

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**City of Garden City, Georgia**

**FOR THE FISCAL YEAR ENDED December 31, 2008**

**PREPARED BY  
THE CITY'S FINANCE DEPARTMENT**



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 Comprehensive Annual Financial Report  
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## **INTRODUCTORY SECTION**



May 20, 2009

Mayor  
Members of Council  
Citizens of Garden City

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2008.

Management assumes full responsibility for the completeness and reliability of the information contained within this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the benefits, the objective is to provide a reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Karp, Ronning & Tindol, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Garden City’s financial statements for the fiscal year ended December 31, 2008. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

## **PROFILE OF THE GOVERNMENT**

Located in the heart of Chatham County, Garden City stands apart as one of the leading municipalities in coastal Georgia. Featuring a progressive blend of industry and small business, Garden City boasts a rich history, friendly neighborhoods, vibrant economy and quality services for residents. In addition to being home to the Georgia Ports Authority’s Garden City Terminal, which is the largest single terminal facility in the country, Garden City has the distinction of being the second largest municipality in the State of Georgia with no property taxes.

On February 8, 1939, the residents of Industrial City Gardens, Georgia, were granted a charter of municipal incorporation by the Superior Court of Chatham County. Thus began the story of a town that became what is known today as Garden City. Previous to incorporation, from the time after the Civil War, the area was home to three major plantations: the Brampton, Givens, and Telfair. Early residents of the area were simple farmers and mill workers, many of whom eventually found work in the rapidly growing cotton and shipping industries.

Since its incorporation and until recently, Garden City operated under a Mayor-Council form of government where the Mayor was the designated chief executive of the City and presiding officer of a 7-member City Council that was elected at-large for staggered four year terms. While responsibility for day-to-day operations was delegated to an appointed City Administrator, the Mayor maintained the ultimate authority to hire and fire, prepare and administer the budget and veto acts of the elected body. The City Council maintained responsibility for adopting the budget, passage of resolutions and ordinances, auditing the performance of the government and adoption of general policy positions.

Recent legislation has changed the structure within Garden City to a Council-Manager form of government. This system of government combines the strong political leadership of elected officials with the strong managerial experience of an appointed City Manager, enabling the Mayor and City Council to share legislative functions. The Mayor continues to be recognized as the political head of the City but now becomes a voting member of the City Council. As the governing body of the City, the Council provides legislative direction whereas a City Manager is appointed by the Council to carry out the policies it establishes and is responsible for the administrative operation of the City based on the Council's recommendations. Thus, the Mayor and Council as a collegial body are responsible for setting policy, approving the budget and adopting resolutions and ordinances. The City Manager serves at the pleasure of the Council as their chief advisor and is responsible for preparing the budget, directing day-to-day operations and hiring and firing personnel.

In addition to the change in the form of government, this recent legislation also included the use of a mixed election system and a change in the composition of the City Council. Effective at the close of the next election cycle, the total number of elected officials will be reduced by one so that the City Council will ultimately consist of seven members, one being the Mayor. Five members will be elected from single-member districts with the Mayor and Mayor Pro-Tem being elected at-large. This mixed election system, combining at-large and single-member elections, will blend the city-wide perspective of the at-large council members with the local concerns and accountability of district council members and ensure that all geographic and minority populations continue to be properly represented.

The City of Garden City is also financially accountable for a legal separate tourism board and downtown development authority, both of which are reported separately within the City's financial statements. Additional information of the City's component units can be found in the notes to the financial statements (See Note I.A.).

The annual budget currently serves as the foundation for the City's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Mayor and Council. An annual operating budget is adopted for the general fund and special revenue funds. An annual operating budget is prepared for enterprise funds for planning, control, cost allocation and evaluation purposes. All annual appropriations lapse at the fiscal year end. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

## **ECONOMIC CONDITION AND OUTLOOK**

### **Summary of Local Economy**

The past fiscal year showed signs of slowing economic growth. In Fiscal Year 2008 sales tax revenues declined 9.81%. This decrease in revenue is a significant loss for the City. Sales tax revenue is a major source of income for the City in light of the fact there is not a levy for property taxes. The City also saw a decline in investment income of 47.6%. The City saw an increase of 22.6% in fines and forfeitures. Also there was a modest increase in charges for services and business taxes of 4% and 3.4% respectively.

Employment statistics reported in the 2000 Census showed that Garden City's unemployment rate is 7.6% of the civilian labor force compared to 3.7% for Chatham County. The Georgia Department of Labor indicates that the annualized average unemployment rate for Chatham County for 2007 was 3.8%.

The top employers in Garden City include Georgia Ports Authority, Labor Finders, R B Baker Construction Inc., Mco Transport Inc, Savannah-Chatham School District, Ports America, Bo-Mark Transport Inc., Coating Systems Inc, Glenn Lee Trucking, and National Guard Security Police.

### **Prospects for the Economy**

The City of Garden City recently embarked on an ambitious project to relocate its city center and build a new mixed-use downtown that will be anchored by a New City Hall. The project which recently earned praise from Georgia Governor Sonny Perdue and won a Georgia Planning Association Award, promises to breathe new life into a previously undeveloped area of the City. At build-out, this Town Center will accommodate more than 800,000 square feet of commercial, retail and residential development, increase the City's population base, create new employment opportunities and serve as the new "heart and soul" of the City.

Several arterial corridors that run through Garden City represent additional opportunities for the City to increase its population base, diversity and its economy. These corridors are increasingly utilized by commuters going in and out of the central business district in Savannah and therefore have the potential to capture the commercial benefits from such traffic. Growth potential additionally lies in the unincorporated areas along these corridors and in the region southwest of the City. Annexation into Garden City is likely to be attractive to the residents of these unincorporated areas given the fact that the City levies no property taxes.

### **Long-Term Financial Planning**

Unreserved, undesignated fund balance in the general fund fall within the policy guidelines set by Mayor and Council for budgetary and planning purposes. The City designates a portion of the fund balance in the General Fund of no less than 180 days or 50 percent of the current budget's total General Fund expenditures including interfund transfers and any applicable budget amendments.

### **Relevant Financial Policies**

Adherence to the City's financial planning, revenue, and expenditure policies have allowed the City to maintain general fund unreserved, undesignated fund balance of \$5,127,642. Without additional revenue enhancements the fund balance will be critical to fund the current level of government services in the future.

## OTHER INFORMATION

### Awards and Acknowledgements

The government received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated April 20, 2009. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, and operations guide, and a communications device.

The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the effective and dedicated services of the entire Finance Department staff. These key staff members were critical components in maintaining the City's accounting systems and their contributions were invaluable. We also express appreciation to all City officials and employees who assisted with this report and contributed to the operation of the City during this fiscal year ending December 31, 2008.

Respectfully submitted,



Brian L. Johnson,  
City Manager



Clara Rouse,  
Finance Director

**City of Garden City, Georgia**

**List of Principal Officials**

December 31, 2008

City Hall  
(912) 966-7777  
Fax (912) 966-7792

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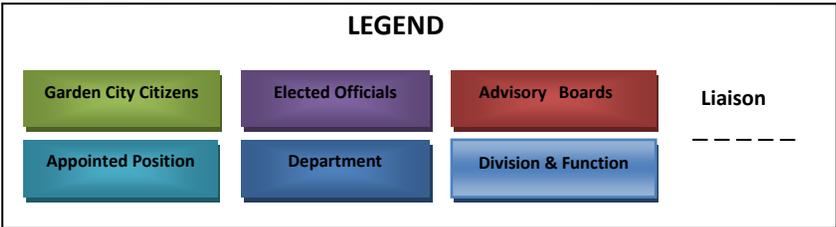
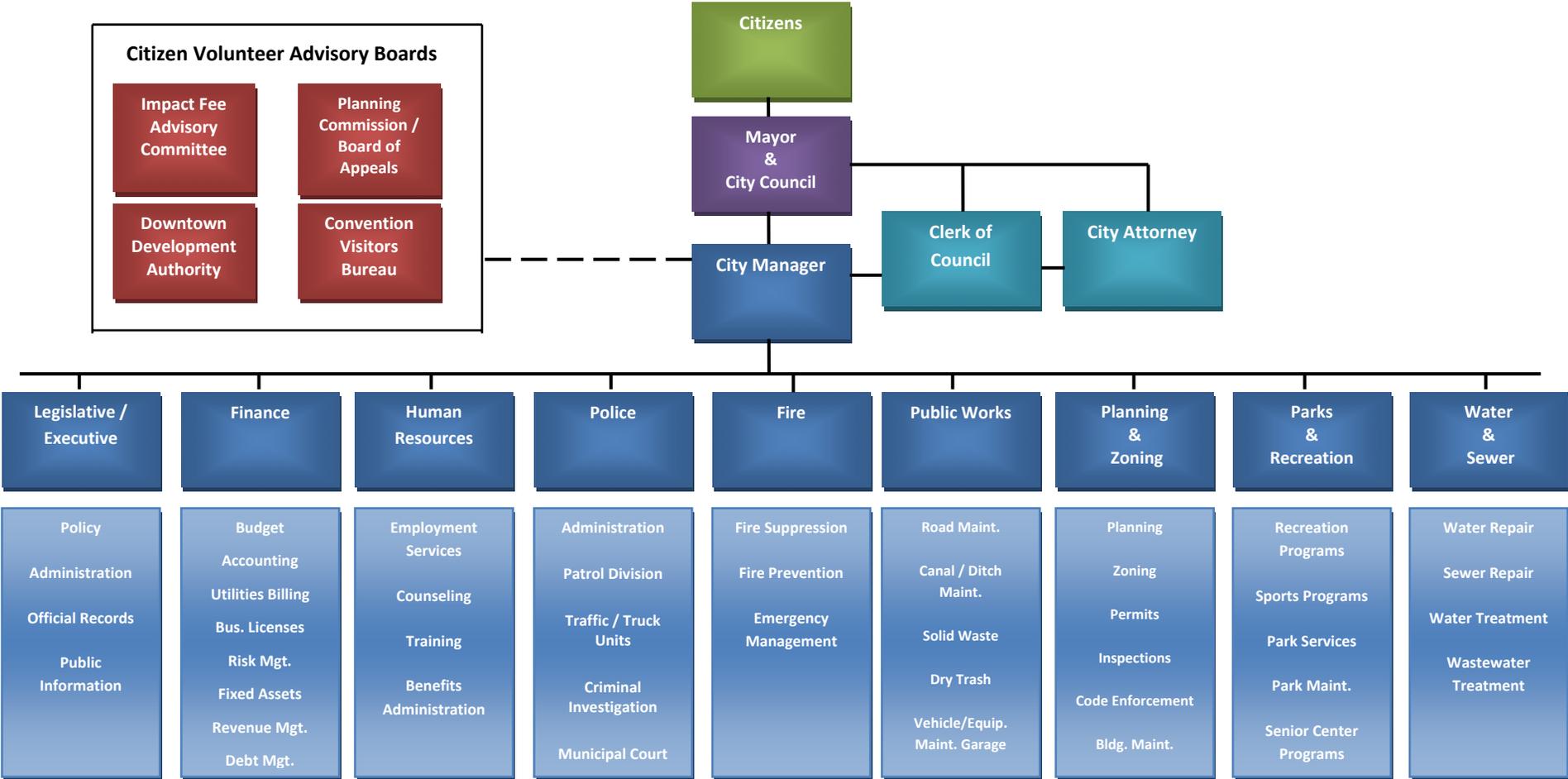
Mayor.....	Anthony Quinney
City Manager.....	Brian Johnson
City Clerk.....	Rhonda Ferrell Bowles
Finance Director.....	Clara Rouse
Chief of Police.....	David Lyons
Chief of Fire.....	Jimmy Crosby
Director of Public Works.....	Thomas Randall Griffin
Director of Human Resources.....	Pamela Franklin
Director of Code Enforcement.....	Nathan Mai Lombardo
Director of Recreation.....	Cliff Ducey
City Attorney.....	Jim Gerard

City Council Members

Tennyson Holder.....	Mayor Pro - Tem
Judy Shuman.....	President of Council
Misty Selph.....	Councilwoman
Gwyn Hall.....	Councilman
Bowen Jones.....	Councilman
Bessie Kicklighter.....	Councilwoman
Durwood Motes.....	Councilman

# CITY OF GARDEN CITY, GEORGIA ORGANIZATION CHART

*By Department / Function*



## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the  
City Council  
City of Garden City, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Garden City, Georgia (the City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof 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 a report dated May 20, 2009, on our consideration of the City's internal control over financial reporting and 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.

### **Required Supplementary Information**

The Management's Discussion and Analysis and the required supplementary information other than Management's Discussion and Analysis beginning on page C- 1 and E -1, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

### **Supplementary Data – Combining Fund Financial Statements and Schedules**

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary data fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

Karp, Ronning & Tindol, P.C.

*Karp, Ronning & Tindol, P.C.*

Savannah, Georgia  
May 20, 2009

## City of Garden City, Georgia

### Management's Discussion and Analysis

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As management of the City of Garden City, Georgia (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2008. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

#### **Financial Highlights**

- The City's assets exceeded its liabilities by \$32,907,313 (net assets) for the calendar year reported. Of this amount, \$14,985,054 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- Capital assets, net of related debt, of \$22,057,748 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of capital assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,863,569, a decrease of \$9,565,471 in comparison with the prior year. Approximately 17.6% of this total amount, or \$1,208,049, is available for spending at the government's discretion (unreserved, undesignated fund balance).

#### **Overview of the Financial Statements**

This annual report consists of four parts – Management's Discussion and Analysis, the basic financial statements, required supplementary information, other supplementary information that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements.

#### Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets, the difference between the City's assets and liabilities, are one way to measure the City's financial health or position.

The government-wide financial statements of the City are divided into two categories:

- Governmental activities – Most of the City's basic services are included here, such as police, fire, public works, court, streets, recreation, parks, and general administration. Sales taxes, franchise taxes, charges for services, and fines and forfeitures provide most of the funding.
- Business-type activities – The City charges fees to customers to help cover the costs of certain services it provides. The City's water and sewer system and solid waste collection are treated as business-type activities.

## City of Garden City, Georgia

### Management's Discussion and Analysis

#### Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. The City Council establishes other funds to control and manage money for particular purposes.

The City has two kinds of funds:

- Governmental funds – Most of the City's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information.

#### Financial Overview

The City has combined net assets of \$32.9 million. Governmental activities comprise \$21.6 million, and business-type activities make up \$11.3 million of the total net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current assets	\$ 9,730,091	\$ 17,569,595	\$ 3,578,270	\$ 3,765,571	\$ 13,308,361	\$ 21,335,166
Capital assets	14,122,610	4,831,997	12,430,917	11,163,147	26,553,527	15,995,144
<b>Total assets</b>	<b>23,852,701</b>	<b>22,401,592</b>	<b>16,009,187</b>	<b>14,928,718</b>	<b>39,861,888</b>	<b>37,330,310</b>
Current liabilities	1,801,312	236,881	564,340	500,852	2,365,652	737,733
Long-term liabilities	440,832	232,057	4,148,091	3,491,960	4,588,923	3,724,017
<b>Total liabilities</b>	<b>2,242,144</b>	<b>468,938</b>	<b>4,712,431</b>	<b>3,992,812</b>	<b>6,954,575</b>	<b>4,461,750</b>
Net assets:						
Invested in capital assets - net of related debt	13,763,772	4,691,714	8,293,976	7,688,460	22,057,748	12,380,174
Restricted	(4,135,489)	1,772,604	-	-	(4,135,489)	1,772,604
Unrestricted	11,982,274	15,468,336	3,002,780	3,247,446	14,985,054	18,715,782
<b>Total net assets</b>	<b>\$ 21,610,557</b>	<b>\$ 21,932,654</b>	<b>\$ 11,296,756</b>	<b>\$ 10,935,906</b>	<b>\$ 32,907,313</b>	<b>\$ 32,868,560</b>

The net assets increased by \$38,752 or 0.1 percent. Governmental activities' net assets decreased by \$322,097 or 1.5 percent, while business-type activities' net assets increased by \$360,849 or 3.3 percent. These changes are slightly lower than last year.

**City of Garden City, Georgia**

Management's Discussion and Analysis

The following table shows the changes in net assets for 2008:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 1,227,074	\$ 1,007,787	\$ 2,967,045	\$ 2,215,695	\$ 4,194,119	\$ 3,223,482
Operating grants and contributions	138,576	66,925	-	-	138,576	66,925
Capital grants and contributions	15,983	63,251	81,741	441,774	97,724	505,025
General Revenue:						
Franchise taxes	884,474	725,939	-	-	884,474	725,939
Sales and use taxes	3,561,264	3,706,815	-	-	3,561,264	3,706,815
Selective sales and use taxes	353,816	400,725	-	-	353,816	400,725
Business taxes	1,031,132	1,009,015	-	-	1,031,132	1,009,015
Other taxes	12,016	4,179	-	-	12,016	4,179
Grants and contributions not restricted to specific programs	258,538	1,038,544	-	-	258,538	1,038,544
Unrestricted investment	360,975	737,279	79,611	160,239	440,586	897,518
Miscellaneous	201,026	125,786	-	-	201,026	125,786
<b>Total revenue</b>	<b>8,044,874</b>	<b>8,886,245</b>	<b>3,128,397</b>	<b>2,817,708</b>	<b>11,173,271</b>	<b>11,703,953</b>
<b>Expenses</b>						
General government	1,229,916	1,035,750	-	-	1,229,916	1,035,750
Judiciary	72,997	71,619	-	-	72,997	71,619
Public safety	3,984,387	3,341,151	-	-	3,984,387	3,341,151
Public works	1,523,871	1,349,616	-	-	1,523,871	1,349,616
Health and welfare	265,131	137,767	-	-	265,131	137,767
Culture and recreation	733,409	743,384	-	-	733,409	743,384
Housing and development	524,466	310,464	-	-	524,466	310,464
Interest on long-term debt	9,181	7,321	-	-	9,181	7,321
Water and sewer	-	-	2,406,423	1,866,494	2,406,423	1,866,494
Sanitation	-	-	384,738	383,870	384,738	383,870
<b>Total expenses</b>	<b>8,343,358</b>	<b>6,997,072</b>	<b>2,791,161</b>	<b>2,250,364</b>	<b>11,134,519</b>	<b>9,247,436</b>
Excess (deficiency) before special item and transfers	(298,484)	1,889,173	337,236	567,344	38,752	2,456,517
Special Item	-	3,184,212	-	-	-	3,184,212
Transfers	(23,613)	(486,703)	23,613	486,703	-	-
Increase in net assets	(322,097)	4,586,682	360,849	1,054,047	38,752	5,640,729
Net assets, beginning, restated	21,932,654	17,345,972	10,935,907	9,881,859	32,868,561	27,227,831
<b>Net assets, ending</b>	<b>\$ 21,610,557</b>	<b>\$ 21,932,654</b>	<b>\$ 11,296,756</b>	<b>\$ 10,935,906</b>	<b>\$ 32,907,313</b>	<b>\$ 32,868,560</b>

**Governmental Activities**

Revenues for governmental activities totaled \$8.0 million in 2008. Sales and use taxes account for \$3.6 million or 44.3 percent of total revenue in 2008, and reported a decrease of \$145,551 compared to 2007. Business taxes, which include the insurance premium tax, accounted for \$1.0 million or 12.8 percent of total revenue in 2008, and reported an increase of \$22,117 or 2.2 percent from 2007. Charges for services generated \$1.2 million or 15.3 percent of total revenue for 2007. Franchise taxes increased \$158,535 or 21.8% compared to 2007. Unrestricted investment earnings decreased approximately \$376,304 or 51.0 percent from 2007. During 2007 management continued to take advantage of favorable interest rates when investing idle cash in the Certificate of Deposit Account Registry Service (CDARS) offered by local banks until rates began to fall.

## City of Garden City, Georgia

### Management's Discussion and Analysis

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#### **Business-type Activities**

The City has two business-type activities. They are the water and sewer operations, and solid waste collection services. Revenues for business-type activities were \$3.1 million. The City operates a wastewater treatment plant which not only serves the City, but also local industry through contracts. City customers are billed monthly for water and sewer service based on water consumption. The City contracts with a third party service provider for the collection of solid waste. City customers are billed monthly for solid waste collection services.

#### **Financial Analysis of City Funds**

##### General Fund

The general fund is the chief operating fund of the City. At year-end, the total fund balance in the general fund was \$10,783,162. The total amount of unreserved, undesignated fund balance for the general fund is \$5,127,642.

One measure of the general fund's liquidity is to compare its unreserved fund balance and total fund balance to total expenditures. Unreserved, undesignated fund balance and total fund balance represents 67.4 and 141.9 percent of total general fund expenditures respectively.

The fund balance of the general fund decreased \$3.6 million during 2008. Key reasons for this decrease are as follows:

- Taxes were down approximately \$385,836 (6.35%) under 2007 which is indicative of the current economy.
- Investment earnings decreased \$376,304 (51.1%) under 2007. The decrease is in large part because of the continual drop in the rate of return earned on investment. Interest rates have steadily declined during the year.
- A general fund transfer of \$3,500,000 was moved to the SPLOST Fund to cover amounts expended for the construction of a new City Hall. This City Hall construction project was necessitated by the sale of the current City Hall to the Georgia Ports Authority, which as the fourth largest and fastest growing container port in the country, had purchased the current City Hall property as part of their expansion efforts. As such, the transfer of \$3,500,000 reflects a reduction in savings which subsequently reflects a decrease in the City's fund balance.

##### Capital Projects Fund

The capital projects fund balance at December 31, 2008 is (\$4,135,489). The fund balance decreased by \$5.9 million as a result of monies spent to cover a major capital project for the City. Loan proceeds and general fund resources will be used, in subsequent fiscal years, to complete the construction of the new City Hall facility. In keeping with the purpose of having a Capital Projects fund, monies are being used for Special Purpose Local Option Sales Tax (SPLOST) projects.

##### Proprietary Fund

Proprietary fund statements provide the same information as in the business-type activities column of the government-wide financial statements, only in greater detail. The City uses two enterprise funds at this time in the proprietary fund financial statements, the water and sewer fund and the solid waste fund. An enterprise fund is required to account for the operations for which a fee is charged to external users for goods or services. At year-end, total net assets of the water and sewer fund and solid waste fund amounted to \$11,296,756 as compared to \$10,935,907 at December 31, 2007. The water and sewer fund experienced a positive change in net assets and operating income increased as a result an increase in the number of customers serviced and a rate increase.

## City of Garden City, Georgia

### Management's Discussion and Analysis

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#### **Capital Assets**

Statement of net assets presents capital assets in two groups: those assets subject to depreciation, such as equipment or operational facilities and those assets not subject to depreciation such as land and construction in progress. At year-end the City's net capital assets for both governmental activities and business-type activities totaled \$26.6 million. Capital assets include assets purchased, constructed or donated.

Additional information on the City's capital assets can be found in Note III.C beginning on page D-18.

#### **Debt Administration**

The long-term liabilities at December 31, 2008 totaled \$4,588,923. Of this amount \$440,832 relates to governmental type activities and \$4,148,091 relates to business-type activities. The City entered into a new capital lease agreement, in the amount of \$361,318, to finance the purchase of new public works equipment. The City also received \$887,983 in GEFA loan proceeds for the purpose of completing improvements to water and wastewater infrastructure.

Additional information on the City's debt can be found in Notes III.E. and F. beginning on page D-20.

#### **General Fund Budgetary Highlights**

The City approved several supplemental appropriations during the fiscal year, totaling \$4,269,552. The most significant supplemental appropriation was due to the transfer of \$3,500,000 to the SPLOST Fund for the construction of the new city hall facility. Other supplemental appropriations were individually insignificant and made throughout the course of the fiscal year.

The increase was possible because of an anticipated increase in general fund revenues. However, general fund revenues were \$296,974 under budgeted. Actual tax revenues were \$141,268 less than the budgeted amount, because of decreases in local option sales taxes and the lack of consumer spending. Expenditures, before transfers, were \$222,010 over budgeted; because of many insignificant reasons including anticipates increased payroll costs and general departmental operating expenditures.

#### **Current Economic Conditions, Next Year's Budget**

The City adopted a general fund budget of \$7,874,815 for calendar year 2009. Increased wage and cost-of-living adjustments have been factored into the budget and the Mayor and Council have set aside a contingency to cover any unforeseen expenditures that may arise during the year. The City will continue to review opportunities throughout the year to decrease expenditures by using its assets more efficiently and effectively.

While 2009 Local Option Sales Tax (LOST) revenue is projected to be significantly diminished throughout the County, strong port-related activity should insulate the City specifically from realizing such significant sales tax revenue reductions. Additionally, the City has and is preparing to take steps to ensure that enough revenue sources are available to cover the necessary expenditures. These steps include:

The City increased the water and sewer utility rates at the beginning of 2008 in order to absorb the increased cost of repairs, maintenance and regulatory compliance.

The City plans to adopt a Stormwater User Fee in early 2009 which will provide an additional funding source for drainage related operations and capital improvements.

The City plans to adopt public safety and utility Impact Fees in early 2009 which will ensure that new development pays its fair share of the subsequent increased service delivery demands it places on the City.

The City is considering a solid waste rate increase in order to better subsidize the increased cost of dry-trash collection.

## City of Garden City, Georgia

### Management's Discussion and Analysis

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The City is considering the adoption of a Fire Protection Fee in order to provide additional funding and resultantly enhanced fire protection services.

#### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Clara Rouse, Director of Finance at: City of Garden City, 100 Main Street, Garden City, Georgia 31408.

## **BASIC FINANCIAL STATEMENTS**



# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**City of Garden City, Georgia**

Statement of Net Assets

December 31, 2008

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 4,703,224	\$ 2,278,487	\$ 6,981,711
Investments.....	1,825,176	724,016	2,549,192
Receivables.....	1,538,077	446,340	1,984,417
Internal balances.....	1,003,385	(1,003,385)	-
Prepaid.....	75,939	17,758	93,697
Restricted assets			
Cash and cash equivalents.....	584,290	1,115,054	1,699,344
Capital assets			
Land, improvements, and construction in progress.....	10,408,383	3,048,339	13,456,722
Other capital assets, net of depreciation.....	3,714,227	9,382,578	13,096,805
Total assets.....	<u>23,852,701</u>	<u>16,009,187</u>	<u>39,861,888</u>
<b>LIABILITIES</b>			
Accounts payable.....	1,302,381	161,149	1,463,530
Retainage payable.....	333,560	113,013	446,573
Accrued interest.....	-	35,737	35,737
Other liabilities.....	165,371	254,381	419,752
Unearned revenue.....	-	60	60
Long-term liabilities:			
Due within one year.....	133,799	233,984	367,783
Due in more than one year.....	307,033	3,914,107	4,221,140
Total liabilities.....	<u>2,242,144</u>	<u>4,712,431</u>	<u>6,954,575</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	13,763,772	8,293,976	22,057,748
Restricted for			
Capital projects.....	(4,135,489)	-	(4,135,489)
Unrestricted.....	11,982,274	3,002,780	14,985,054
Total net assets.....	<u>\$ 21,610,557</u>	<u>\$ 11,296,756</u>	<u>\$ 32,907,313</u>

**City of Garden City, Georgia**

Statement of Activities

For the Year Ended December 31, 2008

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities:				
General government.....	\$ 1,229,916	\$ 286,287	\$ -	\$ -
Judiciary.....	72,997	-	-	-
Public safety.....	3,984,387	765,113	138,576	13,681
Public works.....	1,523,871	600	-	-
Health and welfare.....	265,131	-	-	-
Culture and recreation.....	733,409	89,426	-	2,302
Housing and development.....	524,466	85,648	-	-
Interest on long-term debt.....	9,181	-	-	-
Total governmental activities.....	<u>8,343,358</u>	<u>1,227,074</u>	<u>138,576</u>	<u>15,983</u>
Business-type activities:				
Water and Sewer.....	2,406,423	2,633,654	-	81,741
Sanitation.....	384,738	333,391	-	-
Total business-type activities	<u>2,791,161</u>	<u>2,967,045</u>	<u>-</u>	<u>81,741</u>
Total.....	<u>\$ 11,134,519</u>	<u>\$ 4,194,119</u>	<u>\$ 138,576</u>	<u>\$ 97,724</u>
General revenues:				
Taxes:				
Franchise taxes.....				
General sales and use taxes.....				
Selective sales and use taxes.....				
Business taxes.....				
Other taxes.....				
Grants and contributions not restricted to specific programs.....				
Unrestricted investment earnings.....				
Miscellaneous.....				
Transfers.....				
Total general revenues and transfers.....				
Change in net assets.....				
Net assets - beginning.....				
Net assets - ending.....				

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**Net (Expense) Revenue and  
Changes in Net Assets**

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<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
\$ (943,629)		\$ (943,629)
(72,997)		(72,997)
(3,067,017)		(3,067,017)
(1,523,271)		(1,523,271)
(265,131)		(265,131)
(641,681)		(641,681)
(438,818)		(438,818)
(9,181)		(9,181)
(6,961,725)		(6,961,725)
-	\$ 308,972	308,972
-	(51,347)	(51,347)
-	257,625	257,625
(6,961,725)	257,625	(6,704,100)
884,474	-	884,474
3,561,264	-	3,561,264
353,816	-	353,816
1,031,132	-	1,031,132
12,016	-	12,016
258,538	-	258,538
360,975	79,611	440,586
201,026	-	201,026
(23,613)	23,613	-
6,639,628	103,224	6,742,852
(322,097)	360,849	38,752
21,932,654	10,935,907	32,868,561
\$ 21,610,557	\$ 11,296,756	\$ 32,907,313



## **FUND FINANCIAL STATEMENTS**



**City of Garden City, Georgia**

Governmental Funds

Balance Sheet

December 31, 2008

	<u>General</u>	<u>Special Purpose Local Option Sales Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents.....	\$ 4,382,080	\$ -	\$ 321,144	\$ 4,703,224
Investments.....	1,825,176	-	-	1,825,176
Receivables.....	1,525,909	-	12,168	1,538,077
Due from other funds.....	4,527,325	44,789	44,530	4,616,644
Prepaid items.....	75,939	-	-	75,939
Restricted cash and cash equivalents.....	31,255	553,035	-	584,290
<b>Total assets.....</b>	<b><u>\$ 12,367,684</u></b>	<b><u>\$ 597,824</u></b>	<b><u>\$ 377,842</u></b>	<b><u>\$ 13,343,350</u></b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable.....	\$ 129,589	\$ 1,169,628	\$ 3,164	\$ 1,302,381
Other accrued payables.....	165,371	-	-	165,371
Retainage payable.....	-	333,560	-	333,560
Due to other funds.....	224,352	3,230,125	158,782	3,613,259
Deferred revenue.....	1,065,210	-	-	1,065,210
<b>Total liabilities.....</b>	<b><u>1,584,522</u></b>	<b><u>4,733,313</u></b>	<b><u>161,946</u></b>	<b><u>6,479,781</u></b>
<b>Fund equity</b>				
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Prepaid items.....	75,939	-	-	75,939
Public safety.....	31,255	-	-	31,255
Unreserved, designated - rainy day funds.....	5,548,326	-	-	5,548,326
<b>Unreserved, undesignated reported in:</b>				
General fund.....	5,127,642	-	-	5,127,642
Capital projects funds.....	-	(4,135,489)	-	(4,135,489)
Special revenue funds.....	-	-	215,896	215,896
<b>Total fund balances.....</b>	<b><u>10,783,162</u></b>	<b><u>(4,135,489)</u></b>	<b><u>215,896</u></b>	<b><u>6,863,569</u></b>
<b>Total liabilities and fund balances.....</b>	<b><u>\$ 12,367,684</u></b>	<b><u>\$ 597,824</u></b>	<b><u>\$ 377,842</u></b>	<b><u>\$ 13,343,350</u></b>

**City of Garden City, Georgia**

Reconciliation of Total Governmental Fund Balances

To Net Assets of Governmental Activities

December 31, 2008

Total Governmental Fund Balances.....		\$ 6,863,569
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets.....	\$ 19,307,322	
Less: accumulated depreciation.....	<u>(5,184,712)</u>	14,122,610
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds balance sheet.		
Sales taxes.....	344,503	
Franchise taxes.....	<u>720,707</u>	1,065,210
Long-term and related liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.		
Capital leases.....	(358,838)	
Compensated absences.....	<u>(81,994)</u>	<u>(440,832)</u>
Net Assets of Governmental Activities.....		<u><u>\$ 21,610,557</u></u>

**City of Garden City, Georgia**

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended December 31, 2008

	General	Special Purpose Local Option Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes.....	\$ 5,504,788	\$ -	\$ 176,378	\$ 5,681,166
Licenses and permits.....	371,935	-	-	371,935
Intergovernmental.....	138,576	274,521	-	413,097
Charges for services.....	111,948	-	-	111,948
Fines and forfeitures.....	729,075	-	14,116	743,191
Investment earnings.....	318,867	35,435	6,673	360,975
Miscellaneous.....	236,499	-	2,185	238,684
<b>Total revenues.....</b>	<b>7,411,688</b>	<b>309,956</b>	<b>199,352</b>	<b>7,920,996</b>
<b>Expenditures</b>				
<b>Current</b>				
General government.....	1,143,014	-	115,791	1,258,805
Judicial.....	72,997	-	-	72,997
Public safety.....	3,614,745	-	21,697	3,636,442
Public works.....	1,314,486	-	-	1,314,486
Health and welfare.....	148,852	-	-	148,852
Culture and recreation.....	733,409	-	-	733,409
Housing and development.....	490,968	-	4,875	495,843
Capital Outlay.....	-	9,910,821	-	9,910,821
<b>Debt Service</b>				
Principal.....	6,889	135,874	-	142,763
Interest.....	122	9,059	-	9,181
<b>Intergovernmental:</b>				
Assistance.....	71,170	-	29,403	100,573
<b>Total expenditures.....</b>	<b>7,596,652</b>	<b>10,055,754</b>	<b>171,766</b>	<b>17,824,172</b>
Excess (deficiency) of revenues over (under) expenditures.....	(184,964)	(9,745,798)	27,586	(9,903,176)
<b>Other financing sources (uses)</b>				
Transfers in.....	88,189	3,500,000	58,786	3,646,975
Transfers out.....	(3,500,000)	(23,613)	(146,975)	(3,670,588)
Proceeds from capital leases.....	-	361,318	-	361,318
<b>Total other financing sources (uses)</b>	<b>(3,411,811)</b>	<b>3,837,705</b>	<b>(88,189)</b>	<b>337,705</b>
<b>Net Changes in fund balances.....</b>	<b>(3,596,775)</b>	<b>(5,908,093)</b>	<b>(60,603)</b>	<b>(9,565,471)</b>
Fund balances at beginning of year.....	14,379,937	1,772,604	276,499	16,429,040
<b>Fund balances at end of year.....</b>	<b>\$ 10,783,162</b>	<b>\$ (4,135,489)</b>	<b>\$ 215,896</b>	<b>\$ 6,863,569</b>

**City of Garden City, Georgia**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund

Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2008

Net change in Fund Balances - Total Governmental Funds.....		\$ (9,565,471)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:</p>		
Capital outlays.....	\$ 9,906,046	
Depreciation expense.....	<u>(577,776)</u>	9,328,270
<p>The net effect of various miscellaneous transactions involving capital assets is to decrease net assets.....</p>		
		(37,657)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
<p>    Sales taxes and franchise taxes:</p>		
Deferred at 12/31/08.....	1,065,210	
Deferred at 12/31/07.....	<u>(903,674)</u>	161,536
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
School building credits.....	(361,318)	
Capital leases.....	<u>142,763</u>	(218,555)
<p>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.</p>		
Compensated absences at 12/31/08.....	(81,994)	
Compensated absences at 12/31/07.....	<u>91,774</u>	9,780
Change in Net Assets of Governmental Activities.....		<u><u>\$ (322,097)</u></u>

**City of Garden City, Georgia**

Proprietary Funds

Statement of Net Assets

December 31, 2008

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Non-major Solid Waste Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents.....	\$ 2,278,487	\$ -	\$ 2,278,487
Investments.....	724,016	-	724,016
Receivables (net of allowance).....	446,340	-	446,340
Due from other funds.....	110,249	287,900	398,149
Other assets.....	17,758	-	17,758
Restricted cash and cash equivalents.....	1,094,960	20,094	1,115,054
<b>Total current assets.....</b>	<b>4,671,810</b>	<b>307,994</b>	<b>4,979,804</b>
Noncurrent assets:			
Capital assets:			
Land.....	7,750	-	7,750
Depreciable capital assets.....	18,762,940	-	18,762,940
Construction in progress.....	3,040,589	-	3,040,589
Less accumulated depreciation.....	(9,380,362)	-	(9,380,362)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>12,430,917</b>	<b>-</b>	<b>12,430,917</b>
<b>Total noncurrent assets.....</b>	<b>12,430,917</b>	<b>-</b>	<b>12,430,917</b>
<b>Total assets.....</b>	<b>17,102,727</b>	<b>307,994</b>	<b>17,410,721</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable.....	159,258	1,891	161,149
Other accrued payables.....	10,303	-	10,303
Retainage payable.....	113,013	-	113,013
Due to other funds.....	1,063,873	337,661	1,401,534
Accrued interest.....	35,737	-	35,737
Deferred revenue.....	60	-	60
Notes payable.....	233,984	-	233,984
Current liabilities payable from restricted assets:			
Customer deposits payable.....	224,333	19,745	244,078
<b>Total current liabilities.....</b>	<b>1,840,561</b>	<b>359,297</b>	<b>2,199,858</b>
Noncurrent liabilities:			
Compensated absences.....	11,150	-	11,150
Notes payable.....	3,902,957	-	3,902,957
<b>Total noncurrent liabilities.....</b>	<b>3,914,107</b>	<b>-</b>	<b>3,914,107</b>
<b>Total liabilities.....</b>	<b>5,754,668</b>	<b>359,297</b>	<b>6,113,965</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	8,293,976	-	8,293,976
Unrestricted.....	3,054,083	(51,303)	3,002,780
<b>Total net assets.....</b>	<b>\$ 11,348,059</b>	<b>\$ (51,303)</b>	<b>\$ 11,296,756</b>

**City of Garden City, Georgia**

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Assets

For the Year Ended December 31, 2008

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Non-major Solid Waste Fund	Total
Operating revenues			
Charges for services.....	\$ 2,461,719	\$ 333,193	\$ 2,794,912
Other income.....	171,935	198	172,133
Total operating revenues.....	<u>2,633,654</u>	<u>333,391</u>	<u>2,967,045</u>
Operating expenses			
Personnel services.....	656,084	-	656,084
Purchased and contractual services.....	675,499	384,631	1,060,130
Materials and supplies.....	287,352	107	287,459
Depreciation.....	640,377	-	640,377
Total operating expenses.....	<u>2,259,312</u>	<u>384,738</u>	<u>2,644,050</u>
Operating income (loss).....	<u>374,342</u>	<u>(51,347)</u>	<u>322,995</u>
Nonoperating revenues (expenses)			
Intergovernmental .....	68,041	-	68,041
Investment earnings.....	79,567	44	79,611
Interest expense.....	(147,111)	-	(147,111)
Total nonoperating revenues (expenses).....	<u>497</u>	<u>44</u>	<u>541</u>
Income before capital contributions and transfers.....	374,839	(51,303)	323,536
Capital contributions.....	13,700	-	13,700
Transfers in.....	23,613	-	23,613
Change in net assets.....	412,152	(51,303)	360,849
Net assets, beginning of year.....	10,935,907	-	10,935,907
Net assets, end of year.....	<u>\$ 11,348,059</u>	<u>\$ (51,303)</u>	<u>\$ 11,296,756</u>

**City of Garden City, Georgia**

Proprietary Funds

Statement of Cash Flows

For the Year Ended December 31, 2008

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Non-major Solid Waste Fund	Total
Cash flows from operating activities:			
Cash received from customers.....	\$ 2,844,514	\$ 333,391	\$ 3,177,905
Cash payments to suppliers for goods and services.....	(993,233)	(408,481)	(1,401,714)
Cash payments to employees for services.....	(656,084)	-	(656,084)
Net cash provided (used) by operating activities.....	<u>1,195,197</u>	<u>(75,090)</u>	<u>1,120,107</u>
Cash flows from noncapital financing activities:			
Interfund transfers in (out).....	23,613	-	23,613
Interfund borrowings (repayments).....	728,563	75,492	804,055
Net cash provided (used) by noncapital financing activities.....	<u>752,176</u>	<u>75,492</u>	<u>827,668</u>
Cash flows from capital and related financing activities:			
Capital contributions.....	13,700	-	13,700
Intergovernmental revenue.....	68,041	-	68,041
Acquisitions and construction of capital assets.....	(1,908,147)	-	(1,908,147)
GEFA loan proceeds.....	887,983	-	887,983
Principal payments on debt.....	(225,729)	-	(225,729)
Interest payments on debt.....	(132,173)	-	(132,173)
Net cash (used) by capital and related financing activities.....	<u>(1,296,325)</u>	<u>-</u>	<u>(1,296,325)</u>
Cash flows from investing activities:			
Interest earned on cash and investments.....	79,567	44	79,611
Purchase of investments.....	(17,803)	-	(17,803)
Net cash provided (used) by investing activities.....	<u>79,567</u>	<u>44</u>	<u>79,611</u>
Net increase (decrease) in cash and cash equivalents.....	<u>712,812</u>	<u>446</u>	<u>713,258</u>
Cash and cash equivalents, beginning of year.....	<u>2,660,635</u>	<u>19,648</u>	<u>2,680,283</u>
Cash and cash equivalents, end of year.....	<u>\$ 3,373,447</u>	<u>\$ 20,094</u>	<u>\$ 3,393,541</u>
Operating income (loss).....	<u>\$ 374,342</u>	<u>\$ (51,347)</u>	<u>\$ 322,995</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation.....	640,377	-	640,377
Change in assets and liabilities:			
Decrease (increase) in accounts receivables.....	114,307	-	114,307
(Decrease) Increase in accounts payable and accrued liabilities.....	(30,382)	(23,743)	(54,125)
(Decrease) increase in customer deposits.....	96,553	-	96,553
Total adjustments.....	<u>820,855</u>	<u>(23,743)</u>	<u>797,112</u>
Net cash provided (used) by operating activities.....	<u>\$ 1,195,197</u>	<u>\$ (75,090)</u>	<u>\$ 1,120,107</u>



## **NOTES TO THE FINANCIAL STATEMENTS**



## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Reporting Entity**

The City of Garden City, Georgia was organized in 1930. The City operates under a council-administrator form of government and provides the following services as authorized by its charter: general administrative services, public safety (police and fire), highways and streets, sanitation, culture and recreation, public improvements, and planning and zoning.

GASB Statement No. 14 defines the reporting entity for determining which potential component units should be included in a primary government's financial statements. Inclusion is based on financial accountability or the fact that exclusion would make the financial statements misleading or incomplete. The criteria for determining financial accountability includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose financial burdens on the City.

#### **Blended Component Unit**

Blended components units are separate legal entities that meet the component criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides service entirely to the City or exclusively for the benefit of the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City has one blended component unit, the Garden City Tourism Board.

The Garden City Tourism Board has been included as a component unit of the City. The governing body of the Board is appointed by the City Council. Although it is legally separate from the city, the authority is reported as if it were part of the primary government because its sole purpose is to promote tourism within Garden City. The Garden City Tourism Board does not issue separate financial statements.

#### **Discretely Presented Component Unit**

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The Downtown Development Authority for the City of Garden City is the City's only discretely presented component unit. The Authority has a calendar year end. At the time the Authority has no significant activity or assets and is in a dormant status.

#### **Membership in a Regional Development Center**

Under Georgia law, the City is a member of the Coastal Georgia Regional Development Center and is required to pay annual dues thereto. During the year ended December 31, 2008, the City paid \$14,308 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC 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 an RDC. Separate financial statements may be obtained from Coastal Georgia Regional Development Center, P.O. Box 1917, Brunswick, Georgia 31521.

### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (*continued*)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. 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 properly included among 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 Financial Statement 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both measurable and available to finance expenditures of the current period. 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 30 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, occupational taxes and interest associated with the current period are all considered to be susceptible to accrual and have so been recognized as revenues of the current period. All other revenues 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 City, except for those required to be accounted for in another fund.

*The Special Purpose Local Option Sales Tax (SPLOST) capital projects fund* accounts for the receipt and use of local government shared revenues (SPLOST proceeds) to be used for the acquisition, construction, or improvement of capital facilities approved in the City's intergovernmental agreement with Chatham County, Georgia.

The City reports the following major proprietary fund:

*The Water and Sewer enterprise fund* operates the sewage treatment plant, sewage pumping stations and collection systems, and the distribution of water. The operations of this fund are financed and operated in a manner similar to private business.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Additionally, the City reports the following fund types:

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

*Capital project funds* account for the receipt and use of resources to be used for the acquisition, construction, or improvements of capital facilities (other than those financed by proprietary funds).

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 the same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported on nonoperating revenues and expenses.

**D. Assets, Liabilities and Equity**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the United States Government and agencies of corporations of the United States Government; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers acceptances; repurchase agreements; and Georgia Fund I. Georgia Fund I is managed by the State of Georgia's Office of Treasury and Fiscal Services under Georgia Law (OCGA 36-83-8). The pool operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The fair value of the City's position in the pool is the same as the value of pool shares (\$1 per share value). As a public fund, Georgia Fund 1 is exempt from any disclosure of custodial credit risk.

All investments are stated at fair value.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the 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). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Trade receivables are shown net of an allowance for doubtful accounts. The water and sewer fund allowance for doubtful accounts was \$15,136 at December 31, 2008.

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Restricted Assets**

Certain assets of the General Fund and the Enterprise Fund are classified as restricted assets because their use is limited by third party restrictions. When both restricted and non-restricted assets are available for use, it is the City’s policy to use restricted resources first, then non-restricted resources, as they are needed.

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. General infrastructure assets acquired prior to January 1, 2004 are not reported in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental fund financial statements. All capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized in the proprietary fund as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings.....	30
Utility plant in service.....	30
Machinery and equipment.....	5 - 10
Infrastructure.....	30

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**6. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**7. Long-term Obligation**

In the government-wide financial statements and proprietary 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 issuance costs are amortized over the life of the bonds using the straight-line method.

**8. Net Assets and Fund Equity**

In the government-wide financial statements and proprietary funds financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal of related debt. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments). All other net assets are considered unrestricted.

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. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

**9. Interfund Transactions**

Interfund transactions are reflected as loans, are for services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

**10. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Actual results may differ from these estimates.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Balance**

The City is in the process of constructing a new town center, which includes a new City Hall facility. This construction effort was originally approved to be funded partially with SPLOST proceeds, with additional funding provided by various loans, notes payables, and general fund resources. Therefore, all construction costs are recorded as expenditures within the SPLOST Fund, including interfund payables and transfers from the General Fund. As a result, the SPLOST Fund displays deficit fund equity of \$4,135,489. The City plans to eliminate this deficit by obtaining long-term debt proceeds within the subsequent fiscal year.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Deposits:*

At year end the carrying amount of the City's cash-on-hand and deposits with financial institutions was \$8,681,055 and the bank balance was \$8,934,972. The bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

*Custodial credit risk* is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. The Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by a surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of depository insurance. The City has no custodial credit risk policy that would require additional collateral requirements.

*Investments:*

In its investment of public funds, the City follows state statutes and adopted investment policies. As of December 31, 2008 the investments of the City were:

Investment	Average Credit Rating	Fair Value	Maturities in Years
Georgia Fund 1	Aaa	\$ 2,549,192	less than 1 year

Deposit and investment transactions are subject to a variety of risks. The City seeks to promote the safety of principal, provide adequate liquidity for operational needs, earn market rates of return on investments consistent with liquidity needs and investment quality, and conform to legal requirements.

*Interest rate risk* is the risk that changes in interest rates that will adversely affect the value of an investment. The City does not have a policy that addresses this risk.

*Credit risk* is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The City does not have a policy that addresses this risk.

**City of Garden City, Georgia**  
Notes to the Basic Financial Statements

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**III. DETAILED NOTES ON ALL FUNDS (continued)**

A reconciliation of cash and investments as shown on the government-wide Statement of Net Assets follows:

**Basic Financial Statements:**

Cash and cash equivalents.....	\$ 6,981,711
Investments.....	2,549,192
Cash and cash equivalents - restricted.....	1,699,344
Total cash and investments.....	<u>\$ 11,230,247</u>

**Notes to Financial Statements:**

Deposits with financial institutions.....	\$ 8,679,901
Investments.....	2,549,192
Cash on hand.....	1,154
Total cash and investments.....	<u>\$ 11,230,247</u>

**B. Receivables**

Receivables as of yearend, including the applicable allowances for uncollectible accounts are as follows:

Receivable	General	Nonmajor Governmental Funds	Water and Sewer Fund	Total
Taxes.....	\$ 1,326,445	\$ 12,168	\$ -	\$ 1,338,613
Accounts.....	174,462	-	461,476	635,938
Intergovernmental.....	19,497	-	-	19,497
Other.....	5,505	-	-	5,505
Gross receivables.....	1,525,909	12,168	461,476	1,999,553
Less: allowance for doubtful accounts.....	-	-	(15,136)	(15,136)
Net total receivables.....	<u>\$ 1,525,909</u>	<u>\$ 12,168</u>	<u>\$ 446,340</u>	<u>\$ 1,984,417</u>

Substantially all receivables are expected to be collected within one year.

**City of Garden City, Georgia**  
Notes to the Basic Financial Statements

**III. DETAILED NOTES ON ALL FUNDS (continued)**

**C. Capital Assets**

Capital asset activity for governmental activities for the year ended December 31, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Government Activities</b>				
Capital assets, not being depreciated				
Land.....	\$ 898,326	\$ -	\$ -	\$ 898,326
Construction in progress.....	551,580	9,054,667	96,190	9,510,057
Total capital assets not being depreciated.....	<u>1,449,906</u>	<u>9,054,667</u>	<u>96,190</u>	<u>10,408,383</u>
Capital assets, being depreciated				
Buildings.....	2,475,140	150,528	-	2,625,668
Machinery and equipment.....	4,559,839	797,041	368,142	4,988,738
Infrastructure.....	1,284,533	-	-	1,284,533
Total capital assets, being depreciated.....	<u>8,319,512</u>	<u>947,569</u>	<u>368,142</u>	<u>8,898,939</u>
Less accumulated depreciation for:				
Buildings.....	(1,815,377)	(83,304)	-	(1,898,681)
Machinery and equipment.....	(2,997,782)	(451,654)	(330,485)	(3,118,951)
Infrastructure.....	(124,262)	(42,818)	-	(167,080)
Total accumulated depreciation.....	<u>(4,937,421)</u>	<u>(577,776)</u>	<u>(330,485)</u>	<u>(5,184,712)</u>
Total capital assets, being depreciated, net.....	<u>3,382,091</u>	<u>369,793</u>	<u>37,657</u>	<u>3,714,227</u>
Total governmental activities.....	<u>\$ 4,831,997</u>	<u>\$ 9,424,460</u>	<u>\$ 133,847</u>	<u>\$ 14,122,610</u>

Depreciation expense for governmental activities is charged to functions as follows:

General government.....	\$ 35,197
Public Safety.....	281,515
Public Works.....	144,785
Recreation.....	116,279
Total depreciation for governmental activities	<u>\$ 577,776</u>

**City of Garden City, Georgia**  
Notes to the Basic Financial Statements

**III. DETAILED NOTES ON ALL FUNDS (continued)**

Capital asset activity for business-type activities for the year ended December 31, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital assets, not being depreciated				
Land.....	\$ 7,750	\$ -	\$ -	\$ 7,750
Construction in progress.....	1,218,988	1,821,601	-	3,040,589
Total capital assets not being depreciated.....	<u>1,226,738</u>	<u>1,821,601</u>	<u>-</u>	<u>3,048,339</u>
Capital assets, being depreciated				
Utility plant in service.....	17,391,496	-	-	17,391,496
Other equipment.....	1,284,898	86,546	-	1,371,444
Total capital assets, being depreciated.....	<u>18,676,394</u>	<u>86,546</u>	<u>-</u>	<u>18,762,940</u>
Less accumulated depreciation for:				
Utility plant in service.....	(8,090,625)	(535,837)	-	(8,626,462)
Other equipment.....	(649,360)	(104,540)	-	(753,900)
Total accumulated depreciation.....	<u>(8,739,985)</u>	<u>(640,377)</u>	<u>-</u>	<u>(9,380,362)</u>
Total capital assets, being depreciated, net.....	<u>9,936,409</u>	<u>(553,831)</u>	<u>-</u>	<u>9,382,578</u>
Total business-type activities.....	<u>\$ 11,163,147</u>	<u>\$ 1,267,770</u>	<u>\$ -</u>	<u>\$ 12,430,917</u>

**D. Interfund Receivables and Payables**

The composition of interfund balances as of December 31, 2008, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 807,083
	SPLOST Capital Projects Fund	3,230,125
	Nonmajor governmental fund	152,456
	Nonmajor enterprise fund	337,661
		<u>4,527,325</u>
SPLOST Capital Projects Fund	Water and Sewer Fund	44,789
Nonmajor governmental fund	General Fund	38,204
	Nonmajor governmental fund	6,326
		<u>44,530</u>
Water and Sewer Fund	General Fund	110,249
Nonmajor enterprise fund	Water and Sewer Fund	212,001
	General Fund	75,899
		<u>287,900</u>
	Totals	<u>\$ 5,014,793</u>

**City of Garden City, Georgia**  
Notes to the Basic Financial Statements

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**III. DETAILED NOTES ON ALL FUNDS (continued)**

***Due To/From Other Funds***

These balances resulted from the time lag between the dates that 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.

***Interfund Transfers***

	<b>Transfers Out</b>			
	Governmental Fund Type			Total
	General Fund	SPLOST Capital Projects Fund	Nonmajor Funds	
<b>Transfers In:</b>				
Governmental Fund Type				
General Fund.....	\$ -	\$ -	\$ 88,189	\$ 88,189
SPLOST Capital Projects Fund.....	3,500,000	-	-	3,500,000
Nonmajor Governmental Funds.....	-	-	58,786	58,786
Proprietary Fund Type				
Water and Sewer Fund.....	-	23,613	-	23,613
Total transfers	\$ 3,500,000	\$ 23,613	\$ 146,975	\$ 3,670,588

Throughout the course of the year, the City made occasional interfund transfers. These transfers are usually approved so that the fund receiving the money can continue to operate.

Interfund transfers are used to 1) move revenue from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**E. Capital Leases**

The City has entered into lease agreements as lessee for financing of equipment and vehicles used in governmental activities. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset	Governmental Acitivities
Machinery and equipment.....	\$ 847,867
Less: accumulated depreciation.....	(480,458)
Total	\$ 367,409

**City of Garden City, Georgia**  
Notes to the Basic Financial Statements

**III. DETAILED NOTES ON ALL FUNDS (continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2008, were as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2009.....	\$ 133,799	\$ 11,633
2010.....	133,160	7,148
2011.....	91,879	2,775
	<u>\$ 358,838</u>	<u>\$ 21,556</u>

**F. Long-term Obligations**

**Business-type Activities**

*GEFA Loans.* The City has entered into loan agreements with the Georgia Environmental Facilities City (GEFA), a state agency. The GEFA makes low interest long-term loans to fund improvements to publicly owned water and sewer systems.

*SRF Loan.* The City has entered into a loan agreement with the State of Georgia under the State Revolving Loan Fund Program (SRF). The SRF makes low interest loans to public sewer systems for capital improvements.

The following shows the details of the business-type activities long-term liabilities through December 31, 2008:

Liability Description / Purpose	Original Amount	Interest Rate	Amount
GEFA - Water and Sewer Improvements.....	\$ 978,522	5.15%	\$ 781,261
GEFA - Water and Sewer Improvements.....	2,395,602	4.45%	2,018,287
GEFA - Water and Sewer Improvements.....	255,446	3.82%	225,952
GEFA - Water and Sewer Improvements.....	2,868,651	(Construction)	887,983
SRF - Water and Sewer Improvements.....	1,485,120	2.00%	223,458
Total GEFA/ SRF loans payable.....			<u>4,136,941</u>
Less: GEFA loans in construction status.....			<u>(887,983)</u>
Long-term portion in repayment status.....			<u>3,248,958</u>
Less current portion.....			<u>(233,984)</u>
Long-term portion of GEFA/ SRF loans.....			<u>\$ 3,014,974</u>

Annual debt service requirements to maturity are as follows:

Year Ending December 31,	GEFA Loans		SRF Loan	
	Principal	Interest	Principal	Interest
2009.....	\$ 145,936	\$ 136,189	\$ 88,048	\$ 3,812
2010.....	152,759	129,366	89,823	2,037
2011.....	159,904	122,221	45,587	342
2012.....	167,386	114,740	-	-
2013.....	175,220	106,906	-	-
2014 - 2018.....	1,007,152	403,475	-	-
2019 - 2023.....	1,186,267	145,698	-	-
2024 - 2028.....	30,876	1,190	-	-
Totals	<u>\$ 3,025,500</u>	<u>\$ 1,159,785</u>	<u>\$ 223,458</u>	<u>\$ 6,191</u>

**City of Garden City, Georgia**  
Notes to the Basic Financial Statements

**III. DETAILED NOTES ON ALL FUNDS (continued)**

Long-term liability activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Capital leases.....	\$ 140,283	\$ 361,318	\$ 142,763	\$ 358,838	\$ 133,799
Compensated absences.....	91,774	214,324	224,104	81,994	-
Total governmental activity long-term liabilities	<u>\$ 232,057</u>	<u>\$ 575,642</u>	<u>\$ 366,867</u>	<u>\$ 440,832</u>	<u>\$ 133,799</u>
<b>Business-type Activities</b>					
GEFA loans.....	\$3,164,919	\$ 887,983	\$ 139,419	\$3,913,483	\$ 145,935
SRF loan.....	309,768	-	86,310	223,458	88,049
Total loans payable	<u>3,474,687</u>	<u>887,983</u>	<u>225,729</u>	<u>4,136,941</u>	<u>233,984</u>
Compensated absences.....	17,273	18,203	24,326	11,150	-
Total business-type activity long-term liabilities	<u>\$3,491,960</u>	<u>\$ 906,186</u>	<u>\$ 250,055</u>	<u>\$4,148,091</u>	<u>\$ 233,984</u>

For governmental activities, long-term liabilities are generally liquidated by the general fund. For business-type activities, long-term liabilities are liquidated by the water and sewer enterprise fund.

**G. Reserved Fund Balances / Retained Earnings and Restricted Asset Accounts**

Reserved for prepaid items – General Fund. This reserve is used to segregate a portion of fund balance to indicate that, prepaid items do not represent “available spendable resources” even though they are a component of net current assets.

Reserved for long-term advance – General Fund. This reserve is used to segregate a portion of fund balance to indicate that, advances to other funds do not represent “available spendable resources” even though they are a component of net current assets.

Reserved for Public Safety – General Fund and Nonmajor Governmental Funds. This reserve represents funds to be used for purchasing law enforcement equipment and for crime prevention activities.

Reserved for WWTP construction and rehabilitation – Water and Sewer Fund. This reserve represents funds to be used for future capital expenditures for the wastewater treatment plant.

Reserved for well and tank rehabilitation – Water and Sewer Fund. This reserve represents funds to be used for future capital expenditures for the water treatment plant.

A summary of changes in reservations for the City at December 31, 2008 follows:

Liability Description / Purpose	Balance 12/31/2007	Change	Balance 12/31/2008
<b>General Fund</b>			
Reserved for prepaid items.....	\$ 158,371	\$ (82,432)	\$ 75,939
Reserved for Public Safety.....	31,255	-	31,255

**City of Garden City, Georgia**  
Notes to the Basic Financial Statements

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**III. DETAILED NOTES ON ALL FUNDS (continued)**

The balances of the City's restricted asset accounts at December 31, 2008 are as follows:

Description	Balance 12/31/2008
<b>General Fund</b>	
Local Law Enforcement Block Grant.....	\$ 31,255
<b>Special Purpose Local Option Sales Tax (SPLOST) Fund</b>	
SPLOST capital projects.....	\$ 553,035
<b>Water and Sewer Fund</b>	
Customer deposits account.....	\$ 588,660
GEFA loan account.....	79,779
Community Development Block Grant.....	12
WWTP Construction and Rehabilitation account.....	121,717
Well and Tank Rehabilitation account.....	304,792
Total Water and Sewer Fund restricted assets	\$ 1,094,960
<b>Nonmajor Enterprise Funds</b>	
Customer deposits account.....	\$ 20,094

**IV. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and workers compensation for which the City carries the following insurance coverage:

*Risk Pools.* The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the City in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims – incurred but not reported (IBNR) – is established by an actuary. The City has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims, which the City is liable (up to the applicable deductible), which were outstanding and unpaid at December 31, 2008. No provisions have been made in the financial statements for any estimate of potential claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency, as management believes the likelihood for assessment is remote.

*Self-Insurance.* The City pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

**City of Garden City, Georgia**  
Notes to the Basic Financial Statements

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**IV. OTHER INFORMATION (continued)**

**B. Contingent Liabilities**

The City receives a number of grants that are subject to program compliance audits by the grantors. Noncompliance with the terms and provisions of these grant agreements could result in contingent liabilities to the grantor agencies.

Various claims are pending against the City. The City attorney estimates that the potential effect of these claims net of insurance coverage would not be material in relation to the overall financial statements.

**C. Construction Commitments**

In addition to the liabilities enumerated in the balance sheet at December 31, 2008, the City has contractual commitments on uncompleted construction contracts of approximately \$7,843,552. Of this amount, \$7,053,866 was for the construction of the new city hall facility and \$789,686 was for the construction of the new public works facility.

**D. Employee Retirement Systems and Plans**

*Plan Description.* The City of Garden City Retirement Plan is a noncontributory plan covering all full-time employees. The plan is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer defined benefit plan. GMEBS handles all administrative and investment functions relative to the plan. Benefits are fully vested after 10 years of service. Participants become eligible to retire at age 65, with 5 years of participation in the plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.75% of final average earnings up to a participant's amount of covered compensation multiplied by the participant's years of total credited service. These benefit provisions and all other requirements are established by local ordinance. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to GMEBS, 201 Pryor Street, SW, Atlanta, Georgia 30303.

*Funding Policy.* The City's policy is to contribute the actuarially determined amount as recommended by the actuary. Employees do not contribute to the plan. The Board of Trustees of the GMEBS has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the plan. The annual recommended contribution is the sum of 1) the normal cost, 2) the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1988 and 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 from the end of the year during which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The recommended contribution under this policy for the 2008 plan year is developed below.

	2008
Normal Cost:	
Plan benefits.....	\$ 177,659
Administrative expenses.....	10,069
Amortization of the unfunded actuarial accrued liability.....	38,483
Interest.....	7,844
Recommended contribution.....	333,108
Covered payroll.....	3,321,119
Recommended contribution as a percentage of covered payroll.....	10.0%

The above contribution exceeds the estimated minimum annual contribution under Public Retirement Systems Standards Law (Georgia Code Section 47-20-10)

**City of Garden City, Georgia**  
Notes to the Basic Financial Statements

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**IV. OTHER INFORMATION** *(continued)*

**Schedule of Employer Contributions**

<u>Fiscal Year Funding</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
12/31/2006	177,144	100%	-
12/31/2007	163,786	100%	-
12/31/2008	196,099	100%	-

*Annual Pension Cost.* The City's annual pension cost of \$196,099 equaled the City's actuarial required and actual contribution. The required contribution was determined as a part of the January 1, 2008 and 2007 actuarial valuations, respectively, using the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets as described in the tables of Significant Actuarial Assumptions and Actuarial Assumptions and Methods. The period, and related method, for amortizing the initial unfunded actuarial accrued liability over 30 years from 1988 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for the plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar. These amortization periods, if applicable, are open for this plan year.

**City of Garden City, Georgia**  
Notes to the Basic Financial Statements

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**IV. OTHER INFORMATION (continued)**

Significant Actuarial Assumptions. The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standard of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

**Actuarial Assumptions and Methods**

**Economic Assumptions**

Interest rate	8.0%
Annual rates of increase in salaries	5.5%
Future Social Security wage bases	5.5%
Inflation rate	0.0%

**Demographic Assumptions**

Mortality		
On-going plan basis	1983 GAM Table	
Plan termination basis	1994 GAR Unisex Table	
Termination	<u>Age</u>	<u>Rate</u>
	20	0.2580
	30	0.1560
	40	0.0945
	50	0.0585
	60	-

Disability 50% of 1975 SSA study

Retirement Employees: 65 with 5 years of service  
Officials and MLOs: 65

Form of payment Life annuity

**Actuarial Methods**

Normal Cost and Actuarial Accrued Liability	Projected Unit Credit
Actuarial Value of Assets	Sum of actuarial value at beginning of year and the increase in cost value during year excluding realized appreciation or losses. This value is adjusted by 10% of the amount that it exceeds or is less than the market value at end of year. Additionally, the actuarial value is adjusted so that the final actuarial value is within a 20% corridor of the market value.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER  
THAN MANAGEMENT'S DISCUSSION & ANALYSIS**



**City of Garden City, Georgia**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes.....	\$ 5,111,000	\$ 5,646,056	\$ 5,504,788	\$ (141,268)
Licenses and permits.....	420,000	435,955	371,935	(64,020)
Intergovernmental revenues.....	100,000	132,225	138,576	6,351
Charges for services.....	110,490	121,993	111,948	(10,045)
Fines and forfeitures.....	702,400	750,500	729,075	(21,425)
Investment income.....	350,000	327,522	318,867	(8,655)
Other revenues.....	145,220	294,411	236,499	(57,912)
<b>Total revenues.....</b>	<b>6,939,110</b>	<b>7,708,662</b>	<b>7,411,688</b>	<b>(296,974)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General governmental:</b>				
Council.....	171,199	132,414	92,082	40,332
City administrator.....	348,949	503,033	508,457	(5,424)
General administration.....	584,803	595,471	542,475	52,996
<b>Judicial:</b>				
Municipal court.....	75,950	78,476	72,997	5,479
<b>Public safety:</b>				
Police.....	2,988,767	3,157,947	3,109,326	48,621
Fire.....	426,292	493,957	505,419	(11,462)
<b>Public works:</b>				
Public works administration.....	1,018,907	1,227,425	1,199,882	27,543
Maintenance and shop.....	128,771	133,823	114,604	19,219
<b>Health and welfare:</b>				
Senior Citizens Center.....	143,832	151,176	148,852	2,324
<b>Culture and recreation:</b>				
Recreation.....	638,596	715,810	723,112	(7,302)
Parks.....	17,000	11,000	10,297	703
<b>Housing and development:</b>				
Planning and zoning.....	455,544	525,087	490,968	34,119
<b>Total current.....</b>	<b>6,998,610</b>	<b>7,725,619</b>	<b>7,518,471</b>	<b>207,148</b>
<b>Debt service:</b>				
Principal.....	6,000	6,889	6,889	-
Interest.....	500	122	122	-
<b>Total debt service.....</b>	<b>6,500</b>	<b>7,011</b>	<b>7,011</b>	<b>-</b>
<b>Intergovernmental:</b>				
Assistance.....	44,000	86,032	71,170	14,862
<b>Total intergovernmental.....</b>	<b>44,000</b>	<b>86,032</b>	<b>71,170</b>	<b>14,862</b>
<b>Total expenditures.....</b>	<b>7,049,110</b>	<b>7,818,662</b>	<b>7,596,652</b>	<b>222,010</b>
<b>Excess (deficiency) of revenues over (under) expenditures.....</b>	<b>(110,000)</b>	<b>(110,000)</b>	<b>(184,964)</b>	<b>(74,964)</b>
<b>Other financing sources (uses):</b>				
Transfers in.....	110,000	110,000	88,189	(21,811)
Transfers out.....	-	(3,500,000)	(3,500,000)	-
<b>Total other financing sources (uses).....</b>	<b>110,000</b>	<b>(3,390,000)</b>	<b>(3,411,811)</b>	<b>(21,811)</b>
<b>Net change in fund balance.....</b>	<b>-</b>	<b>(3,500,000)</b>	<b>(3,596,775)</b>	<b>(96,775)</b>
<b>Fund balance, beginning of year.....</b>	<b>14,379,937</b>	<b>14,379,937</b>	<b>14,379,937</b>	<b>-</b>
<b>Fund balance, end of year.....</b>	<b>\$ 14,379,937</b>	<b>\$ 10,879,937</b>	<b>\$ 10,783,162</b>	<b>\$ (96,775)</b>

**City of Garden City, Georgia**  
Notes to Required Supplementary Information  
December 31, 2008

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**I. Budgetary Information**

**A. Budgets and Budgetary Accounting**

State law requires the City to adopt by ordinances or resolutions an annual balanced budget for the general fund and each special revenue fund. A budget is balanced when the sum of estimated revenues and appropriated fund balance is equal to appropriations. The legal level of budgetary control over expenditures is exercised by the City at the department level for its general and special revenue funds. Appropriations lapse at year-end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. During the month of August, department heads prepare budget requests to submit to the City Manager.
2. The City Manager reviews the budget requests during September.
3. Committee meetings are held during October.
4. City Council holds budget hearings and approves the budget in November with a final budget adopted prior to December 31.
5. Amendments to the budget must be approved by the City Council.
6. Formal budgetary integration is employed for the General Fund and Special Revenue Funds on a basis consistent with generally accepted accounting principles. Project length budgets are adopted for the capital projects funds.

Supplemental appropriations and decreases in budget appropriations were properly approved by the City Council. For the year ended December 31, 2008, the following supplemental and decrease in appropriations were approved:

Fund Type	Original Appropriation	Supplemental Appropriation	Supplemental Decreases	Final Appropriation
General Fund.....	\$ 7,049,110	\$ 4,269,552	\$ -	\$ 11,318,662
Special Revenue.....	311,759	46,241	-	358,000

**City of Garden City, Georgia**  
 Required Supplementary Information – Schedule of Funding Progress  
 December 31, 2008

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The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), a state-wide, agent multiple-employer defined benefit plan. The amounts reflected herein represent the City's portion as reported by GMEBS.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability [AAL] Entry Age (b)	Unfunded AAL [UAAL] (Funding Excess) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Funding Excess) As a Percentage of Covered Payroll ((b-a)/c)
1/1/2007	\$ 2,440,558	\$ 2,717,884	\$ 277,326	89.8%	\$ 2,058,221	13.5%
1/1/2008	2,642,835	2,985,082	342,247	88.5%	2,407,703	14.2%
1/1/2009	2,290,042	3,353,501	1,063,459	68.3%	3,321,119	32.0%



**SUPPLEMENTARY DATA**  
**COMBINING FUND FINANCIAL STATEMENTS AND SCHEDULES**



## Nonmajor Governmental Funds

### **Special Revenue Funds:**

The Special Revenue Funds are used to account for proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

**Hotel – Motel Fund** – accounts for revenues and expenditures of hotel – motel tax restricted by local ordinance for the promotion of tourism.

**Confiscated Assets Fund** – accounts for the receipt and disbursement of condemned monies awarded to the City by court order and expenditure of these funds.

**Garden City Tourism Board** – accounts for operations of the Garden City Tourism Board. Transfers from the hotel/ motel tax fund provide the primary financing source for this fund. Expenditures of these funds are for the promotion of tourism.

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**City of Garden City, Georgia**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2008**

	Special Revenue Funds			Total
	Hotel - Motel	Confiscated Assets	Tourism Board	
Assets				
Cash and cash equivalents.....	\$ 31,076	\$ 9,507	\$ 280,561	\$ 321,144
Taxes receivable.....	12,168	-	-	12,168
Due from other funds.....	-	-	44,530	44,530
	<u>43,244</u>	<u>9,507</u>	<u>325,091</u>	<u>377,842</u>
	<u>43,244</u>	<u>9,507</u>	<u>325,091</u>	<u>377,842</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable.....	3,164	-	-	3,164
Due to other funds.....	40,080	238	118,464	158,782
	<u>43,244</u>	<u>238</u>	<u>118,464</u>	<u>161,946</u>
	<u>43,244</u>	<u>238</u>	<u>118,464</u>	<u>161,946</u>
Fund balance:				
Unreserved reported in:				
Special revenue funds.....	-	9,269	206,627	215,896
	<u>-</u>	<u>9,269</u>	<u>206,627</u>	<u>215,896</u>
	<u>-</u>	<u>9,269</u>	<u>206,627</u>	<u>215,896</u>
Total fund balance.....	<u>-</u>	<u>9,269</u>	<u>206,627</u>	<u>215,896</u>
	<u>-</u>	<u>9,269</u>	<u>206,627</u>	<u>215,896</u>
Total liabilities and fund balance.....	<u>\$ 43,244</u>	<u>\$ 9,507</u>	<u>\$ 325,091</u>	<u>\$ 377,842</u>
	<u>\$ 43,244</u>	<u>\$ 9,507</u>	<u>\$ 325,091</u>	<u>\$ 377,842</u>

**City of Garden City, Georgia**  
Combining Statement of Revenues Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2008

	Special Revenue Funds			Total
	Hotel - Motel	Confiscated Assets	Tourism Board	
Revenues:				
Taxes.....	\$ 176,378	\$ -	\$ -	\$ 176,378
Fines and forfeitures.....	-	14,116	-	14,116
Investment earnings.....	-	-	6,673	6,673
Miscellaneous.....	-	-	2,185	2,185
Total revenues.....	<u>176,378</u>	<u>14,116</u>	<u>8,858</u>	<u>199,352</u>
Expenditures:				
Current:				
General government.....	-	-	115,791	115,791
Public safety.....	-	21,697	-	21,697
Housing and development.....	-	-	4,875	4,875
Intergovernmental:				
Assistance.....	29,403	-	-	29,403
Total expenditures.....	<u>29,403</u>	<u>21,697</u>	<u>120,666</u>	<u>171,766</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>146,975</u>	<u>(7,581)</u>	<u>(111,808)</u>	<u>27,586</u>
Other financing sources (uses):				
Transfers in.....	-	-	58,786	58,786
Transfers out.....	(146,975)	-	-	(146,975)
Total other financing sources (uses)	<u>(146,975)</u>	<u>-</u>	<u>58,786</u>	<u>(88,189)</u>
Net change in fund balance.....	-	(7,581)	(53,022)	(60,603)
Fund balance, beginning of year.....	-	16,850	259,649	276,499
Fund balance, end of year.....	<u>\$ -</u>	<u>\$ 9,269</u>	<u>\$ 206,627</u>	<u>\$ 215,896</u>

**City of Garden City, Georgia**  
**Hotel – Motel Tax Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes.....	\$ 220,000	\$ 220,000	\$ 176,378	\$ (43,622)
Other revenues.....	-	-	-	-
Total revenues.....	<u>220,000</u>	<u>220,000</u>	<u>176,378</u>	<u>(43,622)</u>
Expenditures:				
Intergovernmental:				
Assistance.....	35,933	35,933	29,403	6,530
Total intergovernmental.....	<u>35,933</u>	<u>35,933</u>	<u>29,403</u>	<u>6,530</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>184,067</u>	<u>184,067</u>	<u>146,975</u>	<u>(37,092)</u>
Other financing sources (uses):				
Transfers out.....	(184,067)	(184,067)	(146,975)	37,092
Total other financing sources (uses).....	<u>(184,067)</u>	<u>(184,067)</u>	<u>(146,975)</u>	<u>37,092</u>
Net change in fund balance.....	-	-	-	-
Fund balance, beginning of year.....	-	-	-	-
Fund balance, end of year.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Garden City, Georgia**  
**Confiscated Assets Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures.....	\$ 10,000	\$ 22,000	\$ 14,116	\$ (7,884)
Total revenues.....	<u>10,000</u>	<u>22,000</u>	<u>14,116</u>	<u>(7,884)</u>
Expenditures:				
Current:				
Public safety.....	10,000	22,000	21,697	303
Total expenditures.....	<u>10,000</u>	<u>22,000</u>	<u>21,697</u>	<u>303</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>-</u>	<u>-</u>	<u>(7,581)</u>	<u>(7,581)</u>
Net change in fund balance.....	-	-	(7,581)	(7,581)
Fund balance, beginning of year.....	<u>16,850</u>	<u>16,850</u>	<u>16,850</u>	<u>-</u>
Fund balance, end of year.....	<u>\$ 16,850</u>	<u>\$ 16,850</u>	<u>\$ 9,269</u>	<u>\$ (7,581)</u>

**City of Garden City, Georgia**  
**Tourism Board Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Investment income.....	\$ 8,426	\$ 8,426	\$ 6,673	\$ (1,753)
Miscellaneous.....	-	-	2,185	2,185
Total revenues.....	<u>8,426</u>	<u>8,426</u>	<u>8,858</u>	<u>432</u>
Expenditures:				
Current:				
General government.....	29,549	116,000	115,791	209
Housing and development.....	-	-	4,875	(4,875)
Capital outlay.....	52,210	-	-	-
Total expenditures.....	<u>81,759</u>	<u>116,000</u>	<u>120,666</u>	<u>(4,666)</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(73,333)</u>	<u>(107,574)</u>	<u>(111,808)</u>	<u>(4,234)</u>
Other financing sources (uses):				
Transfers in.....	73,333	58,786	58,786	-
Total other financing sources (uses).....	<u>73,333</u>	<u>58,786</u>	<u>58,786</u>	<u>-</u>
Net change in fund balance.....	-	(48,788)	(53,022)	(4,234)
Fund balance, beginning of year.....	259,649	259,649	259,649	-
Fund balance, end of year.....	<u>\$ 259,649</u>	<u>\$ 210,861</u>	<u>\$ 206,627</u>	<u>\$ (4,234)</u>

**City of Garden City, Georgia**  
Schedule of Cash Receipts and Disbursements  
Volunteer Fire Department  
For the Year Ended December 31, 2008

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	2008
Cash receipts:	
Donations.....	\$ 38,651
Interest earned.....	-
Transfer from Garden City.....	21,087
	59,738
Cash disbursements:	
Fire station - equipment and supplies.....	6,735
Fire trucks - supplies and maintenance.....	3,571
Training, education and conferences.....	5,827
Office equipment and supplies.....	13,026
Clothing and safety equipment.....	388
Food and beverage.....	3,828
Flowers, gifts and awards.....	312
Dues and subscriptions.....	1,978
Transfer to Garden City.....	21,740
	57,405
Excess (deficiency) of receipts over disbursements.....	2,333
Cash balance, beginning of year.....	13,745
	\$ 16,078

**City of Garden City, Georgia**  
Schedule of Projects Constructed With  
Special Purpose Local Option Sales Tax Proceeds  
For the Year Ended December 31, 2008

Project	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total Cost
<b><u>1998 - 2003 SPLOST Referendum</u></b>					
Drainage.....	\$ 2,000,000	\$ 1,199,500	\$ 1,300,341	\$ 232,419	\$ 1,532,760
<b>Other capital outlay:</b>	458,703				
Pineland Avenue Paving		71,000	74,099	-	74,099
Pineland Avenue Sidewalk		69,000	84,250	-	84,250
Volunteer Park Tree Buffer		8,017	3,101	-	3,101
Highway 21 Beautification		40,000	17,996	-	17,996
Bike Path		89,500	85,296	-	85,296
Lift station upgrade		17,500	17,041	-	17,041
Security system well and tank		8,000	7,812	-	7,812
Stadium upgrade		20,000	19,709	-	19,709
<b>Open Space:</b>					
Sharon Park		45,002	45,456	-	45,456
<b>Public Safety:</b>					
Debt service - Fire Truck	266,667	218,010	218,010	-	218,010
Total 1998 - 2003 SPLOST expenditures	<u>2,725,370</u>	<u>1,785,529</u>	<u>1,873,111</u>	<u>232,419</u>	<u>2,105,530</u>
<b><u>2003 - 2008 SPLOST Referendum</u></b>					
<b>Other capital outlay:</b>	4,013,159				
Sewer rehabilitation projects		50,000	782,428	-	782,428
Rossinol Hill Fire and Water Systems		100,000	85,957	-	85,957
Lift station upgrade		152,500	178,387	7,543	185,930
Security system well and tank		27,000	9,373	-	9,373
Stadium upgrade		280,000	70,853	-	70,853
Computer equipment		30,000	28,444	592,366	620,810
Financial accounting software		55,000	86,919	-	86,919
Highway 21 Beautification		60,000	88,751	36,904	125,655
Concession stand at Bazemore Park		30,000	22,854	-	22,854
Sharon Park improvements		35,000	30,715	-	30,715
Fire station building 2		10,000	2,819	-	2,819
Administrative equipment		12,000	35,383	-	35,383
Public safety equipment		136,870	714,039	363,768	1,077,807
Public works equipment		99,000	316,254	467,636	783,890
Recreation equipment			59,862	43,740	103,602
Housing and development equipment			16,525	-	16,525
Water and sewer equipment		269,500	340,671	-	340,671
City Hall project			342,362	8,110,993	8,453,355
Street improvements			129,317	57,057	186,374
Rommel Avenue water tank			156,164	-	156,164
Senior citizen project			-	25,940	25,940
Public works facility			-	69,992	69,992
<b>Public Safety:</b>					
Debt service - Fire Truck		224,990	143,591	47,396	190,987
Total 2003 - 2008 SPLOST expenditures	<u>4,013,159</u>	<u>1,571,860</u>	<u>3,641,668</u>	<u>9,823,335</u>	<u>13,465,003</u>
Grand total SPLOST expenditures.....	<u>\$ 6,738,529</u>	<u>\$ 3,357,389</u>	<u>\$ 5,514,779</u>	<u>\$ 10,055,754</u>	<u>\$ 15,570,533</u>

*Note:*

*Amounts expended for various projects includes sales tax proceeds and local governmental funding over the life of the projects.*

**City of Garden City, Georgia**  
Schedule of Required Expenditures  
Generated by the Hotel – Motel Tax  
For the Year Ended December 31, 2008

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Revenue:	
Hotel / Motel taxes.....	\$ <u>176,378</u>
Expenditures:	
Tourism expenditures.....	\$ <u>88,189</u>
Percentage of expenditures to revenues.....	<u>50%</u>



## STATISTICAL SECTION

This part of the City of Garden City, Georgia’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> .....	<b>G-2</b>
These schedules contain trend information to help the reader understand how the city's financial position has changed over time.	
<b>Revenue Capacity</b> .....	<b>G-6</b>
These schedules contain information to help the reader understand and assess the factors affecting the city's ability to generate its most significant local revenue sources, the property tax and the sales tax.	
<b>Debt Capacity</b> .....	<b>G-13</b>
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b> .....	<b>G-17</b>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the city's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b> .....	<b>G-20</b>
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the City’s financial reports for the relevant year. The City implemented GASBS 34 in 2004; schedules presenting government-wide information (unless otherwise indicated) include information beginning in that year.



**City of Garden City, Georgia**

Net Assets by Component  
Last Five Calendar Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt.....	\$ 3,927,136	\$ 4,005,261	\$ 4,147,765	\$ 4,691,714	\$ 13,763,772
Restricted.....	2,215,719	2,407,751	2,239,292	1,772,604	(4,135,489)
Unrestricted.....	7,035,381	8,096,822	10,132,572	15,468,336	11,982,274
<b>Total governmental activities net assets.....</b>	<b><u>\$ 13,178,236</u></b>	<b><u>\$ 14,509,834</u></b>	<b><u>\$ 16,519,629</u></b>	<b><u>\$ 21,932,654</u></b>	<b><u>\$ 21,610,557</u></b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt.....	\$ 7,148,230	\$ 6,500,230	\$ 6,876,834	\$ 7,688,460	\$ 8,293,976
Restricted.....	-	-	-	-	-
Unrestricted.....	1,096,835	2,386,991	3,005,025	3,247,446	3,002,780
<b>Total business-type activities net assets.....</b>	<b><u>\$ 8,245,065</u></b>	<b><u>\$ 8,887,221</u></b>	<b><u>\$ 9,881,859</u></b>	<b><u>\$ 10,935,906</u></b>	<b><u>\$ 11,296,756</u></b>
<b>Primary Government</b>					
Invested in capital assets, net of related debt.....	\$ 11,075,366	\$ 10,505,491	\$ 11,024,599	\$ 12,380,174	\$ 22,057,748
Restricted.....	2,215,719	2,407,751	2,239,292	1,772,604	(4,135,489)
Unrestricted.....	8,132,216	10,483,813	13,137,597	18,715,782	14,985,054
<b>Total primary government net assets.....</b>	<b><u>\$ 21,423,301</u></b>	<b><u>\$ 23,397,055</u></b>	<b><u>\$ 26,401,488</u></b>	<b><u>\$ 32,868,560</u></b>	<b><u>\$ 32,907,313</u></b>

*The City of Garden City implemented GASB 34 for the calendar year ended December 31, 2004.  
Information prior to the implementation of GASB 34 is not available.*

**City of Garden City, Georgia**

**Change in Net Assets  
Last Five Calendar Years**

	2004	2005	2006	2007	2008
<b>Expenses</b>					
Governmental activities:					
General government.....	\$ 570,118	\$ 685,370	\$ 585,223	\$ 1,035,750	\$ 1,229,916
Judiciary.....	37,127	52,312	54,283	71,619	72,997
Public safety.....	2,825,929	3,078,641	3,133,517	3,341,151	3,984,387
Public works.....	950,435	732,921	1,119,824	1,349,616	1,523,871
Health and welfare.....	101,966	111,975	132,714	137,767	265,131
Culture and recreation.....	582,559	694,767	597,490	743,384	733,409
Housing and development.....	152,745	219,277	266,430	310,464	524,466
Interest on long-term debt.....	12,206	10,876	9,133	7,321	9,181
Total governmental activities expenses.....	<u>5,233,085</u>	<u>5,586,139</u>	<u>5,898,614</u>	<u>6,997,072</u>	<u>8,343,358</u>
Business-type activities:					
Water and sewer.....	1,578,828	1,685,828	1,828,024	1,866,494	2,406,423
Sanitation.....	317,130	349,368	305,683	383,870	384,738
Total business-type activities expense.....	<u>1,895,958</u>	<u>2,035,196</u>	<u>2,133,707</u>	<u>2,250,364</u>	<u>2,791,161</u>
Total primary government expenses.....	<u>\$ 7,129,043</u>	<u>\$ 7,621,335</u>	<u>\$ 8,032,321</u>	<u>\$ 9,247,436</u>	<u>\$ 11,134,519</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government.....	\$ 44,026	\$ 45,512	\$ 47,217	\$ 69,245	\$ 286,287
Public safety.....	358,491	553,876	588,548	628,232	765,113
Public works.....	1,735	3,280	621	-	600
Culture and recreation.....	52,380	69,225	61,581	80,133	89,426
Housing and recreation.....	67,706	78,032	247,837	230,177	85,648
Operating grants and contributions.....	113,517	94,020	185,678	66,925	138,576
Capital grants and contributions.....	320,523	55,503	64,087	63,251	15,983
Total governmental activities program revenues.....	<u>958,378</u>	<u>899,448</u>	<u>1,195,569</u>	<u>1,137,963</u>	<u>1,381,633</u>
Business-type activities:					
Charges for services.....	2,216,687	2,173,562	2,298,727	2,215,695	2,967,045
Capital grants and contributions.....	11,650	78,374	21,150	441,774	81,741
Total business type activities program revenues.....	<u>2,228,337</u>	<u>2,251,936</u>	<u>2,319,877</u>	<u>2,657,469</u>	<u>3,048,786</u>
Total primary government program revenues.....	<u>\$ 3,186,715</u>	<u>\$ 3,151,384</u>	<u>\$ 3,515,446</u>	<u>\$ 3,795,432</u>	<u>\$ 4,430,419</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities.....	\$ (4,274,707)	\$ (4,686,691)	\$ (4,703,045)	\$ (5,859,109)	\$ (6,961,725)
Business-type activities.....	332,379	216,740	186,170	407,105	257,625
Total primary government net expense.....	<u>\$ (3,942,328)</u>	<u>\$ (4,469,951)</u>	<u>\$ (4,516,875)</u>	<u>\$ (5,452,004)</u>	<u>\$ (6,704,100)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes.....	\$ 5,143,963	\$ 5,104,172	\$ 5,771,657	\$ 5,846,673	\$ 5,842,702
Grants and contributions not restricted to specific programs.....	606,310	899,037	1,036,458	1,038,544	258,538
Unrestricted investment earnings.....	136,328	323,205	528,454	737,279	360,975
Miscellaneous.....	67,108	71,155	80,276	125,786	201,026
Special Item - Gain on sale of municipal complex.....	17,775	-	-	3,184,212	-
Transfers.....	(85,792)	(379,280)	(704,006)	(486,703)	(23,613)
Total governmental activities.....	<u>5,885,692</u>	<u>6,018,289</u>	<u>6,712,839</u>	<u>10,445,791</u>	<u>6,639,628</u>
Business-type activities - water and sewer:					
Unrestricted investment earnings.....	8,366	46,136	104,462	160,239	79,611
Transfers.....	85,792	379,280	704,006	486,703	23,613
Total business-type activities.....	<u>94,158</u>	<u>425,416</u>	<u>808,468</u>	<u>646,942</u>	<u>103,224</u>
Total primary government.....	<u>\$ 5,979,850</u>	<u>\$ 6,443,705</u>	<u>\$ 7,521,307</u>	<u>\$ 11,092,733</u>	<u>\$ 6,742,852</u>
<b>Change in Net Assets</b>					
Governmental activities.....	\$ 1,610,985	\$ 1,331,598	\$ 2,009,794	\$ 4,586,682	\$ (322,097)
Business-type activities.....	426,537	642,156	994,638	1,054,047	360,849
Total primary government.....	<u>\$ 2,037,522</u>	<u>\$ 1,973,754</u>	<u>\$ 3,004,432</u>	<u>\$ 5,640,729</u>	<u>\$ 38,752</u>

The City of Garden City implemented GASB 34 for the calendar year ended December 31, 2004.  
Information prior to the implementation of GASB 34 is not available.

**City of Garden City, Georgia**

Fund Balances, Governmental Funds  
Last Five Calendar Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund					
Reserved	\$ 257,454	\$ 182,844	\$ 134,708	\$ 189,626	\$ 107,194
Unreserved	6,257,691	7,447,373	9,480,603	14,190,311	10,675,968
Total general fund	<u>\$ 6,515,145</u>	<u>\$ 7,630,217</u>	<u>\$ 9,615,311</u>	<u>\$ 14,379,937</u>	<u>\$ 10,783,162</u>
All Other Governmental Funds					
Reserved	\$ 13,453	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	(2,694)	(46)	276,499	215,896
Capital projects fund	2,201,801	2,407,751	2,239,292	1,772,604	(4,135,489)
Total all other governmental funds	<u>\$ 2,215,254</u>	<u>\$ 2,405,057</u>	<u>\$ 2,239,246</u>	<u>\$ 2,049,103</u>	<u>\$ (3,919,593)</u>

*Note: Information prior to fiscal year December 31, 2004 was not readily available.*

**City of Garden City, Georgia**

**Changes in Fund Balances, Governmental Funds  
Last Five Calendar Years**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>					
Taxes.....	\$ 4,652,726	\$ 5,068,396	\$ 5,720,070	\$ 6,067,002	\$ 5,681,166
Licenses and permits.....	111,732	123,444	295,054	299,322	371,935
Intergovernmental.....	1,038,753	1,047,311	1,286,398	1,168,720	413,097
Charges for services.....	74,361	89,633	82,295	107,577	111,948
Fines and fees.....	338,245	536,847	568,651	600,888	743,191
Interest revenues.....	136,328	323,205	528,454	737,279	360,975
Other revenues.....	68,705	72,407	79,905	125,786	238,684
<b>Total revenue.....</b>	<b><u>6,420,850</u></b>	<b><u>7,261,243</u></b>	<b><u>8,560,827</u></b>	<b><u>9,106,574</u></b>	<b><u>7,920,996</u></b>
<b>Expenditures</b>					
<b>Current:</b>					
General government.....	605,242	560,226	550,094	993,290	1,258,805
Judiciary.....	37,127	52,312	54,283	71,619	72,997
Public safety.....	2,709,450	2,577,763	2,859,653	3,016,062	3,636,442
Public works.....	899,259	1,025,822	991,831	1,111,409	1,314,486
Health and welfare.....	101,966	111,975	132,714	137,767	148,852
Culture and recreation.....	503,029	500,379	468,847	626,069	733,409
Housing and development.....	152,745	136,957	164,571	417,853	495,843
Capital outlay.....	413,349	424,722	612,620	1,219,135	9,910,821
<b>Debt service:</b>					
Principal.....	43,367	46,801	47,810	51,213	142,763
Interest and other charges.....	12,206	10,876	9,133	7,321	9,181
<b>Intergovernmental:</b>					
Assistance.....	-	129,256	145,983	91,150	100,573
<b>Total expenditures.....</b>	<b><u>5,477,740</u></b>	<b><u>5,577,089</u></b>	<b><u>6,037,539</u></b>	<b><u>7,742,888</u></b>	<b><u>17,824,172</u></b>
<b>Excess (Deficiency) of revenues over (under) expenditures.....</b>	<b><u>943,110</u></b>	<b><u>1,684,154</u></b>	<b><u>2,523,288</u></b>	<b><u>1,363,686</u></b>	<b><u>(9,903,176)</u></b>
<b>Other Financing sources (uses)</b>					
Capital leases.....	31,528	-	-	-	361,318
Sale of surplus property.....	163,000	-	-	-	-
Transfers in.....	174,488	100,735	131,637	205,415	3,646,975
Transfers out.....	(260,280)	(480,014)	(835,643)	(692,118)	(3,670,588)
<b>Total other financing sources (uses).....</b>	<b><u>108,736</u></b>	<b><u>(379,279)</u></b>	<b><u>(704,006)</u></b>	<b><u>(486,703)</u></b>	<b><u>337,705</u></b>
<b>Special Item</b>					
Proceeds from sale of municipal complex...	-	-	-	3,389,558	-
<b>Net change in fund balances.....</b>	<b><u>\$ 1,051,846</u></b>	<b><u>\$ 1,304,875</u></b>	<b><u>\$ 1,819,282</u></b>	<b><u>\$ 4,266,541</u></b>	<b><u>\$ (9,565,471)</u></b>
<b>Debt service as a percentage of noncapital expenditures.....</b>	<b>1.15%</b>	<b>1.13%</b>	<b>-1.65%</b>	<b>-2.89%</b>	<b>1.92%</b>

Source: City records

Notes: Noncapital expenditures are total expenditures less capital outlay.

Information prior to fiscal year December 31, 2004 was not readily available.



**City of Garden City, Georgia**  
**Assessed and Actual Value of Taxable Property**  
**Last Ten Calendar Years**

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<b>Tax</b>	<b>Real Property</b>		<b>Mobile Homes</b>	<b>Motor Vehicles</b>	<b>Industrial</b>	<b>Utility</b>
	<b>Residential</b>	<b>Commercial</b>				
<b>Digest Year</b>						
1999 <sup>(1)</sup>	\$ 53,479,090	\$ 69,598,511	\$ 1,312,200	\$ 19,947,600	\$ 47,779,877	\$ 3,748,404
2000 <sup>(1)</sup>	54,219,390	83,088,599	1,555,400	21,035,226	55,590,064	4,448,016
2001 <sup>(1)</sup>	55,525,748	80,788,426	5,715,400	25,275,300	59,534,892	4,356,752
2002 <sup>(1)</sup>	61,075,859	92,628,582	5,564,000	23,642,060	56,495,758	4,704,447
2003 <sup>(1)</sup>	65,904,992	95,725,418	5,656,200	25,925,020	59,960,735	4,603,446
2004 <sup>(1)</sup>	68,875,016	104,117,748	5,456,200	25,104,120	64,172,410	5,202,046
2005 <sup>(1)</sup>	73,296,670	108,812,133	5,557,200	24,129,680	74,199,818	5,278,878
2006 <sup>(1)</sup>	84,959,176	121,928,390	5,979,000	24,656,400	78,110,613	5,700,133
2007 <sup>(1)</sup>	96,315,222	139,038,044	4,837,800	25,821,260	88,079,178	5,144,188
2008 <sup>(1)</sup>	102,002,998	148,130,329	4,879,800	27,855,530	93,924,012	8,489,551

*Note: The City of Garden City does not levy a property tax.*

<sup>(1)</sup> Source: Georgia Department of Revenue Property Tax Division Consolidation Summary

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<b>Other Personal Property</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
\$ 314,000	\$ (50,748)	\$ 196,128,934	-	\$ 490,322,335	40%
312,200	(53,217)	220,195,678	-	550,489,195	40%
1,685,625	(1,138,776)	231,743,367	-	579,358,418	40%
1,249,663	(238,353)	245,122,016	-	612,805,040	40%
1,138,307	(7,365,039)	251,549,079	-	628,872,698	40%
865,208	(1,281,761)	272,510,987	-	681,277,468	40%
838,182	(1,343,261)	290,769,300	-	726,923,250	40%
2,031,356	(2,257,518)	321,107,550	-	802,768,875	40%
3,795,220	(2,882,988)	360,147,924	-	900,369,810	40%
3,869,741	(2,888,131)	386,263,830	-	965,659,575	40%

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**City of Garden City, Georgia**

**Direct and Overlapping Property Tax Rates**

**Last Ten Calendar Years**

*(rate per \$1,000 of assessed value)*

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Tax Year	Direct	Overlapping Rates			Total
	City	School District	County	State	
1999	-	19.830	11.010	0.250	31.090
2000	-	18.840	10.439	0.250	29.529
2001	-	18.576	10.367	0.250	29.193
2002	-	17.550	10.367	0.250	28.167
2003	-	17.768	10.367	0.250	28.385
2004	-	17.600	10.367	0.250	28.217
2005	-	17.277	11.037	0.250	28.564
2006	-	15.817	10.837	0.250	26.904
2007	-	13.795	10.537	0.250	24.582
2008	-	13.404	10.537	0.250	24.191

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Source: Chatham County Commission - Board Minutes

**City of Garden City, Georgia**

Local Option Sales Tax History  
Last Five Calendar Years

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	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
January	\$ 198,128	\$ 235,358	\$ 246,946	\$ 280,728	\$ 293,311
February	230,384	282,882	307,070	324,874	327,143
March	249,036	261,209	299,409	274,918	228,148
April	227,733	213,716	296,109	282,938	301,310
May	248,480	267,321	296,695	302,503	317,991
June	280,535	264,636	340,138	323,734	301,614
July	260,412	270,665	302,035	320,618	328,109
August	244,729	269,740	332,151	288,609	304,379
September	248,004	264,241	361,600	335,186	306,294
October	229,447	290,402	306,450	314,916	278,989
November	232,499	280,142	389,374	329,570	334,426
December	234,688	245,283	210,042	599,365	272,842
Pro Rata Adjustment	-	5,679	14,582	7,315	-
Total	<u>\$ 2,884,075</u>	<u>\$ 3,151,274</u>	<u>\$ 3,702,601</u>	<u>\$ 3,985,274</u>	<u>\$ 3,594,556</u>

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*Note:*

*Sales tax information prior to fiscal year 2004 was not readily available.*

*Sales tax information is presented using the cash basis of accounting.*

**City of Garden City, Georgia**

**Schedule of Significant Tax Revenues and Franchise Fees  
Last Five Calendar Years**

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<b>Tax Revenue</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Local Option Sales Taxes	\$ 2,884,065	\$ 3,151,274	\$ 3,702,601	\$ 3,985,274	\$ 3,443,904
Franchise Taxes - Electric	380,759	408,724	474,867	471,962	527,708
Franchise Taxes - Gas	41,374	36,936	27,697	43,142	33,479
Franchise Taxes - Television Cable	66,367	68,090	68,507	73,286	81,123
Franchise Taxes - Telephone	81,424	81,586	81,393	79,419	97,988
Alcoholic Beverage Excise	199,541	192,778	191,367	185,202	172,002
Local Option Mixed Drink Excise Tax	-	-	987	4,312	5,436
Business and Occupation Taxes	362,873	402,987	400,033	425,807	440,543
Insurance Premium Taxes	472,965	508,848	532,383	558,647	568,637
Financial Institution Taxes	30,589	30,400	30,310	24,561	21,952

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*Source: City records*

*Note:*

*Information prior to calendar year 2004 was not readily available.*

**City of Garden City, Georgia**

Water Rates  
Last Ten Calendar Years

Fiscal Years ended December 31,	<u>Water - Inside the City</u>		<u>Water - Outside the City</u>	
	Type of Charge	Charge	Type of Charge	Charge
1999-2003	<u>Cubic Feet- Residential</u>		<u>Cubic Feet</u>	
	Up to 300	\$5.00	Up to 500	\$16.50
	Over 300, per 1,000	\$7.00	Over 500, per 1,000	\$12.45
	<u>Cubic Feet- Commercial</u>			
	Up to 500	\$11.00		
	Over 500, per 1,000	\$8.30		
2003	<u>Cubic Feet- Residential</u>		<u>Cubic Feet</u>	
	Up to 300	\$6.75	Up to 500	\$22.28
	Over 300, per 1,000	\$9.45	Over 500, per 1,000	\$16.80
	<u>Cubic Feet- Commercial</u>			
	Up to 500	\$14.85		
	Over 500, per 1,000	\$11.20		
2004-2005	<u>Cubic Feet- Residential</u>		<u>Cubic Feet</u>	
	Up to 500	\$7.42	Up to 500	\$24.50
	Over 500, per 1,000	\$10.39	Over 500, per 1,000	\$18.48
	<u>Cubic Feet- Commercial</u>			
	Up to 500	\$16.33		
	Over 500, per 1,000	\$12.32		
2006	<u>Cubic Feet- Residential</u>		<u>Cubic Feet</u>	
	Up to 500	\$8.17	Up to 500	\$26.96
	Over 500, per 1,000	\$11.43	Over 500, per 1,000	\$20.34
	<u>Cubic Feet- Commercial</u>			
	Up to 500	\$17.97		
	Over 500, per 1,000	\$13.56		
2007	<u>Cubic Feet- Residential</u>		<u>Cubic Feet</u>	
	Up to 500	\$8.58	Up to 500	\$28.31
	Over 500, per 1,000	\$12.00	Over 500, per 1,000	\$21.36
	<u>Cubic Feet- Commercial</u>			
	Up to 500	\$18.87		
	Over 500, per 1,000	\$14.24		
2008	Base	\$8.96 per REU*	Base	\$10.54 per REU*
	Administration Fee	\$1.85	Administration Fee	\$1.85
	<u>Gallons</u>		<u>Gallons</u>	
	up to 5,000	\$1.00	up to 5,000	\$1.50
	5,001 - 10,000	\$1.50	5,001 - 10,000	\$2.25
	10,001 - 15,000	\$2.00	10,001 - 15,000	\$3.00
	15,001 - 20,000	\$2.50	15,001 - 20,000	\$3.75
	Over 20,000	\$3.00	Over 20,000	\$4.50

Source: City Records

\* REU - Residential Equivalent Unit

## City of Garden City, Georgia

### Sewer Rates Last Ten Calendar Years

Fiscal Years ended December 31,	<u>Sewer - Inside the City</u>		<u>Sewer - Outside the City</u>	
	Type of Charge	Charge	Type of Charge	Charge
1999-2003	<u>Cubic Feet- Residential</u>		<u>Cubic Feet</u>	
	Up to 300	\$7.50	Up to 500	\$21.00
	Over 300, per 1,000	\$7.00	Over 500, per 1,000	\$12.45
	<u>Cubic Feet- Commercial</u>			
	Up to 500	\$14.00		
	Over 500, per 1,000	\$8.30		
2003	<u>Cubic Feet- Residential</u>		<u>Cubic Feet</u>	
	Up to 300	\$10.12	Up to 500	\$28.35
	Over 300, per 1,000	\$9.45	Over 500, per 1,000	\$16.80
	<u>Cubic Feet- Commercial</u>			
	Up to 500	\$18.90		
	Over 500, per 1,000	\$11.20		
2004-2005	<u>Cubic Feet- Residential</u>		<u>Cubic Feet</u>	
	Up to 500	\$11.13	Up to 500	\$31.19
	Over 500, per 1,000	\$10.39	Over 500, per 1,000	\$18.48
	<u>Cubic Feet- Commercial</u>			
	Up to 500	\$20.79		
	Over 500, per 1,000	\$12.32		
2006	<u>Cubic Feet- Residential</u>		<u>Cubic Feet</u>	
	Up to 500	\$12.25	Up to 500	\$34.31
	Over 500, per 1,000	\$11.43	Over 500, per 1,000	\$20.34
	<u>Cubic Feet- Commercial</u>			
	Up to 500	\$22.87		
	Over 500, per 1,000	\$13.56		
2007	<u>Cubic Feet- Residential</u>		<u>Cubic Feet</u>	
	Up to 500	\$12.86	Up to 500	\$36.02
	Over 500, per 1,000	\$12.00	Over 500, per 1,000	\$21.36
	<u>Cubic Feet- Commercial</u>			
	Up to 500	\$24.01		
	Over 500, per 1,000	\$14.24		
2008	Base	\$10.00 per REU*	Base	\$12.04 per REU*
	Administration Fee	\$1.85	Administration Fee	\$1.85
	<u>Gallons</u>		<u>Gallons</u>	
	up to 5,000	\$1.30	up to 5,000	\$1.95
	5,001 - 10,000	\$1.95	5,001 - 10,000	\$2.93
	10,001 - 15,000	\$2.60	10,001 - 15,000	\$3.90
	15,001 - 20,000	\$3.25	15,001 - 20,000	\$4.88
	Over 20,000	\$3.90	Over 20,000	\$5.85

Source: City Records

\* REU - Residential Equivalent Unit

**City of Garden City**

Ratios of Outstanding Debt by Type  
Last Ten Calendar Years

Calendar Year	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income <sup>(a)</sup>	Per Capita <sup>(a)</sup>
	Water Credits	Capital Leases	SRF Loan	GEFA Loans	Capital Leases			
1999	\$ 48,961	\$ 100,661	\$ 923,358	\$ 585,931	\$ 80,885	\$ 1,739,796	1.15%	\$ 160
2000	28,700	66,842	894,413	530,664	38,433	1,559,052	0.98%	138
2001	25,415	31,187	773,978	1,148,207	-	1,978,787	1.18%	172
2002	20,313	-	697,023	978,522	-	1,695,858	0.97%	145
2003	12,856	285,090	638,290	2,722,323	-	3,658,559	2.00%	306
2004	9,936	276,171	558,601	2,650,403	-	3,495,111	1.83%	287
2005	6,665	232,641	477,306	3,425,365	-	4,141,977	2.07%	334
2006	4,128	187,368	394,373	3,298,113	-	3,883,982	1.88%	308
2007	-	140,283	309,768	3,164,919	-	3,614,970	1.69%	282
2008	-	358,838	223,458	3,913,483	-	4,495,779	2.03%	345

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

<sup>(a)</sup> *These ratios are calculated using personal income and population for the prior calendar year.*

**City of Garden City, Georgia**

Direct and Overlapping Governmental Activities Debt  
As of December 31, 2008

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(a)</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt repaid with property taxes:			
Chatham County, Georgia:			
DSA Chatham County Projects Series 2005.....	\$ 21,135,000	3.47%	\$ 733,385
Chatham County Public Health Facilities Projects.....	920,000	3.47%	31,924
DSA Chatham County Projects Series 1999.....	840,000	3.47%	29,148
DSA Chatham County Projects Series 2005A.....	6,010,000	3.47%	208,547
Mosquito Control.....	4,243,959	3.47%	147,265
Chatham-Savannah School Board:			
General Obligation Bonded Debt.....	97,915,000	3.47%	3,397,651
DSA (Improvement Project).....	4,805,000	3.47%	166,734
Overlapping other debt:			
Capital leases:			
Chatham County, Georgia.....	2,518,310	8.69%	218,841
Savannah-Chatham County School Board.....	10,095,788	8.69%	877,324
Subtotal, overlapping debt.....			<u>5,810,818</u>
City of Garden City direct debt.....			<u>358,838</u>
Total direct and overlapping debt.....			<u><u>\$ 6,169,656</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Chatham County Board of Taxation. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Pooler. This process recognizes that, when considering the city's ability to issue and repay long-term-debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

<sup>(a)</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the city's boundaries and dividing it by each unit's total taxable value. For overlapping other debt (County), the percentage of overlapping applicable is estimated using the city's population and dividing it by the county's population. For overlapping other debt (School), the percentage of overlapping applicable is estimated using the city's school enrollment and dividing it by the school district's total enrollment.

**City of Garden City, Georgia**

**Legal Debt Margin Information  
Last Ten Calendar Years**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Total assessed value of taxable property.....	\$ 196,128,934	\$ 220,195,678	\$ 231,743,367	\$ 245,122,016	\$ 251,549,079
Less exemptions for bond purposes.....	-	-	-	-	-
Net assessed value for bond purposes.....	<u>\$ 196,128,934</u>	<u>\$ 220,195,678</u>	<u>\$ 231,743,367</u>	<u>\$ 245,122,016</u>	<u>\$ 251,549,079</u>
Debt limit percentage.....	10%	10%	10%	10%	10%
Debt limit.....	\$ 19,612,893	\$ 22,019,568	\$ 23,174,337	\$ 24,512,202	\$ 25,154,908
Total net debt applicable to limit: General obligation bonds (net of set aside).....	-	-	-	-	-
Legal debt margin.....	<u>\$ 19,612,893</u>	<u>\$ 22,019,568</u>	<u>\$ 23,174,337</u>	<u>\$ 24,512,202</u>	<u>\$ 25,154,908</u>
Total net debt applicable to the limit as a percentage of debt limit.....	0.00%	0.00%	0.00%	0.00%	0.00%

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total assessed value of taxable property.....	\$ 272,510,987	\$ 290,769,300	\$ 321,107,550	\$ 360,147,924	\$ 386,263,830
Less exemptions for bond purposes.....	-	-	-	-	-
Net assessed value for bond purposes.....	<u>\$ 272,510,987</u>	<u>\$ 290,769,300</u>	<u>\$ 321,107,550</u>	<u>\$ 360,147,924</u>	<u>\$ 386,263,830</u>
Debt limit percentage.....	10%	10%	10%	10%	10%
Debt limit.....	\$ 27,251,099	\$ 29,076,930	\$ 32,110,755	\$ 36,014,792	\$ 38,626,383
Total net debt applicable to limit: General obligation bonds (net of set aside).....	-	-	-	-	-
Legal debt margin.....	<u>\$ 27,251,099</u>	<u>\$ 29,076,930</u>	<u>\$ 32,110,755</u>	<u>\$ 36,014,792</u>	<u>\$ 38,626,383</u>
Total net debt applicable to the limit as a percentage of debt limit.....	0.00%	0.00%	0.00%	0.00%	0.00%

*The present constitutional limit on direct general obligation bonds for the City of Garden City is the amount equivalent to 10% of the net assessed valuation of taxable property for debt service (bond) purposes.*

*The Constitutional debt limitation applies to all general obligation bonds authorized. Additional general obligation bonds may authorized to be issued if so approved by a majority of those voting in an election held for that purpose. The City of Garden City has no general obligation bonds authorized but unissued.*

**City of Garden City, Georgia**

Pledged Revenue Coverage  
Last Ten Calendar Years

**Water Revenue Bonds**

<u>Fiscal Year</u>	<u>Utility Service Charges</u>	<u>Less: Operating Expenses <sup>(a)</sup></u>	<u>Net Available Revenue</u>	<u>Debt Service <sup>(b)</sup></u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
1999	\$ 1,317,302	\$ 645,013	\$ 672,289	\$ 170,219	\$ 59,610	2.93
2000	1,306,178	719,875	586,303	171,664	57,738	2.56
2001	1,338,347	810,617	527,730	172,751	42,838	2.45
2002	1,351,311	844,229	507,082	246,640	97,644	1.47
2003	1,765,317	981,516	783,801	87,551	68,352	5.03
2004	1,912,863	936,757	976,106	166,864	185,704	2.77
2005	1,871,854	940,158	931,696	169,508	169,386	2.75
2006	1,963,331	1,039,575	923,756	210,185	173,908	2.41
2007	1,907,805	1,070,148	837,657	217,799	160,339	2.22
2008	2,633,654	1,618,935	1,014,719	225,729	132,173	2.84

<sup>(a)</sup> Operating expenses do not include interest, depreciation, amortization expenses, or support departments such as administration & finance.

<sup>(b)</sup> Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**City of Garden City, Georgia**  
Demographic and Economic Statistics  
Last Ten Calendar Years

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Year	Population*	Personal Income (2)	Per Capita Personal Income (1)	Median Age	Unemployment Rate (3)
1999	10,901	\$ 151,641,631	\$ 13,911	32	2.8%
2000	11,289	159,615,171	14,139	32	2.8%
2001	11,509	167,299,428	14,536	32	2.8%
2002	11,728	175,143,606	14,934	32	3.3%
2003	11,948	183,177,178	15,331	32	3.4%
2004	12,168	191,385,605	15,729	32	3.4%
2005	12,387	199,752,762	16,126	32	5.7%
2006	12,607	206,888,434	16,411	32	4.9%
2007	12,826	214,132,635	16,695	32	5.0%
2008	13,046	221,518,471	16,980	32	7.6%

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*Sources:*

- (1) *Personal income has been estimated based upon the municipal population and per capita personal income presented.*
- (2) *2000 Census Bureau*
- (3) *State Department of Labor*

**City of Garden City, Georgia**

Principal Employers

Current Year and Nine Years Ago

<b>Employer</b>	<b>2008</b>			<b>1999</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Metro Area Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Metro Area Employment</b>
Georgia Ports Authority	821	1	0.60%	N/A	N/A	N/A
Labor Finders	500	2	0.36%	N/A	N/A	N/A
R B Baker Construction Inc	321	3	0.23%	N/A	N/A	N/A
Mco Transport Inc	155	4	0.11%	N/A	N/A	N/A
Savannah - Chatham School District	150	5	0.11%	N/A	N/A	N/A
Ports America	125	6	0.09%	N/A	N/A	N/A
Bo-Mark Transport Inc	120	7	0.09%	N/A	N/A	N/A
Coating Systems Inc	100	8	0.07%	N/A	N/A	N/A
Glenn Lee Trucking	75	9	0.05%	N/A	N/A	N/A
National Guard Security Police	70	10	0.05%	N/A	N/A	N/A
<b>Total</b>	<b>2,437</b>		<b>1.77%</b>	<b>N/A</b>		<b>N/A</b>

Source: Reference USA.

Note: Employer information for fiscal year 1999 was not readily available.

## City of Garden City, Georgia

### Demographic Profile Census 2000

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	<u>City of Garden City</u>	<u>Chatham County</u>	<u>State of Georgia</u>	<u>United States</u>
Population, 2000	11,289	232,048	8,186,453	281,421,906
Population, 1990	7,410	216,935	6,478,149	248,709,873
Population change 1990-2000, %	52	7	26	13
Persons under 5 years old, %	7.2	6.7	7.3	6.8
Persons under 18 years old, %	23.7	25	26.5	25.7
Persons 65 years old and older, %	9.9	12.8	9.6	12.4
Median age	32	34	33	35
Female persons, %	45.5	51.8	50.8	50.9
White persons, %	54.2	55.3	65.1	75.1
Black or African American persons, %	40	40.5	28.7	12.3
American Indian and Alaska Native persons, %	0.5	0.2	0.3	0.9
Asian persons, %	0.9	1.7	2.1	3.6
Native Hawaiian and Other Pacific Islander, %	0	0.1	0.1	0.1
Persons reporting some other race, %	2.3	0.9	2.4	5.5
Persons reporting two or more races, %	2.1	1.3	1.4	2.4
High school graduates, % of persons age 25+	35.4	80.2	78.6	80.4
Bachelors degree or higher, % of persons age 25+	5.7	25	24.3	24.4
Households	3,981		3,006,369	105,480,101
Persons per household	2.56	2.49	2.65	2.59
Median household income	\$29,718	\$37,752	\$42,433	\$41,994
Per capita income	\$14,139	\$21,152	\$21,154	\$21,587
Total housing units	4,413	99,683	3,281,737	115,904,641
Median value of owner occupied housing units	\$77,700	\$95,000	\$111,200	\$119,600
Land area 2000 (square miles)	14.6	632.0	57,906.1	3,537,438.4

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*Source: Year 2000 U.S. Census Report*

**City of Garden City, Georgia**

**Full Time City Employees by Function/Program  
Last Ten Calendar Years**

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<b><u>Function/Program</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>
General government.....	12	11	11	12	15
Public safety.....	36	39	40	39	43
Public works.....	9	13	14	15	17
Community development.....	6	6	10	11	11
Utility services.....	9	8	12	12	12
<b>Total.....</b>	<b><u>72</u></b>	<b><u>77</u></b>	<b><u>87</u></b>	<b><u>89</u></b>	<b><u>98</u></b>

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<b><u>Function/Program</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>
General government.....	14	13	15	17	19
Public safety.....	43	41	49	70	63
Public works.....	19	22	19	21	13
Culture and recreation.....	12	12	12	22	26
Water and sewer services.....	12	11	11	13	16
<b>Total.....</b>	<b><u>100</u></b>	<b><u>99</u></b>	<b><u>106</u></b>	<b><u>143</u></b>	<b><u>137</u></b>

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*Source: City Personnel Records*

**City of Garden City, Georgia**  
**Operating Indicators by Function**  
**Last Ten Calendar Years**

	1999	2000	2001	2002	2003
<b>Police:</b>					
Arrests.....	unav	unav	3296	2525	1796
<b>Fire:</b>					
Number of emergency calls.....	317	294	324	308	210
Inspections.....	unav	unav	unav	unav	unav
<b>Public works:</b>					
Street resurfacing (miles).....	unav	unav	unav	unav	unav
Dry trash (tons).....	unav	unav	unav	unav	unav
<b>Water:</b>					
New connections.....	unav	unav	unav	unav	unav
Average daily consumption (millions of gallons).....	unav	unav	unav	unav	unav
<b>Sewer:</b>					
New connections.....	unav	unav	unav	unav	unav
Average daily sewage treatment (millions of gallons).....	unav	unav	unav	unav	unav

	2004	2005	2006	2007	2008
<b>Police:</b>					
Arrests.....	1211	1859	1897	2375	2149
<b>Fire:</b>					
Number of emergency calls.....	262	261	334	366	390
Inspections.....	unav	unav	unav	unav	315
<b>Public works:</b>					
Street resurfacing (miles).....	unav	unav	1.156	1.321	1.521
Dry trash (tons).....	unav	unav	900	1100	1000
<b>Water:</b>					
New connections.....	unav	unav	unav	unav	unav
Average daily consumption (millions of gallons).....	1.3	1.2	1.2	1.2	1.1
<b>Sewer:</b>					
New connections.....	unav	unav	unav	unav	unav
Average daily sewage treatment (millions of gallons).....	1.04	1.09	0.97	0.98	0.96

Sources: City records

unav - This information is not available.

**City of Garden City, Georgia**  
**Capital Asset Statistics by Function**  
**Last Ten Calendar Years**

	1999	2000	2001	2002	2003
<b>Police:</b>					
Stations.....	1	1	1	1	1
<b>Fire:</b>					
Fire stations.....	2	2	2	2	2
<b>Public works:</b>					
Streets (miles).....	unav	unav	unav	unav	unav
<b>Parks and recreation:</b>					
Parks.....	3	3	3	4	4
Community centers.....	3	3	3	3	3
<b>Water:</b>					
Water mains (miles).....	unav	unav	unav	unav	unav
Maximum daily capacity (millions of gallons).....	1.5	1.5	1.5	1.5	1.5
<b>Wastewater:</b>					
Sanitary sewers (miles).....	unav	unav	unav	unav	unav
Maximum daily treatment capacity (millions of gallons).....	2.0	2.0	2.0	2.0	2.0

	2004	2005	2006	2007	2008
<b>Police:</b>					
Stations.....	1	1	1	1	1
<b>Fire:</b>					
Fire stations.....	2	2	2	2	2
<b>Public works:</b>					
Streets (miles).....	unav	unav	unav	unav	60
<b>Parks and recreation:</b>					
Parks.....	4	4	4	4	4
Community centers.....	3	3	3	3	3
<b>Water:</b>					
Water mains (miles).....	unav	unav	unav	unav	39.9
Maximum daily capacity (millions of gallons).....	1.5	1.5	1.5	1.5	1.5
<b>Wastewater:</b>					
Sanitary sewers (miles).....	unav	unav	unav	unav	45
Maximum daily treatment capacity (millions of gallons).....	2.0	2.0	2.0	2.0	2.0

Sources: City records and Technical Data Assessment Garden City Comprehensive Plan

unav - This information is not available.

## **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***

Honorable Mayor and Members of the  
City Council  
City of Garden City, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Garden City, Georgia (City), as of and for the year ended December 31, 2008, and have issued our report thereon dated May 20, 2009. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We noted no deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

## City of Garden City, Georgia

Schedule of Findings  
December 31, 2008

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We noted no material weaknesses in internal control over financial reporting.

### **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 in a separate letter dated May 20, 2009.

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

Karp, Ronning & Tindol, P.C.

*Karp, Ronning & Tindol, P.C.*

Savannah, Georgia  
May 20, 2009

## City of Garden City, Georgia

Schedule of Findings  
December 31, 2008

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### 2008-1: Internal Control over Financial Reporting

*Condition:* Under current professional standards, the City is responsible for the internal control process which includes preparation of year-end financial statements in accordance with generally accepted accounting principles. During the audit process adjustments and corrections were made to the governmental fund and government-wide financial statements. The amounts involved were material to the financial statements.

*Context:* Statement on Auditing Standards No. 112, “*Communicating Internal Control Related Matters Identified in an Audit*”, cites “the identification by the auditor of a material misstatement in the financial statements for the period under audit that was not initially identified by the entity’s internal control as at least a significant deficiency and a strong indicator of a material weakness in internal control.”

*Cause:* The City’s internal control did not adequately identify and correct certain misstatements in the governmental fund and government-wide financial statements.

*Effect:* The City’s governmental fund and government-wide financial statements contained material misstatements.

*Recommendation:* We recommend that management improve the review process of amounts reflected in the governmental fund and government-wide financial statements.

*Management’s response:* Management concurs with the finding.