CITY OF WAYNESBORO, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

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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

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

Report on the Financial Statements

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, 2013, 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 of 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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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, 2013, 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 48, 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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements of the City of Waynesboro, Georgia. 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 Expenditures of Federal Awards, 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 July 17, 2014, 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
July 17, 2014

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 nonmajor 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 nine nonmajor governmental funds. The City's major governmental funds are the General Fund, the SPLOST II Fund and the SPLOST III Fund. The City's nonmajor governmental funds are the Hotel/Motel Tax Fund, Confiscated Assets Fund, Revolving Loan Fund, Community Home Investment Program, the 2006 Community Development Block Grant Fund, Family Connection Grant, the SPLOST Fund, the 2012 CDBG Grant Fund and the TIA SPLOST 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 nonmajor funds are presented as supplementary financial information of this report beginning on page 49.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is $19,818,346, as compared to $18,865,654 at December 31, 2012. The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	$ 4,670,881	5,294,205	$ 1,140,062	$ 774,623	$ 5,810,943	$ 6,068,828
Capital assets	5,026,178	5,031,439	20,633,273	20,027,211	25,659,451	25,058,650
Total assets	9,697,059	10,325,644	21,773,335	20,801,834	31,470,394	31,127,478
Liabilities:						
Long-term liabilities	70,794	94,054	10,053,024	10,204,164	10,123,818	10,298,218
Other liabilities	1,054,832	1,446,816	473,398	516,790	1,528,230	1,963,606
Total liabilities	1,125,626	1,540,870	10,526,422	10,720,954	11,652,048	12,261,824
Net position:						
Net investment in capital assets	5,026,178	5,028,992	10,921,657	9,840,783	15,947,835	14,869,775
Restricted	2,375,961	2,900,158	467,679	465,967	2,843,640	3,366,125
Unrestricted	1,169,294	855,624	(142,423)	(225,870)	1,026,871	629,754
Total Net Position	$ 8,571,433	$ 8,784,774	$ 11,246,913	$ 10,080,880	$ 19,818,346	$ 18,865,654

The current ratio is used to measure an entity's ability to meet current obligations. The City of Waynesboro, Georgia has a 4.43 to 1 ratio for governmental activities as compared to 3.66 to 1 at December 31, 2012. The current ratio for business-type activities is 2.41 to 1, as compared to 1.50 to 1 at December 31, 2012.

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 $11,246,913. The table below focuses on the net position and revenues and expenses of the City's governmental and business-type activities. Net position decreased $213,341 for governmental activities and increased $1,166,033 for business-type activities. The City's overall financial position improved during the year ended December 31, 2013.

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	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program						
Charges for services	$ 347,510	$ 343,700	$ 4,538,346	$ 4,376,230	$ 4,885,856	$ 4,719,930
Operating grants	125,335	125,098	-	-	125,335	125,098
Capital grants / contributions	1,327,690	1,302,319	416,584	299,223	1,744,274	1,601,542
General						
Property taxes	1,470,048	1,354,097	-	-	1,470,048	1,354,097
Sales taxes	897,538	1,183,456	-	-	897,538	1,183,456
Franchise taxes	419,014	429,407	-	-	419,014	429,407
Insurance premium taxes	297,433	287,263	-	-	297,433	287,263
Financial institution taxes	27,779	26,904	-	-	27,779	26,904
Alcoholic beverage taxes	159,716	158,209	-	-	159,716	158,209
Hotel/Motel occupancy taxes	66,980	66,383	-	-	66,980	66,383
Intangible and other taxes	21,878	17,524	-	-	21,878	17,524
Interest	4,482	2,694	1,695	2,841	6,177	5,535
Gain (loss) on sale of assets	(39,929)	20,998	(119)	1,861	(40,048)	22,859
Other income	26,791	34,883	-	-	26,791	34,883
Total revenues	5,152,265	5,352,935	4,956,506	4,680,155	10,108,771	10,033,090
Program expenses:						
General government	900,587	888,794	-	-	900,587	888,794
Judicial	28,727	45,315	-	-	28,727	45,315
Public safety	2,313,847	2,519,131	-	-	2,313,847	2,519,131
Public works	1,030,024	976,632	-	-	1,030,024	976,632
Public health and welfare	55,006	85,323	-	-	55,006	85,323
Economic development	317,230	303,490	-	-	317,230	303,490
Interest	14,456	51,300	-	-	14,456	51,300
Water	-	-	2,451,782	2,424,188	2,451,782	2,424,188
Gas	-	-	1,129,553	961,708	1,129,553	961,708
Solid waste	-	-	914,867	614,319	914,867	614,319
Total expenses	4,659,877	4,869,985	4,496,202	4,000,215	9,156,079	8,870,200
Increase (decrease) in total net position before transfers and special items	492,388	482,950	460,304	679,940	952,692	1,162,890
Transfers	(705,729)	(619,883)	705,729	(619,883)	Nil	Nil
Increase (decrease) in net position	(213,341)	(136,933)	1,166,033	60,057	952,692	1,162,890
Total net position, beginning of year	8,784,774	8,921,707	10,080,880	10,020,823	18,865,654	18,942,530
Total net position, end of year	$ 8,571,433	$ 8,784,774	$ 11,246,913	$ 10,080,880	$ 19,818,346	$ 20,105,420

Governmental Revenues

The City's governmental activities are heavily reliant on property taxes and sales taxes, which collectively make up 45.96% of governmental revenues. Note that program revenues made up 66.83% 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 25.27% of the City's total expenses, while water and sewer and gas made up 26.78% and 12.34%, respectively.

There was an excess of $492,388 in governmental activities and an excess of $460,304 in business-type activities. Transfers to (from) governmental activities resulted in a net deficit in governmental activities of $213,341 and a total excess in business-type activities of $1,166,033. The total change in net position was $952,692. As stated earlier, the financial position of the City improved in the year ended December 31, 2013.

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 $2,871,366. Of this year-end total, $2,332,012 is restricted for capital projects and $12,097 for other uses. The unassigned portion of governmental fund balances was $495,405. The total ending fund balances of governmental funds shows a decrease of $522,466, or a 15.39% decrease.

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 $501,684. Of this total, $3,779 is restricted for use under state grants or community development programs, and $2,500 is restricted for public safety. The remaining balance of $495,405 is unassigned. The total ending fund balance of the general fund shows a decrease of $101,967. The decrease in the current year was a result of the decrease in property tax proceeds during the year caused by property tax billing occurring later in the year.

Total revenues of the General Fund were $3,463,409, a decrease of $717,727 from fiscal year 2012. This equates to a decrease of 17.17% in total revenues. This decrease was primarily due to the property tax digest being prepared late in 2013 causing property tax bills to be mailed after year end. A large amount of deferred property taxes were still uncollected after the first 60 days of the year.

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 $4,538,346, an increase of $162,116 over fiscal year 2012. After considering expenditures, the net income of these funds before capital contributions and transfers is $43,720.

Budgetary Highlights

Revenues in the General Fund were under the budget by $256,091. This decrease resulted primarily from property tax billings being late and not collected within the first 60 days of the year.

Expenditures in the General Fund were under the budget by $26,462 due more accurate accounting for projects and the passing of an amended budget.

A budget amendment was adopted during the year ended December 31, 2013 which resulted in an increased in General Fund expenditures of $326,800.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, as of December 31, 2013, was $25,659,451 as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Nondepreciable assets:						
Land	$ 139,872	$ 139,872	$ 113,317	$ 74,047	$ 253,189	$ 213,919
Construction in progress	106,919	38,130	865,136	1,741,708	972,055	1,779,838
Book value - nondepreciable assets	246,791	178,002	978,453	1,815,755	1,225,244	1,993,757
Depreciable assets:						
Buildings and plant	5,277,650	5,189,499	28,576,090	27,017,497	33,853,740	32,206,996
Machinery and equipment	661,192	773,781	2,572,774	2,402,489	3,233,966	3,176,270
Office equipment	509,092	517,391	-	-	509,092	517,391
Vehicles	1,249,544	1,295,860	959,688	969,188	2,209,232	2,265,048
Total depreciable assets	7,697,478	7,776,531	32,108,552	30,389,174	39,806,030	38,165,705
Less accumulated depreciation	2,918,091	2,923,094	12,453,732	12,177,718	15,371,823	15,100,812
Book value - depreciable assets	4,779,387	4,853,437	19,654,820	18,211,456	24,434,207	23,064,893
Percentage depreciated	37.91 %	37.59 %	38.79 %	40.07 %	38.62 %	39.57 %
Total Capital Assets	$ 5,026,178	$ 5,031,439	$ 20,633,273	$ 20,027,211	$ 25,659,451	$ 25,058,650

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, 2013, the City had total outstanding long-term debt of $10,123,818 as follows:

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Accumulated leave benefits	$ 70,794	$ 91,607	$ 17,648	$ 17,736	$ 88,442	$ 109,343
Notes payable						
GEFA Loan	-	-	652,287	785,268	652,287	785,268
GEFA Loan - WWTP rehab	-	-	426,222	492,798	426,222	492,798
GEFA Loan - Well	-	-	442,590	467,065	442,590	467,065
GEFA Loan - Solid Waste	-	-	323,760	-	323,760	-
Capital leases						
Fire truck	-	2,447	-	-	-	2,447
Sanitation equipment	-	-	78,904	147,268	78,904	147,268
Revenue bonds payable						
USDA Bonds, Series 1992	-	-	2,529,729	2,608,637	2,529,729	2,608,637
USDA Bonds, Series 2002	-	-	2,755,715	2,812,367	2,755,715	2,812,367
USDA Bonds, Series 2003 (#4)	-	-	930,345	945,770	930,345	945,770
USDA Bonds, Series 2003 (#6)	-	-	1,895,824	1,927,255	1,895,824	1,927,255
Total Long-Term Debt	$ 70,794	$ 94,054	$ 10,053,024	$ 10,204,164	$ 10,123,818	$ 10,298,218

During the year ended December 31, 2013, the City issued long-term debt totaling $328,205. The City retired $502,605 of existing debt.

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

Economic Conditions Affecting the City

The largest economic condition affecting the City of Waynesboro continues to be construction at Southern Company's Vogtle Electric Generating Plant. The project, which is one of the largest construction projects in the United States, includes the construction of two (2) new nuclear reactors. The plant is located outside the city limits and inside Burke County. Construction of Units 3 and 4 is a $14 billion capital investment, and will employ approximately 5,000 new temporary construction jobs and 800 permanent jobs and is projected to last until 2018.

The City of Waynesboro benefits from this construction project in several ways. Although a large portion of the Plant and components are exempt, purchases of some materials used in construction is subject to sales tax. These purchases generate significant increases in Local Option Sales Taxes and Special Purpose Local Option Sales Taxes. The additional employees also make purchases at local businesses, increasing sales tax revenues.

Waynesboro/Burke County is experiencing a small amount of growth primarily due to Vogtle. Several new fast food restaurants and businesses have been built in the last two (2) years. Several other new businesses are in the process of building or locating to Waynesboro today.

The City of Waynesboro owns the only natural gas system in the area. A large portion of the City's operating revenues derives from the sale of natural gas. The year 2013 and January 2014 were colder than normal periods. The City's work to develop a diverse mix of natural gas customers has helped the City to generate consistent gas revenues each year.

Economic Conditions Affecting the City (continued)

Several negative economic conditions exist as well. The unemployment rate in Waynesboro was 9.2 percent in December of 2013, compared to the Georgia and National rates of 7.5 and 6.3 percent. Medical insurance costs continue to choke the City, consuming approximately 7 percent of the City's budget. The cost of fuel and maintenance and operating supplies continues to climb as well. Several State and Federal grant programs have been eliminated over the last few years. These programs assisted small cities with capital improvement projects.

Waynesboro/Burke County suffered a large amount of damages from a two (2) day ice storm in February of 2014. This storm caused large amounts of ice accumulation on trees and power lines that led to long 3 to 7 day power outages. The ice on limbs broke and tore limbs from nearly every tree. The City used its knuckleboom trucks to start removing storm debris before the debris had finished falling. A massive pile of debris estimated at 75,000 cubic yards was created. The clean-up effort took four (4) months and is expected to cost $400,000. Reimbursements from the Federal Emergency Management Agency and Georgia Emergency Management Agency should cover approximately 85 percent of the clean-up cost.

The City of Waynesboro has worked over the last six (6) years to restructure its budget to be prepared for difficult economic conditions. These measures have been very beneficial in cutting costs and maximizing revenues. The City still works to implement an accounting system that allows staff to detect changes in economic trends within weeks instead of the year.

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, 2013

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Current Assets				
Cash	$ 2,032,928	$ 74,662	$ 2,107,590	$ 8,266
Receivables, net of allowance for uncollectibles:				
Taxes	1,449,053	-	1,449,053	-
Intergovernmental	324,691	416,584	741,275	-
Other	523,220	453,409	976,629	-
Accrued interest receivable	-	540	540	-
Internal balances	272,812	(272,812)	-	-
Prepaid expenses	36,325	-	36,325	-
Note receivable	31,852	-	31,852	-
Restricted assets:				
Cash	-	467,679	467,679	-
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	246,791	978,453	1,225,244	-
Depreciable assets, net	4,779,387	19,654,820	24,434,207	-
Total Assets	9,697,059	21,773,335	31,470,394	8,266
LIABILITIES				
Current Liabilities				
Accounts payable	408,916	141,827	550,743	-
Accrued salaries	21,952	5,157	27,109	-
Accrued sales tax	-	15,269	15,269	-
Accrued interest payable	10,981	30,507	41,488	-
Other accrued expenses	3,983	-	3,983	-
Deposits to secure services	-	39,724	39,724	-
Tax anticipation notes	609,000	-	609,000	-
Due within one year:				
Compensated absences	14,159	3,530	17,689	-
Notes payable	-	237,205	237,205	-
Capital lease payable	-	42,922	42,922	-
Revenue bonds payable	-	193,057	193,057	-
Due in more than one year:			-	-
Compensated absences, net of current portion	56,635	14,118	70,753	-
Notes payable, net of current portion	-	1,607,654	1,607,654	-
Capital lease payable, net of current portion	-	35,982	35,982	-
Revenue bonds payable, net of current portion	-	7,918,556	7,918,556	-
Other noncurrent liabilities:	-	-	-	-
Pollution remediation obligation	-	240,914	240,914	-
Total Liabilities	1,125,626	10,526,422	11,652,048	Nil
NET POSITION				
Net investment in capital assets	5,026,178	10,921,657	15,947,835	-
Restricted for:				
Capital projects	2,332,012	-	2,332,012	-
Public Safety	2,772	-	2,772	-
Debt service	-	467,679	467,679	-
Community Development	41,177	-	41,177	-
Unrestricted	1,169,294	(142,423)	1,026,871	8,266
Total Net Position	$ 8,571,433	$ 11,246,913	$ 19,818,346	$ 8,266

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, 2013

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	$ 900,587	$ 122,602	$ 1,780	$ -	$ (776,205)	$ -	$ (776,205)	$ -
Judicial	28,727	-	-	-	(28,727)	-	(28,727)	-
Public safety	2,313,847	221,008	79,846	2,500	(2,010,493)	-	(2,010,493)	-
Public works	1,030,024	3,900	-	1,325,190	299,066	-	299,066	-
Public health and welfare	55,006	-	43,709	-	(11,297)	-	(11,297)	-
Economic development	317,230	-	-	-	(317,230)	-	(317,230)	-
Interest	14,456	-	-	-	(14,456)	-	(14,456)	-
Total governmental activities	4,659,877	347,510	125,335	1,327,690	(2,859,342)	Nil	(2,859,342)	Nil
Business-type activities:								
Water and sewer	2,451,782	2,003,254	-	-	-	(448,528)	(448,528)	-
Gas	1,129,553	1,563,596	-	-	-	434,043	434,043	-
Solid waste	914,867	971,496	-	416,584	-	473,213	473,213	-
Total business-type activities	4,496,202	4,538,346	Nil	416,584	Nil	458,728	458,728	Nil
Total	$ 9,156,079	$ 4,885,856	$ 125,335	$ 1,744,274	(2,859,342)	458,728	(2,400,614)	Nil
Component unit:								
Downtown Development Authority	$ 22,017	$ 22,243	$ Nil	$ Nil	Nil	Nil	Nil	226
General Revenues								
Property taxes					1,470,048	-	1,470,048	-
Sales taxes					897,538	-	897,538	-
Franchise taxes					419,014	-	419,014	-
Insurance premium taxes					297,433	-	297,433	-
Financial institution taxes					27,779	-	27,779	-
Alcoholic beverage taxes					159,716	-	159,716	-
Hotel/Motel occupancy taxes					66,980	-	66,980	-
Intangible and other taxes					21,878	-	21,878	-
Interest					4,482	1,695	6,177	-
Other revenues					26,791	-	26,791	-
Gain (loss) on sale of assets					(39,929)	(119)	(40,048)	-
Total general revenues					3,351,730	1,576	3,353,306	-
Transfers					(705,729)	705,729	-	-
Total general revenues and transfers					2,646,001	707,305	3,353,306	-
Change in net position					(213,341)	1,166,033	952,692	226
Total net position, beginning of year					8,784,774	10,080,880	18,865,654	8,040
Total net position, end of year					$ 8,571,433	$ 11,246,913	$19,818,346	$ 8,266

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

CITY OF WAYNESBORO, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	SPLOST II Fund	SPLOST III Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 146,978	$ 957,531	$ 739,056	$ 189,365	$ 2,032,930
Receivables:					
Taxes receivable	1,449,053	-	-	-	1,449,053
Intergovernmental receivables	67,181	164,511	60,950	32,049	324,691
Notes receivable	-	-	-	31,852	31,852
Other receivables	518,217	-	-	5,003	523,220
Due from other funds	-	-	-	285,204	285,204
Prepaid insurance	36,325	-	-	-	36,325
Total Assets	$ 2,217,754	$ 1,122,042	$ 800,006	$ 543,473	$ 4,683,275
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Accounts payable	$ 313,079	$ 61,653	$ -	$ 34,186	$ 408,918
Accrued salaries	21,952	-	-	-	21,952
Accrued interest payable	10,981	-	-	-	10,981
Other liabilities	3,983	-	-	-	3,983
Due to other funds	12,392	-	-	-	12,392
Tax anticipation notes	609,000	-	-	-	609,000
Total Liabilities	971,387	61,653	Nil	34,186	1,067,226
Deferred Inflows of Resources	744,683	-	-	-	744,683
Total Liabilities and Deferred Inflows of Resources	1,716,070	61,653	Nil	34,186	1,811,909
FUND BALANCES					
Nonspendable:					
Notes receivable	-	-	-	31,852	31,852
Restricted for:					
Capital projects	3,779	1,060,389	800,006	467,838	2,332,012
Public safety	2,500	-	-	272	2,772
Community development	-	-	-	9,325	9,325
Unassigned	495,405	-	-	-	495,405
Total Fund Balances	501,684	1,060,389	800,006	509,287	2,871,366
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,217,754	$ 1,122,042	$ 800,006	$ 543,473	$ 4,683,275

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, 2013

Total Governmental Fund Balances		$ 2,871,366
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	$ 7,944,269	
Accumulated depreciation	(2,918,091)	5,026,178
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Property taxes		744,683
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	$ (70,794)	(70,794)
Total Net Position of Governmental Activities		$ 8,571,433

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, 2013

	General Fund	SPLOST II Fund	SPLOST III Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property taxes	$ 977,272	$ -	$ -	$ -	$ 977,272
Motor vehicle taxes	177,674	-	-	-	177,674
Mobile home taxes	4,608	-	-	-	4,608
Franchise taxes	419,014	-	-	-	419,014
Sales and use taxes	897,538	-	-	-	897,538
Alcoholic beverage taxes	159,716	-	-	-	159,716
Business and occupation taxes	68,320	-	-	-	68,320
Insurance premium taxes	297,433	-	-	-	297,433
Financial institution taxes	27,779	-	-	-	27,779
Hotel/Motel occupancy taxes	-	-	-	66,980	66,980
Other taxes	21,878	-	-	-	21,878
Licenses and permits	50,432	-	-	-	50,432
Intergovernmental revenues	99,218	-	782,303	587,259	1,468,780
Charges for services	55,725	-	-	-	55,725
Fees, fines and forfeitures	171,008	-	-	-	171,008
Investment income	4,479	638	372	109	5,598
Contributions from private sources	2,500	-	-	-	2,500
Other revenues	28,815	-	-	-	28,815
Total revenues	3,463,409	638	782,675	654,348	4,901,070
EXPENDITURES					
Current operations:					
General city government	871,341	-	-	-	871,341
Judicial	28,727	-	-	-	28,727
Public safety	2,314,520	-	-	-	2,314,520
Public works	1,029,513	-	-	-	1,029,513
Public health and welfare	-	-	-	55,006	55,006
Economic development	257,134	-	-	31,834	288,968
Debt service:					
General city government	14,446	-	-	-	14,446
Public safety	2,457	-	-	-	2,457
Public works	-	110,014	-	168,048	278,062
Capital:					
General city government	-	13,095	55,743	-	68,838
Public safety	-	-	28,425	-	28,425
Public works	-	345,684	581,681	429,484	1,356,849
Total expenditures	4,518,138	468,793	665,849	684,372	6,337,152
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,054,729)	(468,155)	116,826	(30,024)	(1,436,082)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	326	-	-	-	326
Transfers in	952,436	-	-	-	952,436
Transfers out	-	-	-	(39,146)	(39,146)
NET CHANGE IN FUND BALANCES	(101,967)	(468,155)	116,826	(69,170)	(522,466)
FUND BALANCES, beginning of year (as restated)	603,651	1,528,544	683,180	578,457	3,393,832
FUND BALANCES, end of year	$ 501,684	$ 1,060,389	$ 800,006	$ 509,287	$ 2,871,366

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, 2013

Net change in fund balances - total governmental funds		$ (522,466)
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.		307,026
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.		(272,030)
In the statement of activities, only the gain (loss) on the sale of capital assets is reported whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.		(40,254)
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		2,447
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, 2013	$ 744,683	
Deferred property taxes at December 31, 2012	(453,560)	291,123
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, 2013	$ (70,794)	
Liability at December 31, 2012	91,607	20,813
Change in net position in governmental funds		$ (213,341)

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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes:				
Property taxes	$ 1,361,400	$ 1,270,000	$ 977,272	$ (292,728)
Motor vehicle taxes	104,000	147,000	177,674	30,674
Mobile home taxes	2,000	5,400	4,608	(792)
Franchise taxes	444,000	405,800	419,014	13,214
Sales and use taxes	820,000	931,500	897,538	(33,962)
Alcoholic beverage taxes	160,000	155,000	159,716	4,716
Business and occupation taxes	60,000	60,000	68,320	8,320
Insurance premium taxes	260,000	297,000	297,433	433
Financial institution taxes	26,000	27,700	27,779	79
Other taxes	12,500	26,400	21,878	(4,522)
Licenses and permits	36,300	46,200	50,432	4,232
Intergovernmental revenues	71,600	72,500	99,218	26,718
Charges for services	54,000	55,000	55,725	725
Fees, fines and forfeitures	180,000	170,000	171,008	1,008
Investment income	-	3,900	4,479	579
Contributions from private sources	-	-	2,500	2,500
Other revenues	38,200	46,100	28,815	(17,285)
Total revenues	3,630,000	3,719,500	3,463,409	(256,091)
EXPENDITURES				
Current operations:				
General city government	801,600	868,900	871,341	(2,441)
Judicial	51,000	16,000	28,727	(12,727)
Public safety	2,228,600	2,292,500	2,314,520	(22,020)
Public works	891,300	1,066,300	1,029,513	36,787
Economic development	229,300	271,900	257,134	14,766
Debt service:				
General city government	16,000	26,000	14,446	11,554
Public safety	-	3,000	2,457	543
Total expenditures	4,217,800	4,544,600	4,518,138	26,462
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(587,800)	(825,100)	(1,054,729)	(229,629)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	300	326	26
Transfers in	582,800	890,500	952,436	61,936
Transfers out	-	(65,700)	-	65,700
NET CHANGE IN FUND BALANCES	Nil	Nil	(101,967)	(101,967)
FUND BALANCES, beginning of year (as restated)	603,651	603,651	603,651	Nil
FUND BALANCES, end of year	$ 603,651	$ 603,651	$ 501,684	$ (101,967)

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

CITY OF WAYNESBORO, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2013

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
ASSETS				
Current Assets				
Cash	$ 74,662	$ -	$ -	$ 74,662
Accounts receivable	218,879	157,841	76,689	453,409
Intergovernmental receivables	-	-	416,584	416,584
Accrued interest receivable	540	-	-	540
Restricted assets:				
Cash	467,679	-	-	467,679
Total current assets	761,760	157,841	493,273	1,412,874
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	866,764	3,000	108,689	978,453
Depreciable assets, net	19,184,963	96,887	372,970	19,654,820
Total noncurrent assets	20,051,727	99,887	481,659	20,633,273
Total Assets	20,813,487	257,728	974,932	22,046,147
LIABILITIES				
Current Liabilities				
Accounts payable	11,272	130,555	-	141,827
Accrued salaries	2,355	1,189	1,613	5,157
Accrued sales tax	-	15,269	-	15,269
Accrued interest payable	29,237	-	1,270	30,507
Due to other funds	272,812	-	-	272,812
Compensated absences	1,689	1,022	819	3,530
Notes payable - current portion	234,164	-	3,041	237,205
Capital lease payable - current portion	-	-	42,922	42,922
Revenue bonds payable - current portion	193,057	-	-	193,057
Deposits to secure service	13,306	19,798	6,620	39,724
Total current liabilities	757,892	167,833	56,285	982,010
Noncurrent Liabilities				
Compensated absences	6,754	4,087	3,277	14,118
Notes payable, net of current portion	1,286,935	-	320,719	1,607,654
Capital lease payable, net of current portion	-	-	35,982	35,982
Revenue bonds payable, net of current portion	7,918,556	-	-	7,918,556
Pollution remediation obligation	-	-	240,914	240,914
Total noncurrent liabilities	9,212,245	4,087	600,892	9,817,224
Total Liabilities	9,970,137	171,920	657,177	10,799,234
NET POSITION				
Net investment in capital assets	10,419,015	99,887	402,755	10,921,657
Restricted for debt service	467,679	-	-	467,679
Unrestricted	(43,344)	(14,079)	(85,000)	(142,423)
Total Net Position	$ 10,843,350	$ 85,808	$ 317,755	$ 11,246,913

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, 2013

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Customer charges	$ 1,954,290	$ 1,519,175	$ 950,548	$ 4,424,013
Tap fees	3,515	-	-	3,515
Penalties	43,049	32,939	20,948	96,936
Miscellaneous	-	11,482	-	11,482
Recovery of bad debts	2,400	-	-	2,400
Total operating revenues	2,003,254	1,563,596	971,496	4,538,346
OPERATING EXPENSES				
Salaries	210,795	124,714	140,367	475,876
Employee benefits	61,247	35,395	44,557	141,199
Contractual services	620,347	37,592	24,475	682,414
Repairs, maintenance and other contractual services	46,806	56,122	35,973	138,901
Gas purchases	-	796,372	-	796,372
Communications	11,349	4,387	2,339	18,075
Liability and property insurance	-	-	530	530
Travel and training	3,958	2,058	-	6,016
Landfill fees	-	-	123,737	123,737
Supplies and materials	164,739	2,452	5,191	172,382
Utilities	123,588	6,232	-	129,820
Vehicle gasoline	23,832	7,966	52,797	84,595
Depreciation	688,767	26,992	102,920	818,679
Other expenses	55,893	29,271	13,625	98,789
Total operating expenses	2,011,321	1,129,553	546,511	3,687,385
OPERATING INCOME (LOSS)	(8,067)	434,043	424,985	850,961
NONOPERATING REVENUES (EXPENSES)				
Loan fees	-	-	(7,519)	(7,519)
Interest earned	1,695	-	-	1,695
Interest expense	(440,461)	-	(4,318)	(444,779)
Pollution remediation expense	-	-	(356,519)	(356,519)
Gain (loss) on sale of assets	-	(119)	-	(119)
Total nonoperating revenues (expenses)	(438,766)	(119)	(368,356)	(807,241)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(446,833)	433,924	56,629	43,720
Capital contributions	1,619,019	-	416,584	2,035,603
Transfers out	(116,196)	(499,563)	(297,531)	(913,290)
CHANGE IN NET POSITION	1,055,990	(65,639)	175,682	1,166,033
TOTAL NET POSITION, beginning of year (as restated)	9,787,360	151,447	142,073	10,080,880
TOTAL NET POSITION, end of year	$ 10,843,350	$ 85,808	$ 317,755	$ 11,246,913

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, 2013

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 1,984,328	$ 1,583,072	$ 951,239	$ 4,518,639
Cash paid for goods and services	(1,110,262)	(959,288)	(303,224)	(2,372,774)
Cash paid to employees for services	(215,328)	(120,595)	(139,847)	(475,770)
Customer deposits received (refunded)	(1,627)	(1,115)	(590)	(3,332)
Net cash provided by operating activities	657,111	502,074	507,578	1,666,763
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net borrowings from other funds	30,422	-	-	30,422
Net transfers in (out)	(116,196)	(499,563)	(297,531)	(913,290)
Environmental remediation	-	-	(415,604)	(415,604)
Net cash used by noncapital financing activities	(85,774)	(499,563)	(713,135)	(1,298,472)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Contributed capital	42,124	-	-	42,124
Purchase of property and equipment	(42,124)	(2,511)	(39,270)	(83,905)
Proceeds from issuance of long-term debt	-	-	323,760	323,760
Payment of loan origination fee	-	-	(7,519)	(7,519)
Loan repayments	(132,982)	-	-	(132,982)
Retirement of revenue bonds	(135,561)	-	-	(135,561)
Capital lease principal payments	-	-	(68,365)	(68,365)
Interest and fiscal charges paid	(302,794)	-	(3,049)	(305,843)
Net cash provided (used) by capital and related financing activities	(571,337)	(2,511)	205,557	(368,291)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends and interest earned	1,853	-	-	1,853
Net cash provided by investing activities	1,853	Nil	Nil	1,853
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,853	Nil	Nil	1,853
CASH AND EQUIVALENTS, beginning of year	540,488	Nil	Nil	540,488
CASH AND EQUIVALENTS, end of year	$ 542,341	$ Nil	$ Nil	$ 542,341

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, 2013

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
OPERATING INCOME (LOSS)	$ (8,067)	$ 434,043	$ 424,985	$ 850,961
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Provision for losses on receivables	24,365	10,905	11,297	46,567
Depreciation	688,769	26,992	102,921	818,682
Decrease (increase) in operating assets:				
Accounts receivable	(43,291)	8,572	(31,554)	(66,273)
Increase (decrease) in operating liabilities:				
Accounts payable	1,495	6,943	-	8,438
Accrued salaries	-	196	(3)	193
Accrued leave benefits	(4,533)	3,923	522	(88)
Accrued sales tax	-	11,615	-	11,615
Deposits for services	(1,627)	(1,115)	(590)	(3,332)
Total adjustments	665,178	68,031	82,593	815,802
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 657,111	$ 502,074	$ 507,578	$ 1,666,763

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:				
Contribution of capital: Capital projects through SPLOST and CDBG Funds	$ 1,340,957	$ Nil	$ Nil	$ 1,340,957
Contribution of capital: Debt service through SPLOST Funds	$ 278,062	$ Nil	$ Nil	$ 278,062

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 Mayor 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, 2013, the Authority paid the City $19,372 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 P. O. Box 1210, Waynesboro, Georgia 30830.

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

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, 2013, the City paid the RC $4,262 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 government-wide financial statements include a statement of net position and a statement of activities. These statements report financial information for the City as a whole. The primary government and the discretely presented component units are presented separately within these financial statements with focus on the primary government. Fiduciary activities are not included at the government-wide reporting level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and intergovernmental revenues, from business-type activities, which rely to a significant extent on fees and charges for support.

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 and for each major component unit. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses.

For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which functions the revenues are *restricted.*

Taxes and other revenue sources not properly included in program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the 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 nonmajor 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 unassigned 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

Government-wide Financial Statements - The government-wide statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statements 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.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i. e., expenses), in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial statements and reported on the financial statement. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

D. Basis of Accounting (continued)

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The City considers revenues to be available if they are collected within 60 days after year end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales tax, property taxes, grants and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the calendar year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected by year end or within 60 days) before it can be recognized. Under the modified accrual basis, the revenues susceptible to accrual are property taxes, franchise taxes, licenses, and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

E. 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.

Note 1. Summary of Significant Accounting Policies (continued)

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

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.

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.

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

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

6. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds or contributions. The City reports these assets in the governmental activities column of the government-wide statement of net position, but does not report these assets in the governmental fund statements. Capital assets utilized by proprietary funds are reported both in the business-type column of the government-wide statement of net position and in the proprietary fund's statement of net position. General infrastructure assets (i.e., roads, bridges, right of ways, and similar items) acquired prior to July 1, 2003 are not reported.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated fair market value as of the date received. The City maintains a capitalization threshold of $10,000 for infrastructure, and a capitalization threshold of $500 for other capital assets. The City's infrastructure consists of roads, bridges, storm sewers, sidewalks, traffic islands, street lights, traffic signals, and street signs. 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. 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.

Leave benefits accrue as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer would compensate the employees for the benefits through paid time off or some other means. All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absence liability in each individual fund at the fund reporting level, Governmental funds report the compensated absence liability at the fund reporting level only "when due."

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

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

8. Accrued Liabilities and Long-Term Debt

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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.

9. Debt Issuance Costs

Bond or other debt issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

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.

- **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.

Note 1. Summary of Significant Accounting Policies (continued)

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

10. Fund Net Assets or Equity (continued)

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 represents the difference between assets and liabilities. Net investment 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 revenues and expenses. Operating revenues are those revenues generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for the use of the water, gas and solid waste programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund. 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, including investment earnings, interest expense, and the gain or loss on the disposition of capital assets.

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.

Note 2. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information (continued)

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.

During the fiscal year ended December 31, 2013, City Council approved a budget amendment which increased in General Fund expenditures by $326,800.

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: Administration	$	35,807
Judicial: Municipal Court	$	12,727
Public safety: Police	$	15,006
Public safety: Animal control	$	16,126

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

At December 31, 2013, the carrying amount of the City's deposits was $2,575,269 which is reflected as cash of $2,107,590 and restricted cash of $467,679. The related bank balance was $2,810,547. Of this bank balance, $666,697 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, 2013, 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, 2013 consist of the following:

Taxes receivable -	Current	$ 1,255,873
	Prior	257,573
Gross receivables		1,513,446
Allowance for uncollectible accounts		64,393
Total		$ 1,449,053

Other receivables at December 31, 2013, consisted of the following:

	General Fund	SPLOST II	SPLOST III	Other Governmental Funds	Enterprise	Total
Intergovernmental receivables	$ 67,181	$ 164,511	$ 60,950	$ 32,049	$ 416,584	$ 741,275
Other receivables	518,217	$ -	$ -	5,003	587,373	1,110,593
Gross receivables	585,398	164,511	60,950	37,052	1,003,957	1,851,868
Allowance for uncollectible	-	-	-	-	133,964	133,964
Total	$ 585,398	$ 164,511	$ 60,950	$ 37,052	$ 869,993	$ 1,717,904

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

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, 2013 was as follows:

	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013
Governmental Activities:				
Nondepreciable capital assets:				
Land	$ 139,872	$ -	$ -	$ 139,872
Construction-in-progress	38,130	1,192,307	1,123,518	106,919
Total nondepreciable capital assets	178,002	1,192,307	1,123,518	246,791
Depreciable assets:				
Buildings and plant	5,189,499	106,768	18,617	5,277,650
Machinery and equipment	773,781	256,682	369,271	661,192
Office equipment	517,391	40,807	49,106	509,092
Vehicles	1,295,860	63,426	109,742	1,249,544
Total depreciable capital assets	7,776,531	467,683	546,736	7,697,478
Total capital assets	7,954,533	1,659,990	1,670,254	7,944,269
Accumulated depreciation:				
Buildings and plant	893,085	116,311	9,539	999,857
Machinery and equipment	538,212	53,008	135,539	455,681
Office equipment	397,127	35,171	38,189	394,109
Vehicles	1,094,670	67,540	93,766	1,068,444
Total accumulated depreciation	2,923,094	272,030	277,033	2,918,091
Governmental activities capital assets, net	$ 5,031,439	$ 1,387,960	$ 1,393,221	$ 5,026,178

Governmental activities depreciation expense:

General city government	$ 44,628
Public safety	108,930
Public works	89,845
Economic development	28,627
Total governmental activities depreciation expense	$ 272,030

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

	Restated Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013
Business-Type Activities:				
Nondepreciable capital assets:				
Land	$ 74,047	$ 39,270	$ -	$ 113,317
Construction-in-progress	1,741,708	1,145,391	2,021,963	865,136
Total nondepreciable capital assets	1,815,755	1,184,661	2,021,963	978,453
Depreciable capital assets:				
Buildings and plant	27,017,497	2,059,207	500,614	28,576,090
Machinery and equipment	2,402,489	202,955	32,670	2,572,774
Vehicles	969,188	-	9,500	959,688
Total depreciable capital assets	30,389,174	2,262,162	542,784	32,108,552
Total capital assets	32,204,929	3,446,823	2,564,747	33,087,005
Accumulated depreciation:				
Buildings and plant	11,209,763	611,929	500,614	11,321,078
Machinery and equipment	558,017	82,178	32,551	607,644
Vehicles	409,938	124,572	9,500	525,010
Total accumulated depreciation	12,177,718	818,679	542,665	12,453,732
Business-type capital assets, net	$ 20,027,211	$ 2,628,144	$ 2,022,082	$ 20,633,273

Business-type activities depreciation expense:

Water and sewer	$ 688,767
Gas	26,992
Solid waste	102,920
Total business-type activities depreciation expense	$ 818,679

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

E. Deferred Inflows of Resources

In addition to liabilities, the City reflects certain items as deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently reflects unavailable revenue in this manner. The unavailable revenues from property taxes in the amount of $744,683 are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

F. Interfund Balances and Transfers

A summary of interfund receivables/payables at December 31, 2013, is as follows:

	Due to:		
	Special Revenue	Capital Projects	
	Hotel/Motel Tax Fund	SPLOST	Total
Due from:			
Governmental Funds:			
General Fund	$ 12,392	$ -	$ 12,392
Proprietary Funds:			
Water and Sewer Fund	-	272,812	272,812
Total	$ 12,392	$ 272,812	$ 285,204

Amounts due to the SPLOST Fund represent funds advanced for water and sewer improvements which have been repaid from the Water and Sewer Fund subsequent to December 31, 2013.

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.

All interfund payables are expected to be repaid within one year.

A summary of interfund transfers during the year ended December 31, 2013, is as follows:

	Transfers from:				
	Special Revenue	Enterprise Fund			
	Hotel/Motel Tax Fund	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
Transfers to:					
Governmental funds:					
General Fund	$ 39,146	$ 116,196	$ 499,563	$ 297,531	$ 952,436
Total governmental funds	39,146	116,196	499,563	297,531	952,436
Total	$ 39,146	$ 116,196	$ 499,563	$ 297,531	$ 952,436

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.

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

F. Interfund Balances and Transfers (continued)

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.

G. Short-Term Debt

The City issued tax anticipation notes on April 23, 2013, bearing interest at 4.5%, due December 31, 2013. 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, 2013 were as follows:

Balance at December 31, 2012	$ 885,500
Funds advanced	1,514,835
Repayments	(1,791,335)
Balance at December 31, 2013	$ 609,000

Interest on short-term debt incurred during the year ended December 31, 2013 in governmental activities totaled $14,446, which was charged to expenditures during the year.

H. Long-Term Debt

1. Notes Payable

Notes payable of the City at December 31, 2013 consisted of the following:

Business-type Activities:	
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%	$ 652,287
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%	426,222
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%.	442,590
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%.	323,760
Total business-type activities	1,844,859
Total	$ 1,844,859

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

1. Notes Payable (continued)

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

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

	Business-Type Activities		
	Principal	Interest	Total
2014	$ 237,204	$ 51,111	$ 288,315
2015	257,232	47,031	304,263
2016	268,828	35,435	304,263
2017	281,017	23,246	304,263
2018	162,101	12,215	174,316
2019 - 2023	244,949	33,646	278,595
2024 - 2028	206,819	21,877	228,696
2029 - 2033	172,680	9,107	181,787
2034 - 2038	14,029	147	14,176
Total	$ 1,844,859	$ 233,815	$ 2,078,674

2. Bonds Payable

At December 31, 2013, 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%	$ 2,529,729
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%	2,755,715
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%	930,345
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%	1,895,824
Total	$ 8,111,613

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

H. Long-Term Debt (continued)

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.

The annual requirements to each debt type to amortize bonds outstanding at December 31, 2013, are as follows:

	Business-Type Activities		
	Principal	Interest	Total
2014	$ 193,057	$ 373,343	$ 566,400
2015	202,397	364,003	566,400
2016	212,190	354,210	566,400
2017	222,459	343,941	566,400
2018	233,227	333,173	566,400
2019 - 2023	1,346,895	1,485,105	2,832,000
2024 - 2028	1,706,457	1,125,543	2,832,000
2029 - 2033	1,854,242	679,723	2,533,965
2034 - 2038	1,444,187	318,080	1,762,267
2039 - 2043	696,502	71,016	767,518
Total	$ 8,111,613	$ 5,448,137	$ 13,559,750

3. Obligation Under Capital Leases

The City has the following capital lease obligations at December 31, 2013:

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	$ 78,904
Total	$ 78,904

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:

	Business-Type Activities
Sanitation equipment	$ 712,703
Total original cost	712,703
Accumulated depreciation	359,515
Total	$ 353,188

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

H. Long-Term Debt (continued)

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2013, were as follows:

	Business-Type Activities
2014	$ 44,515
2015	36,421
Total minimum lease payments	80,936
Less: amount representing interest	2,032
Total	$ 78,904

4. Changes in Long-Term Debt

Transactions for the year ended December 31, 2013 are summarized as follows:

	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013	Amounts Due Within One Year
Governmental Activities:					
Capital leases	$ 2,447	$ -	$ 2,447	$ -	$ -
Compensated absences	91,607	-	20,813	70,794	14,159
Total governmental activities	94,054	Nil	23,260	70,794	14,159
Business-Type Activities:					
Capital leases	147,268	-	68,364	78,904	42,922
Notes payable	1,745,131	323,760	224,032	1,844,859	237,205
Revenue bonds	8,294,029	-	182,416	8,111,613	193,057
Compensated absences	17,736	4,445	4,533	17,648	3,530
Total business-type activities	10,204,164	328,205	479,345	10,053,024	476,714
Total	$ 10,298,218	$ 328,205	$ 502,605	$ 10,123,818	$ 490,873

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.

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

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.H.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 $13,559,750. Principal and interest paid for the current year and total customer net revenues were $566,400 and $2,003,254, respectively.

6. Interest

Interest incurred during the year ended December 31, 2013, in governmental activities was $14,456, which was charged to expense during the year. Interest incurred during the year ended December 31, 2013, in business-type activities was $444,779, of which $444,779 was charged to expense during the year and $Nil was capitalized as "Construction in Progress."

I. 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 6.39% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

Note 3. Detailed Notes on All Funds (continued)

I. Pension Plan (continued)

3. Annual Pension Cost

For December 31, 2013, the City's annual pension cost of $146,642 was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2013 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, 2011	$ 108,154	100 %	$ Nil
December 31, 2012	116,154	100	Nil
December 31, 2013	146,642	100	Nil

5. Schedule of Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was funded 87.37%. The actuarial accrued liability for benefits was $2,980,371, and the actuarial value of the assets was $2,604,023, resulting in an unfunded actuarial accrued liability (UAAL) of $376,348. The covered payroll (annual payroll of active employees covered by the plan) was $2,255,076, and the ratio of the funding excess to covered payroll was 16.69%.

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.

Note 3. Detailed Notes on All Funds (continued)

J. Equity

Net position on the government-wide statement of assets as of December 31, 2013, is as follows:

	Governmental Activities	Business-Type Activities	Total
Cost of capital assets	$ 7,944,269	$ 33,087,005	$ 41,031,274
Accumulated depreciation	2,918,091	12,453,732	15,371,823
Book value	5,026,178	20,633,273	25,659,451
Less capital related debt	-	9,711,616	9,711,616
Net investment in capital assets	$ 5,026,178	$ 10,921,657	$ 15,947,835

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	$ 2,328,233	$ -	$ 2,328,233
Community Development capital projects	Grantor agencies	3,779	-	3,779
Total capital projects		2,332,012	-	2,332,012
Debt service	Bond covenants	-	467,679	467,679
Other restrictions				
Public safety	Law	272	-	272
Public safety	Donor	2,500	-	2,500
Community Development programs	Grantor agencies	41,177	-	41,177
Total other		43,949	-	43,949
Total restricted net position		$ 2,375,961	$ 467,679	$ 2,843,640

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.

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

A. Risk Management (continued)

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, 2013. No provisions have been made in the financial statements for the year ended December 31, 2013 for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the City has no 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

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, $3,506 in medical benefits and $1,200 in expenses 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 2, 2014 regarding a police officer who allegedly sustained injuries to this shoulder, armpit and rotator cuff when he fell through a bathroom floor when it caved in while he was responding to a home alarm. The claim has been forwarded to the City's carrier, Key Risk Insurance Company for handling. At this time, $10,707.55 in medical benefits, $1,960.61 in lost wages, and $1,000 in expenses 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.

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

B. Contingencies and Pending Litigation (continued)

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, 2013, the City had the following commitments with respect to unfinished capital projects:

	Total Project Cost	Remaining Construction Commitment	Expected Date of Completion
Highway 24 water line extension	$ 580,000	$ 73,161	March, 2014
Flexnet system	600,000	285,513	June, 2015
City Hall renovation	96,437	96,437	July, 2014
Public Works facility renovation	2,000,000	2,000,000	December, 2015
Total	$ 3,276,437	$ 2,455,111	

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

It is anticipated that funding for the flexnet system will be provided through SPLOST funds.

It is anticipated that funding for the City Hall renovation and the Public Works facility renovation will be provided through SPLOST funds.

D. Hotel/Motel Lodging Tax

During the year ended December 31, 2013, 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, 2013 is as follows:

Taxes collected	$ 66,980	
Expended for community development / promotion	$ 26,792	0.40 %

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

E. Notes Receivable

Notes receivable at December 31, 2013, are as follows:

5% note receivable from Forever Angels, Inc. with monthly installments of $575 including principal and interest (principal only)	$	25,422
5% note receivable from Forever Angels, Inc. with monthly installments of $145 including principal and interest (principal only)		6,430
Total	$	31,852

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%.

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, including engineering and other related items, is estimated to be $1,398,663, with expected recovery of $1,157,749. The net amount of $240,914 has been reflected in the Solid Waste Fund as a Pollution Remediation Obligation. 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. Net expenses incurred during the current year have been reflected in other expenses as "Pollution Remediation Expense."

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

H. Restatement of Prior Year Data

During the year ended December 31, 2013, the City implemented *GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. As a result, the City deleted the unamortized debt issuance costs for proprietary funds both at the government-wide and fund reporting level, by restating the prior period. In addition, there are numerous terminology changes through the financial section of this report. These terminology changes do not require a prior period adjustment.

During the current year, it was noted that certain grant revenues related to a prior year Georgia Environmental Facilities grant were under-accrued at the previous year end. In addition, it was noted that certain expenditures related to the construction of Water and Sewer facilities from SPLOST funds were not accrued at the previous year end. Additionally, it was noted in the current year that certain tax revenues were under-accrued at the prior year end. Finally, it was noted that certain reimbursements to the Solid Waste Fund were incorrectly recorded in the General Fund in the prior year. The prior year statements have been restated to correct these errors.

The net effects of the restatements were as follows:

	General Fund	SPLOST II Fund	Water and Sewer Fund	Solid Waste Fund
Increase (decrease) in intergovernmental receivables	$ -	$ -	$ 42,124	$ -
Increase (decrease) in taxes receivable	$ 38,485	$ -	$ -	$ -
Increase (decrease) in deferred charges	$ -	$ -	$ (64,306)	$ -
Increase (decrease) in construction in progress	$ -	$ -	$ 142,675	$ -
Decrease (increase) in accounts payable	$ -	$ (142,675)	$ -	$ -
Decrease (increase) in fund balance, beginning of year	$ (38,485)	$ -	$ 65,296	$ -
Decrease (increase) in revenues	$ 41,362	$ -	$ -	$ -
Increase (decrease) in expenditures / operating expenses	$ -	$ 142,675	$ -	$ -
Increase (decrease) in nonoperating revenues (expenses)	$ -	$ -	$ (990)	$ -
Decrease (increase) in transfers in (out)	$ (41,362)	$ -	$ -	$ 41,362
Decrease (increase) in capital contributions	$ -	$ -	$ (184,799)	$ (41,362)

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

	Governmental Activities	Business-Type Activities
Increase (decrease) in intergovernmental receivables	$ -	$ 42,124
Increase (decrease) in taxes receivable	$ 38,485	$ -
Increase (decrease) in deferred charges	$ -	$ (64,306)
Increase (decrease) in construction in progress	$ -	$ 142,675
Decrease (increase) in accounts payable	$ (142,675)	$ -
Decrease (increase) in net position, beginning of year	$ (38,485)	$ 65,296
Decrease (increase) in nonoperating revenues (expenses)	$ -	$ (990)
Decrease (increase) in capital grants and contributions	$ -	$ (42,124)
Increase (decrease) in transfers	$ 142,675	$ (142,675)

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*
2013	$ 2,604,023	$ 2,980,371	87.37 %	$ 376,348	$ 2,255,076	16.69 %
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

** Not less than zero*

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR 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.

Confiscated Assets 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.

TIA SPLOST Fund - This fund is used to account for the proceeds of a Transportation Special Purpose Local Option Sales Tax. Proceeds are restricted to use for certain road improvements.

CITY OF WAYNESBORO, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Special Revenue Funds						Capital Projects			
	Hotel / Motel Tax Fund	Confiscated Assets Fund	Revolving Loan Fund	Community Home Investment Program	2006 Community Development Block Grant	Family Connection Grant	SPLOST Fund	2012 CDBG Grant	TIA SPLOST Fund	Total
ASSETS										
Cash	$ -	$ 272	$ 4,322	$ -	$ -	$ -	$ 93,965	$ -	$ 90,806	$ 189,365
Intergovernmental receivables	-	-	-	-	-	21,794	-	-	10,255	32,049
Notes receivable	-	-	31,852	-	-	-	-	-	-	31,852
Other receivables	5,003	-	-	-	-	-	-	-	-	5,003
Due from other funds	12,392	-	-	-	-	-	272,812	-	-	285,204
Total assets	$ 17,395	$ 272	$ 36,174	$ Nil	$ Nil	$ 21,794	$ 366,777	$ Nil	$ 101,061	$ 543,473
LIABILITIES										
Accounts payable	$ 12,392	$ -	$ -	$ -	$ -	$ 21,794	$ -	$ -	$ -	$ 34,186
Total liabilities	12,392	Nil	Nil	Nil	Nil	21,794	Nil	Nil	Nil	34,186
FUND BALANCES										
Nonspendable	-	-	31,852	-	-	-	-	-	-	31,852
Restricted for:										
Capital projects	-	-	-	-	-	-	366,777	-	101,061	467,838
Public safety	-	272	-	-	-	-	-	-	-	272
Community development	5,003	-	4,322	-	-	-	-	-	-	9,325
Total fund balances	5,003	272	36,174	Nil	Nil	Nil	366,777	Nil	101,061	509,287
Total liabilities and fund balances	$ 17,395	$ 272	$ 36,174	$ Nil	$ Nil	$ 21,794	$ 366,777	$ Nil	$ 101,061	$ 543,473

CITY OF WAYNESBORO, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Special Revenue Funds						Capital Projects			
	Hotel / Motel Tax Fund	Confiscated Assets Fund	Revolving Loan Fund	Community Home Investment Program	2006 Community Development Block Grant	Family Connection Grant	SPLOST Fund	2012 CDBG Grant	TIA SPLOST Fund	Total
REVENUES										
Taxes	$ 66,980	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 66,980
Intergovernmental revenues	-	-	1,780	11,242	-	43,709	-	429,484	101,044	587,259
Investment income	-	-	2	-	-	-	90	-	17	109
Total revenues	66,980	Nil	1,782	11,242	Nil	43,709	90	429,484	101,061	654,348
EXPENDITURES										
Current operations:										
Public health and welfare	-	-	-	11,297	-	43,709	-	-	-	55,006
Economic development	26,792	-	5,042	-	-	-	-	-	-	31,834
Debt Service:										
Public works	-	-	-	-	-	-	168,048	-	-	168,048
Capital:										
Public works	-	-	-	-	-	-	-	429,484	-	429,484
Total expenditures	26,792	Nil	5,042	11,297	Nil	43,709	168,048	429,484	Nil	684,372
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	40,188	Nil	(3,260)	(55)	Nil	Nil	(167,958)	Nil	101,061	(30,024)
OTHER FINANCING SOURCES (USES)										
Transfers out	(39,146)	-	-	-	-	-	-	-	-	(39,146)
NET CHANGE IN FUND BALANCES	1,042	Nil	(3,260)	(55)	Nil	Nil	(167,958)	Nil	101,061	(69,170)
FUND BALANCES, beginning of year	3,961	272	39,434	55	Nil	Nil	534,735	Nil	Nil	578,457
FUND BALANCES, end of year	$ 5,003	$ 272	$ 36,174	$ Nil	$ Nil	$ Nil	$ 366,777	$ Nil	$ 101,061	$ 509,287

CITY OF WAYNESBORO, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2013
With Comparative Totals for the Year Ended December 31, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2012 Actual
REVENUES					
Taxes:					
Property taxes	$ 1,361,400	$ 1,270,000	$ 977,272	$ (292,728)	$ 1,500,086
Motor vehicle taxes	104,000	147,000	177,674	30,674	106,345
Mobile home taxes	2,000	5,400	4,608	(792)	2,446
Franchise taxes	444,000	405,800	419,014	13,214	429,407
Sales and use taxes	820,000	931,500	897,538	(33,962)	1,183,456
Alcoholic beverage taxes	160,000	155,000	159,716	4,716	158,209
Business and occupation taxes	60,000	60,000	68,320	8,320	72,615
Insurance premium taxes	260,000	297,000	297,433	433	287,263
Financial institution taxes	26,000	27,700	27,779	79	26,904
Other taxes	12,500	26,400	21,878	(4,522)	17,524
Licenses and permits	36,300	46,200	50,432	4,232	39,431
Intergovernmental revenues	71,600	72,500	99,218	26,718	88,233
Charges for services	54,000	55,000	55,725	725	57,390
Fees, fines and forfeitures	180,000	170,000	171,008	1,008	171,164
Investment income	-	3,900	4,479	579	2,679
Contributions from private sources	-	-	2,500	2,500	-
Other revenues	38,200	46,100	28,815	(17,285)	37,984
Total revenues	3,630,000	3,719,500	3,463,409	(256,091)	4,181,136
EXPENDITURES					
Current operations:					
General city government					
Elections	15,000	15,000	10,133	4,867	24,968
Administration	786,600	825,400	861,207	(35,807)	841,969
Judicial					
Municipal court	51,000	16,000	28,727	(12,727)	45,315
Public safety					
Police	1,736,200	1,771,000	1,786,006	(15,006)	1,990,103
Fire	478,400	521,000	511,888	9,112	494,174
Animal control	14,000	500	16,626	(16,126)	10,241
Public works					
Street	522,200	657,000	639,795	17,205	514,925
Maintenance	140,900	162,600	151,766	10,834	170,781
Cemetery and beautification	228,200	246,700	237,953	8,747	216,667
Economic development					
Urban redevelopment and housing	229,300	271,900	257,134	14,766	253,525
Economic development	-	28,500	-	28,500	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, 2013
With Comparative Totals for the Year Ended December 31, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2012 Actual
EXPENDITURES (continued)					
Debt service:					
General city government	$ 16,000	$ 26,000	$ 14,446	$ 11,554	$ 36,317
Public safety	-	3,000	2,457	543	50,361
Public works	-	-	-	-	22,194
Total expenditures	4,217,800	4,544,600	4,518,138	26,462	4,676,698
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(587,800)	(825,100)	(1,054,729)	(229,629)	(495,562)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	5,000	300	326	26	20,998
Transfers in	582,800	890,500	952,436	61,936	491,089
Transfers out	-	(65,700)	-	65,700	(700)
NET CHANGE IN FUND BALANCES	Nil	Nil	(101,967)	(101,967)	15,825
FUND BALANCES, beginning of year (as restated)	603,651	603,651	603,651	Nil	587,826
FUND BALANCES, end of year	$ 603,651	$ 603,651	$ 501,684	$ (101,967)	$ 603,651

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, 2013
With Comparative Totals for the Year Ended December 31, 2012

	2013			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2012 Actual
REVENUES				
Taxes:				
Hotel/Motel occupancy taxes	$ 62,000	$ 66,980	$ 4,980	$ 66,383
Total revenues	62,000	66,980	4,980	66,383
EXPENDITURES				
Current operations:				
Economic development				
Community development and tourism	28,000	26,792	1,208	26,553
Total expenditures	28,000	26,792	1,208	26,553
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	34,000	40,188	6,188	39,830
OTHER FINANCING SOURCES (USES)				
Transfers out	(34,000)	(39,146)	(5,146)	(39,475)
NET CHANGE IN FUND BALANCES	Nil	1,042	1,042	355
FUND BALANCES, beginning of year	3,961	3,961	Nil	3,606
FUND BALANCES, end of year	$ 3,961	$ 5,003	$ 1,042	$ 3,961

CITY OF WAYNESBORO, GEORGIA
Confiscated Assets Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2013
With Comparative Totals for the Year Ended December 31, 2012

	2013			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2012 Actual
REVENUES				
Seizures and condemnations	$ 5,000	$ -	$ (5,000)	$ -
Investment income	60	-	(60)	5
Other revenues	-	-	-	1
Total revenues	5,060	Nil	(5,060)	6
EXPENDITURES				
Current operations:				
Public safety				
Supplies	560	-	560	7,501
Equipment purchases	4,500	-	4,500	-
Drug enforcement expenditures	-	-	-	314
Total expenditures	5,060	Nil	5,060	7,815
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	Nil	Nil	Nil	(7,809)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	700
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	(7,109)
FUND BALANCES, beginning of year	272	272	Nil	7,381
FUND BALANCES, end of year	$ 272	$ 272	$ Nil	$ 272

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, 2013
With Comparative Totals for the Year Ended December 31, 2012

	2013			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2012 Actual
REVENUES				
Intergovernmental revenues:				
CDBG program income	$ 8,640	$ 1,780	$ (6,860)	$ 2,114
Investment income	-	2	2	10
Total revenues	8,640	1,782	(6,858)	2,124
EXPENDITURES				
Current operations:				
Economic development	8,640	5,042	3,598	10,201
Total expenditures	8,640	5,042	3,598	10,201
NET CHANGE IN FUND BALANCES	Nil	(3,260)	(3,260)	(8,077)
FUND BALANCES, beginning of year	39,434	39,434	Nil	47,511
FUND BALANCES, end of year	$ 39,434	$ 36,174	$ (3,260)	$ 39,434

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, 2013
With Comparative Totals for the Year Ended December 31, 2012

	2013			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2012 Actual
REVENUES				
Intergovernmental revenues:				
Program (CHIP) grant	$ 11,242	$ 11,242	$ -	$ 38,080
Total revenues	11,242	11,242	Nil	38,080
EXPENDITURES				
Current operations:				
Public health and welfare				
Rehabilitation of private properties	8,013	7,035	978	38,080
Administration	3,284	4,262	(978)	-
Total expenditures	11,297	11,297	Nil	38,080
NET CHANGE IN FUND BALANCES	(55)	(55)	Nil	Nil
FUND BALANCES, beginning of year	55	55	Nil	55
FUND BALANCES, end of year	$ Nil	$ Nil	$ 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, 2013
With Comparative Totals for the Year Ended December 31, 2012

	2013			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2012 Actual
REVENUES				
Intergovernmental revenues:				
Housing improvement grant	$ Nil	$ Nil	$ Nil	$ Nil
EXPENDITURES				
Current operations:				
Public health and welfare				
Cash match - rehabilitation of private properties	-	-	-	1,389
Total expenditures	Nil	Nil	Nil	1,389
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	(1,389)
FUND BALANCES, beginning of year	Nil	Nil	Nil	1,389
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

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, 2013
With Comparative Totals for the Year Ended December 31, 2012

	2013			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2012 Actual
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 45,000	$ 43,709	$ (1,291)	$ 45,855
Total revenues	45,000	43,709	(1,291)	45,855
EXPENDITURES				
Current operations:				
Public health and welfare				
Personal services	41,450	41,450	-	41,950
Travel	650	692	(42)	1,005
Regular operating expenditures	900	1,000	(100)	700
Telecommunications	1,000	567	433	1,200
Per diem, fees and contracts	1,000	-	1,000	1,000
Total expenditures	45,000	43,709	1,291	45,855
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, 2013
Contract Year Ended June 30, 2013

	Family Connection Grant 427-93-131300029-99	Reconciliation to Year End Reports		Total
	Program Year Ended June 30, 2013	July to December, 2012	July to December, 2013	Year Ended December 31, 2013
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 45,000	$ (23,085)	$ 21,794	$ 43,709
Total intergovernmental revenues	$ 45,000	$ (23,085)	$ 21,794	$ 43,709
EXPENDITURES				
Personal services	$ 41,450	$ (20,725)	$ 20,725	$ 41,450
Travel	750	(360)	302	692
Regular operating expenditures	800	(400)	600	1,000
Telecommunications	1,000	(600)	167	567
Per diem, fees and contracts	1,000	(1,000)	-	-
Total expenditures	$ 45,000	$ (23,085)	$ 21,794	$ 43,709

CITY OF WAYNESBORO, GEORGIA
SPLOST Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2013
With Comparative Totals for the Year Ended December 31, 2012

	2013			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2012 Actual
REVENUES				
Investment income	$ -	$ 90	$ 90	$ 174
Total revenues	Nil	90	90	174
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)	(167,958)	90	(167,874)
FUND BALANCES, beginning of year	534,735	534,735	Nil	702,609
FUND BALANCES, end of year	$ 366,687	$ 366,777	$ 90	$ 534,735

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, 2013
With Comparative Totals for the Year Ended December 31, 2012

	2013			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2012 Actual
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ -	$ -	$ -	$ 397,934
Local Maintenance & Improvement Grant	-	-	-	48,030
Investment income	-	638	638	899
Total revenues	Nil	638	638	446,863
EXPENDITURES				
Capital:				
General city government				
Building renovation and construction	-	13,095	(13,095)	16
Public works				
Water, sewer and storm drainage	1,528,544	450,920	1,077,624	906,128
Street improvements	-	4,778	(4,778)	18,660
Total expenditures	1,528,544	468,793	1,059,751	924,804
NET CHANGE IN FUND BALANCES	(1,528,544)	(468,155)	1,060,389	(477,941)
FUND BALANCES, beginning of year (as restated)	1,528,544	1,528,544	Nil	2,006,485
FUND BALANCES, end of year	$ Nil	$ 1,060,389	$ 1,060,389	$ 1,528,544

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, 2013
With Comparative Totals for the Year Ended December 31, 2012

	2013			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2012 Actual
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ 1,107,119	$ 782,303	$ (324,816)	$ 756,225
Investment income	-	372	372	59
Total revenues	1,107,119	782,675	(324,444)	756,284
EXPENDITURES				
Capital:				
General city government				
Building renovation and construction	218,367	55,743	162,624	20,485
Public safety	54,592	28,425	26,167	27,000
Public works				
Street improvements	397,427	-	397,427	25,619
Water system improvements	436,733	581,681	(144,948)	-
Total expenditures	1,107,119	665,849	441,270	73,104
NET CHANGE IN FUND BALANCES	Nil	116,826	116,826	683,180
FUND BALANCES, beginning of year (as restated)	683,180	683,180	Nil	Nil
FUND BALANCES, end of year	$ 683,180	$ 800,006	$ 116,826	$ 683,180

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, 2013

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG grant	$ 500,000	$ 60,916	$ 429,484	$ 490,400
Total revenues	500,000	60,916	429,484	490,400
EXPENDITURES				
Capital:				
Public works				
Sewer facilities	450,000	49,001	400,999	450,000
Grant administration	30,000	6,000	14,400	20,400
Engineering	20,000	5,915	14,085	20,000
Total expenditures	500,000	60,916	429,484	490,400
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, 2013

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	$ 450,000	$ 104,658	$ 554,658	$ -
Grant administration	A-21A-00	30,000	20,400	-	20,400	-
Engineering	T-03J-00	20,000	20,000	69,048	89,048	-
Grand Total		$ 500,000	$ 490,400	$ 173,706	$ 664,106	$ Nil

Source of other funds: SPLOST II Fund

CITY OF WAYNESBORO, GEORGIA
TIA SPLOST Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2013
With Comparative Totals for the Year Ended December 31, 2012

	2013			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2012 Actual
REVENUES				
Intergovernmental revenues:				
TIA Splost revenues	$ -	$ 101,045	$ 101,045	$ -
Investment income	-	16	16	-
Total revenues	Nil	101,061	101,061	Nil
EXPENDITURES				
NET CHANGE IN FUND BALANCES	Nil	101,061	101,061	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ 101,061	$ 101,061	$ Nil

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, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Customer charges	$ 1,954,290	$ 1,975,159
Tap fees	3,515	1,420
Penalties	43,049	37,952
Recovery of bad debts	2,400	3,700
Total operating revenues	2,003,254	2,018,231
OPERATING EXPENSES		
Salaries	210,795	249,645
Employee benefits	61,247	54,033
Contractual services	620,347	587,397
Repairs, maintenance and other contractual services	46,806	35,552
Communications	11,349	9,363
Travel and training	3,958	2,207
Supplies and materials	164,739	151,715
Utilities	123,588	132,345
Vehicle gasoline	23,832	29,442
Depreciation	688,767	665,901
Other expenses	55,893	46,304
Total operating expenses	2,011,321	1,963,904
OPERATING INCOME (LOSS)	(8,067)	54,327
NONOPERATING REVENUES (EXPENSES)		
Loan fees	-	(1,632)
Interest earned	1,695	2,841
Interest expense	(440,461)	(458,652)
Sale of capital assets	-	736
Total nonoperating revenues (expenses)	(438,766)	(456,707)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(446,833)	(402,380)
Capital contributions	1,619,019	1,370,719
Transfers out	(116,196)	(38,470)
CHANGE IN NET POSITION	1,055,990	929,869
TOTAL NET POSITION, beginning of year (as restated)	9,787,360	8,857,491
TOTAL NET POSITION, end of year	$ 10,843,350	$ 9,787,360

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,984,328	$ 1,906,224
Cash paid for goods and services	(1,110,262)	(1,047,996)
Cash paid to employees for services	(215,328)	(247,673)
Customer deposits received (refunded)	(1,627)	219
Net cash provided by operating activities	657,111	610,774
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net borrowings from other funds	30,422	(30,422)
Net transfers in (out)	(116,196)	(38,470)
Net cash used by noncapital financing activities	(85,774)	(68,892)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital	42,124	257,100
Purchase of property and equipment	(42,124)	(297,497)
Proceeds from issuance of long-term debt	-	737
Payment of loan origination fees	-	(2,448)
Loan repayments	(132,982)	(148,357)
Retirement of revenue bonds	(135,561)	(129,179)
Interest and fiscal charges paid	(302,794)	(316,237)
Net cash used by capital and related financing activities	(571,337)	(635,881)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	1,853	3,207
Net cash provided by investing activities	1,853	3,207
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,853	(90,792)
CASH AND EQUIVALENTS, beginning of year	540,488	631,280
CASH AND EQUIVALENTS, end of year	$ 542,341	$ 540,488

(Continued)

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2013 and 2012

	2013	2012
Reconciliation of operating income (loss) to net cash provided by operating activities:		
OPERATING INCOME (LOSS)	$ (8,067)	$ 54,327
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	24,365	32,157
Depreciation	688,769	665,901
Decrease (increase) in operating assets:		
Accounts receivable	(43,291)	(144,164)
Increase (decrease) in operating liabilities:		
Accounts payable	1,495	362
Accrued salaries	-	14
Accrued leave benefits	(4,533)	1,958
Deposits for services	(1,627)	219
Total adjustments	665,178	556,447
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 657,111	$ 610,774

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:		
Contribution of capital: Capital projects through SPLOST and CDBG Funds	$ 1,340,957	$ 744,080
Contribution of capital: Debt Service through SPLOST Funds	$ 278,062	$ 253,586

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Customer charges	$ 1,519,175	$ 1,441,136
Penalties	32,939	28,257
Miscellaneous	11,482	-
Total operating revenues	1,563,596	1,469,393
OPERATING EXPENSES		
Salaries	124,714	118,159
Employee benefits	35,395	24,917
Contractual services	37,592	26,860
Repairs, maintenance and other contractual services	56,122	29,122
Gas purchases	796,372	695,806
Communications	4,387	4,167
Travel and training	2,058	1,478
Supplies and materials	2,452	2,887
Utilities	6,232	5,909
Vehicle gasoline	7,966	5,992
Depreciation	26,992	24,569
Other expenses	29,271	21,843
Total operating expenses	1,129,553	961,709
OPERATING INCOME	434,043	507,684
NONOPERATING REVENUES (EXPENSES)		
Sale of capital assets	(119)	1,125
Total nonoperating revenues (expenses)	(119)	1,125
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	433,924	508,809
Transfers out	(499,563)	(324,288)
CHANGE IN NET POSITION	(65,639)	184,521
TOTAL NET POSITION, beginning of year	151,447	(33,074)
TOTAL NET POSITION, end of year	$ 85,808	$ 151,447

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,583,072	$ 1,424,304
Cash paid for goods and services	(959,288)	(946,527)
Cash paid to employees for services	(120,595)	(119,998)
Customer deposits received (refunded)	(1,115)	175
Net cash provided by operating activities	502,074	357,954
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(499,563)	(324,288)
Net cash used by noncapital financing activities	(499,563)	(324,288)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(2,511)	(34,791)
Proceeds from sale of property and equipment	-	1,125
Net cash used by capital and related financing activities	(2,511)	(33,666)
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 operating income to net cash provided by operating activities:		
OPERATING INCOME	$ 434,043	$ 507,684
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	10,905	38,262
Depreciation	26,992	24,569
Decrease (increase) in operating assets:		
Accounts receivable	8,572	(164,348)
Increase (decrease) in operating liabilities:		
Accounts payable	6,943	(42,766)
Accrued salaries	196	90
Accrued leave benefits	3,923	(1,929)
Accrued sales tax	11,615	(3,783)
Deposits for services	(1,115)	175
Total adjustments	68,031	(149,730)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 502,074	$ 357,954

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Customer charges	$ 950,548	$ 872,023
Penalties	20,948	16,583
Total operating revenues	971,496	888,606
OPERATING EXPENSES		
Salaries	140,367	154,760
Employee benefits	44,557	39,812
Contractual services	24,475	5,894
Repairs, maintenance and other contractual services	35,973	43,611
Communications	2,339	2,875
Liability and property insurance	530	-
Landfill fees	123,737	113,418
Supplies and materials	5,191	12,233
Vehicle gasoline	52,797	46,301
Depreciation	102,920	102,920
Other expenses	13,625	83,131
Total operating expenses	546,511	604,955
OPERATING INCOME	424,985	283,651
NONOPERATING REVENUES (EXPENSES)		
Loan fees	(7,519)	-
Interest expense	(4,318)	(9,364)
Pollution remediation expense	(356,519)	-
Total nonoperating revenues (expenses)	(368,356)	(9,364)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	56,629	274,287
Capital contributions	416,584	41,362
Transfers out	(297,531)	(88,855)
CHANGE IN NET POSITION	175,682	226,794
TOTAL NET POSITION, beginning of year	142,073	(84,721)
TOTAL NET POSITION, end of year	$ 317,755	$ 142,073

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 951,239	$ 871,242
Cash paid for goods and services	(303,224)	(347,274)
Cash paid to employees for services	(139,847)	(153,922)
Customer deposits received (refunded)	(590)	225
Net cash provided by operating activities	507,578	370,271
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(297,531)	(47,493)
Environmental remediation	(415,604)	-
Net cash used by noncapital financing activities	(713,135)	(47,493)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(39,270)	-
Proceeds of long-term debt	323,760	-
Payment of loan fees	(7,519)	-
Capital lease principal payments	(68,365)	(313,413)
Interest and fiscal charges paid	(3,049)	(9,365)
Net cash provided (used) by capital and related financing activities	205,557	(322,778)
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 operating income to net cash provided by operating activities:		
OPERATING INCOME	$ 424,985	$ 283,651
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	11,297	5,119
Depreciation	102,921	102,921
Decrease (increase) in operating assets:		
Accounts receivable	(31,554)	(22,483)
Increase (decrease) in operating liabilities:		
Accrued salaries	(3)	13
Accrued leave benefits	522	825
Deposits for services	(590)	225
Total adjustments	82,593	86,620
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 507,578	$ 370,271

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 17, 2014.

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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weaknesses. However, material weaknesses may exist that have not been identified.

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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 2013-1 through 2013-3.

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

The purpose of this report is solely to describe our testing of internal control and compliance 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 with *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
July 17, 2014

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

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Waynesboro, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Waynesboro, Georgia's major federal programs for the year ended December 31, 2013. The City of Waynesboro, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Waynesboro, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Waynesboro, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Waynesboro, Georgia's compliance.

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Opinion on Each Major Federal Program

In our opinion, the City of Waynesboro, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Internal Control Over Compliance

Management of the City of Waynesboro, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Waynesboro, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Waynesboro, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal report over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Statesboro, Georgia
July 17, 2014

CITY OF WAYNESBORO, GEORGIA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. Department of Justice			
Direct programs:			
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2011-UM-WX-0045	$ 54,384
Total			$ 54,384
U. S. Department of Housing and Urban Development			
Pass-through programs from:			
Georgia Department of Community Affairs			
Community Development Block Grants/ States program and Non-Entitlement Grants in Hawaii	14.228	12p-x-017-2-5457	429,484
Home Investment Partnerships Program	14.239	06m-x-017-2-2946	11,297
Total			440,781
U. S. Department of Transportation			
Pass-through programs from:			
Georgia Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	TEN-2013-000-00353	18,992
State and Community Highway Safety	20.600	TEN-2014-000-00234	6,470
Total			25,462
Total expenditures of federal awards			$ 520,627

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Waynesboro, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
Schedule of Findings and Questioned Costs
December 31, 2013

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies not considered to be material weaknesses?	None Reported
Noncompliance material to the financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies not considered to be material weaknesses?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with Circular A-133, Section 510(a)?	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grant / State's Programs and Non-Entitlement Grants in Hawaii

Threshold used for distinguishing between Type A and B programs:	$ 300,000
Auditee qualified as low-risk auditee?	No

Findings and Questioned Costs (continued)

Financial Statements

Finding 2013 - 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, 2013, various departments and funds of the City expended amounts which exceeded appropriations.
Context:	While the General Fund did not exceed its overall budget, several individual departments exceeded the budgeted appropriations.
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 amendment 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 budget amendment was presented to Council and approved. Due to a calculation error, the Administration Department and Police Department still exceeded the appropriations. In the future, the City Manager/Finance Director will propose a budget amendment to the City Council that will include all expenditures and debt service for all unanticipated items.

Finding 2013 - 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, 2013, the City's tax anticipation loan remained outstanding.
Context:	The remaining debt outstanding at December 31, 2013 was $609,500.
Cause:	Because the tax digest was approved late, the City's tax bills were delayed and were not due until after December 31, 2013. 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 property tax digest was not received until December. This caused property tax bills to be mailed out after year end. The short-term debt was repaid upon collection of the 2013 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.

Findings and Questioned Costs (continued)

Finding 2013 - 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 a prior year, the City advanced monies from its SPLOST Fund to be used for a construction project which was subsequently drawn down under the City's USDA loan.
Context:	At year end, the City continued to have an amount due to the SPLOST fund in the amount of $272,812.
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. The City of Waynesboro repaid SPLOST I on June 19, 2014 in the amount of $272,812.

Federal Awards

None Noted

** Indicates uncorrected prior year finding*

CITY OF WAYNESBORO, GEORGIA
Schedule of State Awards Expended
For the Year Ended December 31, 2013

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	$ 6,015	$ -	$ -	$ 2,236	$ 3,779	$ -
Department of Human Resources							
Family Connection Grant	427-93-131300029-99	-	45,000	-	45,000	-	-
Total		$ 6,015	$ 45,000	$ Nil	$ 47,236	$ 3,779	$ Nil

CITY OF WAYNESBORO, GEORGIA
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2013

Project	Original Estimated Cost	(As Restated) 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	2,199,806	1,664,981	168,048	1,833,029
Total	$ 3,312,979	$ 2,944,672	$ 2,409,847	$ 168,048	$ 2,577,895
SPLOST II					
Building renovation and construction	$ 500,000	$ 1,304,420	$ 1,291,325	$ 13,095	$ 1,304,420
Water, sewer and storm drainage improvements	3,801,605	6,860,487	5,344,401	455,698	5,800,099
Total	$ 4,301,605	$ 8,164,907	$ 6,635,726	$ 468,793	$ 7,104,519
SPLOST III					
Building renovation and construction	$ 1,310,200	$ 1,177,009	$ 20,485	$ 55,743	$ 76,228
Patrol vehicles and utility equipment	327,550	294,252	27,000	28,425	55,425
Roads, streets, sidewalks and drainage improvements	2,384,564	2,142,156	25,619	-	25,619
Water and sewer improvements	2,620,400	2,354,019	-	581,681	581,681
Total	$ 6,642,714	$ 5,967,436	$ 73,104	$ 665,849	$ 738,953