS: Restricted Budgeted Fund Equity	\$0	Average YTD Mo. Exp.	\$177,342
Unrestricted Cash Balances	\$137,071	Months of Operating Cash	0.69
LESS: Outstanding P.O.'s	\$13,890		
Available Cash	\$123,181		

CITY OF ST. MARYS
REVENUE & EXPENSE REPORT (UNAUDITED)

Jan-11

FINANCIAL SUMMARY				Month	7
				% YEAR COMPLETED	58.33%
505-WATER AND SEWER FUND REVENUES	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET
505.33.4110 STATE GOV GRANTS-DIRECT	\$ -	\$ -	\$ -	\$ 10,236,806	#DIV/0!
505.34.4210 WATER CHARGES	\$ 2,109,000	\$ 176,028	\$ 1,258,654	\$ 1,272,060	60%
505.34.4211 TRANSFER/TEMP SERVICES	\$ 29,400	\$ 2,220	\$ 15,500	\$ 52,662	53%
505.34.4212 RECONNECTION NSF FEES	\$ 88,000	\$ 9,397	\$ 19,547	\$ 16,310	22%
505.34.4213 LATE FEES AND PENALTIES	\$ 98,000	\$ 11,172	\$ 85,889	\$ 75,414	88%
505.34.4216 CAP RECOVERY WATER - DEV	\$ 140,450	\$ 123	\$ 26,956	\$ 95,778	19%
505.34.4217 WATER CHARGES 2	\$ 603,172	\$ 58,714	\$ 423,402	\$ -	70%
505.34.4230 SEWERAGE CHARGES	\$ 1,966,500	\$ 161,340	\$ 1,160,876	\$ 1,182,239	59%
505.34.4231 SEWER CHARGES 2	\$ 587,187	\$ 55,415	\$ 399,117	\$ -	68%
505.34.4236 CAP RECOVERY METER - DEV	\$ 18,520	\$ -	\$ 5,390	\$ 11,957	29%
505.34.4256 CAP RECOVERY SEWER - DEV	\$ 457,240	\$ 339	\$ 79,947	\$ 238,017	17%
505.34.4262 CONSTRUCTION FEES	\$ 218,800	\$ 4,916	\$ 71,257	\$ 192,215	33%
505.36.1000 INTEREST/MISC/OTHER REVENUES	\$ 1,884,000	\$ 3,595	\$ 22,467	\$ 161,579	1%
TOTAL REVENUE	\$ 8,200,269	\$ 483,259	\$ 3,569,001	\$ 13,535,037	44%

SANITATION ADMINISTRATION EXPENDITURE SUMMARY	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET
PRSNL SERVICES/BENEFITS	\$ 934,191	\$ 71,046	\$ 537,976	\$ 525,332	58%
PURCHASED/CONTRACTED SVC	\$ 490,775	\$ 8,088	\$ 210,890	\$ 245,566	43%
SUPPLIES	\$ 787,800	\$ 49,700	\$ 327,144	\$ 408,809	42%
CAPITAL OUTLAY	\$ 1,240,000	\$ 6,525	\$ 74,593	\$ 8,496,432	6%
DEPRECIATION/AMORTIZATION	\$ -	\$ -	\$ -	\$ -	#DIV/0!
INTERGOVERNMENTAL	\$ 27,579	\$ -	\$ 11	\$ (108)	0%
DEBT SERVICES/FISCAL AGENT FEES	\$ 50,000	\$ -	\$ 20,000	\$ -	40%
TOTAL SANITARY ADMINISTRATION	\$ 3,530,345	\$ 135,360	\$ 1,170,614	\$ 9,676,032	33%

WATER ADMINISTRATION EXPENDITURE SUMMARY	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET
PRSNL SERVICES/BENEFITS	\$ 800,513	\$ 59,527	\$ 459,132	\$ 466,636	57%
PURCHASED/CONTRACTED SVC	\$ 245,586	\$ 7,019	\$ 111,441	\$ 139,540	45%
SUPPLIES	\$ 330,500	\$ 22,192	\$ 140,610	\$ 164,385	43%
CAPITAL OUTLAY	\$ -	\$ -	\$ -	\$ -	
DEPRECIATION/AMORTIZATION	\$ -	\$ -	\$ -	\$ -	
INTERGOVERNMENTAL	\$ 74,258	\$ -	\$ -	\$ -	0%
DEBT SERVICES/FISCAL AGENT FEES	\$ 3,000	\$ -	\$ 689	\$ 3,689	23%
TOTAL WATER ADMINISTRATION	\$ 1,453,857	\$ 88,738	\$ 711,871	\$ 774,249	49%

**CITY OF ST. MARYS
REVENUE & EXPENSE REPORT (UNAUDITED)**

Jan-11

					Month	7
FINANCIAL SUMMARY					% YEAR COMPLETED	58.33%
DEBT SERVICE-PRINCIPLE EXPENDITURE SUMMARY	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET	
505.58000-58.1110 BOND PAYMENT 88 & 92	\$ 255,000	\$ -	\$ 255,000	\$ 240,000	100%	
505.58000-58.1330 BOND 2007 PRIN	\$ -	\$ -	\$ -	\$ 1,000,000	#DIV/0!	
505.58000-58.1340 GEFA LOAN 95-021-W	\$ 17,220	\$ 1,436	\$ 9,923	\$ 9,367	58%	
505.58000-58.1350 GEFA LOAN 97-L97-W	\$ 25,576	\$ -	\$ 6,253	\$ 14,043	24%	
505.58000-58.1360 GEFA LOAN 98-L46-W	\$ 154,363	\$ -	\$ 37,740	\$ 84,931	24%	
505.58000-58.1370 GEFA LOAN CW00-017	\$ 61,005	\$ 5,086	\$ 48,299	\$ 47,434	79%	
505.58000-58.1380 GEFA LOAN CWS-RF-0	\$ 219,435	\$ 18,127	\$ 113,976	\$ 110,388	52%	
505.58000-58.1385 EQUIPMENT LOANS PR	\$ 139,303	\$ 11,654	\$ 92,100	\$ 77,414	66%	
DEBT SERVICE-PRINCIPLE	\$ 871,902	\$ 36,302	\$ 563,291	\$ 1,583,577	65%	

DEBT SERVICE-INTEREST EXPENDITURE SUMMARY	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET	
505.58000-58.2110 BOND PAYMENT 88 & 92	\$ 172,266	\$ -	\$ 172,266	\$ 187,425	100%	
505.58000-58.2115 INTEREST-BOND INT 2007	\$ 1,946,000	\$ -	\$ 852,895	\$ 939,424	44%	
505.58000-58.2340 GEFA LOAN 95-021-W	\$ 1,635	\$ 136	\$ 1,075	\$ 1,631	66%	
505.58000-58.2350 GEFA LOAN 97-L97-W	\$ 13,252	\$ -	\$ 3,454	\$ 8,607	26%	
505.58000-58.2360 GEFA LOAN 98-L46-W	\$ 94,745	\$ -	\$ 24,537	\$ 60,382	26%	
505.58000-58.2370 GEFA LOAN CW00-017	\$ 1,283	\$ 105	\$ 926	\$ 1,605	72%	
505.58000-58.2380 GEFA LOAN CWS-RF-0	\$ 109,978	\$ 9,657	\$ 67,625	\$ 71,399	61%	
505.58000-58.2385 EQUIPMENT LOANS	\$ 5,006	\$ 372	\$ 4,106	\$ 6,766	82%	
DEBT SERVICE-INTEREST	\$ 2,344,165	\$ 10,270	\$ 1,126,884	\$ 1,277,239	48%	

505-59000-61.1000 OPERATING TFR OUT	\$ -	\$ -	\$ -	\$ -		
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TOTAL EXPENDITURES	\$ 8,200,269	\$ 270,670	\$ 3,572,661	\$ 13,311,097	44%	
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REVENUE OVER/(UNDER) EXPENDITURES	\$ -	\$ 212,589	\$ (3,659)	\$ 223,940		
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Cash Balances:	\$3,790,994	Run Rate Analysis:	
LESS: Restricted Budgeted Fund Equity	\$0	Average YTD Mo. Exp.	\$510,380
Unrestricted Cash Balances	\$3,790,994	Months of Operating Cash	7.34
LESS: Outstanding P.O.'s	\$46,459		
Available Cash	\$3,744,535		

**CITY OF ST. MARYS
REVENUE & EXPENSE REPORT (UNAUDITED)**

Jan-11

FINANCIAL SUMMARY					Month	7
					% YEAR COMPLETED	58.33%
540-SOLID WASTE FUND REVENUES	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET	
540.34.4111 RESIDENTIAL REFUSE CHARGE	\$ 961,000	\$ 82,274	\$ 584,365	\$ 587,817	61%	
540.34.4112 COMMERCIAL REFUSE CHARGES	\$ 22,500	\$ 1,890	\$ 13,300	\$ 13,975	59%	
540.34.4190 LATE FEES AND PENALTIES	\$ 18,000	\$ 2,096	\$ 14,634	\$ 8,662	81%	
540.34.9900 OTHER CHARGES	\$ 59,000	\$ 3,750	\$ 31,350	\$ 35,700	53%	
540.36.1000 INTEREST REVENUES	\$ 500	\$ -	\$ -	\$ 5	0%	
540.38.0001 FUND EQUITY	\$ 201,318	\$ 16,777	\$ 117,436	\$ -	58%	
TOTAL REVENUES	\$ 1,262,318	\$ 106,786	\$ 761,085	\$ 646,159	60%	

540-SOLID WASTE FUND EXPENDITURE SUMMARY	CURRENT BUDGET	CURRENT PERIOD	JAN YTD 2011	JAN YTD 2010	% YTD BUDGET	
PRSNL SERVICES/BENEFITS	\$ 137,218	\$ 5,949	\$ 65,093	\$ 61,238	47%	
PURCHASED/CONTRACTED SVC	\$ 1,121,700	\$ 93,316	\$ 547,015	\$ 633,419	49%	
SUPPLIES	\$ 3,400	\$ -	\$ -	\$ -	0%	
INTERGOVERNMENTAL	\$ -	\$ -	\$ -	\$ -	#DIV/0!	
TOTAL SOLID WASTE COLLECTION	\$ 1,262,318	\$ 99,265	\$ 612,109	\$ 694,657	48%	

REVENUE OVER/(UNDER) EXPENDITURES	\$ -	\$ 7,521	\$ 148,977	\$ (48,498)	0
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Cash Balances:	\$451,762	Run Rate Analysis:	
LESS: Restricted Budgeted Fund Equity	\$201,318	Average YTD Mo. Exp.	\$87,444
Unrestricted Cash Balances	\$250,444	Months of Operating Cash	2.86
LESS: Outstanding P.O.'s	\$0		
Available Cash	\$250,444		

855 - AQUATIC CENTER FINANCIAL SUMMARY	Budget	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	12Mths	YTD Jan-11	YTD Jan-10
REVENUE SUMMARY																
CHARGES FOR SERVICES	402,197	415	336	10,483	97,511	96,665	102,080	42,483	9,797	-	-	378	150	360,298	154,889	128,445
INVESTMENT INCOME	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	222
CONTRIBUTIONS/DONATIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MISCELLANEOUS	2,000	1	1	126	(23)	139	253	14	778	20	-	5	1	1,315	1,070	1,435
OTHER FINANCING SOURCES	6,910	-	-	-	-	-	-	-	-	-	-	-	-	6,910	6,910	9,632
TOTAL REVENUES	413,107	416	337	10,609	97,488	96,804	102,333	42,497	10,575	20	-	383	7,061	368,523	162,869	139,733
EXPENDITURE SUMMARY																
PRSNL SERVICES/BENEFITS	243,507	6,472	12,085	15,272	26,561	44,581	46,388	37,157	22,507	6,926	7,153	7,149	6,387	238,639	133,668	127,953
PURCHASED/CONTRACTED SVC	41,200	3,023	1,818	2,829	2,297	3,240	1,907	988	1,057	738	384	695	5,409	24,384	11,178	18,990
SUPPLIES	128,400	4,863	8,339	7,036	14,233	33,512	11,908	14,945	6,578	5,412	6,199	6,119	5,424	124,567	57,006	65,933
DEPRECIATION/AMORTIZATION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CAPITAL OUTLAY	-	-	-	-	-	4,114	-	-	-	-	-	-	-	-	-	-
TOTAL AQUATIC CENTER	413,107	14,358	22,243	25,136	43,091	85,447	60,203	53,089	30,142	13,076	13,737	13,962	17,240	391,704	201,851	212,876
REVENUE OVER/(UNDER) EXPENDITURES	-	(13,942)	(21,906)	(14,527)	54,397	11,357	42,130	(10,592)	(19,567)	(13,057)	(13,737)	(13,579)	(10,159)	(23,182)	(38,983)	(73,143)

Cash Balances:	-\$18,884	Run Rate Analysis:	
LESS: Restricted Budgeted Pd Equity	\$0	Average YTD Mo. Exp.	\$60,463
Unrestricted Cash Balances	-\$18,884	Months of Operating Cash	(0.37)
LESS: Outstanding P.O.'s	\$0		
Available Cash	-\$18,884		