CITY OF WAYNESBORO, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

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CERTIFIED PUBLIC ACCOUNTANTS

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JAMES S. RIGGS
PATRICIA H. HUNTER
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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, the 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, 2014, 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, 2014, 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 3 through 10 and page 46, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 2015, 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
June 11, 2015

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 11 and 12 of this report.

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.

Overview of the Financial Statements (continued)

Fund Financial Statements (continued)

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 13 through 17 of this report.

The City maintains three major and ten 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, Family Connection Grant, the SPLOST Fund, the 2012 CDBG Grant Fund, the 2013 CDBG Grant Fund, the 2014 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 18 through 21 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 22 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 47.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is $21,347,791, as compared to $19,818,346 at December 31, 2013. The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	$ 4,482,061	4,670,881	$ 1,936,009	$ 1,140,062	$ 6,418,070	$ 5,810,943
Capital assets	5,288,463	5,026,178	20,361,589	20,633,273	25,650,052	25,659,451
Total assets	9,770,524	9,697,059	22,297,598	21,773,335	32,068,122	31,470,394
Liabilities:						
Long-term liabilities	80,275	70,794	9,887,744	10,053,024	9,968,019	10,123,818
Other liabilities	497,160	1,054,832	255,152	473,398	752,312	1,528,230
Total liabilities	577,435	1,125,626	10,142,896	10,526,422	10,720,331	11,652,048
Net position:						
Net investment in capital assets	5,288,463	5,026,178	11,540,276	10,921,657	16,828,739	15,947,835
Restricted	1,935,407	2,375,961	468,935	467,679	2,404,342	2,843,640
Unrestricted	1,969,219	1,169,294	145,491	(142,423)	2,114,710	1,026,871
Total Net Position	$ 9,193,089	$ 8,571,433	$ 12,154,702	$ 11,246,913	$ 21,347,791	$ 19,818,346

The current ratio is used to measure an entity's ability to meet current obligations. The City of Waynesboro, Georgia has a 9.02 to 1 ratio for governmental activities as compared to 4.43 to 1 at December 31, 2013. The current ratio for business-type activities is 7.59 to 1, as compared to 2.41 to 1 at December 31, 2013.

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 $12,154,702. The table below focuses on the net position and revenues and expenses of the City's governmental and business-type activities. Net position increased $621,656 for governmental activities and increased $907,789 for business-type activities. The City's overall financial position improved during the year ended December 31, 2014.

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	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program						
Charges for services	$ 790,172	$ 347,510	$ 4,580,446	$ 4,538,346	$ 5,370,618	$ 4,885,856
Operating grants	70,059	125,335	-	-	70,059	125,335
Capital grants / contributions	1,247,070	1,327,690	442,086	416,584	1,689,156	1,744,274
General						
Property taxes	1,609,110	1,470,048	-	-	1,609,110	1,470,048
Sales taxes	1,251,499	897,538	-	-	1,251,499	897,538
Franchise taxes	447,574	419,014	-	-	447,574	419,014
Insurance premium taxes	317,190	297,433	-	-	317,190	297,433
Financial institution taxes	29,540	27,779	-	-	29,540	27,779
Alcoholic beverage taxes	163,471	159,716	-	-	163,471	159,716
Hotel/Motel occupancy taxes	88,073	66,980	-	-	88,073	66,980
Intangible and other taxes	31,865	21,878	-	-	31,865	21,878
Interest	5,163	4,482	1,299	1,695	6,462	6,177
Gain (loss) on sale of assets	14,207	(39,929)	5,040	(119)	19,247	(40,048)
Other income	9,222	26,791	-	-	9,222	26,791
Total revenues	6,074,215	5,152,265	5,028,871	4,956,506	11,103,086	10,108,771
Program expenses:						
General government	894,517	900,587	-	-	894,517	900,587
Judicial	56,481	28,727	-	-	56,481	28,727
Public safety	2,183,289	2,313,847	-	-	2,183,289	2,313,847
Public works	1,049,102	1,030,024	-	-	1,049,102	1,030,024
Public health and welfare	41,904	55,006	-	-	41,904	55,006
Economic development	412,867	317,230	-	-	412,867	317,230
Interest	7,079	14,456	-	-	7,079	14,456
Water	-	-	2,571,431	2,451,782	2,571,431	2,451,782
Gas	-	-	1,197,826	1,129,553	1,197,826	1,129,553
Solid waste	-	-	1,159,145	914,867	1,159,145	914,867
Total expenses	4,645,239	4,659,877	4,928,402	4,496,202	9,573,641	9,156,079
Increase (decrease) in total net position before transfers and special items	1,428,976	492,388	100,469	460,304	1,529,445	952,692
Transfers	(807,320)	(705,729)	807,320	705,729	Nil	Nil
Increase (decrease) in net position	621,656	(213,341)	907,789	1,166,033	1,529,445	952,692
Total net position, beginning of year	8,571,433	8,784,774	11,246,913	10,080,880	19,818,346	18,865,654
Total net position, end of year	$ 9,193,089	$ 8,571,433	$ 12,154,702	$ 11,246,913	$ 21,347,791	$ 19,818,346

Governmental Revenues

The City's governmental activities are heavily reliant on property taxes and sales taxes, which collectively make up 47.11% of governmental revenues. Note that program revenues made up 64.22% 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 22.81% of the City's total expenses, while water and sewer and gas made up 26.86% and 12.51%, respectively.

There was an excess of $1,428,976 in governmental activities and an excess of $100,469 in business-type activities. Transfers to (from) governmental activities resulted in a total excess in governmental activities of $621,656 and a total excess in business-type activities of $907,789. The total change in net position was $1,529,445. As stated earlier, the financial position of the City improved in the year ended December 31, 2014.

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 $2,956,236. Of this year-end total, $1,901,869 is restricted for capital projects and $8,282 for other uses. The unassigned portion of governmental fund balances was $1,020,829. The total ending fund balances of governmental funds shows an increase of $84,870, or a 2.96% increase.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund reported an ending fund balance of $1,025,908. Of this total, $2,579 is restricted for use under state grants or community development programs, and $2,500 is restricted for public safety. The remaining balance of $1,020,829 is unassigned. The total ending fund balance of the general fund shows an increase of $524,224. The increase in the current year was a result of grants totalling $411,902 from FEMA and GEMA to reimburse the City for debris removal from the ice storm and increases in sales and use tax revenues.

Total revenues of the General Fund were $4,356,882, an increase of $912,213 from fiscal year 2013. This equates to an increase of 26.48% in total revenues. This increase was primarily due to additional revenues primarily from FEMA and GEMA to reimburse for debris removeal cost from a February 2014 ice storm and the continued increases in sales and use tax revenues from the Plant Vogtle construction project.

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 $4,580,446, an increase of $42,100 over fiscal year 2013. After considering expenditures, the net income of these funds before capital contributions and transfers is $(341,617).

Budgetary Highlights

Revenues in the General Fund were over the budget by $64,682. This increase resulted primarily from the FEMA and GEMA grant proceeds.

Expenditures in the General Fund were over the budget by $24,744 due to a mistake made while developing the amended budget for the Street Department.

A budget amendment was adopted during the year ended December 31, 2014 which resulted in an increase in General Fund expenditures of $142,100.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, as of December 31, 2014, was $25,650,052 as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Nondepreciable assets:						
Land	$ 139,872	$ 139,872	$ 113,317	$ 113,317	$ 253,189	$ 253,189
Construction in progress	146,397	106,919	372,869	865,136	519,266	972,055
Book value - nondepreciable assets	286,269	246,791	486,186	978,453	772,455	1,225,244
Depreciable assets:						
Buildings and plant	5,603,669	5,277,650	29,597,526	28,576,090	35,201,195	33,853,740
Machinery and equipment	705,785	661,192	2,588,016	2,572,774	3,293,801	3,233,966
Office equipment	527,677	509,092	-	-	527,677	509,092
Vehicles	1,274,595	1,249,544	997,601	959,688	2,272,196	2,209,232
Total depreciable assets	8,111,726	7,697,478	33,183,143	32,108,552	41,294,869	39,806,030
Less accumulated depreciation	3,109,532	2,918,091	13,307,740	12,453,732	16,417,272	15,371,823
Book value - depreciable assets	5,002,194	4,779,387	19,875,403	19,654,820	24,877,597	24,434,207
Percentage depreciated	38.33 %	37.91 %	40.10 %	38.79 %	39.76 %	38.62 %
Total Capital Assets	$ 5,288,463	$ 5,026,178	$ 20,361,589	$ 20,633,273	$ 25,650,052	$ 25,659,451

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, 2014, the City had total outstanding long-term debt of $9,968,019 as follows:

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Accumulated leave benefits	$ 80,275	$ 70,794	$ 23,858	$ 17,648	$ 104,133	$ 88,442
Notes payable						
GEFA Loan	-	-	511,952	652,287	511,952	652,287
GEFA Loan - WWTP rehab	-	-	356,865	426,222	356,865	426,222
GEFA Loan - Well	-	-	-	442,590	-	442,590
GEFA Loan - Solid Waste	-	-	1,042,573	323,760	1,042,573	323,760
Capital leases						
Sanitation equipment	-	-	32,023	78,904	32,023	78,904
Revenue bonds payable						
USDA Bonds, Series 1992	-	-	2,446,876	2,529,729	2,446,876	2,529,729
USDA Bonds, Series 2002	-	-	2,696,312	2,755,715	2,696,312	2,755,715
USDA Bonds, Series 2003 (#4)	-	-	914,253	930,345	914,253	930,345
USDA Bonds, Series 2003 (#6)	-	-	1,863,032	1,895,824	1,863,032	1,895,824
Total Long-Term Debt	$ 80,275	$ 70,794	$ 9,887,744	$ 10,053,024	$ 9,968,019	$ 10,123,818

During the year ended December 31, 2014, the City issued long-term debt totaling $734,504. The City retired $890,303 of existing debt.

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

Economic Conditions Affecting the City

The construction of two (2) nuclear reactors at Alvin Vogtle Electric Generating Plant continues to be the largest economic condition affecting the economy of the City of Waynesboro. The construction of units 3 and 4 is currently at its peak and employs 5,500 temporary construction workers. These temporary workers are in addition to the 900 permanent staff members working at units 1 and 2. Construction of units 3 and 4 is a $14 billion capital investment. The plant is located outside the City Limits and inside Burke County. A large portion of the materials purchased to construct the plant is subject to sales and use tax which has increased more than 90 percent since 2005 (prior to construction).

Waynesboro/Burke County is experiencing a small amount of growth partially due to Votgle. The City and Chamber of Commerce was successful at attracting a new 60 room hotel. Several businesses have also renovated and expanded their facilities. The vacancy rate in the downtown area is the lowest in 15 years.

In February 2014, the City suffered a large ice storm that broke limbs and toppled trees over the entire City. The debris was removed using city forces over a 4 month period. More than 500 trees still contained broken, attached limbs, hangers, that were on the City right of way that poased a risk to the public. More than 30 trees were entirely destroyed and required removal. At the end of the debris removal process, the City had removed 78,000 cubic yards of storm debris. Waynesboro participated in the Federal Emergency Management Agency's Public Assistance program for debris removal. Reimbursements just over $411,000 from FEMA and GEMA, have allowed the City to recover financially from the significant effects of the ice storm. The full cost of the storm will not be fully realized for several more years due to the hastened decline of a large number of trees and significant wear and tear added to City owned equipment used in the clean up process.

Economic Conditions Affecting the City (continued)

Despite having one of the largest construction projects in the U.S., Waynesboro still has a 7.4 percent unemployment rate that is higher than the 5.4 percent national average. This percent is down from 9.2 from 2014. 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.

The City of Waynesboro continues to work to improve its financial postion in governmental ($621,656) and business type ($907,789) fund balances were realized in 2014. The Council and staff will continue to operate using the budget models and practices from prior years that have led to these fund balance improvements.

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, 2014

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Current Assets				
Cash	$ 2,090,635	$ 74,811	$ 2,165,446	$ 9,237
Receivables, net of allowance for uncollectibles:				
Taxes	1,534,215	-	1,534,215	-
Intergovernmental	294,823	858,670	1,153,493	-
Other	537,132	533,160	1,070,292	-
Accrued interest receivable	-	433	433	-
Inventories	-	-	-	205
Note receivable	25,256	-	25,256	-
Restricted assets:				
Cash	-	468,935	468,935	-
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	286,269	486,186	772,455	-
Depreciable assets, net	5,002,194	19,875,403	24,877,597	-
Total Assets	9,770,524	22,297,598	32,068,122	9,442
LIABILITIES				
Current Liabilities				
Accounts payable	426,579	152,425	579,004	-
Accrued salaries	65,166	14,580	79,746	-
Accrued sales tax	-	17,198	17,198	-
Accrued interest payable	-	29,028	29,028	-
Other accrued expenses	5,415	-	5,415	-
Deposits to secure services	-	41,921	41,921	-
Noncurrent Liabilities				
Due within one year:				
Compensated absences	16,055	4,771	20,826	-
Notes payable	-	256,424	256,424	-
Capital lease payable	-	32,023	32,023	-
Revenue bonds payable	-	202,299	202,299	-
Due in more than one year:			-	-
Compensated absences, net of current portion	64,220	19,087	83,307	-
Notes payable, net of current portion	-	1,654,966	1,654,966	-
Revenue bonds payable, net of current portion	-	7,718,174	7,718,174	-
Total Liabilities	577,435	10,142,896	10,720,331	Nil
NET POSITION				
Net investment in capital assets	5,288,463	11,540,276	16,828,739	-
Restricted for:				
Capital projects	1,901,869	-	1,901,869	-
Public Safety	2,793	-	2,793	-
Debt service	-	468,935	468,935	-
Community Development	30,745	-	30,745	-
Unrestricted	1,969,219	145,491	2,114,710	9,442
Total Net Position	$ 9,193,089	$ 12,154,702	$ 21,347,791	$ 9,442

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, 2014

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	$ 894,517	$ 131,140	$ 1,324	$ -	$ (762,053)	$ -	$ (762,053)	$ -
Judicial	56,481	-	-	-	(56,481)	-	(56,481)	-
Public safety	2,183,289	654,382	26,831	6,514	(1,495,562)	-	(1,495,562)	-
Public works	1,049,102	4,650	-	1,240,556	196,104	-	196,104	-
Public health and welfare	41,904	-	41,904	-	-	-	-	-
Economic development	412,867	-	-	-	(412,867)	-	(412,867)	-
Interest	7,079	-	-	-	(7,079)	-	(7,079)	-
Total governmental activities	4,645,239	790,172	70,059	1,247,070	(2,537,938)	Nil	(2,537,938)	Nil
Business-type activities:								
Water and sewer	2,571,431	1,996,244	-	-	-	(575,187)	(575,187)	-
Gas	1,197,826	1,597,519	-	-	-	399,693	399,693	-
Solid waste	1,159,145	986,683	-	442,086	-	269,624	269,624	-
Total business-type activities	4,928,402	4,580,446	Nil	442,086	Nil	94,130	94,130	Nil
Total	$ 9,573,641	$ 5,370,618	$ 70,059	$ 1,689,156	(2,537,938)	94,130	(2,443,808)	Nil
Component unit:								
Downtown Development Authority	$ 3,144	$ 4,320	$ Nil	$ Nil	Nil	Nil	Nil	1,176
General Revenues								
Property taxes					1,609,110	-	1,609,110	-
Sales taxes					1,251,499	-	1,251,499	-
Franchise taxes					447,574	-	447,574	-
Insurance premium taxes					317,190	-	317,190	-
Financial institution taxes					29,540	-	29,540	-
Alcoholic beverage taxes					163,471	-	163,471	-
Hotel/Motel occupancy taxes					88,073	-	88,073	-
Intangible and other taxes					31,865	-	31,865	-
Interest					5,163	1,299	6,462	-
Other revenues					9,222	-	9,222	-
Gain (loss) on sale of assets					14,207	5,040	19,247	-
Total general revenues					3,966,914	6,339	3,973,253	-
Transfers					(807,320)	807,320	-	-
Total general revenues and transfers					3,159,594	813,659	3,973,253	-
Change in net position					621,656	907,789	1,529,445	1,176
Total net position, beginning of year					8,571,433	11,246,913	19,818,346	8,266
Total net position, end of year					$ 9,193,089	$ 12,154,702	$21,347,791	$ 9,442

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

CITY OF WAYNESBORO, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2014

	General Fund	SPLOST II Fund	SPLOST III Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 126,222	$ 239,359	$ 1,377,486	$ 347,569	$ 2,090,636
Receivables:					
Taxes receivable	1,534,215	-	-	-	1,534,215
Intergovernmental receivables	167,020	-	92,840	34,963	294,823
Notes receivable	-	-	-	25,256	25,256
Other receivables	532,364	-	-	4,768	537,132
Due from other funds	-	-	-	20,829	20,829
Total Assets	$ 2,359,821	$ 239,359	$ 1,470,326	$ 433,385	$ 4,502,891
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Accounts payable	$ 213,838	$ 51,730	$ 56,002	$ 105,010	$ 426,580
Accrued salaries	65,166	-	-	-	65,166
Other liabilities	5,415	-	-	-	5,415
Due to other funds	20,829	-	-	-	20,829
Total Liabilities	305,248	51,730	56,002	105,010	517,990
Deferred Inflows of Resources	1,028,665	-	-	-	1,028,665
Total Liabilities and Deferred Inflows of Resources	1,333,913	51,730	56,002	105,010	1,546,655
FUND BALANCES					
Nonspendable:					
Notes receivable	-	-	-	25,256	25,256
Restricted for:					
Capital projects	2,579	187,629	1,414,324	297,337	1,901,869
Public safety	2,500	-	-	293	2,793
Community development	-	-	-	5,489	5,489
Unassigned	1,020,829	-	-	-	1,020,829
Total Fund Balances	1,025,908	187,629	1,414,324	328,375	2,956,236
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,359,821	$ 239,359	$ 1,470,326	$ 433,385	$ 4,502,891

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, 2014

Total Governmental Fund Balances		$ 2,956,236
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	$ 8,397,995	
Accumulated depreciation	(3,109,532)	5,288,463
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Property taxes		1,028,665
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(80,275)
Total Net Position of Governmental Activities		$ 9,193,089

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, 2014

	General Fund	SPLOST II Fund	SPLOST III Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property taxes	$ 1,109,015	$ -	$ -	$ -	$ 1,109,015
Motor vehicle taxes	198,703	-	-	-	198,703
Mobile home taxes	3,171	-	-	-	3,171
Franchise taxes	447,574	-	-	-	447,574
Sales and use taxes	1,251,499	-	-	-	1,251,499
Alcoholic beverage taxes	163,471	-	-	-	163,471
Business and occupation taxes	78,297	-	-	-	78,297
Insurance premium taxes	317,190	-	-	-	317,190
Financial institution taxes	29,540	-	-	-	29,540
Hotel/Motel occupancy taxes	-	-	-	88,073	88,073
Other taxes	31,865	-	-	-	31,865
Licenses and permits	47,091	-	-	-	47,091
Intergovernmental revenues	452,971	51,730	1,053,168	178,077	1,735,946
Charges for services	8,927	-	-	-	8,927
Fees, fines and forfeitures	192,619	-	-	-	192,619
Investment income	5,160	169	574	158	6,061
Contributions from private sources	6,514	-	-	-	6,514
Other revenues	13,275	-	-	21	13,296
Total revenues	4,356,882	51,899	1,053,742	266,329	5,728,852
EXPENDITURES					
Current operations:					
General city government	865,724	-	-	-	865,724
Judicial	9,220	-	-	-	9,220
Public safety	2,181,389	-	-	-	2,181,389
Public works	941,971	-	-	-	941,971
Public health and welfare	-	-	-	41,904	41,904
Economic development	334,361	-	-	46,753	381,114
Debt service:					
General city government	7,079	-	-	-	7,079
Public works	-	528,128	-	168,049	696,177
Capital:					
General city government	-	-	125,694	-	125,694
Public safety	-	-	21,258	-	21,258
Public works	-	396,531	292,472	137,456	826,459
Total expenditures	4,339,744	924,659	439,424	394,162	6,097,989
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,138	(872,760)	614,318	(127,833)	(369,137)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	18,117	-	-	-	18,117
Transfers in	772,477	-	-	-	772,477
Transfers out	(283,508)	-	-	(53,079)	(336,587)
NET CHANGE IN FUND BALANCES	524,224	(872,760)	614,318	(180,912)	84,870
FUND BALANCES, beginning of year	501,684	1,060,389	800,006	509,287	2,871,366
FUND BALANCES, end of year	$ 1,025,908	$ 187,629	$ 1,414,324	$ 328,375	$ 2,956,236

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, 2014

Net change in fund balances - total governmental funds		$ 84,870
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.		542,505
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.		(276,310)
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.		(3,910)
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, 2014	$ 1,028,665	
Deferred property taxes at December 31, 2013	(744,683)	283,982
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, 2014	$ (80,275)	
Liability at December 31, 2013	70,794	(9,481)
Change in net position in governmental funds		$ 621,656

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, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes:				
Property taxes	$ 1,372,400	$ 1,257,200	$ 1,109,015	$ (148,185)
Motor vehicle taxes	140,000	197,200	198,703	1,503
Mobile home taxes	3,000	3,100	3,171	71
Franchise taxes	408,000	425,500	447,574	22,074
Sales and use taxes	950,000	1,256,300	1,251,499	(4,801)
Alcoholic beverage taxes	155,000	162,900	163,471	571
Business and occupation taxes	70,000	78,300	78,297	(3)
Insurance premium taxes	295,000	317,100	317,190	90
Financial institution taxes	26,000	29,500	29,540	40
Hotel/Motel occupancy taxes	62,000	88,300	-	(88,300)
Other taxes	18,500	55,300	31,865	(23,435)
Licenses and permits	41,300	47,000	47,091	91
Intergovernmental revenues	71,600	104,500	452,971	348,471
Charges for services	54,200	5,600	8,927	3,327
Fees, fines and forfeitures	164,000	233,400	192,619	(40,781)
Investment income	-	5,100	5,160	60
Contributions from private sources	-	-	6,514	6,514
Other revenues	24,600	25,900	13,275	(12,625)
Total revenues	3,855,600	4,292,200	4,356,882	64,682
EXPENDITURES				
Current operations:				
General city government	856,700	909,400	865,724	43,676
Judicial	14,000	14,800	9,220	5,580
Public safety	2,158,700	2,317,800	2,181,389	136,411
Public works	843,600	663,600	941,971	(278,371)
Economic development	273,900	381,800	334,361	47,439
Debt service:				
General city government	26,000	27,600	7,079	20,521
Total expenditures	4,172,900	4,315,000	4,339,744	(24,744)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(317,300)	(22,800)	17,138	39,938
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	1,000	18,400	18,117	(283)
Transfers in	522,600	301,000	772,477	471,477
Transfers out	(206,300)	(296,600)	(283,508)	13,092
NET CHANGE IN FUND BALANCES	Nil	Nil	524,224	524,224
FUND BALANCES, beginning of year	501,684	501,684	501,684	Nil
FUND BALANCES, end of year	$ 501,684	$ 501,684	$ 1,025,908	$ 524,224

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

CITY OF WAYNESBORO, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2014

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
ASSETS				
Current Assets				
Cash	$ 74,811	$ -	$ -	$ 74,811
Accounts receivable	252,290	163,065	117,805	533,160
Intergovernmental receivables	-	-	858,670	858,670
Accrued interest receivable	433	-	-	433
Restricted assets:				
Cash	468,935	-	-	468,935
Total current assets	796,469	163,065	976,475	1,936,009
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	374,497	3,000	108,689	486,186
Depreciable assets, net	19,487,014	118,339	270,050	19,875,403
Total noncurrent assets	19,861,511	121,339	378,739	20,361,589
Total Assets	20,657,980	284,404	1,355,214	22,297,598
LIABILITIES				
Current Liabilities				
Accounts payable	8,981	112,680	30,764	152,425
Accrued salaries	6,299	3,283	4,998	14,580
Accrued sales tax	-	17,198	-	17,198
Accrued interest payable	26,612	-	2,416	29,028
Compensated absences	2,571	1,508	692	4,771
Notes payable - current portion	220,378	-	36,046	256,424
Capital lease payable - current portion	-	-	32,023	32,023
Revenue bonds payable - current portion	202,299	-	-	202,299
Deposits to secure service	13,668	21,283	6,970	41,921
Total current liabilities	480,808	155,952	113,909	750,669
Noncurrent Liabilities				
Compensated absences	10,284	6,034	2,769	19,087
Notes payable, net of current portion	648,439	-	1,006,527	1,654,966
Revenue bonds payable, net of current portion	7,718,174	-	-	7,718,174
Total noncurrent liabilities	8,376,897	6,034	1,009,296	9,392,227
Total Liabilities	8,857,705	161,986	1,123,205	10,142,896
NET POSITION				
Net investment in capital assets	11,072,221	121,339	346,716	11,540,276
Restricted for debt service	468,935	-	-	468,935
Unrestricted	259,119	1,079	(114,707)	145,491
Total Net Position	$ 11,800,275	$ 122,418	$ 232,009	$ 12,154,702

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

CITY OF WAYNESBORO, GEORGIA

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2014

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Customer charges	$ 1,942,492	$ 1,549,984	$ 963,725	$ 4,456,201
Tap fees	2,080	-	-	2,080
Penalties	45,999	36,353	22,958	105,310
Miscellaneous	-	11,182	-	11,182
Recovery of bad debts	5,673	-	-	5,673
Total operating revenues	1,996,244	1,597,519	986,683	4,580,446
OPERATING EXPENSES				
Salaries	233,943	136,780	154,270	524,993
Employee benefits	68,947	47,983	69,842	186,772
Contractual services	577,240	55,561	24,000	656,801
Repairs, maintenance and other contractual services	118,908	29,153	59,794	207,855
Gas purchases	-	839,833	-	839,833
Communications	12,043	4,289	2,137	18,469
Travel and training	3,554	1,178	-	4,732
Landfill fees	-	-	152,086	152,086
Supplies and materials	168,285	2,083	8,504	178,872
Utilities	126,515	6,123	-	132,638
Vehicle gasoline	21,382	6,968	43,314	71,664
Depreciation	743,650	23,956	102,920	870,526
Other expenses	75,499	43,919	158,100	277,518
Total operating expenses	2,149,966	1,197,826	774,967	4,122,759
OPERATING INCOME (LOSS)	(153,722)	399,693	211,716	457,687
NONOPERATING REVENUES (EXPENSES)				
Loan fees	-	-	(3,500)	(3,500)
Interest earned	1,299	-	-	1,299
Interest expense	(421,465)	-	(25,803)	(447,268)
Pollution remediation expense	-	-	(354,875)	(354,875)
Gain (loss) on sale of assets	4,095	-	945	5,040
Total nonoperating revenues (expenses)	(416,071)	Nil	(383,233)	(799,304)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(569,793)	399,693	(171,517)	(341,617)
Capital contributions	1,243,210	-	442,086	1,685,296
Transfers in	283,508	-	-	283,508
Transfers out	-	(363,083)	(356,315)	(719,398)
CHANGE IN NET POSITION	956,925	36,610	(85,746)	907,789
TOTAL NET POSITION, beginning of year	10,843,350	85,808	317,755	11,246,913
TOTAL NET POSITION, end of year	$ 11,800,275	$ 122,418	$ 232,009	$ 12,154,702

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, 2014

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 1,962,837	$ 1,592,295	$ 945,567	$ 4,500,699
Cash paid for goods and services	(1,174,664)	(1,053,037)	(487,013)	(2,714,714)
Cash paid to employees for services	(225,588)	(132,253)	(151,519)	(509,360)
Customer deposits received (refunded)	362	1,485	350	2,197
Net cash provided by operating activities	562,947	408,490	307,385	1,278,822
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net borrowings from other funds	(272,812)	-	-	(272,812)
Net transfers in (out)	283,508	(363,083)	(356,315)	(435,890)
Proceeds of long-term debt (noncapital)	-	-	718,813	718,813
Environmental remediation	-	-	(595,790)	(595,790)
Interest and fiscal charges paid	-	-	(26,476)	(26,476)
Net cash provided (used) by noncapital financing activities	10,696	(363,083)	(259,768)	(612,155)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	(6,400)	(45,407)	-	(51,807)
Proceeds from sale of property and equipment	4,095	-	945	5,040
Loan repayments	(140,334)	-	-	(140,334)
Retirement of revenue bonds	(142,257)	-	-	(142,257)
Capital lease principal payments	-	-	(46,882)	(46,882)
Interest and fiscal charges paid	(288,747)	-	(1,680)	(290,427)
Net cash used by capital and related financing activities	(573,643)	(45,407)	(47,617)	(666,667)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends and interest earned	1,405	-	-	1,405
Net cash provided by investing activities	1,405	Nil	Nil	1,405
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,405	Nil	Nil	1,405
CASH AND EQUIVALENTS, beginning of year	542,341	Nil	Nil	542,341
CASH AND EQUIVALENTS, end of year	$ 543,746	$ Nil	$ Nil	$ 543,746

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, 2014

	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)	$ (153,722)	$ 399,693	$ 211,716	$ 457,687
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Provision for losses on receivables	65,974	37,790	38,318	142,082
Depreciation	743,647	23,956	102,921	870,524
Decrease (increase) in operating assets:				
Accounts receivable	(99,379)	(43,014)	(79,436)	(221,829)
Increase (decrease) in operating liabilities:				
Accounts payable	(2,291)	(17,876)	30,765	10,598
Accrued salaries	3,944	2,094	3,386	9,424
Accrued leave benefits	4,412	2,433	(635)	6,210
Accrued sales tax	-	1,929	-	1,929
Deposits for services	362	1,485	350	2,197
Total adjustments	716,669	8,797	95,669	821,135
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 562,947	$ 408,490	$ 307,385	$ 1,278,822

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:

Contribution of capital:				
Capital projects through SPLOST and CDBG Funds	$ 547,034	$ Nil	$ Nil	$ 547,034
Debt service through SPLOST Funds	$ 864,224	$ Nil	$ Nil	$ 864,224

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, 2014, the Authority paid the City $14,239 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, 2014, the City paid the RC $Nil for grant administration services. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Financial statements for the Commission may be obtained directly from the RC at 3023 Riverwatch Parkway, Suite A, Augusta, Georgia 30907.

B. Basis of Presentation

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

Government-wide financial statements - The 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

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 statements. 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.

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, 2014, City Council approved a budget amendment which increased General Fund expenditures by $142,100.

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		
Public safety: Animal control	$	2,920
Public works: Streets	$	266,135
Public works: Cemetery and beautification	$	50,140
Hotel/Motel Tax Fund	$	7,229
Revolving Loan Fund	$	10,125

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

At December 31, 2014, the carrying amount of the City's deposits was $2,634,381 which is reflected as cash of $2,165,446 and restricted cash of $468,935. The related bank balance was $2,732,518. Of this bank balance, $663,624 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, 2014, 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, 2014 consist of the following:

Taxes receivable -	Current	$ 1,373,560
	Prior	214,206
Gross receivables		1,587,766
Allowance for uncollectibles		53,551
Total		$ 1,534,215

Other receivables at December 31, 2014, consisted of the following:

	General Fund	SPLOST III	Other Governmental Funds	Enterprise	Total
Intergovernmental receivables	$ 167,020	$ 92,840	$ 34,963	$ 858,670	$ 1,153,493
Other receivables	532,364	$ -	4,768	809,206	1,346,338
Gross receivables	699,384	92,840	39,731	1,667,876	2,499,831
Allowance for uncollectibles	-	-	-	276,046	276,046
Total	$ 699,384	$ 92,840	$ 39,731	$ 1,391,830	$ 2,223,785

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, 2014 was as follows:

	Balance December 31, 2013	Additions	Retirements	Balance December 31, 2014
Governmental Activities:				
Nondepreciable capital assets:				
Land	$ 139,872	$ 855,188	$ 855,188	$ 139,872
Construction-in-progress	106,919	39,478	-	146,397
Total nondepreciable capital assets	246,791	894,666	855,188	286,269
Depreciable assets:				
Buildings and plant	5,277,650	326,019	-	5,603,669
Machinery and equipment	661,192	62,458	17,865	705,785
Office equipment	509,092	18,585	-	527,677
Vehicles	1,249,544	113,831	88,780	1,274,595
Total depreciable capital assets	7,697,478	520,893	106,645	8,111,726
Total capital assets	7,944,269	1,415,559	961,833	8,397,995
Accumulated depreciation:				
Buildings and plant	999,857	119,770	-	1,119,627
Machinery and equipment	455,681	54,468	-	510,149
Office equipment	394,109	36,623	-	430,732
Vehicles	1,068,444	65,449	84,869	1,049,024
Total accumulated depreciation	2,918,091	276,310	84,869	3,109,532
Governmental activities capital assets, net	$ 5,026,178	$ 1,139,249	$ 876,964	$ 5,288,463

Governmental activities depreciation expense:

General city government	$ 47,418
Public safety	108,748
Public works	90,161
Economic development	29,983
Total governmental activities depreciation expense	$ 276,310

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

	Balance December 31, 2013	Additions	Retirements	Balance December 31, 2014
Business-Type Activities:				
Nondepreciable capital assets:				
Land	$ 113,317	$ -	$ -	$ 113,317
Construction-in-progress	865,136	529,169	1,021,436	372,869
Total nondepreciable capital assets	978,453	529,169	1,021,436	486,186
Depreciable capital assets:				
Buildings and plant	28,576,090	1,021,436	-	29,597,526
Machinery and equipment	2,572,774	29,242	14,000	2,588,016
Vehicles	959,688	40,431	2,518	997,601
Total depreciable capital assets	32,108,552	1,091,109	16,518	33,183,143
Total capital assets	33,087,005	1,620,278	1,037,954	33,669,329
Accumulated depreciation:				
Buildings and plant	11,321,078	650,753	-	11,971,831
Machinery and equipment	607,644	93,181	14,000	686,825
Vehicles	525,010	126,592	2,518	649,084
Total accumulated depreciation	12,453,732	870,526	16,518	13,307,740
Business-type capital assets, net	$ 20,633,273	$ 749,752	$ 1,021,436	$ 20,361,589

Business-type activities depreciation expense:

Water and sewer	$ 743,650
Gas	23,956
Solid waste	102,920
Total business-type activities depreciation expense	$ 870,526

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 $1,028,665 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.

Note 3. Detailed Notes on All Funds (continued)

F. Interfund Balances and Transfers

A summary of interfund receivables/payables at December 31, 2014, is as follows:

	Due to: Special Revenue Hotel/Motel Tax Fund	Total
Due from:		
Governmental Funds:		
General Fund	$ 20,829	$ 20,829
Total	$ 20,829	$ 20,829

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, 2014, is as follows:

	Transfers from:				
		Special Revenue	Enterprise Fund		
	General Fund	Hotel/Motel Tax Fund	Gas Fund	Solid Waste Fund	Total
Transfers to:					
Governmental funds:					
General Fund	$ -	$ 53,079	$ 363,083	$ 356,315	$ 772,477
Total governmental funds	-	53,079	363,083	356,315	772,477
Proprietary funds:					
Water and Sewer Fund	283,508	-	-	-	283,508
Total proprietary funds	283,508	Nil	Nil	Nil	283,508
Total	$ 283,508	$ 53,079	$ 363,083	$ 356,315	$ 1,055,985

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

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

Note 3. Detailed Notes on All Funds (continued)

G. Short-Term Debt

The City issued tax anticipation notes on July 09, 2014, bearing interest at 3.25%, due December 31, 2014. 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, 2014 were as follows:

Balance at December 31, 2013	$ 609,000
Funds advanced	961,186
Repayments	(1,570,186)
Balance at December 31, 2014	$ Nil

Interest on short-term debt incurred during the year ended December 31, 2014 in governmental activities totaled $7,079, which was charged to expenditures during the year.

H. Long-Term Debt

1. Notes Payable

Notes payable of the City at December 31, 2014 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%	$ 511,952
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%	356,865
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%.	1,042,573
Total business-type activities	1,911,390
Total	$ 1,911,390

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

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

1. Notes Payable (continued)

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

	Business-Type Activities		
	Principal	Interest	Total
2015	$ 256,423	$ 64,675	$ 321,098
2016	272,019	54,768	326,787
2017	284,998	41,789	326,787
2018	166,891	29,945	196,836
2019	93,183	24,978	118,161
2020 - 2024	239,373	101,942	341,315
2025 - 2029	275,575	65,740	341,315
2030 - 2034	317,251	24,064	341,315
2035 - 2039	5,677	13	5,690
Total	$ 1,911,390	$ 407,914	$ 2,319,304

2. Bonds Payable

At December 31, 2014, 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%	$ 2,446,876
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%	2,696,312
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%	914,253
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%	1,863,032
Total	$ 7,920,473

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

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

2. Bonds Payable (continued)

The annual requirements to each debt type to amortize bonds outstanding at December 31, 2014, are as follows:

	Business-Type Activities		
	Principal	Interest	Total
2015	$ 202,299	$ 364,101	$ 566,400
2016	212,087	354,313	566,400
2017	222,350	344,050	566,400
2018	233,113	333,287	566,400
2019	244,399	322,001	566,400
2020 - 2024	1,411,445	1,420,555	2,832,000
2025 - 2029	1,788,307	1,043,693	2,832,000
2030 - 2034	1,733,296	595,958	2,329,254
2035 - 2039	1,317,863	255,375	1,573,238
2040 - 2044	555,314	44,156	599,470
Total	$ 7,920,473	$ 5,077,489	$ 12,997,962

3. Obligation Under Capital Leases

The City has the following capital lease obligations at December 31, 2014:

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	$ 32,023
Total	$ 32,023

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	457,330
Total	$ 255,373

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

3. Obligation Under Capital Leases (coninued)

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2014, were as follows:

	Business-Type Activities
2015	$ 32,375
Total minimum lease payments	32,375
Less: amount representing interest	352
Total	$ 32,023

4. Changes in Long-Term Debt

Transactions for the year ended December 31, 2014 are summarized as follows:

	Balance December 31, 2013	Additions	Retirements	Balance December 31, 2014	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	$ 70,794	$ 9,481	$ -	$ 80,275	$ 16,055
Total governmental activities	70,794	9,481	Nil	80,275	16,055
Business-Type Activities:					
Capital leases	78,904	-	46,881	32,023	32,023
Notes payable	1,844,859	718,813	652,282	1,911,390	256,424
Revenue bonds	8,111,613	-	191,140	7,920,473	202,299
Compensated absences	17,648	6,210	-	23,858	4,771
Total business-type activities	10,053,024	725,023	890,303	9,887,744	495,517
Total	$ 10,123,818	$ 734,504	$ 890,303	$ 9,968,019	$ 511,572

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

5. Pledged Revenues

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay revenue bonds in the original amount of $10,137,363 as described at 3.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 $12,997,962. Principal and interest paid for the current year and total customer net revenues were $566,400 and $1,996,244, respectively.

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

6. Interest

Interest incurred during the year ended December 31, 2014, in governmental activities was $7,079, which was charged to expense during the year. Interest incurred during the year ended December 31, 2014, in business-type activities was $447,268, of which $447,268 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 6.73% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

3. Annual Pension Cost

For December 31, 2014, the City's annual pension cost of $145,966 was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2014 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.

Note 3. Detailed Notes on All Funds (continued)

I. Pension Plan (continued)

4. Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2012	$ 116,154	100 %	$ Nil
December 31, 2013	146,642	100	Nil
December 31, 2014	145,966	100	Nil

5. Schedule of Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the plan was funded 86.87%. The actuarial accrued liability for benefits was $3,113,697, and the actuarial value of the assets was $2,704,763, resulting in an unfunded actuarial accrued liability (UAAL) of $408,934. The covered payroll (annual payroll of active employees covered by the plan) was $2,130,940, and the ratio of the funding excess to covered payroll was 19.19%.

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.

J. Equity

Net position on the government-wide statement of assets as of December 31, 2014, is as follows:

	Governmental Activities	Business-Type Activities	Total
Cost of capital assets	$ 8,397,995	$ 33,669,329	$ 42,067,324
Accumulated depreciation	3,109,532	13,307,740	16,417,272
Book value	5,288,463	20,361,589	25,650,052
Less capital related debt	-	8,821,313	8,821,313
Net investment in capital assets	$ 5,288,463	$ 11,540,276	$ 16,828,739

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:

Note 3. Detailed Notes on All Funds (continued)

J. Equity (continued)

Activity	Restricted By	Governmental Activities	Business-Type Activities	Total
Capital projects				
SPLOST capital projects	Law	$ 1,899,290	$ -	$ 1,899,290
Community Development capital projects	Grantor agencies	2,579	-	2,579
Total capital projects		1,901,869	-	1,901,869
Debt service	Bond covenants	-	468,935	468,935
Other restrictions				
Public safety	Law	293	-	293
Public safety	Donor	2,500	-	2,500
Community Development programs	Grantor agencies	30,745	-	30,745
Total other		33,538	-	33,538
Total restricted net position		$ 1,935,407	$ 468,935	$ 2,404,342

Note 4. Other Notes

A. Risk Management

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

The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The amount of insurance coverage has been adequate over the last three fiscal years to cover any settlements. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA. The City is also responsible for following loss reduction and prevention procedures established by GIRMA and reporting as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. GIRMA's responsibility includes paying claims and representing the City in defense and settlement of claims within the scope of loss protection furnished by the funds. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2014. No provisions have been made in the financial statements for the year ended December 31, 2014 for any estimate of potential unpaid claims.

Note 4. Other Notes (continued)

A. Risk Management (continued)

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

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

B. Contingencies and Pending Litigation

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, $7,699 in medical benefits and $1,862 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 a case pending in the United States District Court for the Southern District of Georgia relating to a citizen who alleges false arrest and violation of his civil rights relating to a shoplifting incident which occurred in 2013. The City has filed a Motion for Summary Judgment in the case and is awaiting a decision from the Court on that motion. The City plans to contest the case vigorously. The outcome of the case is unknown at the date of this report.

On April 16, 2015, the City received notice of a claim from a citizen who allegedly fell into a water meter hole covered by a broken water meter plate, who claims he sustained an injury to his knee. The claim has been forwarded to the City's self-insured carrier, GIRMA, for handling. The City intends to contest the case vigorously. The outcome of the case is unknown at the date of this report.

On January 5, 2015, the City received a Subrogation Claim from an insured on behalf of his insurance company. The insurance company is seeking reimbursement for damages to the insured's vehicle which allegedly occurred from hitting a pothole. The insurance company has demanded $3,003 to settle the property damage claim. The claim has been forwarded to the City's self-insured carrier, GIRMA, for handling. The City intends to contest the case vigorously. The outcome of the case is unknown at the date of this report.

The City has received 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.

Note 4. Other Notes (continued)

C. Commitments

The City is involved in a continuing plan for various facility improvements. As of December 31, 2014, 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, 2014, 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, 2014 is as follows:

Taxes collected	$ 88,073	
Expended for community development / promotion	$ 35,229	40.00 %

E. Notes Receivable

Notes receivable at December 31, 2014, are as follows:

5% note receivable from Forever Angels, Inc. with monthly installments of $575 including principal and interest (principal only)	$ 20,158
5% note receivable from Forever Angels, Inc. with monthly installments of $145 including principal and interest (principal only)	5,098
Total	$ 25,256

Note 4. Other Notes (continued)

E. Notes Receivable (continued)

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, and was substantially complete at December 31, 2014. Net expenses incurred during the current year have been reflected in other expenses as "Pollution Remediation Expense."

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*
2014	$ 2,704,763	$ 3,113,697	86.87 %	$ 408,934	$ 2,130,940	19.19 %
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

** 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.

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.

2013 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.

2014 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, 2014

	Special Revenue Funds					Capital Projects					
	Hotel / Motel Tax Fund	Confiscated Assets Fund	Revolving Loan Fund	Community Home Investment Program	Family Connection Grant	SPLOST Fund	2012 CDBG Grant	2013 CDBG Grant	2014 CDBG Grant	TIA SPLOST Fund	Total
ASSETS											
Cash	$ -	$ 293	$ 721	$ -	$ -	$ 198,818	$ -	$ -	$ -	$ 147,737	$ 347,569
Intergovernmental receivables	-	-	-	-	9,102	-	-	11,700	4,059	10,102	34,963
Notes receivable	-	-	25,256	-	-	-	-	-	-	-	25,256
Other receivables	4,768	-	-	-	-	-	-	-	-	-	4,768
Due from other funds	20,829	-	-	-	-	-	-	-	-	-	20,829
Total assets	$ 25,597	$ 293	$ 25,977	$ Nil	$ 9,102	$ 198,818	$ Nil	$ 11,700	$ 4,059	$ 157,839	$ 433,385
LIABILITIES											
Accounts payable	$ 20,829	$ -	$ -	$ -	$ 9,102	$ -	$ -	$ 11,700	$ 4,059	$ 59,320	$ 105,010
Total liabilities	20,829	Nil	Nil	Nil	9,102	Nil	Nil	11,700	4,059	59,320	105,010
FUND BALANCES											
Nonspendable	-	-	25,256	-	-	-	-	-	-	-	25,256
Restricted for:											
Capital projects	-	-	-	-	-	198,818	-	-	-	98,519	297,337
Public safety	-	293	-	-	-	-	-	-	-	-	293
Community development	4,768	-	721	-	-	-	-	-	-	-	5,489
Total fund balances	4,768	293	25,977	Nil	Nil	198,818	Nil	Nil	Nil	98,519	328,375
Total liabilities and fund balances	$ 25,597	$ 293	$ 25,977	$ Nil	$ 9,102	$ 198,818	$ Nil	$ 11,700	$ 4,059	$ 157,839	$ 433,385

CITY OF WAYNESBORO, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Special Revenue Funds					Capital Projects					
	Hotel / Motel Tax Fund	Confiscated Assets Fund	Revolving Loan Fund	Community Home Investment Program	Family Connection Grant	SPLOST Fund	2012 CDBG Grant	2013 CDBG Grant	2014 CDBG Grant	TIA SPLOST Fund	Total
REVENUES											
Taxes	$ 88,073	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 88,073
Intergovernmental revenues	-	-	1,324	-	41,904	-	9,600	11,700	4,059	109,490	178,077
Investment income	-	-	3	-	-	90	-	-	-	65	158
Other revenues	-	21	-	-	-	-	-	-	-	-	21
Total revenues	88,073	21	1,327	Nil	41,904	90	9,600	11,700	4,059	109,555	266,329
EXPENDITURES											
Current operations:											
Public health and welfare	-	-	-	-	41,904	-	-	-	-	-	41,904
Economic development	35,229	-	11,524	-	-	-	-	-	-	-	46,753
Debt Service:											
Public works	-	-	-	-	-	168,049	-	-	-	-	168,049
Capital:											
Public works	-	-	-	-	-	-	9,600	11,700	4,059	112,097	137,456
Total expenditures	35,229	Nil	11,524	Nil	41,904	168,049	9,600	11,700	4,059	112,097	394,162
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	52,844	21	(10,197)	Nil	Nil	(167,959)	Nil	Nil	Nil	(2,542)	(127,833)
OTHER FINANCING SOURCES (USES)											
Transfers out	(53,079)	-	-	-	-	-	-	-	-	-	(53,079)
NET CHANGE IN FUND BALANCES	(235)	21	(10,197)	Nil	Nil	(167,959)	Nil	Nil	Nil	(2,542)	(180,912)
FUND BALANCES, beginning of year	5,003	272	36,174	Nil	Nil	366,777	Nil	Nil	Nil	101,061	509,287
FUND BALANCES, end of year	$ 4,768	$ 293	$ 25,977	$ Nil	$ Nil	$ 198,818	$ Nil	$ Nil	$ Nil	$ 98,519	$ 328,375

CITY OF WAYNESBORO, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	2014				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2013 Actual
REVENUES					
Taxes:					
Property taxes	$ 1,372,400	$ 1,257,200	$ 1,109,015	$ (148,185)	$ 977,272
Motor vehicle taxes	140,000	197,200	198,703	1,503	177,674
Mobile home taxes	3,000	3,100	3,171	71	4,608
Franchise taxes	408,000	425,500	447,574	22,074	419,014
Sales and use taxes	950,000	1,256,300	1,251,499	(4,801)	897,538
Alcoholic beverage taxes	155,000	162,900	163,471	571	159,716
Business and occupation taxes	70,000	78,300	78,297	(3)	68,320
Insurance premium taxes	295,000	317,100	317,190	90	297,433
Financial institution taxes	26,000	29,500	29,540	40	27,779
Hotel/Motel occupancy taxes	62,000	88,300	-	(88,300)	-
Other taxes	18,500	55,300	31,865	(23,435)	21,878
Licenses and permits	41,300	47,000	47,091	91	50,432
Intergovernmental revenues	71,600	104,500	452,971	348,471	99,218
Charges for services	54,200	5,600	8,927	3,327	55,725
Fees, fines and forfeitures	164,000	233,400	192,619	(40,781)	152,268
Investment income	-	5,100	5,160	60	4,479
Contributions from private sources	-	-	6,514	6,514	2,500
Other revenues	24,600	25,900	13,275	(12,625)	28,815
Total revenues	3,855,600	4,292,200	4,356,882	64,682	3,444,669
EXPENDITURES					
Current operations:					
General city government					
Elections	-	-	-	-	10,133
Administration	828,700	879,700	865,724	13,976	861,207
Judicial					
Municipal court	14,000	14,800	9,220	5,580	9,987
Public safety					
Police	1,600,500	1,690,300	1,589,725	100,575	1,786,006
Fire	552,700	622,000	583,049	38,951	511,888
Animal control	5,500	5,500	8,420	(2,920)	16,626
Public works					
Street	529,200	285,400	551,535	(266,135)	639,795
Maintenance	132,500	192,800	154,896	37,904	151,766
Cemetery and beautification	181,900	185,400	235,540	(50,140)	237,953
Economic development					
Urban redevelopment and housing	273,900	381,800	334,556	47,244	257,134
Economic development	28,000	29,700	-	29,700	-

(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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	2014				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2013 Actual
EXPENDITURES (continued)					
Debt service:					
General city government	$ 26,000	$ 27,600	$ 7,079	$ 20,521	$ 14,446
Public safety	-	-	-	-	2,457
Total expenditures	4,172,900	4,315,000	4,339,744	(24,744)	4,499,398
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(317,300)	(22,800)	17,138	39,938	(1,054,729)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	1,000	18,400	18,117	(283)	326
Transfers in	522,600	301,000	772,477	471,477	952,435
Transfers out	(206,300)	(296,600)	(283,508)	13,092	-
NET CHANGE IN FUND BALANCES	Nil	Nil	524,224	524,224	(101,968)
FUND BALANCES, beginning of year	501,684	501,684	501,684	Nil	603,652
FUND BALANCES, end of year	$ 501,684	$ 501,684	$ 1,025,908	$ 524,224	$ 501,684

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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	2014			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2013 Actual**
REVENUES				
Taxes:				
Hotel/Motel occupancy taxes	$ 62,000	$ 88,073	$ 26,073	$ 66,980
Total revenues	62,000	88,073	26,073	66,980
EXPENDITURES				
Current operations:				
Economic development				
Community development and tourism	28,000	35,229	(7,229)	26,792
Total expenditures	28,000	35,229	(7,229)	26,792
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	34,000	52,844	18,844	40,188
OTHER FINANCING SOURCES (USES)				
Transfers out	(34,000)	(53,079)	(19,079)	(39,146)
NET CHANGE IN FUND BALANCES	Nil	(235)	(235)	1,042
FUND BALANCES, beginning of year	5,003	5,003	Nil	3,961
FUND BALANCES, end of year	$ 5,003	$ 4,768	$ (235)	$ 5,003

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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	2014			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2013 Actual**
REVENUES				
Other revenues	$ -	$ 21	$ 21	$ -
Total revenues	Nil	21	21	Nil
EXPENDITURES				
Public safety				
Supplies	-	-	-	-
Equipment purchases	-	-	-	-
NET CHANGE IN FUND BALANCES	Nil	21	21	Nil
FUND BALANCES, beginning of year	272	272	Nil	272
FUND BALANCES, end of year	$ 272	$ 293	$ 21	$ 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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	2014			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2013 Actual**
REVENUES				
Intergovernmental revenues:				
CDBG program income	$ 1,399	$ 1,324	$ (75)	$ 1,780
Investment income	-	3	3	2
Total revenues	1,399	1,327	(72)	1,782
EXPENDITURES				
Current operations:				
Economic development	1,399	11,524	(10,125)	5,042
Total expenditures	1,399	11,524	(10,125)	5,042
NET CHANGE IN FUND BALANCES	Nil	(10,197)	(10,197)	(3,260)
FUND BALANCES, beginning of year	36,174	36,174	Nil	39,434
FUND BALANCES, end of year	$ 36,174	$ 25,977	$ (10,197)	$ 36,174

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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	2014			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2013 Actual**
REVENUES				
Intergovernmental revenues:				
Program (CHIP) grant	$ -	$ -	$ -	$ 11,242
Total revenues	Nil	Nil	Nil	11,242
EXPENDITURES				
Current operations:				
Rehabilitation of private properties	-	-	-	7,035
Administration	-	-	-	4,262
Total expenditures	Nil	Nil	Nil	11,297
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	(55)
FUND BALANCES, beginning of year	Nil	Nil	Nil	55
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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	2014			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2013 Actual**
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 45,000	$ 41,904	$ (3,096)	$ 43,709
Total revenues	45,000	41,904	(3,096)	43,709
EXPENDITURES				
Current operations:				
Public health and welfare				
Personal services	36,225	36,225	-	41,450
Travel	791	1,033	(242)	692
Regular operating expenditures	3,750	1,419	2,331	1,000
Telecommunications	1,680	2,268	(588)	567
Per diem, fees and contracts	1,254	959	295	-
Other	1,300	-	1,300	-
Total expenditures	45,000	41,904	3,096	43,709
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, 2014
Contract Year Ended June 30, 2014

	Family Connection Grant 427-93-131300029-99	Reconciliation to Year End Reports		Total
	Program Year Ended June 30, 2014	July to December, 2013	July to December, 2014	Year Ended December 31, 2014
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 45,000	$ (23,085)	$ 19,989	$ 41,904
Total intergovernmental revenues	$ 45,000	$ (23,085)	$ 19,989	$ 41,904
EXPENDITURES				
Personal services	$ 41,450	$ (20,725)	$ 15,500	$ 36,225
Travel	750	(360)	643	1,033
Regular operating expenditures	800	(400)	1,019	1,419
Telecommunications	1,000	(600)	1,868	2,268
Per diem, fees and contracts	1,000	(1,000)	959	959
Total expenditures	$ 45,000	$ (23,085)	$ 19,989	$ 41,904

CITY OF WAYNESBORO, GEORGIA
SPLOST Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	2014			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2013 Actual**
REVENUES				
Investment income	$ -	$ 90	$ 90	$ 90
Total revenues	Nil	90	90	90
EXPENDITURES				
Debt service:				
Public works				
Water and sewer system debt on improvements	168,048	168,049	(1)	168,048
Total expenditures	168,048	168,049	(1)	168,048
NET CHANGE IN FUND BALANCES	(168,048)	(167,959)	89	(167,958)
FUND BALANCES, beginning of year	366,777	366,777	Nil	534,735
FUND BALANCES, end of year	$ 198,729	$ 198,818	$ 89	$ 366,777

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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	2014			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2013 Actual**
REVENUES				
Intergovernmental revenues:				
Local Maintenance & Improvement Grant	$ -	$ 51,730	$ 51,730	$ -
Investment income	-	169	169	638
Total revenues	Nil	51,899	51,899	638
EXPENDITURES				
Capital:				
General city government				
Building renovation and construction	-	-	-	13,095
Public works				
Water, sewer and storm drainage	1,060,389	924,659	135,730	450,920
Street improvements	-	-	-	4,778
Total expenditures	1,060,389	924,659	135,730	468,793
NET CHANGE IN FUND BALANCES	(1,060,389)	(872,760)	187,629	(468,155)
FUND BALANCES, beginning of year	1,060,389	1,060,389	Nil	1,528,544
FUND BALANCES, end of year	$ Nil	$ 187,629	$ 187,629	$ 1,060,389

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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	2014			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2013 Actual**
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ 1,107,119	$ 1,053,168	$ (53,951)	$ 782,303
Investment income	-	574	574	372
Total revenues	1,107,119	1,053,742	(53,377)	782,675
EXPENDITURES				
Capital:				
General city government				
Building renovation and construction	-	125,694	(125,694)	55,743
Public safety	54,592	21,258	33,334	28,425
Public works				
Street improvements	397,427	64,561	332,866	-
Water system improvements	655,100	227,911	427,189	581,681
Total expenditures	1,107,119	439,424	667,695	665,849
NET CHANGE IN FUND BALANCES	Nil	614,318	614,318	116,826
FUND BALANCES, beginning of year	800,006	800,006	Nil	683,180
FUND BALANCES, end of year	$ 800,006	$ 1,414,324	$ 614,318	$ 800,006

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, 2014

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG grant	$ 500,000	$ 490,400	$ 9,600	$ 500,000
Total revenues	500,000	490,400	9,600	500,000
EXPENDITURES				
Capital:				
Public works				
Sewer facilities	450,000	450,000	-	450,000
Grant administration	30,000	20,400	9,600	30,000
Engineering	20,000	20,000	-	20,000
Total expenditures	500,000	490,400	9,600	500,000
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, 2014

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	30,000	-	30,000	-
Engineering	T-03J-00	20,000	20,000	69,048	89,048	-
Grand Total		$ 500,000	$ 500,000	$ 173,706	$ 673,706	$ Nil

Source of other funds: SPLOST II Fund

CITY OF WAYNESBORO, GEORGIA
2013 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, 2014

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG grant	$ 250,000	$ -	$ 11,700	$ 11,700
Total revenues	250,000	Nil	11,700	11,700
EXPENDITURES				
Capital:				
Public works				
Economic development				
Public facilities and improvements	200,118	-	-	-
Engineering - commercial/industrial infrastructure development	14,882	-	8,700	8,700
Grant administration	15,000	-	3,000	3,000
Contingencies	20,000	-	-	-
Total expenditures	250,000	Nil	11,700	11,700
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
2013 Community Development Block Grant
Project Cost Schedule
From Inception and For the Year Ended December 31, 2014

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						
Public facilities and improvements	P-17B-00	$ 200,118	$ -	$ 11,213	$ 11,213	$ -
Engineering - commercial/industrial infrastructure development	T-17B-000	14,882	8,700	19,028	27,728	-
Grant administration	A-21A-00	15,000	3,000	-	3,000	-
Contingencies	C-022-00	20,000	-	-	-	-
Grand Total		$ 250,000	$ 11,700	$ 30,241	$ 41,941	$ Nil

Source of other funds: SPLOST III Fund

CITY OF WAYNESBORO, GEORGIA
2014 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, 2014

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG grant	$ 802,000	$ -	$ 4,059	$ 4,059
Total revenues	802,000	Nil	4,059	4,059
EXPENDITURES				
Capital:				
Public works				
Water facilities	98,010	-	-	-
Engineering - water / sewer improvements	10,000	-	-	-
Sewer facilities	351,990	-	-	-
Rehabilitation of private properties	138,401	-	-	-
Reconstruction of private properties	153,000	-	-	-
Grant administration	40,599	-	4,059	4,059
Contingencies	10,000	-	-	-
Total expenditures	802,000	Nil	4,059	4,059
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
2014 Community Development Block Grant
Project Cost Schedule
From Inception and For the Year Ended December 31, 2014

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						
Water facilities	P-03J-01	$ 98,010	$ -	$ -	$ -	$ -
Engineering - water / sewer improvements	T-03J-02	10,000	-	-	-	-
Sewer facilities	P-03J-02	351,990	-	-	-	-
Rehabilitation of private properties	H-14A-01	138,401	-	-	-	-
Reconstruction of private properties	H-14A-02	153,000	-	-	-	-
Grant administration	A-21A-00	40,599	4,059	12,383	16,442	-
Contingencies	C-022-00	10,000	-	-	-	-
Grand Total		$ 802,000	$ 4,059	$ 12,383	$ 16,442	$ Nil

Source of other funds: SPLOST III 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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	2014			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2013 Actual**
REVENUES				
Intergovernmental revenues:				
TIA SPLOST revenues	111,912	109,490	(2,422)	101,045
Investment income	-	65	65	16
Total revenues	111,912	109,555	(2,357)	101,061
EXPENDITURES				
Capital:				
Public works	111,912	112,097	(185)	-
Total expenditures	111,912	112,097	(185)	Nil
NET CHANGE IN FUND BALANCES	Nil	(2,542)	(2,542)	101,061
FUND BALANCES, beginning of year	101,061	101,061	Nil	Nil
FUND BALANCES, end of year	$ 101,061	$ 98,519	$ (2,542)	$ 101,061

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, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Customer charges	$ 1,942,492	$ 1,954,290
Tap fees	2,080	3,515
Penalties	45,999	43,049
Recovery of bad debts	5,673	2,400
Total operating revenues	1,996,244	2,003,254
OPERATING EXPENSES		
Salaries	233,943	210,795
Employee benefits	68,947	61,247
Contractual services	577,240	620,347
Repairs, maintenance and other contractual services	118,908	46,806
Communications	12,043	11,349
Travel and training	3,554	3,958
Supplies and materials	168,285	164,739
Utilities	126,515	123,588
Vehicle gasoline	21,382	23,832
Depreciation	743,650	688,769
Other expenses	75,499	55,891
Total operating expenses	2,149,966	2,011,321
OPERATING LOSS	(153,722)	(8,067)
NONOPERATING REVENUES (EXPENSES)		
Interest earned	1,299	1,695
Interest expense	(421,465)	(440,461)
Gain (loss) on sale of assets	4,095	-
Total nonoperating revenues (expenses)	(416,071)	(438,766)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(569,793)	(446,833)
Capital contributions	1,243,210	1,619,019
Transfers in	283,508	-
Transfers out	-	(116,196)
CHANGE IN NET POSITION	956,925	1,055,990
TOTAL NET POSITION, beginning of year	10,843,350	9,787,360
TOTAL NET POSITION, end of year	$ 11,800,275	$ 10,843,350

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,962,837	$ 1,984,328
Cash paid for goods and services	(1,174,664)	(1,110,262)
Cash paid to employees for services	(225,588)	(215,328)
Customer deposits received (refunded)	362	(1,627)
Net cash provided by operating activities	562,947	657,111
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net borrowings from other funds	(272,812)	30,422
Net transfers in (out)	283,508	(116,196)
Net cash provided (used) by noncapital financing activities	10,696	(85,774)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital	-	42,124
Purchase of property and equipment	(6,400)	(42,124)
Proceeds from sale of property and equipment	4,095	-
Loan repayments	(140,334)	(132,982)
Retirement of revenue bonds	(142,257)	(135,561)
Interest and fiscal charges paid	(288,747)	(302,794)
Net cash used by capital and related financing activities	(573,643)	(571,337)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	1,405	1,853
Net cash provided by investing activities	1,405	1,853
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,405	1,853
CASH AND EQUIVALENTS, beginning of year	542,341	540,488
CASH AND EQUIVALENTS, end of year	$ 543,746	$ 542,341

(Continued)

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Reconciliation of operating loss to net cash provided by operating activities:		
OPERATING LOSS	$ (153,722)	$ (8,067)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	65,974	24,365
Depreciation	743,647	688,769
Decrease (increase) in operating assets:		
Accounts receivable	(99,379)	(43,291)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,291)	1,495
Accrued salaries	3,944	-
Accrued leave benefits	4,412	(4,533)
Deposits for services	362	(1,627)
Total adjustments	716,669	665,178
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 562,947	$ 657,111

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:		
Contribution of capital:		
Capital projects through SPLOST and CDBG Funds	$ 547,034	$ 1,340,957
Debt Service through SPLOST Funds	$ 864,224	$ 278,062

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Customer charges	$ 1,549,984	$ 1,519,175
Penalties	36,353	32,939
Miscellaneous	11,182	11,482
Total operating revenues	1,597,519	1,563,596
OPERATING EXPENSES		
Salaries	136,780	124,714
Employee benefits	47,983	35,395
Contractual services	55,561	37,592
Repairs, maintenance and other contractual services	29,153	56,122
Gas purchases	839,833	796,372
Communications	4,289	4,387
Travel and training	1,178	2,058
Supplies and materials	2,083	2,452
Utilities	6,123	6,232
Vehicle gasoline	6,968	7,966
Depreciation	23,956	26,992
Other expenses	43,919	29,271
Total operating expenses	1,197,826	1,129,553
OPERATING INCOME	399,693	434,043
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on sale of assets	-	(119)
Total nonoperating revenues (expenses)	Nil	(119)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	399,693	433,924
Transfers out	(363,083)	(499,563)
CHANGE IN NET POSITION	36,610	(65,639)
TOTAL NET POSITION, beginning of year	85,808	151,447
TOTAL NET POSITION, end of year	$ 122,418	$ 85,808

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,592,295	$ 1,583,072
Cash paid for goods and services	(1,053,037)	(959,288)
Cash paid to employees for services	(132,253)	(120,595)
Customer deposits received (refunded)	1,485	(1,115)
Net cash provided by operating activities	408,490	502,074
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(363,083)	(499,563)
Net cash used by noncapital financing activities	(363,083)	(499,563)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(45,407)	(2,511)
Net cash used by capital and related financing activities	(45,407)	(2,511)
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	$ 399,693	$ 434,043
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	37,790	10,905
Depreciation	23,956	26,992
Decrease (increase) in operating assets:		
Accounts receivable	(43,014)	8,572
Increase (decrease) in operating liabilities:		
Accounts payable	(17,876)	6,943
Accrued salaries	2,094	196
Accrued leave benefits	2,433	3,923
Accrued sales tax	1,929	11,615
Deposits for services	1,485	(1,115)
Total adjustments	8,797	68,031
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 408,490	$ 502,074

CITY OF WAYNESBORO, GEORGIA

Solid Waste Fund

Comparative Statement of Revenues, Expenses and Changes in Fund Net Position

For the Years Ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Customer charges	$ 963,725	$ 950,548
Penalties	22,958	20,948
Total operating revenues	986,683	971,496
OPERATING EXPENSES		
Salaries	154,270	140,367
Employee benefits	69,842	44,557
Contractual services	24,000	24,475
Repairs, maintenance and other contractual services	59,794	35,973
Communications	2,137	2,339
Liability and property insurance	-	530
Landfill fees	152,086	123,737
Supplies and materials	8,504	5,191
Vehicle gasoline	43,314	52,797
Depreciation	102,920	102,920
Other expenses	158,100	13,625
Total operating expenses	774,967	546,511
OPERATING INCOME	211,716	424,985
NONOPERATING REVENUES (EXPENSES)		
Loan fees	(3,500)	(7,519)
Interest expense	(25,803)	(4,318)
Gain (loss) on sale of assets	945	-
Pollution remediation expense	(354,875)	(356,519)
Total nonoperating revenues (expenses)	(383,233)	(368,356)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(171,517)	56,629
Capital contributions	442,086	416,584
Transfers out	(356,315)	(297,530)
CHANGE IN NET POSITION	(85,746)	175,683
TOTAL NET POSITION, beginning of year	317,755	142,072
TOTAL NET POSITION, end of year	$ 232,009	$ 317,755

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 945,567	$ 951,239
Cash paid for goods and services	(487,013)	(303,224)
Cash paid to employees for services	(151,519)	(139,847)
Customer deposits received (refunded)	350	(590)
Net cash provided by operating activities	307,385	507,578
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(356,315)	(297,531)
Proceeds of long-term debt (noncapital)	718,813	323,760
Environmental remediation	(595,790)	(415,604)
Interest and fiscal charges paid	(26,476)	(7,520)
Net cash used by noncapital financing activities	(259,768)	(396,895)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	-	(39,270)
Proceeds from sale of property and equipment	945	-
Capital lease principal payments	(46,882)	(68,365)
Interest and fiscal charges paid	(1,680)	(3,048)
Net cash used by capital and related financing activities	(47,617)	(110,683)
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	$ 211,716	$ 424,985
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	38,318	11,297
Depreciation	102,921	102,921
Decrease (increase) in operating assets:		
Accounts receivable	(79,436)	(31,554)
Increase (decrease) in operating liabilities:		
Accounts payable	30,765	-
Accrued salaries	3,386	(3)
Accrued leave benefits	(635)	522
Deposits for services	350	(590)
Total adjustments	95,669	82,593
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 307,385	$ 507,578

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 11, 2015.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Findings 2014-2 and 2014-3 to be material weaknesses.

A *significant deficiency* is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Finding 2014-4 to be a significant deficiency.

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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 item 2014-1.

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 the scope of our testing of internal control and compliance and 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 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
June 11, 2015

CITY OF WAYNESBORO, GEORGIA
Schedule of Findings and Questioned Costs
December 31, 2014

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements noted?	Yes

Finding 2014 - 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, 2014, various departments and funds of the City expended amounts which exceeded appropriations.
Context:	While a budget amendment was adopted, it appears that the amendment did not contemplate all expenditures for the individual departments, with several departments exceeding 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 and amended budget approved by City Council did not adequately project final expenditures for the City.
Recommendation:	We recommend that the City consider adopting a budget amendment in future years to reflect amounts exceeding appropriations which have been approved by Council. In addition, we recommend that the City utilize the feature of its purchasing system that does not allow a department to overspend its budget without management approval in order to control expenditure of funds.
Comments:	Management agrees with the finding. The budget amendment was presented to Council and approved but a formula error in the budget spreadsheet caused an error in the amount approved for the several departments. All formulas have been checked and corrected for future budget amendments.

Findings and Questioned Costs (continued)

Finding 2014 - 2

Criteria:	A strong system of internal controls provides segregation of duties between the purchasing function and the disbursement of funds.
Condition:	During our review of accounts payable, we noted that the Accounts Payable clerk issued and approved purchase orders as well as prepared checks to disburse funds.
Context:	During 2014, purchase orders totaling $110,531 were both issued and approved by the Accounts Payable Clerk, which included $12,888 in which the requesting party was also the Accounts Payable clerk or was blank. The purchase orders also included one item totaling $480 for which no invoice could be located.
Cause:	It appears that approximately $25,000 of those purchase orders were issued for the public works department during the time an employee in that department was on maternity leave. Purchase orders issued by the Accounts Payable clerk also included $50,000 for a fire department vehicle. Further, it appears that the Accounts Payable clerk issues purchase orders for departments which do not have computer access.
Effect:	The opportunity to prepare and approve purchase orders and to prepare cash disbursements presents an opportunity for one employee to disburse funds for items which may not be legitimate City expenditures or for items which have not been reviewed and approved by any other department or employee.
Recommendation:	We recommend that duties related to purchasing and issuance of purchase orders on a limited basis for emergency purposes, we recommend that controls be implemented that require purchase orders be approved by other personnel.
Comments:	Management concurs with the finding. With the new accounting software that will be implemented in 2015, the City will have different levels of approval and all departments will have a computer and will receive training to do their own purchase orders.

Finding 2014 - 3

Criteria:	An important element of internal control is the prompt and accurate filing of documents that support financial activity.
Condition:	At the time we started our audit, the filing of cash receipts was significantly delinquent.
Context:	While the filing was brought up to date during the course of our audit, cash receipts had not been filed in approximately five months.
Cause:	It appears that this failure to file cash receipts was due to a lack of understanding the importance of this procedure on the part of the cashier who was charged with the responsibility to file the receipts.
Effect:	Failure to file cash receipts in a timely and accurate manner makes it difficult to research issues related to specific receipts or account activity, thereby making it more difficult to timely identify and correct errors in the City's accounting records.
Recommendation:	We recommend that importance of maintaining the filing system in an accurate and timely manner be reviewed with appropriate personnel.
Comments:	Management concurs with the finding. The Accountant/Finance directer will perform quarterly inspections to make sure that the receipts are being correctly recorded and promptly filed.

Findings and Questioned Costs (continued)

Finding 2014 - 4

Criteria:	It is important for a municipality to promptly bring citations to court, so that revenues can be collected and recognized rather than being held as a bond.
Condition:	During our review of citations issued by the police department, it was noted that the dates that citations went to court were growing farther from the date of the citation.
Context:	Municipal court for City of Waynesboro is held monthly. During the year, there 2,248 tickets issued by the police department. At some point during the year, the clerk was instructed to change the court date once her total of citations to be processed in court reached 100.
Cause:	It appears that this policy was implemented in an effort not to have too many people in line on court dates.
Effect:	Because the number of tickets that are being handled in court are substantially less than the number of tickets issued, the amount of time that it takes for a ticket to reach court has doubled. This delay creates a significant delay in collection of fines, and impacts the cash flow of the City.
Recommendation:	We recommend that the City evaluate its schedule of court dates, and increase the number of court dates, or hold multiple sessions of court so that the time it takes for a ticket to go to court is not excessive.
Comments:	Management concurs with the finding. The backlog of municipal court cases has returned to a normal amount. Court staff, along with the Police Chief, have started to monitor the number of backlogged cases and are prepared to schedule additional court dates during the month if necessary.

** Indicates uncorrected prior year finding*

CITY OF WAYNESBORO, GEORGIA
Schedule of State Awards Expended
For the Year Ended December 31, 2014

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	$ 3,779	$ -	$ -	$ 1,200	$ 2,579	$ -
Department of Human Resources							
Family Connection Grant	427-93-131300029-99	-	45,000	-	45,000	-	-
Total		$ 3,779	$ 45,000	$ Nil	$ 46,200	$ 2,579	$ Nil

CITY OF WAYNESBORO, GEORGIA

Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2014

Project	Original Estimated Cost	Estimated Cost	Prior Years	Current Year	Total
SPLOST I					
Water and sewer improvements					
Construction	$ 2,948,875	$ 744,866	$ 744,866	$ -	$ 744,866
Related debt service	364,104	2,199,896	1,833,029	168,049	2,001,078
Total	$ 3,312,979	$ 2,944,762	$ 2,577,895	$ 168,049	$ 2,745,944
SPLOST II					
Building renovation and construction	$ 500,000	$ 1,304,420	$ 1,304,420	$ -	$ 1,304,420
Water, sewer and storm drainage improvements	3,801,605	6,912,387	5,800,099	924,659	6,724,758
Total	$ 4,301,605	$ 8,216,807	$ 7,104,519	$ 924,659	$ 8,029,178
SPLOST III					
Building renovation and construction	$ 1,310,200	$ 1,177,009	$ 76,228	$ 125,694	$ 201,922
Patrol vehicles and utility equipment	327,550	294,252	55,425	21,258	76,683
Roads, streets, sidewalks and drainage improvements	2,384,564	2,142,156	25,619	64,561	90,180
Water and sewer improvements	2,620,400	2,354,019	581,681	227,911	809,592
Total	$ 6,642,714	$ 5,967,436	$ 738,953	$ 439,424	$ 1,178,377