CITY OF WAYNESBORO, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2012

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of net position	12
Statement of activities	13
Fund Financial Statements:	
Governmental Funds	
Balance sheet - governmental funds	14
Statement of revenues, expenditures and changes in fund balances - governmental funds	16
Statement of revenues, expenditures and changes in fund balances - budget to actual - general fund	18
Proprietary Funds	
Statement of net position	19
Statement of revenues, expenses and changes in fund net position	20
Statement of cash flows	21
Notes to financial statements	23
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of funding progress	50
SUPPLEMENTARY DATA	
Combining and Individual Fund Statements and Schedules	
Governmental Funds:	
Non-major Governmental Funds	52
Combining balance sheet	53
Combining statement of revenues, expenditures and changes in fund balances	54
General Fund	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	55
Special Revenue Funds	
Hotel/Motel Tax Fund	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	57
Drug Control Fund	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	58
Revolving Loan Fund	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	59
Community Home Investment Program	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	60
2006 Community Development Block Grant	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	61
Family Connection Grant	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	62
Reconciliation of program year to fiscal year	63
Capital Projects Funds	
SPLOST Fund	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	64

(Continued)

Page

SUPPLEMENTARY DATA (continued)
Combining and Individual Fund Statements and Schedules (continued)
Governmental Funds: (continued)
SPLOST II Fund
Schedule of revenues, expenditures and changes in fund balances - budget to actual 65
SPLOST III Fund
Schedule of revenues, expenditures and changes in fund balances - budget to actual 66
2012 Community Development Block Grant
Schedule of revenues, expenditures and changes in fund balances - budget to actual 67
Project cost schedule 68
Proprietary Funds:
Water and Sewer Fund
Comparative statement of revenues, expenses and changes in fund net position 69
Comparative statement of cash flows 70
Gas Fund
Comparative statement of revenues, expenses and changes in fund net position 72
Comparative statement of cash flows 73
Solid Waste Fund
Comparative statement of revenues, expenses and changes in fund net position 74
Comparative statement of cash flows 75

OTHER REPORTS
Independent auditors' 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* 77
Schedule of findings and questioned costs 79
Schedule of state awards expended 84
Schedule of projects constructed with Special Purpose Local Option Sales Tax Proceeds 85

REDDICK, RIGGS,
HUNTER AND KENNEDY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TERRELL T. REDDICK
1947-2005
JAMES S. RIGGS
PATRICIA H. HUNTER
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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Waynesboro, Georgia
Waynesboro, Georgia

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and aggregate remaining fund information of the City of Waynesboro, Georgia (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation fo the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and aggregate remaining fund information of the City of Waynesboro, Georgia as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary data on pages 4 through 11 and page 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waynesboro, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Projects Constructed with Special Purpose Local Option Tax Proceeds and the Schedule of State Awards Expended are presented for purposes of additional analysis and are also not a required part of the basic financial statements of the City of Waynesboro, Georgia.

The combining and individual nonmajor fund financial statements, the Schedule of Projects Constructed with Special Purpose Local Option Tax Proceeds and the Schedule of State Awards Expended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the Schedule of Projects Constructed with Special Purpose Local Option Tax Proceeds and the Schedule of State Awards Expended are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 20, 2013, 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 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 in considering the City of Waynesboro, Georgia's internal control over financial reporting and compliance.

Reddick, Riggs, Hunter and Kennedy, P. C.

Statesboro, Georgia
May 20, 2013

This discussion and analysis is intended to be an easily readable analysis of the City of Waynesboro, Georgia's (the City's) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Overview of the Financial Statements

The City's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the basic financial statements. The *government-wide financial statements* present an overall picture of the City's financial position and results of operations. The *fund financial statements* present financial information for the City's major funds. The *notes to financial statements* provide additional information concerning the City's finances that are not disclosed in the government-wide or fund financial statements.

Government-wide Financial Statements

The City's financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position.* This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The *Statement of Activities* reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

In the Statement of Net Position and Statement of Activities, the City is divided into two kinds of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, community development, information services and general administration. These activities are primarily supported by property taxes, sales taxes, other taxes, federal and state grants, and charges for services.
- *Business-type activities* - Business-type activities include the City's water and sewer system, gas system, and solid waste activities. These activities are supported by charges to the users of the activities.

The government-wide financial statements are presented on pages 12 and 13 of this report.

Overview of the Financial Statements (continued)

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

Governmental Funds: The majority of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances of spendable resources available at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information 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. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The basic governmental fund financial statements are presented on pages 14 through 18 of this report.

The City maintains three major and eight non-major governmental funds. The City's major governmental funds are the General Fund, the SPLOST II Fund and the SPLOST III Fund. The City's non-major governmental funds are the Hotel/Motel Tax Fund, Drug Control Fund, Revolving Loan Fund, Community Home Investment Program, the 2006 Community Development Block Grant Fund, Family Connection Grant, the SPLOST Fund and the 2012 CDBG Grant Fund.

Proprietary Funds: The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. These are reported in the fund financial statements and generally report services for which the fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 19 through 22 of this report.

The City maintains three enterprise funds: Water and Sewer, Gas and Solid Waste.

Notes to the Basic Financial Statements

The notes to the financial statements explain some of the information in the financial statements and provide information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes begin on page 23 of this report.

Budgetary Presentations

A budgetary comparison statement is included as "basic financial statements" for the General Fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Overview of the Financial Statements (continued)

Supplementary Financial Information

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented as supplementary financial information of this report beginning on page 52.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is $18,849,351, as compared to $17,688,217 at December 31, 2011. The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	(As Restated) 2011	2012	2011	2012	(As Restated) 2011
Assets:						
Current and other assets	$ 5,255,719	5,006,531	$ 796,805	$ 602,257	$ 6,052,524	$ 5,608,788
Capital assets	5,031,439	4,995,007	19,884,535	19,670,404	24,915,974	24,665,411
Total assets	10,287,158	10,001,538	20,681,340	20,272,661	30,968,498	30,274,199
Liabilities:						
Long-term liabilities	94,054	149,541	10,204,164	10,903,074	10,298,218	11,052,615
Other liabilities	1,304,140	968,772	516,789	564,595	1,820,929	1,533,367
Total liabilities	1,398,194	1,118,313	10,720,953	11,467,669	12,119,147	12,585,982
Net position:						
Invested in capital assets, net of related debt	5,028,992	4,910,953	9,698,107	8,784,212	14,727,099	13,695,165
Restricted	2,900,158	2,747,011	465,967	463,439	3,366,125	3,210,450
Unrestricted	959,814	1,225,261	(203,687)	(442,659)	756,127	782,602
Total Net Position	$ 8,888,964	$ 8,883,225	$ 9,960,387	$ 8,804,992	$ 18,849,351	$ 17,688,217

The current ratio is used to measure an entity's ability to meet current obligations. The City of Waynesboro, Georgia has a 4.03 to 1 ratio for governmental activities as compared to 5.17 to 1 at December 31, 2011. The current ratio for business-type activities is 1.54 to 1, as compared to 1.07 to 1 at December 31, 2011.

The City reported positive balances in net positions for both governmental and business-type activities. Analyzing the net position of governmental and business-type activities separately, the business-type activities net position is $9,960,387. The table below focuses on the net position and revenues and expenses of the City's governmental and business-type activities. Net position increased $5,739 for governmental activities and increased $1,155,395 for business-type activities. The City's overall financial position improved during the year ended December 31, 2012.

Financial Analysis of the City as a Whole (continued)

The following table provides a summary of the City's changes in net position:

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	(As Restated) 2011	2012	2011	2012	(As Restated) 2011
Revenues:						
Program						
Charges for services	$ 343,700	$ 407,279	$ 4,532,767	$ 4,733,201	$ 4,876,467	$ 5,140,480
Operating grants	166,460	252,043	-	-	166,460	252,043
Capital grants / contributions	1,302,319	2,014,169	257,100	190,277	1,559,419	2,204,446
General						
Property taxes	1,354,097	1,289,820	-	-	1,354,097	1,289,820
Sales taxes	1,183,456	1,069,354	-	-	1,183,456	1,069,354
Franchise taxes	429,407	459,254	-	-	429,407	459,254
Insurance premium taxes	287,263	270,450	-	-	287,263	270,450
Financial institution taxes	26,904	25,826	-	-	26,904	25,826
Alcoholic beverage taxes	158,209	153,275	-	-	158,209	153,275
Hotel/Motel occupancy taxes	66,383	71,405	-	-	66,383	71,405
Intangible and other taxes	17,524	22,239	-	-	17,524	22,239
Interest	2,694	2,796	2,841	4,287	5,535	7,083
Gain (loss) on sale of assets	20,998	12,220	1,861	-	22,859	12,220
Other income	34,883	18,734	-	-	34,883	18,734
Total revenues	5,394,297	6,068,864	4,794,569	4,927,765	10,188,866	10,996,629
Program expenses:						
General government	888,798	822,486	-	-	888,798	822,486
Judicial	45,315	60,580	-	-	45,315	60,580
Public safety	2,519,131	2,214,064	-	-	2,519,131	2,214,064
Public works	1,000,699	968,615	-	-	1,000,699	968,615
Public health and welfare	85,323	229,340	-	-	85,323	229,340
Economic development	303,490	399,320	-	-	303,490	399,320
Interest	27,233	21,588	-	-	27,233	21,588
Water	-	-	2,457,336	2,542,937	2,457,336	2,542,937
Gas	-	-	1,080,970	1,147,848	1,080,970	1,147,848
Solid waste	-	-	619,437	656,097	619,437	656,097
Total expenses	4,869,989	4,715,993	4,157,743	4,346,882	9,027,732	9,062,875
Increase (decrease) in total net position before transfers and special items	524,308	1,352,871	636,826	580,883	1,161,134	1,933,754
Transfers	(518,569)	72,753	518,569	(72,753)	Nil	Nil
Increase (decrease) in net position	5,739	1,425,624	1,155,395	508,130	1,161,134	1,933,754
Total net position, beginning of year	8,883,225	7,457,601	8,804,992	8,296,862	17,688,217	15,754,463
Total net position, end of year	$ 8,888,964	$ 8,883,225	$ 9,960,387	$ 8,804,992	$ 18,849,351	$ 17,688,217

Governmental Revenues

The City's governmental activities are heavily reliant on property taxes and sales taxes, which collectively make up 47.04% of governmental revenues. Note that program revenues made up 64.82% of the City's total revenues.

Financial Analysis of the City as a Whole (continued)

Governmental Expenses

The above table presents the costs of each of the City's programs. Public safety, water and sewer, and gas were the most costly. Public safety made up 27.90% of the City's total expenses, while water and sewer and gas made up 27.23% and 11.97% respectively.

There was an excess of $524,308 in governmental activities and an excess of $636,826 in business-type activities. Transfers to (from) governmental activities resulted in a total excess in governmental activities of $5,739 and a total excess in business-type activities of $1,155,395. The total change in net position was $1,161,134. As stated earlier, the financial position of the City improved in the year ended December 31, 2012.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

Governmental funds reported ending fund balances of $3,498,021. Of this year-end total, $2,895,149 is reserved for capital projects and $5,009 for other uses. The unreserved portion of governmental fund balances was $559,150. The total ending fund balances of governmental funds shows an increase of $179,644, or a 5.41% increase.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund reported an ending fund balance of $565,165. Of this total, $6,015 is reserved for use under state grants or community development programs. The remaining balance of $559,150 is unreserved. The total ending fund balance of the general fund shows an increase of $15,824. The increase in the current year was a result of cost control efforts.

Total revenues of the General Fund were $4,222,498, an increase of $649,855 from fiscal year 2011. This equates to an increase of 18.19% in total revenues. This increase was primarily due to the collection of deferred property taxes.

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Operating revenues for the proprietary funds were $4,532,767, a decrease of $(200,434) over fiscal year 2011. After considering expenditures, the net income of these funds before capital contributions and transfers is $379,726.

Budgetary Highlights

Revenues in the General Fund were over the budget by $780,198. This increase resulted primarily from property tax collections, which were over budget by $358,151. Local Option Sales Taxes were over budget by $304,056.

Expenditures in the General Fund were over the budget by $493,498 due primarily to overspending in the police department.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, as of December 31, 2012, was $24,915,974 as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Nondepreciable assets:						
Land	$ 139,872	$ 139,872	$ 74,047	$ 74,047	$ 213,919	$ 213,919
Construction in progress	38,130	4,850	1,599,032	797,298	1,637,162	802,148
Book value - nondepreciable assets	178,002	144,722	1,673,079	871,345	1,851,081	1,016,067
Depreciable assets:						
Buildings and plant	5,189,499	5,123,531	27,017,497	26,957,509	32,206,996	32,081,040
Machinery and equipment	773,781	709,508	2,402,489	2,351,819	3,176,270	3,061,327
Office equipment	517,391	478,448	-	-	517,391	478,448
Vehicles	1,295,860	1,217,684	969,188	895,102	2,265,048	2,112,786
Total depreciable assets	7,776,531	7,529,171	30,389,174	30,204,430	38,165,705	37,733,601
Less accumulated depreciation	2,923,094	2,678,886	12,177,718	11,405,371	15,100,812	14,084,257
Book value - depreciable assets	4,853,437	4,850,285	18,211,456	18,799,059	23,064,893	23,649,344
Percentage depreciated	37.59 %	35.58 %	40.07 %	37.76 %	39.57 %	37.33 %
Total Capital Assets	$ 5,031,439	$ 4,995,007	$ 19,884,535	$ 19,670,404	$ 24,915,974	$ 24,665,411

For more information on the changes in capital assets, see Note 3.D.

Capital Assets and Debt Administration (continued)

Debt Outstanding

As of December 31, 2012, the City had total outstanding long-term debt of $10,298,218 as follows:

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Accumulated leave benefits	$ 91,607	$ 65,487	$ 17,736	$ 16,882	$ 109,343	$ 82,369
Notes payable						
City Hall renovation	-	21,085	-	-	-	21,085
GEFA Loan	-	-	785,268	911,189	785,268	911,189
GEFA Loan - WWTP rehab	-	-	492,798	556,704	492,798	556,704
GEFA Loan - Well	-	-	467,065	489,500	467,065	489,500
Capital leases						
Fire truck	2,447	31,112	-	-	2,447	31,112
Street sweeper	-	21,790	-	-	-	21,790
Police cars	-	10,067	-	-	-	10,067
Sanitation equipment	-	-	147,268	460,682	147,268	460,682
Revenue bonds payable						
USDA Bonds, Series 1992	-	-	2,608,637	2,683,788	2,608,637	2,683,788
USDA Bonds, Series 2002	-	-	2,812,367	2,866,397	2,812,367	2,866,397
USDA Bonds, Series 2003 (#4)	-	-	945,770	960,553	945,770	960,553
USDA Bonds, Series 2003 (#6)	-	-	1,927,255	1,957,379	1,927,255	1,957,379
Total Long-Term Debt	$ 94,054	$ 149,541	$ 10,204,164	$ 10,903,074	$ 10,298,218	$ 11,052,615

During the year ended December 31, 2012, the City issued long-term debt totaling $28,903. The City retired $783,300 of existing debt.

For more information on the City's long-term debt, see Note 3.G.

Economic Conditions Affecting the City

Despite being the home of one of the largest construction projects in the United States, Waynesboro and Burke County continues to have a high unemployment rate of 11.1 percent (as of May 2013). Southern Company's Vogtle Electric Generating Plant is the site of the first two nuclear reactors to be approved in more than 30 years. During this construction project, Vogtle has attracted as much as 3,500 new temporary construction jobs that will last until approximately 2017. The temporary jobs most often provide employment to trade workers outside the area. During the construction process, Southern Company will be hiring 800 to 900 additional permanent employees to work at Units 3 and 4. Many of the permanent jobs will attract new residents to the area or be filled by current residents. Waynesboro is seeing more growth in the small business area. Several small businesses and restaurants have been built in the City.

The City of Waynesboro derives a portion of its revenues from the sale of natural gas. Although the winter of 2012 was warm, and sales had decreased significantly, natural gas sales for the year met and exceeded budgeted expectations. The City has worked to develop a diverse mix of natural gas customers including from residential, commercial, industrial and agricultural customers.

Economic Conditions Affecting the City (continued)

Burke County and its cities expected to receive Special Local Option Sales Taxes (SPLOST) and Local Option Sales Tax (LOST) from a large portion of the construction material from Plant Vogtle. However, the Georgia Department of Revenue allowed a majority of the components to be exempt from sales tax. Waynesboro was expecting to receive fourteen million dollars over a six to seven year period. Current projections indicate that Waynesboro will receive approximately 60 percent of the originally expected amount. This projected shortfall is not expected to impact the City other than by extending capital improvements over a longer period of time. The City did not budget to receive the excess funds in LOST which is an unencumbered revenue. The City planned to use SPLOST funds to make capital improvements to infrastructure and buildings. These improvements are not mandated or under a consent order; therefore, the improvements will be prioritized and completed over a longer period of time.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City at 628 Myrick Street, Waynesboro, Georgia 30830.

CITY OF WAYNESBORO, GEORGIA
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Current Assets				
Cash	$ 3,043,845	$ 74,521	$ 3,118,366	$ 8,040
Receivables, net of allowance for uncollectibles:				
Taxes	969,702	-	969,702	-
Intergovernmental	410,145	-	410,145	-
Other	550,925	433,703	984,628	-
Accrued interest receivable	-	697	697	-
Internal balances	242,389	(242,389)	-	-
Note receivable	38,713	-	38,713	-
Restricted assets:				
Cash	-	465,967	465,967	-
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	178,002	1,673,079	1,851,081	-
Depreciable assets, net	4,853,437	18,211,456	23,064,893	-
Deferred charges:				
Bond issuance costs, unamortized portion	-	64,306	64,306	-
Total Assets	10,287,158	20,681,340	30,968,498	8,040
LIABILITIES				
Current Liabilities				
Accounts payable	375,986	133,388	509,374	-
Accrued salaries	23,991	4,963	28,954	-
Accrued sales tax	-	3,654	3,654	-
Accrued interest payable	18,663	31,728	50,391	-
Deposits to secure services	-	43,056	43,056	-
Tax anticipation notes	885,500	-	885,500	-
Due within one year:				
Compensated absences	18,321	3,547	21,868	-
Notes payable	-	223,999	223,999	-
Capital lease payable	2,447	64,519	66,966	-
Revenue bonds payable	-	184,239	184,239	-
Due in more than one year:			-	-
Compensated absences, net of current portion	73,286	14,189	87,475	-
Notes payable, net of current portion	-	1,521,132	1,521,132	-
Capital lease payable, net of current portion	-	82,749	82,749	-
Revenue bonds payable, net of current portion	-	8,109,790	8,109,790	-
Other noncurrent liabilities:	-	-	-	-
Pollution remediation obligation	-	300,000	300,000	-
Total Liabilities	1,398,194	10,720,953	12,119,147	Nil
NET POSITION				
Invested in capital assets, net of related debt	5,028,992	9,698,107	14,727,099	-
Restricted for:				
Capital projects	2,895,149	-	2,895,149	-
Public Safety	272	-	272	-
Debt service	-	465,967	465,967	-
Community Development	4,737	-	4,737	8,040
Unrestricted	959,814	(203,687)	756,127	-
Total Net Position	$ 8,888,964	$ 9,960,387	$ 18,849,351	$ 8,040

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Statement of Activities
For the Year Ended December 31, 2012

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total	Component Unit
Governmental activities:								
General government	$ 888,798	$ 118,636	$ 43,476	$ -	$ (726,686)	$ -	$ (726,686)	$ -
Judicial	45,315	-	-	-	(45,315)	-	(45,315)	-
Public safety	2,519,131	221,164	77,129	-	(2,220,838)	-	(2,220,838)	-
Public works	1,000,699	3,900	-	1,302,319	305,520	-	305,520	-
Public health and welfare	85,323	-	45,855	-	(39,468)	-	(39,468)	-
Economic development	303,490	-	-	-	(303,490)	-	(303,490)	-
Interest on long-term debt	27,233	-	-	-	(27,233)	-	(27,233)	-
Total governmental activities	4,869,989	343,700	166,460	1,302,319	(3,057,510)	Nil	(3,057,510)	Nil
Business-type activities:								
Water and sewer	2,457,336	2,050,389	-	257,100	-	(149,847)	(149,847)	-
Gas	1,080,970	1,588,654	-	-	-	507,684	507,684	-
Solid waste	619,437	893,724	-	-	-	274,287	274,287	-
Total business-type activities	4,157,743	4,532,767	Nil	257,100	Nil	632,124	632,124	Nil
Total	$ 9,027,732	$ 4,876,467	$ 166,460	$ 1,559,419	(3,057,510)	632,124	(2,425,386)	Nil
Component unit:								
Downtown Development Authority	$ 9,829	$ 8,823	$ Nil	$ Nil	Nil	Nil	Nil	(1,006)
General Revenues								
Property taxes					1,354,097	-	1,354,097	-
Sales taxes					1,183,456	-	1,183,456	-
Franchise taxes					429,407	-	429,407	-
Insurance premium taxes					287,263	-	287,263	-
Financial institution taxes					26,904	-	26,904	-
Alcoholic beverage taxes					158,209	-	158,209	-
Hotel/Motel occupancy taxes					66,383	-	66,383	-
Intangible and other taxes					17,524	-	17,524	-
Interest					2,694	2,841	5,535	-
Other revenues					34,883	-	34,883	-
Gain (loss) on sale of assets					20,998	1,861	22,859	-
Total general revenues					3,581,818	4,702	3,586,520	-
Transfers					(518,569)	518,569	-	-
Total general revenues and transfers					3,063,249	523,271	3,586,520	-
Change in net position					5,739	1,155,395	1,161,134	(1,006)
Total net position, beginning of year					8,883,225	8,804,992	17,688,217	9,046
Total net position, end of year					$ 8,888,964	$ 9,960,387	$18,849,351	$ 8,040

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2012

	General Fund	SPLOST II Fund	SPLOST III Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 713,448	$ 1,606,796	$ 460,631	$ 262,971	$ 3,043,846
Receivables:					
Taxes receivable	969,702	-	-	-	969,702
Intergovernmental receivables	-	164,511	222,549	23,085	410,145
Notes receivable	-	-	-	38,713	38,713
Other receivables	546,965	-	-	3,961	550,926
Due from other funds	-	-	-	284,965	284,965
Total Assets	$ 2,230,115	$ 1,771,307	$ 683,180	$ 613,695	$ 5,298,297
LIABILITIES					
Accounts payable	$ 271,083	$ 69,665	$ -	$ 35,238	$ 375,986
Accrued salaries	23,991	-	-	-	23,991
Deferred tax revenues	453,560	-	-	-	453,560
Accrued interest payable	18,663	-	-	-	18,663
Due to other funds	12,153	30,423	-	-	42,576
Tax anticipation notes	885,500	-	-	-	885,500
Total Liabilities	1,664,950	100,088	Nil	35,238	1,800,276
FUND BALANCES					
Nonspendable:					
Notes receivable	-	-	-	38,713	38,713
Restricted for:					
Capital projects	6,015	1,671,219	683,180	534,735	2,895,149
Public safety	-	-	-	272	272
Community development	-	-	-	4,737	4,737
Fund balance - unreserved	559,150	-	-	-	559,150
Total Fund Balances	565,165	1,671,219	683,180	578,457	3,498,021
Total Liabilities and Fund Balances	$ 2,230,115	$ 1,771,307	$ 683,180	$ 613,695	$ 5,298,297

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2012

Total Governmental Fund Balances		$ 3,498,021
Amounts reported in governmental activities in the statements of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		
Cost	$ 7,954,534	
Accumulated depreciation	(2,923,095)	5,031,439
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Property taxes		453,560
Accrued interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(2)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease obligation	$ (2,447)	
Compensated absences	(91,607)	(94,054)
Total Net Position of Governmental Activities		$ 8,888,964

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General Fund	SPLOST II Fund	SPLOST III Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property taxes	$ 1,500,086	$ -	$ -	$ -	$ 1,500,086
Motor vehicle taxes	106,345	-	-	-	106,345
Mobile home taxes	2,446	-	-	-	2,446
Franchise taxes	429,407	-	-	-	429,407
Sales and use taxes	1,183,456	-	-	-	1,183,456
Alcoholic beverage taxes	158,209	-	-	-	158,209
Business and occupation taxes	72,615	-	-	-	72,615
Insurance premium taxes	287,263	-	-	-	287,263
Financial institution taxes	26,904	-	-	-	26,904
Hotel/Motel occupancy taxes	-	-	-	66,383	66,383
Other taxes	17,524	-	-	-	17,524
Licenses and permits	39,431	-	-	-	39,431
Intergovernmental revenues	129,596	445,965	756,225	146,965	1,478,751
Charges for services	57,390	-	-	-	57,390
Fees, fines and forfeitures	171,164	-	-	-	171,164
Investment income	2,679	898	59	189	3,825
Other revenues	37,983	-	-	1	37,984
Total revenues	4,222,498	446,863	756,284	213,538	5,639,183
EXPENDITURES					
Current operations:					
General city government	866,936	-	-	-	866,936
Judicial	45,315	-	-	-	45,315
Public safety	2,494,518	-	-	7,815	2,502,333
Public works	902,373	-	-	-	902,373
Public health and welfare	-	-	-	85,324	85,324
Economic development	258,684	-	-	36,754	295,438
Debt service:					
General city government	36,317	-	-	-	36,317
Public safety	50,361	-	-	-	50,361
Public works	22,194	-	-	228,964	251,158
Capital:					
General city government	-	137	20,485	-	20,622
Public safety	-	-	27,000	-	27,000
Public works	-	781,992	25,619	-	807,611
Total expenditures	4,676,698	782,129	73,104	358,857	5,890,788
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(454,200)	(335,266)	683,180	(145,319)	(251,605)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	20,998	-	-	-	20,998
Transfers in	449,726	-	-	700	450,426
Transfers out	(700)	-	-	(39,475)	(40,175)
NET CHANGE IN FUND BALANCES	15,824	(335,266)	683,180	(184,094)	179,644
FUND BALANCES, beginning of year (as restated)	549,341	2,006,485	Nil	762,551	3,318,377
FUND BALANCES, end of year	$ 565,165	$ 1,671,219	$ 683,180	$ 578,457	$ 3,498,021

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2012

Net change in fund balances - total governmental funds		$ 179,644
Amounts reported in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		325,093
Depreciation expense on capital assets is reported in the government-wide statement of activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(288,664)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes current financial resources of governmental funds.		
Principal retirement on long-term debt		81,607
Accrued interest expense on long-term debt reported in the government-wide statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.		
Accrued interest on long-term debt at December 31, 2012	$ (2)	
Accrued interest on long-term debt at December 31, 2011	65	63
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred property taxes at December 31, 2012	$ 453,560	
Deferred property taxes at December 31, 2011	(719,444)	(265,884)
Compensated absences reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Liability at December 31, 2012	$ (91,607)	
Liability at December 31, 2011	65,487	(26,120)
Change in net position in governmental funds		$ 5,739

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2012

	Budget (Original and Final)	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property taxes	$ 1,136,000	$ 1,500,086	$ 364,086
Motor vehicle taxes	90,000	106,345	16,345
Mobile home taxes	1,500	2,446	946
Franchise taxes	435,000	429,407	(5,593)
Sales and use taxes	879,400	1,183,456	304,056
Alcoholic beverage taxes	152,000	158,209	6,209
Business and occupation taxes	68,000	72,615	4,615
Insurance premium taxes	270,000	287,263	17,263
Financial institution taxes	28,000	26,904	(1,096)
Other taxes	15,000	17,524	2,524
Licenses and permits	28,600	39,431	10,831
Intergovernmental revenues	52,600	129,596	76,996
Charges for services	52,000	57,390	5,390
Fees, fines and forfeitures	178,000	171,164	(6,836)
Investment income	800	2,679	1,879
Other revenues	55,400	37,983	(17,417)
Total revenues	3,442,300	4,222,498	780,198
EXPENDITURES			
Current operations:			
General city government	799,500	866,936	(67,436)
Judicial	34,000	45,315	(11,315)
Public safety	2,159,800	2,494,518	(334,718)
Public works	858,200	902,373	(44,173)
Economic development	264,500	258,684	5,816
Debt service:			
General city government	-	36,317	(36,317)
Public safety	42,200	50,361	(8,161)
Public works	25,000	22,194	2,806
Total expenditures	4,183,200	4,676,698	(493,498)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(740,900)	(454,200)	286,700
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	2,000	20,998	18,998
Transfers in	738,900	449,726	(289,174)
Transfers out	-	(700)	(700)
NET CHANGE IN FUND BALANCES	Nil	15,824	15,824
FUND BALANCES, beginning of year (as restated)	549,341	549,341	Nil
FUND BALANCES, end of year	$ 549,341	$ 565,165	$ 15,824

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2012

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
ASSETS				
Current Assets				
Cash	$ 74,521	$ -	$ -	$ 74,521
Accounts receivable	199,955	177,318	56,430	433,703
Accrued interest receivable	697	-	-	697
Restricted assets:				
Cash	465,967	-	-	465,967
Due from other funds	30,423	-	-	30,423
Total current assets	771,563	177,318	56,430	1,005,311
Noncurrent Assets				
Deferred charges	64,306	-	-	64,306
Capital assets:				
Nondepreciable assets	1,600,660	3,000	69,419	1,673,079
Depreciable assets, net	17,614,078	121,487	475,891	18,211,456
Total noncurrent assets	19,279,044	124,487	545,310	19,948,841
Total Assets	20,050,607	301,805	601,740	20,954,152
LIABILITIES				
Current Liabilities				
Accounts payable	9,776	123,612	-	133,388
Accrued salaries	2,355	993	1,615	4,963
Accrued sales tax	-	3,654	-	3,654
Accrued interest payable	31,728	-	-	31,728
Due to other funds	272,812	-	-	272,812
Compensated absences	2,595	237	715	3,547
Notes payable - current portion	223,999	-	-	223,999
Capital lease payable - current portion	-	-	64,519	64,519
Revenue bonds payable - current portion	184,239	-	-	184,239
Deposits to secure service	14,933	20,913	7,210	43,056
Total current liabilities	742,437	149,409	74,059	965,905
Noncurrent Liabilities				
Compensated absences	10,381	949	2,859	14,189
Notes payable, net of current portion	1,521,132	-	-	1,521,132
Capital lease payable, net of current portion	-	-	82,749	82,749
Revenue bonds payable, net of current portion	8,109,790	-	-	8,109,790
Pollution remediation obligation	-	-	300,000	300,000
Total noncurrent liabilities	9,641,303	949	385,608	10,027,860
Total Liabilities	10,383,740	150,358	459,667	10,993,765
NET POSITION				
Invested in capital assets, net of related debt	9,175,578	124,487	398,042	9,698,107
Restricted for debt service	465,967	-	-	465,967
Unrestricted	25,322	26,960	(255,969)	(203,687)
Total Net Position	$ 9,666,867	$ 151,447	$ 142,073	$ 9,960,387

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Schedule of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Customer charges	$ 2,007,317	$ 1,479,398	$ 877,141	$ 4,363,856
Tap fees	1,420	-	-	1,420
Penalties	37,952	28,257	16,583	82,792
Miscellaneous	-	80,999	-	80,999
Recovery of bad debts	3,700	-	-	3,700
Total operating revenues	2,050,389	1,588,654	893,724	4,532,767
OPERATING EXPENSES				
Salaries	249,645	118,159	154,760	522,564
Employee benefits	54,033	24,917	39,812	118,762
Contractual services	587,397	26,860	5,894	620,151
Repairs, maintenance and other contractual services	35,552	29,122	43,611	108,285
Gas purchases	-	776,805	-	776,805
Communications	9,363	4,167	2,875	16,405
Travel and training	2,207	1,478	-	3,685
Landfill fees	-	-	113,418	113,418
Supplies and materials	151,715	2,887	12,233	166,835
Utilities	132,345	5,909	-	138,254
Vehicle gasoline	29,442	5,992	46,301	81,735
Depreciation	665,902	24,569	102,920	793,391
Other expenses	78,461	60,105	88,249	226,815
Total operating expenses	1,996,062	1,080,970	610,073	3,687,105
NET INCOME FROM OPERATIONS	54,327	507,684	283,651	845,662
NONOPERATING REVENUES (EXPENSES)				
Amortization of bond issuance costs	(2,132)	-	-	(2,132)
Amortization of loan fees	(490)	-	-	(490)
Interest earned	2,841	-	-	2,841
Interest expense	(458,652)	-	(9,364)	(468,016)
Gain (loss) on sale of assets	736	1,125	-	1,861
Total nonoperating revenues (expenses)	(457,697)	1,125	(9,364)	(465,936)
INCOME (LOSS) BEFORE TRANSFERS	(403,370)	508,809	274,287	379,726
Capital contributions	1,185,920	-	-	1,185,920
Transfers out	(38,470)	(324,288)	(47,493)	(410,251)
CHANGE IN NET POSITION	744,080	184,521	226,794	1,155,395
TOTAL NET POSITION, beginning of year	8,922,787	(33,074)	(84,721)	8,804,992
TOTAL NET POSITION, end of year	$ 9,666,867	$ 151,447	$ 142,073	$ 9,960,387

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 1,906,224	$ 1,424,304	$ 871,242	$ 4,201,770
Cash paid for goods and services	(1,047,996)	(946,527)	(347,274)	(2,341,797)
Cash paid to employees for services	(247,673)	(119,998)	(153,922)	(521,593)
Customer deposits received (refunded)	219	175	225	619
Net cash provided by operating activities	610,774	357,954	370,271	1,338,999
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net borrowings from other funds	(30,422)	-	-	(30,422)
Net transfers in (out)	(38,470)	(324,288)	(47,493)	(410,251)
Net cash used by noncapital financing activities	(68,892)	(324,288)	(47,493)	(440,673)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Contributed capital	510,686	-	-	510,686
Purchase of property and equipment	(297,497)	(34,791)	-	(332,288)
Proceeds from sale of property and equipment	-	1,125	-	1,125
Proceeds from issuance of long-term debt	737	-	-	737
Payment of loan origination fee	(2,448)	-	-	(2,448)
Loan repayments	(212,263)	-	-	(212,263)
Retirement of revenue bonds	(174,088)	-	-	(174,088)
Capital lease principal payments	-	-	(313,413)	(313,413)
Interest and fiscal charges paid	(461,008)	-	(9,365)	(470,373)
Net cash used by capital and related financing activities	(635,881)	(33,666)	(322,778)	(992,325)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends and interest earned	3,207	-	-	3,207
Net cash provided by investing activities	3,207	Nil	Nil	3,207
NET IN CASH AND CASH EQUIVALENTS	(90,792)	Nil	Nil	(90,792)
CASH AND EQUIVALENTS, beginning of year	631,280	Nil	Nil	631,280
CASH AND EQUIVALENTS, end of year	$ 540,488	$ Nil	$ Nil	$ 540,488

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
Reconciliation of net income to net cash provided by operating activities:				
NET INCOME FROM OPERATIONS	$ 54,327	$ 507,684	$ 283,651	$ 845,662
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Provision for losses on receivables	32,157	38,262	5,119	75,538
Depreciation	665,901	24,569	102,921	793,391
Decrease (increase) in operating assets:				
Accounts receivable	(144,164)	(164,348)	(22,483)	(330,995)
Increase (decrease) in operating liabilities:				
Accounts payable	362	(42,766)	-	(42,404)
Accrued salaries	14	90	13	117
Accrued leave benefits	1,958	(1,929)	825	854
Accrued sales tax	-	(3,783)	-	(3,783)
Deposits for services	219	175	225	619
Total adjustments	556,447	(149,730)	86,620	493,337
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 610,774	$ 357,954	$ 370,271	$ 1,338,999
Supplemental Disclosure of Cash Flow Information				
Noncash investing and financing activities:				
Contribution of capital	$ 744,080	$ Nil	$ Nil	$ 744,080

The Notes to Financial Statements are an integral part of these statements.

Note 1. Summary of Significant Accounting Policies

The City of Waynesboro, Georgia was incorporated in 1803 under the laws of the State of Georgia and operates under an elected Mayor-Council form of government. The financial statements of the City have been prepared in conformity with accounting principals generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds and departments that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

Using the above criteria, the City has one component unit as described below:

Waynesboro Downtown Development Authority (the Authority) - The Authority works to promote the economic development and revitalization of the downtown area. The City Council appoints the board members and is legally obligated or has otherwise assumed financial responsibility for the organization. Therefore, the Authority is fiscally dependent on the City. Complete financial statements for the Authority can be obtained directly from the Waynesboro Downtown Development Authority at 628 Myrick Street, Waynesboro, Georgia 30830.

The following are related organizations of the City which are excluded from the reporting entity:

Waynesboro/Burke County Housing Authority (the Authority) - The City Council appoints the five-member Authority. The Authority's operations are financed primarily through grants and rent revenues and the City has no ongoing financial requirement to support the Authority. Additionally, the City does not hold title to the Authority's assets, nor does it have any rights to the Authority's surpluses. During the year ended December 31, 2012, the Authority paid the City $11,105 for payment in lieu of taxes. Financial statements for the Authority may be obtained through the Housing Authority Director at 570 Wallace Street, Waynesboro, Georgia 30830.

Note 1. **Summary of Significant Accounting Policies (continued)**

A. Reporting Entity (continued)

The Family Connection - The Family Connection is a program operated in connection with the Burke County Family Connection Collaborative, Inc., a nonprofit organization. Funding is provided in the form of a grant from the Georgia Department of Human Resources. The City provides limited financial oversight. Operations are handled by the Collaborative's board of directors, who work in partnership with the Burke County Board of Education, the Waynesboro/Burke County Recreation Department and other local agencies to provide services to children and families at risk. Financial statements for the program may be obtained through the Program Director at 840 Academy Avenue, Waynesboro, Georgia 30830.

The following are joint ventures or jointly governed organizations which are excluded from the reporting entity:

Waynesboro/Burke County Recreation Department - The City Council appoints three board members while the Burke County Board of Commissioners appoints four members. The County provides all funds as needed, and has responsibility for oversight of employees and operations. Financial statements for the Department may be obtained through the Burke County Board of Commissioners at P. O. Box 89, Waynesboro, Georgia 30830.

Waynesboro/Burke County Hospital Authority (the Authority) - The City Council has the option to appoint three members of the nine-member Authority, with the Burke County Board of Commissioners appointing the remaining six members. The Council does not exercise this option of appointment and all current authority members have been appointed by the County. The Authority's operations are financed primarily through patient revenues and the City has no ongoing financial requirement to support the Authority. Financial statements for the Authority may be obtained through the Hospital Administrator at 351 Liberty Street, Waynesboro, Georgia 30830.

Central Savannah River Area Regional Commission - Under Georgia law, the City, in conjunction with other cities and counties in a 13-county region in the eastern portion of central Georgia, is a member of the Central Savannah River Regional Commission (RC) and is required to pay annual dues thereto. In addition, the City contracts with the RC for specific services which are billed based on standard hourly rates. During the year ended December 31, 2012, the City paid the RC $Nil for grant administration services. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC 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 RC. Financial statements for the Commission may be obtained directly from the RC at 3023 Riverwatch Parkway, Suite A, Augusta, Georgia 30907.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide financial statements - The statement of net position and statement of activities display information about the financial activities of the overall government in its entirety, except those that are fiduciary. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

Note 1. **Summary of Significant Accounting Policies (continued)**

B. Basis of Presentation (continued)

The statement of net position presents the financial position of the governmental and business-type activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and are therefore clearly identifiable to that particular function.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. 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 identifiable activity; (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenue sources not properly included in program revenues are reported as general revenues of the City.

Fund financial statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at a more detailed level. Each fund is considered to be a separate accounting entity with a self-balancing set of accounts. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The City's major governmental funds are:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

SPLOST II Fund - This fund is used to account for the proceeds of a Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Burke County, Georgia. Proceeds are restricted to use for certain public facility improvements, including water and sewer facilities or improvements, and the related debt.

SPLOST III Fund - This fund is used to account for the proceeds of an additional Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Burke County, Georgia. Proceeds are restricted to use for certain public facility improvements, including water and sewer facilities or improvements.

Note 1. **Summary of Significant Accounting Policies (continued)**

B. Basis of Presentation (continued)

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net positions, financial position and cash flows. Proprietary funds are classified as enterprise funds.

Water and Sewer Fund - This fund is used to account for the operation of the City's water and sewer system which renders services to the residents and businesses located within the City.

Gas Fund - This fund is used to account for the operation of the City's gas system which renders services to the residents and businesses located within the City.

Solid Waste Fund - This fund is used to account for the operation of the City's solid waste and sanitation program.

C. Measurement Focus and Basis of Accounting

The government-wide 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. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Under the modified accrual basis of accounting, revenues are recorded when they become "measurable and available." "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The City considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, claims and judgments, pension and other post employment costs, and compensated absences, which are recognized only when payment is due.

The revenues susceptible to accrual are property taxes, franchise taxes, licenses, charges for services, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Expenditure-based grants are recorded as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. All other governmental fund type revenues are recognized when received.

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity

1. Cash, Cash Equivalents and Investments

The City's cash and equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity date within three months of the date acquired by the government.

State statute authorizes municipalities to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the government or governmental agency
- Obligations of any corporations of the government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

It is the City's policy to invest all cash in insured deposit accounts. Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U. S. obligations.

2. Receivables

Receivables are stated net of an allowance for uncollectible accounts. Delinquent taxes receivable are offset by the deferral of the related revenues until payment is received except amounts received within 60 days of the balance sheet date.

3. Interfund Balances

Outstanding balances resulting in transactions between funds are reported as "due to/from other funds." These amounts are eliminated in the governmental and business-type activities column of the government-wide statement of net position, except that any residual balances between the governmental activities and the business-type activities are reported on the government-wide financial statements as "internal balances."

4. Interfund Activities

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the nonoperating revenues/expenses section in proprietary funds. Repayments from funds responsible for expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated. Transfers between governmental and business-type activities are eliminated from the total column.

Note 1. **Summary of Significant Accounting Policies (continued)**

D. Assets, Liabilities and Net Assets or Equity (continued)

5. Inventories and Prepaid Expenses

The purchase method is used to account for inventories of materials. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of their respective funds. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates the assets are unavailable for appropriation even though they are a component of reported assets.

Payments by the City in the current year to provide services occurring in the subsequent fiscal year are recorded under the purchase method. Therefore, no prepaid balance has been reflected at year end.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (i.e., roads, bridges, right of ways, water and sewer distribution systems and similar items), are reported in the applicable governmental or business-type activities column on the government-wide financial statements. General infrastructure assets acquired prior to July 1, 2003 are not reported. The City defines capital assets as assets with an initial cost greater than $500 or infrastructure assets with an initial cost greater than $10,000, and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value on the date of the donation.

The costs 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 as projects are constructed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Category	Estimated Useful Life
Buildings and plant	40 to 50 years
Machinery and equipment	5 to 10 years
Office furnishings and equipment	5 to 7 years
Vehicles	5 to 7 years

7. Deferred Revenues

The government-wide financial statements use the accrual basis of accounting and all revenue is recognized when earned. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, in accordance with the modified accrual basis of accounting.

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

8. Compensated Absences

City policy provides for the accumulation of unused vacation days up to a maximum of 20 days. It also provides for the accumulation of sick days up to a maximum of 90 days. It is the City's policy to pay employees for unused vacation when there is a separation from service. Accumulated sick pay does not vest and is not paid upon termination.

Vacation pay is accrued when incurred in the government-wide and proprietary funds. A liability for these amounts is reported in the governmental funds only if amounts are actually due employees as a result of termination and/or retirement. All compensated absence liabilities include salary-related payments, where applicable.

9. Accrued Liabilities and Long-Term Debt

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds. For proprietary fund types, bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are reported as other assets.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Debt service expenditures are recognized in the governmental fund financial statements when due.

10. Fund Net Position or Equity

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

10. Fund Net Assets or Equity (continued)

- **Committed** - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

- **Assigned** - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted or committed.

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

Flow Assumptions - When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Net Position - Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

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

11. Operating Revenues and Expenses

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 proprietary 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 as nonoperating revenues and expenses.

12. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

13. Comparative Data

Comparative total data for the prior year has been presented only for individual funds in the fund financial statements and schedules in order to provide an understanding of the changes in financial position and operations of these funds. Also, certain immaterial amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

The City adopts an annual operating budget for all governmental funds except the capital projects funds, which have an adopted project budget. The budgets are adopted on a basis consistent with GAAP, except that no provision is made to reserve for encumbrances. All annual appropriations lapse at fiscal year end.

The City's budgetary process requires that expending agencies and department heads submit appropriation requests to the City Manager. After review by the City Manager, the requests are combined and an operating budget is submitted to the City Council prior to December for the fiscal year commencing the following January 1. Once received by the City Council, public hearings are advertised and conducted at City Hall to obtain taxpayer comments. Prior to January, the budget is legally enacted through passage of an ordinance. The final budget can be amended by the City Council through the year.

The legal level of budgetary control is the department level.

The City does not use encumbrance accounting, whereby commitments for goods and services at the end of the year are recorded as encumbrances for budgetary control.

B. Excess of Expenditures over Appropriations

In governmental funds, operating expenditures exceeded the budget as follows:

General Fund		
General city government: Elections	$	24,968
General city government: Administration	$	42,469
Judicial: Municipal Court	$	11,315
Public safety: Police	$	342,703
Public safety: Fire	$	1,774
Public works: Streets	$	9,825
Public works: Maintenance	$	16,881
Public works: Cemetery and beautification	$	17,467
Housing and development: Economic development	$	5,158
Debt service: General city government	$	36,317
Debt service: Public safety	$	8,161
Drug Control Fund	$	2,755
Revolving Loan Fund	$	701
Family Connection Grant	$	2,730

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

At December 31, 2012, the carrying amount of the City's deposits was $3,584,333 which is reflected as cash of $3,118,366 and restricted cash of $465,967. The related bank balance was $3,665,593. Of this bank balance, $64,831 was FDIC insured. The uninsured portion was collateralized at 110% with State or U.S. Government securities held by a third party in the City's name.

Note 3. **Detailed Notes on All Funds (continued)**

B. Receivables

Receivables at December 31, 2012, including the applicable allowance for uncollectible accounts, consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables arising from grants.

Property taxes at December 31, 2012 consist of the following:

Taxes receivable -	Current	$ 850,778
	Prior	171,394
Gross receivables		1,022,172
Allowance for uncollectible accounts		52,470
Total		$ 969,702

Other receivables at December 31, 2012, consisted of the following:

	General Fund	SPLOST II	SPLOST III	Other Governmental Funds	Enterprise	Total
Intergovernmental receivables	$ -	$ 164,511	$ 222,549	$ 23,085	$ -	$ 410,145
Other receivables	546,965	$ -	$ -	3,961	521,100	1,072,026
Gross receivables	546,965	164,511	222,549	27,046	521,100	1,482,171
Allowance for uncollectible	-	-	-	-	87,397	87,397
Total	$ 546,965	$ 164,511	$ 222,549	$ 27,046	$ 433,703	$ 1,394,774

Intergovernmental receivables consist of SPLOST revenues due from Burke County, Georgia, and reimbursements for program expenditures under the City's Family Collaborative Grant, Transportation Enhancement Grants, and Community Development Block Grants.

Other receivables in the General Fund consist primarily of franchise taxes, local option sales taxes and alcoholic beverage taxes.

C. Property Taxes

Property taxes are levied on October 20, based on the assessed value of property as listed on the previous January 1 and are due December 20. On December 21, the bill becomes delinquent and interest may be assessed by the government. Penalties may be assessed 30 days after that date.

At the fund reporting level, if delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred revenue since they are not available to finance current expenditures. The City has adopted the policy of writing off all taxes receivable over seven years old.

Note 3. **Detailed Notes on All Funds (continued)**

D. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance December 31, 2011	Additions	Retirements	Balance December 31, 2012
Governmental Activities:				
Nondepreciable capital assets:				
Land	$ 139,872	$ -	$ -	$ 139,872
Construction-in-progress	4,850	662,646	629,366	38,130
Total nondepreciable capital assets	144,722	662,646	629,366	178,002
Depreciable assets:				
Buildings and plant	5,123,531	65,968	-	5,189,499
Machinery and equipment	709,508	165,832	101,559	773,781
Office equipment	478,448	38,943	-	517,391
Vehicles	1,217,684	122,631	44,455	1,295,860
Total depreciable capital assets	7,529,171	393,374	146,014	7,776,531
Total capital assets	7,673,893	1,056,020	775,380	7,954,533
Accumulated depreciation:				
Buildings and plant	777,868	115,217	-	893,085
Machinery and equipment	478,285	59,927	-	538,212
Office equipment	362,324	34,803	-	397,127
Vehicles	1,060,409	78,716	44,455	1,094,670
Total accumulated depreciation	2,678,886	288,663	44,455	2,923,094
Governmental activities capital assets, net	$ 4,995,007	$ 767,357	$ 730,925	$ 5,031,439

Governmental activities depreciation expense:

General city government	$ 46,765
Public safety	122,048
Public works	92,318
Economic development	27,532
Total governmental activities depreciation expense	$ 288,663

Note 3. **Detailed Notes on All Funds (continued)**

D. Capital Assets (continued)

	Balance December 31, 2011	Additions	Retirements	Balance December 31, 2012
Business-Type Activities:				
Nondepreciable capital assets:				
Land	$ 74,047	$ -	$ -	$ 74,047
Construction-in-progress	797,298	806,707	4,973	1,599,032
Total nondepreciable capital assets	871,345	806,707	4,973	1,673,079
Depreciable capital assets:				
Buildings and plant	26,957,509	59,988	-	27,017,497
Machinery and equipment	2,351,819	55,825	5,155	2,402,489
Vehicles	895,102	89,975	15,889	969,188
Total depreciable capital assets	30,204,430	205,788	21,044	30,389,174
Total capital assets	31,075,775	1,012,495	26,017	32,062,253
Accumulated depreciation:				
Buildings and plant	10,617,473	592,290	-	11,209,763
Machinery and equipment	478,108	85,064	5,155	558,017
Vehicles	309,790	116,037	15,889	409,938
Total accumulated depreciation	11,405,371	793,391	21,044	12,177,718
Business-type capital assets, net	$ 19,670,404	$ 219,104	$ 4,973	$ 19,884,535

Business-type activities depreciation expense:

Water and sewer	$ 665,902
Gas	24,569
Solid waste	102,920
Total business-type activities depreciation expense	$ 793,391

Note 3. **Detailed Notes on All Funds (continued)**

E. Interfund Balances and Transfers

A summary of interfund receivables/payables at December 31, 2012, is as follows:

	Due to:			
	Special Revenue	Capital Projects	Proprietary	
	Hotel/Motel Tax Fund	SPLOST	Water Fund	Total
Due from:				
Governmental Funds:				
General Fund	$ 12,153	$ -	$ -	$ 12,153
SPLOST II Fund	-	-	30,423	30,423
Proprietary Funds:				
Water and Sewer Fund	-	272,812	-	272,812
Total	$ 12,153	$ 272,812	$ 30,423	$ 315,388

Amounts due to the SPLOST Fund represent funds advanced for water and sewer improvements which are to be repaid from the Water and Sewer Fund.

Amounts due to the Water and Sewer Fund represent reimbursements due for eligible SPLOST II expenditures paid from the Water and Sewer Fund.

Amounts due to the Hotel/Motel Tax Fund represent net cash transactions of the Hotel/Motel Tax Fund deposited into or paid from the General Fund.

A summary of interfund transfers during the year ended December 31, 2012, is as follows:

	Transfers from:					
		Special Revenue	Enterprise Fund			
	General Fund	Hotel/Motel Tax Fund	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
Transfers to:						
Governmental funds:						
General Fund	$ -	$ 39,475	$ 38,470	$ 324,288	$ 47,493	$ 449,726
Drug Control Fund	700	-	-	-	-	700
Total governmental funds	700	39,475	38,470	324,288	47,493	450,426
Total	$ 700	$ 39,475	$ 38,470	$ 324,288	$ 47,493	$ 450,426

Amounts transferred to the General Fund from the enterprise funds and amounts transferred from the General Fund to the enterprise funds represent net cash transactions of those funds deposited into or paid from the General Fund.

Amounts transferred from the Hotel/Motel Fund represent Hotel/Motel taxes in excess of the amount required by law to be used for tourism, which are deposited into the General Fund.

Amounts transferred from the General Fund to the Drug Control Fund represent operating transfers.

Note 3. **Detailed Notes on All Funds (continued)**

F. Short-Term Debt

The City issued tax anticipation notes on July 15, 2010, bearing interest at 4.5%, due December 31, 2010. The notes were issued for cash flow purposes. It is anticipated that all short-term debt will be repaid from operating revenues. Changes in the short-term obligations for the year ended December 31, 2012 were as follows:

Balance at December 31, 2011	$ 429,593
Funds advanced	1,636,579
Repayments	(1,180,672)
Balance at December 31, 2012	$ 885,500

Interest on short-term debt incurred during the year ended December 31, 2012 in governmental activities totaled $25,592, which was charged to expenditures during the year.

G. Long-Term Debt

1. Notes Payable

Notes payable of the City at December 31, 2012 consisted of the following:

Business-type Activities:	
Note payable to the Georgia Environmental Facilities Authority, issued July 1, 2009 in the original amount of $700,762 due in monthly installments of $7,128 through July, 2019, with interest at 4.10%	$ 492,798
Note payable to the Georgia Environmental Facilities Authority, issued April 13, 1998 in the original amount of $1,939,790 due in quarterly installments of $43,246 through January, 2018, with interest at 5.44%	785,268
Note payable to the Georgia Environmental Facilities Authority, issued February 23, 2011. The balance represents drawdowns through December 31, 2011. Effective January 1, 2012 the loan was placed into repayment status, with monthly installments of $2,039.58 with interest at 0%.	467,065
Total business-type activities	1,745,131
Total	$ 1,745,131

The notes payable of the business-type activities were obtained for the purpose of improving the City's water and sewer systems.

Note 3. **Detailed Notes on All Funds (continued)**

G. Long-Term Debt (continued)

1. Notes Payable (continued)

Annual debt service requirements to amortize all notes payable are as follows:

	Business-Type Activities		
	Principal	Interest	Total
2013	$ 223,999	$ 59,000	$ 282,999
2014	234,162	48,837	282,999
2015	244,851	38,148	282,999
2016	256,093	26,906	282,999
2017	267,918	15,081	282,999
2018 - 2022	295,794	5,097	300,891
2023 - 2027	122,374	-	122,374
2028 - 2032	99,940	-	99,940
Total	$ 1,745,131	$ 193,069	$ 1,938,200

2. Bonds Payable

At December 31, 2012, bonds payable consisted of the following:

Revenue Bonds:	
Water and Sewerage Revenue Bonds, Series 1992, issued December 9, 1992 in the original amount of $3,531,000, due in annual installments of $209,340 through March 9, 2032, with interest at 5%	$ 2,608,637
Water and Sewerage Revenue Bonds, Series 2002, issued February 17, 2002 in the original amount of $3,379,963, due in monthly installments of $15,751 through December 9, 2037, with interest at 4.75%	2,812,367
Water and Sewerage Revenue Bonds, Series 2003, (loan number 4) issued August 21, 2003 in the original amount of $1,062,100, due in monthly installments of $4,610 through August 21, 2043, with interest at 4.25%	945,770
Water and Sewerage Revenue Bonds, Series 2003, (loan number 6) issued August 21, 2003 in the original amount of $2,164,300, due in monthly installments of $9,394 through August 21, 2043, with interest at 4.25%	1,927,255
Total	$ 8,294,029

The revenue bonds were issued through the United States Department of Agriculture, Rural Development (formerly Farmers Home Administration) to provide funding for expansion and renovation of the City's water and sewer system. The amortization schedule below includes principal and interest on the outstanding balance. The bonds are payable from the net revenues of the water and sewer system and are not general obligations of the City.

Note 3. **Detailed Notes on All Funds (continued)**

G. Long-Term Debt (continued)

The annual requirements to each debt type to amortize bonds outstanding at December 31, 2012, are as follows:

	Business-Type Activities		
	Principal	Interest	Total
2013	$ 184,239	$ 382,161	$ 566,400
2014	193,150	373,250	566,400
2015	202,495	363,905	566,400
2016	212,293	354,107	566,400
2017	222,567	343,833	566,400
2018 - 2022	1,285,305	1,546,695	2,832,000
2023 - 2027	1,628,365	1,203,635	2,832,000
2028 - 2032	1,969,254	769,417	2,738,671
2033 - 2037	1,402,275	383,025	1,785,300
2038 - 2042	900,053	106,183	1,006,236
2043 - 2047	94,033	1,314	95,347
Total	$ 8,294,029	$ 5,827,525	$ 14,121,554

3. Obligation Under Capital Leases

The City has the following capital lease obligations at December 31, 2012:

Capital lease payable to Wachovia due in monthly installments of $2,457, including interest at 4.51%, through February, 2013, for the acquisition of a fire truck	$ 2,447
Capital lease payable to Branch Bank and Trust due in monthly installments of $22,851.34, including interest at 2.97%, through February, 2013, for the acquisition of sanitation equipment	22,830
Capital lease payable to Branch Bank and Trust due in monthly installments of $4,046.78, including interest at 2.97%, through September, 2015, for the acquisition of sanitation equipment	124,438
Total	$ 149,715

Note 3. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

The leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through the capital leases are as follows:

	Governmental Activities	Business-Type Activities
Fire equipment	$ 156,314	$ -
Street sweeper	132,500	-
Police cars	55,960	-
Sanitation equipment	-	712,703
Other equipment	23,203	106,619
Total original cost	367,977	819,322
Accumulated depreciation	284,633	441,314
Total	$ 83,344	$ 378,008

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2012, were as follows:

	Governmental Activities	Business-Type Activities	Total
2013	$ 2,456	$ 67,402	$ 69,858
2014	-	48,561	48,561
2015	-	36,421	36,421
Total minimum lease payments	2,456	152,384	154,840
Less: amount representing interest	9	5,116	5,125
Total	$ 2,447	$ 147,268	$ 149,715

Note 3. Detailed Notes on All Funds (continued)

G. *Long-Term Debt (continued)*

4. Changes in Long-Term Debt

Transactions for the year ended December 31, 2012 are summarized as follows:

	Balance December 31, 2011	Additions	Retirements	Balance December 31, 2012	Amounts Due Within One Year
Governmental Activities:					
Capital leases	$ 62,969	$ -	$ 60,522	$ 2,447	$ 2,447
Notes payable	21,085	-	21,085	-	-
Compensated absences	65,487	26,120	-	91,607	18,321
Total governmental activities	149,541	26,120	81,607	94,054	20,768
Business-Type Activities:					
Capital leases	460,682	-	313,414	147,268	64,519
Notes payable	1,957,393	-	212,262	1,745,131	223,999
Revenue bonds	8,468,117	-	174,088	8,294,029	184,239
Compensated absences	16,882	2,783	1,929	17,736	3,547
Total business-type activities	10,903,074	2,783	701,693	10,204,164	476,304
Total	$ 11,052,615	$ 28,903	$ 783,300	$ 10,298,218	$ 497,072

Principal and interest for notes and bonds payable of the Water and Sewer Fund are financed from income derived from the operation of the City's Water and Sewer system. The compensated absences liability will be paid from the proprietary fund from which the employee's salaries are paid. Compensated absences for governmental activities will be paid from the General Fund. The capital lease obligations are paid from the General Fund.

5. Pledged Revenues

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay revenue bonds in the original amount of $10,137,363 as described at 3.G.2. Proceeds from the bonds provided financing for various water and sewer system improvements and expansion. The bonds are payable solely from water and sewer customer net revenues and are payable through 2043. The total principal and interest remaining to be paid on the bonds is $14,121,554. Principal and interest paid for the current year and total customer net revenues were $566,400 and $2,050,389, respectively.

6. Interest

Interest incurred during the year ended December 31, 2012, in governmental activities was $27,202, which was charged to expense during the year. Interest incurred during the year ended December 31, 2012, in business-type activities was $468,017, of which $468,017 was charged to expense during the year and $Nil was capitalized as "Construction in Progress."

Note 3. Detailed Notes on All Funds (continued)

H. Pension Plan

1. Plan Description

The City contributes to the Georgia Municipal Employees Benefits System (GMEBS), an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for cities in the State of Georgia. GMEBS provides retirement and disability benefits, as well as death benefits to plan members and beneficiaries. Benefit provisions are established and amended by the authority of the City's governing body. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Prior Street, SW, Atlanta, Georgia 30303.

2. Funding Policy

Participating employees are not required to contribute to the plan. The City is required to contribute 100% of the amounts necessary to fund the plan at an actuarially determined rate. The current rate is 5.77% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

3. Annual Pension Cost

For December 31, 2012, the City's annual pension cost of $116,154 was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4% to 11% depending on age and years of service, (c) no post-retirement benefit increase and (d) an inflation rate of 3.5%. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1985 and changes in the unfunded actuarial accrued liabilities 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 in which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The total level dollar amount must be within a corridor of the 10-year and the 30-year amortization of the unfunded (surplus) actuarial accrued liability. These amortization periods, if applicable, are closed for this plan year.

4. Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2010	$ 84,751	100 %	$ Nil
December 31, 2011	108,154	100	Nil
December 31, 2012	116,154	100	Nil

Note 3. Detailed Notes on All Funds (continued)

5. Schedule of Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was funded 93.01%. The actuarial accrued liability for benefits was $2,709,527, and the actuarial value of the assets was $2,520,117, resulting in an unfunded actuarial accrued liability (UAAL) of $189,410. The covered payroll (annual payroll of active employees covered by the plan) was $1,979,310, and the ratio of the funding excess to covered payroll was 9.57%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

I. Equity

Net position on the government-wide statement of assets as of December 31, 2012, is as follows:

	Governmental Activities	Business-Type Activities	Total
Cost of capital assets	$ 7,954,533	$ 32,062,253	$ 40,016,786
Accumulated depreciation	2,923,094	12,177,718	15,100,812
Book value	5,031,439	19,884,535	24,915,974
Less capital related debt	2,447	10,186,428	10,188,875
Invested in capital assets, net of related debt	$ 5,028,992	$ 9,698,107	$ 14,727,099

The changes in fund balances for governmental funds are as follows:

	Major Funds				
	General Fund	SPLOST II Fund	SPLOST III Fund	Non-Major Governmental Funds	Total
Net change in fund balances	$ 15,824	$ (335,266)	$ 683,180	$ (184,094)	$ 179,644
Decrease (increase) in reserves:					
Capital projects	12,041	335,266	(683,180)	167,874	(167,999)
Drug Control	-	-	-	7,109	7,109
Community Development	5,158	-	-	9,141	14,299
Net change in unassigned fund balances	33,023	Nil	Nil	30	33,053
Fund balances - unassigned, beginning of year (restated)	526,127	Nil	Nil	(30)	526,097
Fund balances - unassigned, end of year	$ 559,150	$ Nil	$ Nil	$ Nil	$ 559,150

Note 3. Detailed Notes on All Funds (continued)

I. Equity (continued)

The Statement of Net Position shows certain amounts as restricted net positions. These amounts are restricted in their use by parties outside the City such as creditors, grantors, or contributors, or restricted by law or regulation. Components of restricted net positions include:

Activity	Restricted By	Governmental Activities	Business-Type Activities	Total
Capital projects				
SPLOST capital projects	Law	$ 2,889,134	$ -	$ 2,889,134
Community Development capital projects	Grantor agencies	6,015	-	6,015
Total capital projects		2,895,149	-	2,895,149
Debt service	Bond covenants	-	465,967	465,967
Other restrictions				
Public safety	Law	272	-	272
Community Development programs	Grantor agencies	4,737	-	4,737
Total other		5,009	-	5,009
Total restricted net position		$ 2,900,158	$ 465,967	$ 3,366,125

Note 4. Other Notes

A. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries the following insurance coverages. There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The amount of insurance coverage has been adequate over the last three fiscal years to cover any settlements. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA. The City is also responsible for following loss reduction and prevention procedures established by GIRMA and reporting as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. GIRMA's responsibility includes paying claims and representing the City in defense and settlement of claims within the scope of loss protection furnished by the funds. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" 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 for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2012. No provisions have been made in the financial statements for the year ended December 31, 2012 for any estimate of potential unpaid claims.

Note 4. Other Notes (continued)

A. Risk Management (continued)

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 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.

The City pays unemployment claims to the Georgia Department of Labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

B. Contingencies and Pending Litigation

On March 3, 2011, an employee in the City's Solid Waste Department filed a first report of injury relating to injuries to the shoulder, arm and hand allegedly sustained when the employee fell off the side of a dump truck while unloading trash. The claim has been forwarded to the City's carrier, Key Risk Insurance Company for handling. At this time, $54,781 in medical benefits, $19,131 in wage loss, and $5,647 in nurse rehabilitation fees have been paid to the employee. The City intends to pursue settlement possibilities. The outcome of the case is unknown at the date of this report.

The City has received notice that an employee in the City's Public Works department filed a Charge of Discrimination against the City on or about March 26, 2012 alleging violations of Title VII of the Civil Rights Act and the Age Discrimination in Employment Act. The City has filed its response to the Charge of Discrimination with the Equal Employment Opportunity Commission (EEOC) and is waiting for a response. The City plans to contest the case vigorously. The outcome of the case is unknown at the date of this report.

The City has received notice that an employee in the City's Police department filed a Charge of Discrimination against the City on or about June 6, 2011 alleging violations of Title VII of the Civil Rights Act. The claim was subsequently amended to include claims of retaliation. The claim has been forwarded to the City's self-insured carrier, GIRMA, for handling. The City filed its response to the Charge of Discrimination with the EEOC. EEOC conducted on-site interviews. EEOC issued a finding against the City and requested that the City participate in conciliation. The City rejected conciliation. EEOC forwarded the claim to the U. S. Department of Justice for further handling. The U. S. Department of Justice declined prosecution of the claim and issued a Right to Sue letter to the employee, who has 90 days from March 4, 2013 to file suit in U. S. District Court. The City plans to pursue settlement options. The outcome of the case is unknown at the date of this report.

The City has received Ante Litem Notice on May 19, 2011 regarding an employee in the Water department who was involved in an automobile collision with a citizen while on duty. The employee allegedly received personal injuries and suffered property damage as a result of the accident. The claim has been forwarded to the City's self-insured carrier, GIRMA, for handling. The City intends to contest the case vigorously. The outcome of the case is unknown at the date of this report.

Note 4. **Other Notes (continued)**

B. Contingencies and Pending Litigation (continued)

The City has received Ante Litem Notice on July 27, 2011 regarding an employee in the Police department who was involved in an automobile collision with a citizen. The citizen and passengers allegedly received personal injuries as a result of the accident. The claim has been forwarded to the City's self-insured carrier, GIRMA, for handling. The City intends to contest the case vigorously. The outcome of the case is unknown at the date of this report.

The City has received a first report of injury on August 13, 2012 regarding an employee in the Police Department who fell over during a firearms training exercise when she got down on her left knee to fire her pistol. The employee allegedly received injuries to her left knee as a result of the accident. The claim has been forwarded to the City's carrier, Key Risk Insurance Company for handling. At this time, $9,036 in medical benefits, $11,881 in temporary disability payments, and $4,336 in nurse rehabilitation fees have been paid to the employee. The City intends to pursue settlement possibilities. The outcome of the case is unknown at the date of this report.

The City has received a first report of injury on October 2, 2012 regarding an employee in the Maintenance department who allegedly sustained injuries to his lower back while lifting a transmission. The claim has been forwarded to the City's carrier, Key Risk Insurance Company for handling. At this time, $283 in medical benefits have been paid to the employee. The City intends to pursue settlement possibilities. The outcome of the case is unknown at the date of this report.

The City has received a first report of injury on January 28, 2013 regarding an employee in the Water department who fell while exiting a track hoe. The employee allegedly received injuries to his leg as a result of the accident. The claim has been forwarded to the City's carrier, Key Risk Insurance Company for handling. At this time, $13,325 in medical benefits, $12,305 in wage loss, and $2,536 in nurse rehabilitation fees have been paid to the employee. The City intends to pursue settlement possibilities. The outcome of the case is unknown at the date of this report.

The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based on prior experience, management of the City believes such disallowances, if any, will not be significant.

At the date of this report, no other litigation, claims or contingencies are pending.

C. Commitments

The City is involved in a continuing plan for various facility improvements. As of December 31, 2012, the City had the following commitments with respect to unfinished capital projects:

	Total Project Cost	Remaining Construction Commitment	Expected Date of Completion
6th Street filter plant	$ 195,400	$ 115,963	June, 2013
North 25 well	1,100,000	93,691	September, 3013
Highway 25 water line extension	580,000	224,980	September, 2013
Sewer project	500,000	401,089	December, 2013
Total	$ 2,375,400	$ 835,723	

Note 4. Other Notes (continued)

C. Commitments (continued)

It is anticipated that funding for the sewer project will be provided by a Community Development Block Grant and SPLOST II funds.

It is anticipated that funding for the North 25 well will be funded through non-interest bearing loans and grants from the Georgia Environmental Facilities Authority.

It is anticipated that funding for the 6th Street filter plant will be provided through a loan from the Georgia Environmental Facilities Authority and SPLOST funds.

It is anticipated that funding for the Highway 25 water line extension will be provided through SPLOST funds.

D. Hotel/Motel Lodging Tax

During the year ended December 31, 2012, the City levied a 5% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied in excess of 3% be expended or obligated contractually for the promotion of tourism, conventions or trade shows. The City's policy is to remit a portion of the taxes levied to the Waynesboro/Burke County Chamber of Commerce to promote tourism. The Chamber has certified that the funds received from the City were used for, or planned to be used for, the intended purpose as outlined within the Official Code of Georgia. A summary of the transactions for the year ended December 31, 2012 is as follows:

Taxes collected	$ 66,383	
Expended for community development / promotion	$ 26,553	0.40 %

E. Notes Receivable

Notes receivable at December 31, 2012, are as follows:

5% note receivable from Forever Angels, Inc. with monthly installments of $575 including principal and interest (principal only)	$ 30,899
5% note receivable from Forever Angels, Inc. with monthly installments of $145 including principal and interest (principal only)	7,814
Total	$ 38,713

The loans were made pursuant to the revitalization of the various properties within the City as part of an employment incentive program administered as a Community Development Block Grant. The loan proceeds have been used in the development of business property designed to create permanent jobs for low and moderate income households. Amounts collected are invested and held for further community development projects in the Revolving Loan Fund. Amounts were advanced in excess of the loan documents to Forever Angels, Inc. An agreement has been reached that the excess funds will be repaid at the conclusion of the existing loan over 24 months at 5%.

Note 4. **Other Notes (continued)**

F. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by Nationwide Retirement Solutions. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, death, or an unforeseeable emergency. All of the amounts deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefits of participants and their beneficiaries. As a result, the deferred compensation investments are not included in the City's financial statements.

G. Landfill

The Georgia Environmental Protection Division has completed its evaluation of the technical and administrative data for the closure of the Waynesboro landfill for compliance with the Georgia Comprehensive Solid Waste Management Act of 1990 and rules and regulations promulgated thereunder.

The landfill was closed in February, 1970 and was therefore not required to implement a closure/postclosure plan. After closing the landfill, the City has used the Burke County landfill and pays monthly fees for such use which are included in contractual services in the Solid Waste fund.

During the year ended December 31, 2009, the City negotiated with the Georgia Department of Natural Resources Environmental Protection Department (EPD) on a corrective action plan to correct an environmental problem that exists at the site. The City's corrective action plan was approved by EPD on February 22, 2010, subject to certain conditions which were addressed by the City in an addendum to its corrective action plan dated April 30, 2010. Total cost of the remediation is estimated to be $1,050,000, with expected recovery of $750,000. The net amount of $300,000 has been reflected in the Solid Waste Fund as a Pollution Remediation Obligation of $300,000 and a Special Item in the statement of activities. The liability can change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort.

H. Restatement of Prior Year Data

During the current year, it was noted that certain grant revenues related to a prior year Department of Justice Grant were under-accrued at the previous year end. The prior year statements have been restated to correct the error. The net effects of the restatements were as follows:

	General Fund
Increase (decrease) in Intergovernmental Receivables	$ 30,725
Decrease (increase) in Fund Balance, Beginning of Year	$ (30,725)

Note 4. Other Notes (continued)

H. Restatement of Prior Year Data (continued)

The effects of the restatement on the government-wide financial reports were as follows:

	Governmental Activities
Increase (decrease) in Intergovernmental Receivables	$ 30,725
Decrease (increase) in Net Position, Beginning of Year	$ (30,725)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAYNESBORO, GEORGIA
Required Supplementary Information
Schedule of Funding Progress

	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Total Unfunded Actuarial Liability (Funding Excess)	Annual Covered Payroll	Ratio of Unfunded (Excess) to Annual Covered Payroll*
2012	$ 2,520,117	$ 2,709,527	93.01 %	$ 189,410	$ 1,979,310	9.57 %
2011	2,455,975	2,579,520	95.21	123,545	1,825,980	6.77
2010	2,354,959	2,273,298	103.59	(81,661)	1,871,231	0.00
2009	1,814,460	2,239,821	81.01	425,361	1,791,117	23.75
2008	2,193,677	2,155,314	101.78	(38,363)	1,716,166	0.00
2007	2,122,735	2,112,144	100.50	(10,591)	1,570,103	0.00

** Not less than zero*

For information regarding assumptions and amortization methods, see Note 3.H.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Hotel/Motel Tax Fund - To account for revenues and expenditures of the funds accumulated through hotel/motel taxes. Funds are accumulated and held to be used in future community development/promotion activities.

Drug Control Fund - To account for receipts from sale of confiscated properties in drug-related cases. Proceeds are restricted to use by law enforcement for drug investigation and control.

Revolving Loan Fund - To account for revenues and expenditures associated with the City's Revolving Loan created under an Employment Incentive Community Development Block Grant. Funds are accumulated and held to be used in future community development projects which will promote employment for moderate to low income households.

Community Home Investment Program - To account for the rehabilitation of private residences which will benefit low and moderate income persons. Funding is being provided through a Community Home Investment Program (CHIP) Grant.

2006 Community Development Block Grant - To account for the rehabilitation of private residences which will benefit low and moderate income persons. Funding is being provided through a Community Development Block Grant.

Family Collaborative Grant Fund - To account for revenues received under a Family Connection Grant which will provide funding for services to various youth and families in the City.

Capital projects funds are established to account for major capital expenditures not financed by enterprise funds, internal service funds or trust funds.

SPLOST Fund - To account for the proceeds of a Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Burke County, Georgia. Proceeds are restricted to use for certain public facility improvements, including water and sewer facilities or improvements, and the related debt.

2012 Community Development Block Grant Fund - To account for the costs of certain public facility improvements, including sidewalks, flood and drainage facilities, and water and sewer facilities, which will benefit low and moderate income persons. Financing is being provided through a Community Development Block Grant (CDBG) program.

CITY OF WAYNESBORO, GEORGIA
Combining Balance Sheet
Non-Major Governmental Funds
For the Year Ended December 31, 2012

	Special Revenue Funds						Capital Projects		
	Hotel / Motel Tax Fund	Drug Control Fund	Revolving Loan Fund	Community Home Investment Program	2006 Community Development Block Grant	Family Connection Grant	SPLOST Fund	2012 CDBG Grant	Total
ASSETS									
Cash	$ -	$ 272	$ 721	$ 55	$ -	$ -	$ 261,923	$ -	$ 262,971
Intergovernmental receivables	-	-	-	-	-	23,085	-	-	23,085
Notes receivable	-	-	38,713	-	-	-	-	-	38,713
Other receivables	3,961	-	-	-	-	-	-	-	3,961
Due from other funds	12,153	-	-	-	-	-	272,812	-	284,965
Total assets	$ 16,114	$ 272	$ 39,434	$ 55	$ Nil	$ 23,085	$ 534,735	$ Nil	$ 613,695
LIABILITIES									
Accounts payable	$ 12,153	$ -	$ -	$ -	$ -	$ 23,085	$ -	$ -	$ 35,238
Total liabilities	12,153	Nil	Nil	Nil	Nil	23,085	Nil	Nil	35,238
FUND BALANCES									
Nonspendable	-	-	38,713	-	-	-	-	-	38,713
Restricted for:									
Capital projects	-	-	-	-	-	-	534,735	-	534,735
Public safety	-	272	-	-	-	-	-	-	272
Community development	3,961	-	721	55	-	-	-	-	4,737
Total fund balances	3,961	272	39,434	55	Nil	Nil	534,735	Nil	578,457
Total liabilities and fund balances	$ 16,114	$ 272	$ 39,434	$ 55	$ Nil	$ 23,085	$ 534,735	$ Nil	$ 613,695

CITY OF WAYNESBORO, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended December 31, 2012

	Special Revenue Funds						Capital Projects		
	Hotel / Motel Tax Fund	Drug Control Fund	Revolving Loan Fund	Community Home Investment Program	2006 Community Development Block Grant	Family Connection Grant	SPLOST Fund	2012 CDBG Grant	Total
REVENUES									
Taxes	$ 66,383	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 66,383
Intergovernmental revenues	-	-	2,114	38,080	-	45,855	-	60,916	146,965
Investment income	-	5	10	-	-	-	174	-	189
Other revenues	-	1	-	-	-	-	-	-	1
Total revenues	66,383	6	2,124	38,080	Nil	45,855	174	60,916	213,538
EXPENDITURES									
Current operations:									
Public safety	-	7,815	-	-	-	-	-	-	7,815
Public health and welfare	-	-	-	38,080	1,389	45,855	-	-	85,324
Economic development	26,553	-	10,201	-	-	-	-	-	36,754
Debt Service:									
Public works	-	-	-	-	-	-	168,048	60,916	228,964
Total expenditures	26,553	7,815	10,201	38,080	1,389	45,855	168,048	60,916	358,857
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	39,830	(7,809)	(8,077)	Nil	(1,389)	Nil	(167,874)	Nil	(145,319)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	700	-	-	-	-	-	-	700
Transfers out	(39,475)	-	-	-	-	-	-	-	(39,475)
NET CHANGE IN FUND BALANCES	355	(7,109)	(8,077)	Nil	(1,389)	Nil	(167,874)	Nil	(184,094)
FUND BALANCES, beginning of year	3,606	7,381	47,511	55	1,389	Nil	702,609	Nil	762,551
FUND BALANCES, end of year	$ 3,961	$ 272	$ 39,434	$ 55	$ Nil	$ Nil	$ 534,735	$ Nil	$ 578,457

CITY OF WAYNESBORO, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

	2012			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2011 Actual
REVENUES				
Taxes:				
Property taxes	$ 1,136,000	$ 1,500,086	$ 364,086	$ 866,571
Motor vehicle taxes	90,000	106,345	16,345	93,787
Mobile home taxes	1,500	2,446	946	1,026
Franchise taxes	435,000	429,407	(5,593)	459,254
Sales and use taxes	879,400	1,183,456	304,056	1,069,354
Alcoholic beverage taxes	152,000	158,209	6,209	153,275
Business and occupation taxes	68,000	72,615	4,615	62,654
Insurance premium taxes	270,000	287,263	17,263	270,450
Financial institution taxes	28,000	26,904	(1,096)	25,826
Other taxes	15,000	17,524	2,524	22,239
Licenses and permits	28,600	39,431	10,831	47,356
Intergovernmental revenues	52,600	129,596	76,996	196,688
Charges for services	52,000	57,390	5,390	54,959
Fees, fines and forfeitures	178,000	171,164	(6,836)	224,363
Investment income	800	2,679	1,879	2,210
Contributions from private sources	-	-	-	3,350
Other revenues	55,400	37,983	(17,417)	19,281
Total revenues	3,442,300	4,222,498	780,198	3,572,643
EXPENDITURES				
Current operations:				
General city government				
Elections	-	24,968	(24,968)	79
Administration	799,500	841,969	(42,469)	850,726
Judicial				
Municipal court	34,000	45,315	(11,315)	60,580
Public safety				
Police	1,647,400	1,990,103	(342,703)	1,758,047
Fire	492,400	494,174	(1,774)	484,280
Animal control	20,000	10,241	9,759	20,139
Public works				
Street	505,100	514,925	(9,825)	590,196
Maintenance	153,900	170,781	(16,881)	121,108
Cemetery and beautification	199,200	216,667	(17,467)	185,566
Economic development				
Urban redevelopment and housing	264,500	253,525	10,975	222,666
Economic development	-	5,158	(5,158)	-

(Continued)

CITY OF WAYNESBORO, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

	2012			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2011 Actual
EXPENDITURES (continued)				
Debt service:				
General city government	$ -	$ 36,317	$ (36,317)	$ 27,763
Public safety	42,200	50,361	(8,161)	70,634
Public works	25,000	22,194	2,806	36,056
Total expenditures	4,183,200	4,676,698	(493,498)	4,427,840
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(740,900)	(454,200)	286,700	(855,197)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	2,000	20,998	18,998	12,220
Transfers in	738,900	449,726	(289,174)	632,029
Transfers out	-	(700)	(700)	(3,293)
NET CHANGE IN FUND BALANCES	Nil	15,824	15,824	(214,241)
FUND BALANCES, beginning of year (as restated)	549,341	549,341	Nil	763,582
FUND BALANCES, end of year	$ 549,341	$ 565,165	$ 15,824	$ 549,341

CITY OF WAYNESBORO, GEORGIA
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

	2012			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2011 Actual
REVENUES				
Taxes:				
Hotel/Motel occupancy taxes	$ 70,000	$ 66,383	$ (3,617)	$ 71,405
Total revenues	70,000	66,383	(3,617)	71,405
EXPENDITURES				
Current operations:				
Economic development				
Community development and tourism	28,000	26,553	1,447	28,562
Total expenditures	28,000	26,553	1,447	28,562
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	42,000	39,830	(2,170)	42,843
OTHER FINANCING SOURCES (USES)				
Transfers out	(42,000)	(39,475)	2,525	(58,487)
NET CHANGE IN FUND BALANCES	Nil	355	355	(15,644)
FUND BALANCES, beginning of year	3,606	3,606	Nil	19,250
FUND BALANCES, end of year	$ 3,606	$ 3,961	$ 355	$ 3,606

CITY OF WAYNESBORO, GEORGIA
Drug Control Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

	2012			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2011 Actual
REVENUES				
Fees, fines and forfeitures:				
Seizures and condemnations	$ 5,000	$ -	$ (5,000)	$ 17,398
Investment income	60	5	(55)	33
Contributions from private sources	-	-	-	6,424
Other revenues	-	1	1	-
Total revenues	5,060	6	(5,054)	23,855
EXPENDITURES				
Current operations:				
Public safety				
Professional fees	-	-	-	1,106
Supplies	560	7,501	(6,941)	7,515
Equipment purchases	4,500	-	4,500	18,768
Drug enforcement expenditures	-	314	(314)	4,570
Total expenditures	5,060	7,815	(2,755)	31,959
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	Nil	(7,809)	(7,809)	(8,104)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	700	700	3,293
NET CHANGE IN FUND BALANCES	Nil	(7,109)	(7,109)	(4,811)
FUND BALANCES, beginning of year	7,381	7,381	Nil	12,192
FUND BALANCES, end of year	$ 7,381	$ 272	$ (7,109)	$ 7,381

CITY OF WAYNESBORO, GEORGIA
Revolving Loan Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

	2012			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2011 Actual
REVENUES				
Intergovernmental revenues:				
CDBG program income	$ 5,000	$ 2,114	$ (2,886)	$ 2,431
Investment income	4,500	10	(4,490)	554
Total revenues	9,500	2,124	(7,376)	2,985
EXPENDITURES				
Current operations:				
Economic development	9,500	10,201	(701)	124,281
Total expenditures	9,500	10,201	(701)	124,281
NET CHANGE IN FUND BALANCES	Nil	(8,077)	(8,077)	(121,296)
FUND BALANCES, beginning of year	47,511	47,511	Nil	168,807
FUND BALANCES, end of year	$ 47,511	$ 39,434	$ (8,077)	$ 47,511

CITY OF WAYNESBORO, GEORGIA
Community Home Investment Program
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

	2012			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2011 Actual
REVENUES				
Intergovernmental revenues:				
Program (CHIP) grant	$ 50,325	$ 38,080	$ (12,245)	$ 45,700
Total revenues	50,325	38,080	(12,245)	45,700
EXPENDITURES				
Current operations:				
Public health and welfare				
Rehabilitation of private properties	46,093	38,080	8,013	44,667
Administration	4,232	-	4,232	1,048
Total expenditures	50,325	38,080	12,245	45,715
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	(15)
FUND BALANCES, beginning of year	55	55	Nil	70
FUND BALANCES, end of year	$ 55	$ 55	$ Nil	$ 55

CITY OF WAYNESBORO, GEORGIA
2006 Community Development Block Grant
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

	2012			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2011 Actual
REVENUES				
Intergovernmental revenues:				
Housing improvement grant	$ -	$ -	$ -	$ 128,370
Total revenues	Nil	Nil	Nil	128,370
EXPENDITURES				
Current operations:				
Public health and welfare				
Administration	-	-	-	15,937
Cash match - rehabilitation of private properties	-	-	-	114,720
Urban redevelopment and housing	1,389	1,389	-	-
Total expenditures	1,389	1,389	Nil	130,657
NET CHANGE IN FUND BALANCES	(1,389)	(1,389)	Nil	(2,287)
FUND BALANCES, beginning of year	1,389	1,389	Nil	3,676
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ 1,389

CITY OF WAYNESBORO, GEORGIA
Family Connection Grant
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

	2012			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2011 Actual
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 43,125	$ 45,855	$ 2,730	$ 52,968
Total revenues	43,125	45,855	2,730	52,968
EXPENDITURES				
Current operations:				
Public health and welfare				
Personal services	41,325	41,950	(625)	50,563
Travel	-	1,005	(1,005)	105
Regular operating expenditures	800	700	100	900
Telecommunications	-	1,200	(1,200)	400
Per diem, fees and contracts	1,000	1,000	-	1,000
Total expenditures	43,125	45,855	(2,730)	52,968
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

CITY OF WAYNESBORO, GEORGIA
Family Connection Grant
Reconciliation of Program Year to Fiscal Year
For the Year Ended December 31, 2012
Contract Year Ended June 30, 2012

	Family Connection Grant 427-93-08080487-99	Reconciliation to Year End Reports		Total
	Program Year Ended June 30, 2012	July to December, 2011	July to December, 2012	Year Ended December 31, 2012
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 44,000	$ (21,230)	$ 23,085	$ 45,855
Total intergovernmental revenues	$ 44,000	$ (21,230)	$ 23,085	$ 45,855
EXPENDITURES				
Personal services	$ 41,450	$ (20,225)	$ 20,725	$ 41,950
Travel	750	(105)	360	1,005
Regular operating expenditures	800	(500)	400	700
Telecommunications	1,000	(400)	600	1,200
Per diem, fees and contracts	-	-	1,000	1,000
Total expenditures	$ 44,000	$ (21,230)	$ 23,085	$ 45,855

CITY OF WAYNESBORO, GEORGIA
SPLOST Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

	2012			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2011 Actual
REVENUES				
Investment income	$ -	$ 174	$ 174	$ 438
Total revenues	Nil	174	174	438
EXPENDITURES				
Debt service:				
Public works				
Water and sewer system debt on improvements	168,048	168,048	-	168,048
Total expenditures	168,048	168,048	Nil	168,048
NET CHANGE IN FUND BALANCES	(168,048)	(167,874)	174	(167,610)
FUND BALANCES, beginning of year	702,609	702,609	Nil	870,219
FUND BALANCES, end of year	$ 534,561	$ 534,735	$ 174	$ 702,609

CITY OF WAYNESBORO, GEORGIA
SPLOST II Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

	2012			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2011 Actual
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ -	$ 397,934	$ 397,934	$ 1,177,677
Transportation Enhancement Grant	-	-	-	585,563
Local Maintenance & Improvement Grant	-	48,030	48,030	-
Investment income	-	899	899	1,061
Contributions from private sources	-	-	-	72,011
Total revenues	Nil	446,863	446,863	1,836,312
EXPENDITURES				
Capital:				
General city government				
Building renovation and construction	-	16	(16)	477,993
Public works				
Water, sewer and storm drainage	2,006,485	763,453	1,243,032	613,285
Street improvements	-	18,660	(18,660)	-
Total expenditures	2,006,485	782,129	1,224,356	1,091,278
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,006,485)	(335,266)	1,671,219	745,034
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term debt	-	-	-	(1)
NET CHANGE IN FUND BALANCES	(2,006,485)	(335,266)	1,671,219	745,033
FUND BALANCES, beginning of year	2,006,485	2,006,485	Nil	1,261,452
FUND BALANCES, end of year	$ Nil	$ 1,671,219	$ 1,671,219	$ 2,006,485

CITY OF WAYNESBORO, GEORGIA
SPLOST III Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

	2012			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2011 Actual
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ 1,107,119	$ 756,225	$ (350,894)	$ -
Investment income	-	59	59	-
Total revenues	1,107,119	756,284	(350,835)	Nil
EXPENDITURES				
Capital:				
General city government				
Building renovation and construction	218,367	20,485	197,882	-
Public safety	54,592	27,000	27,592	-
Public works				
Street improvements	397,427	25,619	371,808	-
Water system improvements	436,733	-	436,733	-
Total expenditures	1,107,119	73,104	1,034,015	Nil
NET CHANGE IN FUND BALANCES	Nil	683,180	683,180	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ 683,180	$ 683,180	$ Nil

CITY OF WAYNESBORO, GEORGIA
2012 Community Development Block Grant
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
From Inception and For the Year Ended December 31, 2012

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG grant	$ 500,000	$ -	$ 60,916	$ 60,916
Total revenues	500,000	Nil	60,916	60,916
EXPENDITURES				
Capital:				
Public works				
Sewer facilities	450,000	-	49,001	49,001
Grant administration	30,000	-	6,000	6,000
Engineering	20,000	-	5,915	5,915
Total expenditures	500,000	Nil	60,916	60,916
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

CITY OF WAYNESBORO, GEORGIA
2012 Community Development Block Grant
Project Cost Schedule
From Inception and For the Year Ended December 31, 2012

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Latest Accumulated Expenditures to Date		Grand Total Expenditures to Date	Questioned Costs
			CDBG Funds	Other Funds		
Public Facilities Grant (Grant number 03p-x-017-2-2835)						
Construction						
Sewer facilities	P-03J-02	$ 450,000	$ 49,001	$ -	$ 49,001	$ -
Grant administration	A-21A-00	30,000	6,000	-	6,000	-
Engineering	T-03J-00	20,000	5,915	37,995	43,910	-
Grand Total		$ 500,000	$ 60,916	$ 37,995	$ 98,911	$ Nil

Source of other funds: SPLOST II Fund

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Customer charges	$ 2,007,317	$ 2,099,095
Tap fees	1,420	3,575
Penalties	37,952	50,123
Recovery of bad debts	3,700	600
Total operating revenues	2,050,389	2,153,393
OPERATING EXPENSES		
Salaries	249,645	227,436
Employee benefits	54,033	53,634
Contractual services	587,397	640,313
Repairs, maintenance and other contractual services	35,552	66,205
Communications	9,363	10,536
Travel and training	2,207	3,323
Supplies and materials	151,715	128,904
Utilities	132,345	185,901
Vehicle gasoline	29,442	27,544
Depreciation	665,902	648,668
Other expenses	78,461	72,225
Total operating expenses	1,996,062	2,064,689
NET INCOME FROM OPERATIONS	54,327	88,704
NONOPERATING REVENUES (EXPENSES)		
Amortization of bond issuance costs	(2,132)	(2,132)
Amortization of loan fees	(490)	-
Interest earned	2,841	4,287
Interest expense	(458,652)	(476,116)
Sale of capital assets	736	-
Total nonoperating revenues (expenses)	(457,697)	(473,961)
INCOME (LOSS) BEFORE TRANSFERS	(403,370)	(385,257)
Capital contributions	1,185,920	691,067
Transfers out	(38,470)	(22,382)
CHANGE IN NET POSITION	744,080	283,428
TOTAL NET POSITION, beginning of year	8,922,787	8,639,359
TOTAL NET POSITION, end of year	$ 9,666,867	$ 8,922,787

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,906,224	$ 2,204,694
Cash paid for goods and services	(1,047,996)	(1,164,803)
Cash paid to employees for services	(247,673)	(227,518)
Customer deposits received (refunded)	219	307
Net cash provided by operating activities	610,774	812,680
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net borrowings from other funds	(30,422)	-
Net transfers in (out)	(38,470)	(22,382)
Net cash used by noncapital financing activities	(68,892)	(22,382)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital	510,686	443,863
Purchase of property and equipment	(297,497)	(710,155)
Proceeds from issuance of long-term debt	737	489,500
Payment of loan origination fees	(2,448)	(7,342)
Loan repayments	(212,263)	(180,676)
Retirement of revenue bonds	(174,088)	(166,143)
Capital lease principal payments	-	(14,010)
Interest and fiscal charges paid	(461,008)	(478,336)
Net cash used by capital and related financing activities	(635,881)	(623,299)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	3,207	4,944
Net cash provided by investing activities	3,207	4,944
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(90,792)	171,943
CASH AND EQUIVALENTS, beginning of year	631,280	459,337
CASH AND EQUIVALENTS, end of year	$ 540,488	$ 631,280

(Continued)

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2012 and 2011

	2012	2011
Reconciliation of net income to net cash provided by operating activities:		
NET INCOME FROM OPERATIONS	$ 54,327	$ 88,704
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	32,157	25,372
Depreciation	665,901	648,668
Decrease (increase) in operating assets:		
Accounts receivable	(144,164)	51,301
Increase (decrease) in operating liabilities:		
Accounts payable	362	(1,590)
Accrued salaries	14	160
Accrued leave benefits	1,958	(242)
Deposits for services	219	307
Total adjustments	556,447	723,976
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 610,774	$ 812,680
Supplemental Disclosure of Cash Flow Information		
Noncash investing and financing activities:		
Contribution of capital	$ 744,080	$ 247,203

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Customer charges	$ 1,479,398	$ 1,510,001
Penalties	28,257	36,032
Miscellaneous	80,999	7,269
Total operating revenues	1,588,654	1,553,302
OPERATING EXPENSES		
Salaries	118,159	88,769
Employee benefits	24,917	19,568
Contractual services	26,860	14,756
Repairs, maintenance and other contractual services	29,122	58,385
Gas purchases	776,805	904,244
Communications	4,167	3,078
Travel and training	1,478	302
Supplies and materials	2,887	5,194
Utilities	5,909	2,848
Vehicle gasoline	5,992	5,127
Depreciation	24,569	22,563
Other expenses	60,105	22,958
Total operating expenses	1,080,970	1,147,792
NET INCOME FROM OPERATIONS	507,684	405,510
NONOPERATING REVENUES (EXPENSES)		
Interest expense	-	(57)
Sale of capital assets	1,125	-
Total nonoperating revenues (expenses)	1,125	(57)
INCOME (LOSS) BEFORE TRANSFERS	508,809	405,453
Transfers out	(324,288)	(442,359)
CHANGE IN NET POSITION	184,521	(36,906)
TOTAL NET POSITION, beginning of year	(33,074)	3,832
TOTAL NET POSITION, end of year	$ 151,447	$ (33,074)

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,424,304	$ 1,661,771
Cash paid for goods and services	(946,527)	(1,092,927)
Cash paid to employees for services	(119,998)	(87,822)
Customer deposits received (refunded)	175	710
Net cash provided by operating activities	357,954	481,732
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(324,288)	(442,359)
Net cash used by noncapital financing activities	(324,288)	(442,359)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(34,791)	(35,374)
Proceeds from sale of property and equipment	1,125	-
Capital lease principal payments	-	(3,934)
Interest and fiscal charges paid	-	(65)
Net cash used by capital and related financing activities	(33,666)	(39,373)
NET INCREASE IN CASH AND CASH EQUIVALENTS	Nil	Nil
CASH AND EQUIVALENTS, beginning of year	Nil	Nil
CASH AND EQUIVALENTS, end of year	$ Nil	$ Nil
Reconciliation of net income to net cash provided by operating activities:		
NET INCOME FROM OPERATIONS	$ 507,684	$ 405,510
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	38,262	5,640
Depreciation	24,569	22,563
Decrease (increase) in operating assets:		
Accounts receivable	(164,348)	108,469
Increase (decrease) in operating liabilities:		
Accounts payable	(42,766)	(55,956)
Accrued salaries	90	294
Accrued leave benefits	(1,929)	653
Accrued sales tax	(3,783)	(6,151)
Deposits for services	175	710
Total adjustments	(149,730)	76,222
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 357,954	$ 481,732

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Customer charges	$ 877,141	$ 1,002,562
Penalties	16,583	23,944
Total operating revenues	893,724	1,026,506
OPERATING EXPENSES		
Salaries	154,760	174,125
Employee benefits	39,812	43,272
Contractual services	5,894	16,924
Repairs, maintenance and other contractual services	43,611	29,296
Communications	2,875	2,628
Landfill fees	113,418	153,839
Supplies and materials	12,233	41,137
Vehicle gasoline	46,301	39,749
Depreciation	102,920	103,224
Other expenses	88,249	32,481
Total operating expenses	610,073	636,675
NET INCOME FROM OPERATIONS	283,651	389,831
NONOPERATING REVENUES (EXPENSES)		
Interest expense	(9,364)	(19,421)
Total nonoperating revenues (expenses)	(9,364)	(19,421)
INCOME (LOSS) BEFORE TRANSFERS	274,287	370,410
Transfers out	(47,493)	(108,802)
CHANGE IN NET POSITION	226,794	261,608
TOTAL NET POSITION, beginning of year	(84,721)	(346,329)
TOTAL NET POSITION, end of year	$ 142,073	$ (84,721)

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 871,242	$ 1,049,995
Cash paid for goods and services	(347,274)	(353,006)
Cash paid to employees for services	(153,922)	(174,770)
Customer deposits received (refunded)	225	150
Net cash provided by operating activities	370,271	522,369
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(47,493)	(108,802)
Net cash used by noncapital financing activities	(47,493)	(108,802)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	-	(63,892)
Capital lease principal payments	(313,413)	(329,226)
Interest and fiscal charges paid	(9,365)	(20,449)
Net cash used by capital and related financing activities	(322,778)	(413,567)
NET INCREASE IN CASH AND CASH EQUIVALENTS	Nil	Nil
CASH AND EQUIVALENTS, beginning of year	Nil	Nil
CASH AND EQUIVALENTS, end of year	$ Nil	$ Nil
Reconciliation of net income to net cash provided by operating activities:		
NET INCOME FROM OPERATIONS	$ 283,651	$ 389,831
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	5,119	6,617
Depreciation	102,921	103,224
Decrease (increase) in operating assets:		
Accounts receivable	(22,483)	23,488
Increase (decrease) in operating liabilities:		
Accounts payable	-	(296)
Accrued salaries	13	(467)
Accrued leave benefits	825	(178)
Deposits for services	225	150
Total adjustments	86,620	132,538
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 370,271	$ 522,369

OTHER REPORTS

REDDICK, RIGGS,
HUNTER AND KENNEDY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TERRELL T. REDDICK
1947-2005
JAMES S. RIGGS
PATRICIA H. HUNTER
J. BRIAN KENNEDY

INDEPENDENT AUDITORS' 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*

Mayor and City Council
City of Waynesboro, Georgia
Waynesboro, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and aggregate remaining fund information of the City of Waynesboro, Georgia as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 20, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Waynesboro, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Waynesboro, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Waynesboro, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Finding 2012-4 through 2012-7 to be material weaknesses.

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GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waynesboro, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Findings 2012-1 through 2012-3.

City of Waynesboro, Georgia's Response to Findings

The City of Waynesboro, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Waynesboro, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This purpose of this report is solely to describe our testing of internal control and complinace the the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance withfor the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-throu *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reddick, Riggs, Hunter and Kennedy, P. C.

Statesboro, Georgia
May 20, 2013

CITY OF WAYNESBORO, GEORGIA
Schedule of Findings and Questioned Costs
December 31, 2012

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies not considered to be material weaknesses?	None Reported
Noncompliance material to the financial statements noted?	Yes

Finding 2012 - 1*

Criteria:	State law requires municipalities to annually adopt a balanced budget for all funds. Once adopted, these budgets act as legal spending authorizations or appropriation limits.
Condition:	During the year ended December 31, 2012, various departments and funds of the City expended amounts which exceeded appropriations.
Context:	Total General Fund expenditures exceeded the budgeted appropriations by $451,392, with $314,903 of this overage related to the Police Department.
Cause:	During the year, the City had several areas in which unanticipated repairs or other items caused departments to overspend the budget.
Effect:	The budget approved by City Council did not adequately project final expenditures for the City.
Recommendation:	We recommend that the City consider adopting a budget amendment in future years to reflect amounts exceeding appropriations which have been approved by Council. In addition, we recommend that the City utilize the feature of its purchasing system that does not allow a department to overspend its budget without management approval in order to control expenditure of funds.
Comments:	The City concurs with the finding. The City Manager/Finance Director will propose a budget amendment to the City Council that will include all expenditures and debt services for all unanticipated items.

Findings and Questioned Costs (continued)

*Finding 2012 - 2**

Criteria:	Georgia law authorizes the governing authority to incur temporary loans which shall not exceed 75 percent of the total gross income collected in the previous year and requires that such loans be payable on or before December 31 of the calendar year when the loan is obtained.
Condition:	At December 31, 2012, the City's tax anticipation loan remained outstanding.
Context:	The remaining debt outstanding at December 31, 2012 was $885,500.
Cause:	Because the tax digest was approved late, the City's tax bills were delayed and were not due until after December 31, 2012. This delay in billing taxes caused a significant shortfall in funds available to retire the tax anticipation notes in a timely manner.
Effect:	The outstanding tax anticipation loans are a violation of state law.
Recommendation:	We recommend that the City establish a repayment plan as soon as possible in order to repay this loan and bring the City into compliance with state law.
Comments:	The City concurs with this finding. The short-term debt was repaid upon collection of the 2012 property taxes and other revenue that were not received at year end. The City is working to build a reserve fund to use instead of borrowing.

*Finding 2012 - 3**

Criteria:	Georgia law requires that SPLOST monies be held in a separate account and restricted for use as approved in the sales tax referendum.
Condition:	During prior years, the City advanced $272,812 from its SPLOST Fund to be used for a construction project which was subsequently drawn down under the City's USDA loan.
Cause:	While the original projects would have qualified for use of SPLOST funds, the amounts subsequently reimbursed from other sources were not remitted to the appropriate SPLOST account.
Effect:	Amounts due to the SPLOST fund in the amount of $272,812 remain outstanding.
Recommendation:	We recommend that the City establish a repayment plan as soon as possible in order to repay this loan and bring the City into compliance with state law.
Comments:	The City concurs with the finding. Over the life of the SPLOST fund, the City will establish a repayment plan to repay the SPLOST fund.

Findings and Questioned Costs (continued)

Finding 2012 - 4

Criteria: An important element of control over fees fines and forfeitures is the control over tickets written by officers.

Condition: During the year ended December 31, 2012, we noted that the new computer system utilized to issue citations will allow an officer to print a ticket, press cancel on screen, and then overwrite the data on screen and then issue the same ticket number to a different person. Further, we noted with the implementation of the new computer system, no control procedure exists which accounts for the sequence of tickets issued. We also noted one ticket written that was never transferred to the court system, and as a consequence, no fines were collected for this ticket. This was undetected by client personnel and a copy of the ticket could not be located.

Context: Without a system to prevent an officer from printing a ticket without submitting it, an officer could print a ticket, collect money from a citizen and put that money into his own pocket, then reissue that same ticket number to another offender. Further, without a system to monitor the sequence of tickets issued, an officer could issue a ticket, collect money from a citizen and put that money into his own pocket without ever submitting the ticket for court.

Cause: It appears that the new computer system does not have a security setting in place to prevent a ticket from being altered prior to being posted. It appears that police department personnel did not understand this weakness in the system.

Effect: While there is no evidence to suggest any wrongdoing or misappropriation of City funds occurred, and city personnel were able to trace down all but one of the missing ticket numbers, failure to monitor this on a monthly basis leaves an opportunity for misappropriation of fines.

Recommendation: To strengthen controls over tickets written, we recommend that the city contact the software vendor and have them change the security settings such that a ticket cannot be changed or altered after printing, and that forces all tickets printed to be submitted to City Hall automatically upon printing. If a ticket is issued in error, the ticket should be voided by city personnel who do not issue citations. Further, we recommend that a police department employee who does not issue tickets review the tickets written each month and investigate each ticket number that is missing, and review copies of each warning or voided ticket.

Comments: The city concurs with the finding. The Chief of Police will contact the software vendor to change the security level so that officers cannot change or alter tickets.

Findings and Questioned Costs (continued)

Finding 2012 - 5

Criteria:	It is an important to maintain physical control over confiscated assets.
Condition:	During the year ended December 31, 2012, we noted an instance in which the police department had to repay a suspect from the confiscated asset fund for jewelry that was confiscated in a drug raid because the property disappeared from the City's evidence room.
Context:	Failure to secure evidence properly puts the city at risk for liability for property confiscated, as well as running the risk of jeopardizing the validity of evidence in criminal investigations.
Cause:	Drugs and jewelry were confiscated upon a raid of a home inside the limits of the City of Waynesboro, but were not adequately secured by police personnel.
Effect:	The jewelry went missing, and the City was forced to use funds from the Confiscated asset fund to repay the suspect for the value of the jewelry that was misplaced.
Recommendation:	To strengthen controls over confiscated assets, we recommend that a proper chain of accountability be put in place and all such items be maintained securely to prevent loss or theft.
Comments:	The City concurs with the finding. An Evidence Custodian is now in place to oversee the operation of the evidence room and is the only one that has access to the room.

Finding 2012 - 6

Criteria:	It is important to maintain controls over the accuracy of time records which support payroll.
Condition:	During a routine review of payroll calculations, we noted alterations on timesheets of an employee of the police department. Upon inquiry of the payroll clerk, we discovered that alterations of time reports have occurred regularly with certain employees within the police department, as previous weeks timesheets are used for the calculation of overtime at the end of the month for the police department. In addition, she indicated that employees in that department have been instructed to report their time in such a way as to avoid overtime, regardless of hours worked.
Context:	Failure to pay employees for actual time worked is a violation of federal and state labor laws, and puts the city at risk for penalties related to these violations of the law. Further, if an employee were to sustain an injury or injure a citizen during one of these time periods when their time was not reported, the City's liability for the injuries may not be covered by their insurance carrier, which could open the City to significant liability.
Cause:	It appears that the error was caused by failure to accurately report time as worked at the time it occurred.
Effect:	The City is subject to significant liability if it fails to accurately compensate its employees in accordance with federal and state regulations.
Recommendation:	To ensure that time is accurately reported, we recommend that the City set a policy that employees report time accurately as it is worked, and that the City designate an officer to review timesheets as compared to the schedule and hours actually worked. Any modifications to the timesheet should be for a valid reason, such as the correction of an error, and should only be made with written approval of the chief attached to the timesheet provided to the payroll clerk.
Comments:	The City concurs with this finding and will adopt the recommendation. The new Chief of Police understands the importance of completing and maintaining timesheets.

Findings and Questioned Costs (continued)

Finding 2012 - 7

Criteria: It is important to maintain records of all purchases made with City credit cards and to properly document all expenses to be reimbursed by the City.

Condition: During a routine review of travel advances and reimbursements, we noted that there were instances when an employee in the police department used the City credit card to purchase gas and meals while out of town for a training event for which detailed receipt could not be located. We also noted that an employee was reimbursed for a plane ticket and rental car for a conference without providing complete documentation showing the amount he spent and properly showing how much was a legitimate expense of the City and how much was actually a personal travel expense for his wife who accompanied him on the trip.

Context: Failure to obtain proper documentation of travel expenses from employees before issuing reimbursements puts the City at risk of reimbursing employees for expenses that are actually personal in nature.

Cause: It appears that supervisors are signing off on expense reimbursements and credit card purchases without checking for adequate documentation of expenses.

Effect: The City is at risk for reimbursing employees for personal expenses.

Recommendation: We recommend that employees be required to provide complete documentation with all expense reimbursement requests. In any case where a trip includes a personal aspect, such as an employee's spouse accompanying them to a work related event, we recommend that the employee provide documentation to show the breakdown between the City's portion of the expenses and personal expenses. We further recommend that all receipts from purchases made with City credit cards be kept and turned in to show that all items paid for with City credit cards are for legitimate City expenses.

Comments: The City concurs with the finding. The Chief of Police will implement the recommendation and adopt control measures to see that receipts for credit card purchases are maintained and presented with request for payment.

** Indicates uncorrected prior year finding*

CITY OF WAYNESBORO, GEORGIA
Schedule of State Awards Expended
For the Year Ended December 31, 2012

State Program Name	Contract Number	Prior Year Balance	Grant Revenue Received	Matching Funds Received	Expenditures	Remaining Amount to be Expended	Amount Due to (from) State
Department of Community Affairs							
Local Assistance Grant	02-C-L-389	$ 21,000	$ -	$ -	$ 14,985	$ 6,015	$ -
Department of Human Resources							
Family Connection Grant	427-93-11110075-99	-	44,000	-	44,000	-	-
Total		$ 21,000	$ 44,000	$ Nil	$ 58,985	$ 6,015	$ Nil

CITY OF WAYNESBORO, GEORGIA
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2012

Project	Original Estimated Cost	Estimated Cost	Prior Years	Current Year	Total
SPLOST I					
Water and sewer improvements					
Construction	$ 2,948,875	$ 744,866	$ 744,866	$ -	$ 744,866
Related debt service	364,104	2,199,980	1,496,933	168,048	1,664,981
Total	$ 3,312,979	$ 2,944,846	$ 2,241,799	$ 168,048	$ 2,409,847
SPLOST III					
Building renovation and construction	$ 500,000	$ 1,291,325	$ 1,291,188	$ 137	$ 1,291,325
Water, sewer and storm drainage improvements	3,801,605	5,201,726	4,419,734	781,992	5,201,726
Total	$ 4,301,605	$ 6,493,051	$ 5,710,922	$ 782,129	$ 6,493,051
SPLOST III					
Building revovation and construction	$ 1,310,200	$ 1,310,200	$ -	$ 20,485	$ 20,485
Patrol vehicles and utility equipment	327,550	327,550	-	27,000	27,000
Roads, streets, sidewalks and drainage improvements	2,384,564	2,384,564	-	25,619	25,619
Water and sewer improvements	2,620,400	2,620,400	-	-	-
Total	$ 6,642,714	$ 6,642,714	$ Nil	$ 73,104	$ 73,104