CITY OF WAYCROSS, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Commission
City of Waycross, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Waycross, Georgia, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Waycross, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Waycross, Georgia, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 55 through 56 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 responses 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.

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To the Honorable Mayor and Members of the City Commision
City of Waycross, Georgia

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 on our consideration of City of Waycross, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waycross, Georgia's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, internal service funds, fiduciary funds, the Schedules of Projects Constructed with Special Sales Tax Proceeds and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements, internal service funds, fiduciary funds, and the Schedules of Projects Constructed with Special Sales Tax Proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Henderson & Godbee, LLP

Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

December 21, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Our discussion and analysis of the City of Waycross' financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the City's financial statements, which begin on page 12.

Financial Highlights

The City continues to operate in a manner that cash balances are adequate to finance day-to-day operations without short term borrowings such as tax anticipation notes. However, long term financing is used for equipment and other major projects.

The largest source of funds for the general fund is local option sales taxes and property taxes accounting for over 54% of the budget. During 2011, sales taxes were projected to remain relatively unchanged from the prior year. During 2012, sales taxes had begun to increase. Collections increased seven percent over fiscal year 2011.

The impact of the economy on property taxes has not increased from real or inflationary growth resulting in little or no increase in property taxes. With the decline in local option sales taxes, it was necessary to raise the millage rate from 9.998 to 10.998 mills in fiscal 2010. The City did benefit in fiscal year 2011 from the settlement of disputed taxes for a utility. Major utility valuations are handled by the state and these values were disputed for the tax years 2002 through 2010. During fiscal year 2011 taxes and interest in excess of $450,000 were collected in settlement of this issue. In fiscal 2010, the fund balance declined by $207,057 in the fund balance financial statements. In fiscal year 2011 this trend reversed and the fund balance increased $206,168 resulting in a fund balance of $606,091. In fiscal year 2012, the fund balance has declined by $307,308. A 17% decrease in the insurance premium taxes played a major factor in the reduction of the Fund Balance. The other revenues collected were 5% lower than projected and the expenditures were 2% more than the revenue collected. As economic conditions improve, this balance will be increased to serve as a cushion during periods of economic volatility.

The City has a long range plan to identify and quantify the infrastructure needs of our community. The 2008 SPLOST has begun to address those needs as it relates to public buildings, streets and major equipment. Since inception, $7,074,292 was collected and $665,211 was spent to replace the fire ladder truck, $1,752,107 on street improvements, $55,601 on technology improvements, $942,696 on building improvements, and $165,079 on water and sewer rehabilitation and expansion. The renovation of the City Auditorium is underway and as of June 30, 2012, $209,443 had been expensed for architect services and for replacing the existing roof.

In the public utilities business-type activities (water and sewer services), revenues exceeded expenses by $460,670. Significant infrastructure replacements to the sewer collection system are necessary to efficiently provide this service. In fiscal year 2012, the new rate structure was

implemented. The rates were based on a rate study that insures the rates are adequate to fund necessary improvements. Continued infrastructure replacements are included in our long range plans and will be funded by current operations and implementation in fiscal year 2013.

The waste management business-type activity generated expenses more than revenue of $40,045. Due to the closing of the county's landfill, the city had to start outsourcing the grinding of yard debris. The grinding services were unexpected in fiscal year 2012. Steps have been taken for fiscal year 2013 to budget for this service. Also the outsourcing of the garbage collection contract has been renegotiated at a lower price and additional services will be offered, such as brown/white goods pickup for our customers at no additional charge.

How These Statements Were Prepared

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary financial information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements beginning on page 12 are designed to provide readers with a broad, long-term view of the City's finances, in a manner similar to private sector business. They include all assets and liabilities using the accrual basis of accounting. All of the current revenue and expenses are taken into account regardless of when the cash is received or paid.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. It serves as one measure of the City's financial health or financial position. Over time, increases or decreases in net assets may serve as a useful indicator whether the financial health of the City is improving or deteriorating. Other nonfinancial factors also impact the health of the City, such as changes in the property tax base and the condition of the City's roads.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or significant portions of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration (mayor and council, city manager, finance, purchasing, human resources and engineering), public safety (police and fire), public works, cemetery and community development (grants, codes, planning, zoning, and inspections). The business-type activities of the City include water and sewer services and waste management which includes yard trash and garbage pick-up.

Fund Financial Statements

The fund financial statements beginning on page 14 provide detailed information about the most significant funds –not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Some funds are required to be established by State law and bond covenants. The City has established other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money. The City's two kinds of funds – governmental and proprietary –use different accounting approaches and are described further below.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental funds balance sheets and the governmental funds statements of revenues, expenditures and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 18 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the SPLOST Funds and the Capital Reserve Fund which are considered to be major funds. Data for the other 14 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 14 - 17.

Proprietary Funds – The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, and sanitation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal funds to account for its fleet services, risk management, data processing, building maintenance, and

employee benefit programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Public Utilities and Waste Management Funds since both are considered to be major funds of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 18 - 21 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 54.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information can be found on pages 55 - 59 of this report.

The combined statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the required supplementary information. Combined and individual statements and schedules can be found on pages 60 – 63 and 78 - 84 of this report.

The City as Trustee

The City is the trustee, or fiduciary of certain assets. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 22. We excluded these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for the intended purpose.

Governmental-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the government's financial position. In the case of the City of Waycross, assets exceeded liabilities by $48,221,177 as of June 30, 2012. The tables below should be read in conjunction with the financial statements on pages 12 - 13.

	Statement of Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other asse	$ 6,969,252	$ 6,436,655	$ 2,352,285	$ 2,213,504	$ 9,321,537	$ 8,650,159
Capital Assets	18,660,543	19,180,905	32,056,387	32,394,029	50,716,930	51,574,934
Total Assets	25,629,795	25,617,560	34,408,672	34,607,533	60,038,467	60,225,093
Long-term debt outstar	$ 2,132,371	$ 1,487,214	$ 9,182,068	$ 9,896,899	$ 11,314,439	$ 11,384,113
Other liabilities	501,280	569,105	1,571	224,737	502,851	793,842
Total liabilities	2,633,651	2,056,319	9,183,639	10,121,636	11,817,290	12,177,955
Net Assets:						
Invested in capital assets,						
Net of debt	$ 17,222,123	$ 17,693,691	$ 23,098,245	$ 22,503,486	$ 40,320,368	$ 40,197,177
Restricted	4,626,313	3,705,300	-	169	$ 4,626,313	$ 3,705,469
Unrestricted	1,147,708	2,162,250	2,126,788	1,982,242	$ 3,274,496	$ 4,144,492
Total net assets	$ 22,996,144	$ 23,561,241	$ 25,225,033	$ 24,485,897	$ 48,221,177	$ 48,047,138

The largest portion of the City's net assets (82%) reflects its investment in capital assets (e.g. land, building, equipment, improvements, construction in progress, and infrastructure), less any debt issued to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net assets of the City's governmental activities decreased by $491,300. A portion of the City's net assets, $4,626,313, represents resources that are subject to external restriction on how they may be used. The unrestricted portion of net assets, $1,147,708, may be used to meet the government's ongoing obligation to citizens and creditors.

The net assets of our business-type activities increased by a difference of $420,626. The City can only use these net assets to finance the continuing operations of the public utilities (water and sewer) and waste management (garbage and yard trash pickup/disposal).

Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program Revenues						
Charges for Services	$ 1,503,543	$ 1,401,422	$ 6,157,780	$ 7,317,266	$ 7,661,323	$ 8,718,688
Operating Grants	216,661	102,748	-	-	216,661	102,748
Capital Grants	2,398,660	1,823,000	9,968	-	2,408,628	1,823,000
General Revenues						
Property Taxes	3,057,655	3,316,223	-	-	3,057,655	3,316,223
Sales Taxes	3,440,522	2,995,073	-	-	3,440,522	2,995,073
Franchise Fee	1,327,145	1,286,507	-	-	1,327,145	1,286,507
Other Taxes	1,285,957	1,727,118	-	-	1,285,957	1,727,118
Investment Earnings	3,650	192,402	-	4,241	3,650	196,643
Other	18,629	371,827	-	-	18,629	371,827
Total Revenues	13,252,422	13,216,320	6,167,748	7,321,507	19,420,170	20,537,827
Program Expenses						
General Government	1,109,475	1,142,699	-	-	1,109,475	1,142,699
Public Safety	7,951,362	7,846,439	-	-	7,951,362	7,846,439
Public Works	3,884,626	3,175,001	-	-	3,884,626	3,175,001
Community Improvement	773,908	649,136	-	-	773,908	649,136
Interest	24,351	16,213	-	-	24,351	16,213
Public Utilities	-	-	4,519,197	5,416,104	4,519,197	5,416,104
Waste Management	-	-	1,229,928	1,390,639	1,229,928	1,390,639
Total Expenses	13,743,722	12,829,488	5,749,125	6,806,743	19,492,847	19,636,231
Excess before transfers	(491,300)	386,832	418,623	514,764	(72,677)	901,596
Transfers	-	60	2,003	(60)	2,003	-
Increase in net assets	$ (491,300)	$ 386,892	$ 420,626	$ 514,704	$ (70,674)	$ 901,596

The City's total combined activities revenue decreased by $1,117,657 (5 percent) and the total combined expenses decreased by $143,384 (1 percent).

The analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The format of the Statement of Activities is significantly different than a typical statement of Revenues, Expenses and Changes in Fund Balance. Expenses are listed in the first column with the related revenues reported to the right. The result is a net (expense) revenue. This format highlights the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General Government building permits, occupational licenses, inspection fees public safety fines and forfeitures, grants, Public Works capital grants for infrastructure improvements, Cemetery Lot sales and interment fees.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

	Governmental Activities		Net Cost of Services	
	2012	2011	2012	2011
General Government	$ 1,109,475	$ 1,002,592	$ 101,733	$ 226,584
Public Safety	7,951,362	7,846,439	6,601,635	6,654,299
Public Works	3,884,626	3,175,001	2,640,595	2,134,021
All Others	798,259	805,456	280,895	487,414
Totals	13,743,722	12,829,488	9,624,858	9,502,318

The net expense of operating Governmental Activities increased from $9,502,318 to $9,624,858 or 1 percent. General revenues decreased 8 percent or $755,592 from $9,889,150 in 2011 to $9,133,588 in 2012. The decrease resulted from the collection of previously disputed utility taxes received in fiscal year 2011.

Business-Type Activities

The City's two business-type activities continue to be operated in a manner to cover all operating costs. Rates charged for these services remained the same. The Public Utilities Fund-Water and Sewer has begun a long range plan to perform critical infrastructure replacements to ensure the City is able to continue to provide quality services. A rate study has been completed and was implemented in fiscal year 2012 to adjust rates to adequately fund these improvements.

The City's Funds

As the City completed the year, its governmental funds (as presented on page 14) reported a combined fund balance of $4,903,930. Included in this total fund balance is the fund balance of the General Fund of $298,783 which compares to a prior balance of $606,091 in 2011. This fund balance will assist the City in weathering the current economic slowdown and unanticipated events; however, the balance has been substantially reduced during the economic down turn. As the economy improves, this balance will be increased to provide a cushion for the current economic volatility. Should conditions not improve, services may be curtailed or taxes and fees increased.

General Fund Budgetary Highlights

Actual revenues for 2012 did not meet the budgeted amount by $432,128 or 4 percent and expenses did not exceed the budget by $165,756 or 1 percent. The revenues for taxes were 3% lower than budgeted. Even with the increase of 7% from sales tax, other tax revenues were lower than the City had anticipated. For example the insurance premium tax was $138,303 lower than 2011 collections. All operating expenditures were within budget. A more detailed comparison is on page 56.

Capital Assets

At June 30, 2012, the City had $51 million invested in a broad range of capital assets, including police and fire equipment, buildings, water and sewer lines, and a treatment plant. This amount represents a net decrease (additions and deductions) of $874,096 over the last year. The table below provides further analysis of these capital assets.

Capital Assets at Year End

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 4,876,148	$ 4,876,148	$ 235,859	$ 235,859	$ 5,112,007	$ 5,112,007
Construction in Progress	221,442	920,308	30,121	472,075	251,563	1,392,383
Buildings/Improvements	8,584,155	7,653,805	9,785,589	9,785,589	18,369,744	17,439,394
Equipment and Vehicles	7,313,395	6,856,823	5,568,287	5,558,761	12,881,682	12,415,584
Infrastructure	33,376,499	32,729,803	49,548,931	48,523,018	82,925,430	81,252,821
Accumulated Depreciation	(35,711,096)	(33,982,949)	(33,112,400)	(32,038,214)	(68,823,496)	(66,021,163)
Totals	$ 18,660,543	$ 19,053,938	$ 32,056,387	$ 32,537,088	$ 50,716,930	$ 51,591,026

Additional information on the City of Waycross' capital assets can be found in footnote 7 on pages 35 and 36 of this report.

Debt Administration

At year end, the City had $10,405,639 in bonds, notes, and capital leases outstanding versus $11,078,830 last year a decrease of 6 percent as shown in the following table:

Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Capital Leases	$ 705,920	$ 419,436	$ 147,021	$ 215,242	$ 852,941	$ 634,678
Notes	732,500	762,500	8,820,198	9,681,652	9,552,698	10,444,152
Total Assets	$ 1,438,420	$ 1,181,936	$ 8,967,219	$ 9,896,894	$ 10,405,639	$ 11,078,830

During the fiscal year ended June 30, 2012 and 2011, the financial condition of the City did not require short-term borrowings to finance governmental operations until property taxes were collected.

Additional information on the City of Waycross' long-term debt can be found in footnote 8 on pages 37 through 41 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal-year 2013 budget. In prior years increased operating costs have been funded from increases in the tax digest, primarily in commercial retail property, and increased sales taxes. The economic downturn has adversely impacted these increases. During fiscal year 2012 the local option sales tax revenues increased by 7 percent or $226,222. In fiscal 2010, the local option sales tax collection was at its lowest peak. The millage rate was increased from 9.998 to 10.998 to maintain the same level of service in 2010. Currently the city and county are negotiating on the local option sales tax split. Depending on the outcome, all upcoming budget years will have to be adjusted. As it stands now, the county is requesting an increase in funding. Currently the county receives 52% and the city's portion is 48%, if the city's sales tax revenue decreases, either tax rates and /or fees will need to be increased to keep the same level of service currently being given to our citizens.

The City continues to search for ways to deliver cost effective services to the citizens of Waycross. Over the past several years, garbage services and the operations of the water and wastewater treatment plant has been outsourced. All division directors have been diligently looking for ways to keep operational cost down within their departments. Although some factors such as gas, diesel, and electricity rates are something the city has no control over, each department has stayed within their allotted budgets.

Contacting the City's Financial Management

The financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager's office at the City of Waycross, 417 Pendleton Street, Waycross, Georgia 31501.

BASIC FINANCIAL STATEMENTS

CITY OF WAYCROSS, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
Assets			
Cash and Equivalents	$ 6,835,694	$ 837,050	$ 7,672,744
Receivables	340,542	727,453	1,067,995
Prepaids	40,303	-	40,303
Internal Balances	(728,000)	728,000	-
Due from Other Governments	440,376	-	440,376
Inventories	40,337	57,663	98,000
Other assets	-	2,119	2,119
Capital Assets			
Non-depreciable	5,097,590	265,980	5,363,570
Depreciable (net)	13,562,953	31,790,407	45,353,360
Total Assets	$ 25,629,795	$ 34,408,672	$ 60,038,467
Liabilities			
Accounts payable and accrued expenses	$ 501,280	$ 1,571	$ 502,851
Deposits	-	214,849	214,849
Long-term liabilities			
Due within one year			
Loans payable	30,000	828,488	858,488
Capital lease obligations	258,212	70,614	328,826
Due in more than one year			
Loans payable	702,500	7,982,633	8,685,133
Capital lease obligations	447,708	76,407	524,115
Compensated absences	360,951	9,077	370,028
Other post employment benefits	333,000	-	333,000
Total liabilities	2,633,651	9,183,639	11,817,290
Net Assets			
Invested in capital assets, net of related debt	17,222,123	23,098,245	40,320,368
Restricted for:			
Capital projects	4,154,058	-	4,154,058
Community development projects	427,066	-	427,066
Other projects	45,189	-	45,189
Unrestricted	1,147,708	2,126,788	3,274,496
Total net assets	$ 22,996,144	$ 25,225,033	$ 48,221,177

The accompanying notes are an integral part of these statements.

CITY OF WAYCROSS, GEORGIA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

		Program Revenue			Net (Expense) Revenue and Changes in Net Assets Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government							
Governmental Activities							
General Government	$ 1,109,475	$ 834,151	$ 173,591	$ -	$ (101,733)	$ -	$ (101,733)
Public Safety	7,951,362	543,849	22,966	782,912	(6,601,635)	-	(6,601,635)
Streets and Sanitation	3,884,626	439	-	1,243,592	(2,640,595)	-	(2,640,595)
Community Development	773,908	125,104	20,104	372,156	(256,544)	-	(256,544)
Interest on Long-term debt	24,351	-	-	-	(24,351)	-	(24,351)
Total governmental activities	13,743,722	1,503,543	216,661	2,398,660	(9,624,858)	-	(9,624,858)
Business-type activities:							
Public Utilities	4,519,197	4,967,897	-	9,968	-	458,668	458,668
Waste Management	1,229,928	1,189,883	-	-	-	(40,045)	(40,045)
Total business-type activities	5,749,125	6,157,780	-	9,968	-	418,623	418,623
Total primary government	$ 19,492,847	$ 7,661,323	$ 216,661	$ 2,408,628	$ (9,624,858)	$ 418,623	$ (9,206,235)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					$ 3,057,655	$ -	$ 3,057,655
Sales Taxes					3,440,522	-	3,440,522
Franchise Fee					1,327,145	-	1,327,145
Other Taxes					1,285,957	-	1,285,957
Unrestricted investment earnings					3,650	2,003	5,653
Miscellaneous					18,629	-	18,629
Total general revenues, special items, and transfers					9,133,558	2,003	9,135,561
Change in net assets					(491,300)	420,626	(70,674)
Net assets - beginning					23,561,241	24,485,897	48,047,138
Prior period adjustments					(73,797)	318,510	244,713
Net assets - ending					$ 22,996,144	$ 25,225,033	$ 48,221,177

The accompanying notes are an integral part of these statements.

CITY OF WAYCROSS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	GENERAL FUND	SPLOST	SPLOST 2008-2013	CAPITAL RESERVE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets						
Cash and cash equivalents	$ 392,866	$ 693,460	$ 3,300,865	$ 146,041	$ 448,713	$ 4,981,945
Receivables (net)						
Taxes	293,765	-	-	-	-	293,765
Accounts	2,559	-	-	-	-	2,559
Due from other funds	1,889	-	-	193,592	-	195,481
Receivable from other governments	280,643	-	159,733	-	-	440,376
Inventories	17,052	-	-	-		17,052
Other receivables	-	-	-	-	40,049	40,049
Total assets	988,774	693,460	3,460,598	339,633	488,762	5,971,227
Liabilities and Fund Balance (Deficit)						
Liabilities:						
Checks issued in excess of bank balance	-	-	-	-	151	151
Accounts payable	-	-	-	-	266	266
Due to other funds	393,592	-	-	375,000	1,889	770,481
Deferred revenue	236,043	-	-	-	-	236,043
Other accrued expenses	60,356	-	-	-	-	60,356
Total liabilities	689,991	-	-	375,000	2,306	1,067,297
Fund balances (Deficit):						
Nonspendable	17,052	-	-	-	-	17,052
Restricted	-	693,460	3,460,598	-	182,143	4,336,201
Committed	-	-	-	-	290,112	290,112
Assigned	-	-	-	-	14,352	14,352
Unassigned	281,731	-	-	(35,367)	(151)	246,213
Total fund balances (deficit)	298,783	693,460	3,460,598	(35,367)	486,456	4,903,930
Total liabilities and fund balances (deficit)	$ 988,774	$ 693,460	$ 3,460,598	$ 339,633	$ 488,762	$ 5,971,227

The accompanying notes are an integral part of these statements.

CITY OF WAYCROSS, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

Total fund balance, governmental funds		$ 4,903,930
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities in the government-wide statement of net assets.		18,660,543
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the government-wide statement of net assets.		
Loans payable		(732,500)
Capital lease obligations		(705,920)
Compensated absences		(360,951)
Net other post employment benefits (OPEB)		(333,000)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the government-wide statement of net assets.		
Net assets of internal service funds	1,349,430	
Less capital assets included above	(49,910)	
Add compensated absences included above	28,479	
		1,327,999
Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements		236,043
Net Assets of Governmental Activities in the Statement of Net Assets		$ 22,996,144

The accompanying notes are an integral part of these statements.

CITY OF WAYCROSS, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL FUND	SPLOST	SPLOST 2008-2013	CAPITAL RESERVE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues						
Taxes	$ 9,051,398	$ -	$ 2,103,891	$ -	$ 283,118	$ 11,438,407
Fines and forfeitures	533,204	-	-	-	-	533,204
Licenses and permits	770,406	-	-	-	-	770,406
Intergovernmental	124,052	-	-	-	317,220	441,272
Charges for services	19,071	-	-	-	35,491	54,562
Interest income	1,493	515	2,015	-	126	4,149
Miscellaneous	60,829	-	-	-	144,767	205,596
Total revenues	10,560,453	515	2,105,906	-	780,722	13,447,596
Expenditures						
Current:						
General government	1,033,170	-	-	-	415,563	1,448,733
Public Safety	7,354,907	-	-	-	83,129	7,438,036
Public Works	1,935,956	-	-	-	-	1,935,956
Community development	436,918	-	-	-	247,960	684,878
Debt Service:						
Principal retirement	249,996	-	-	-	-	249,996
Interest and other charges	27,194	-	-	-	-	27,194
Capital Outlay	-	314	1,034,583	-	-	1,034,897
Total Expenditures	11,038,141	314	1,034,583	-	746,652	12,819,690
Excess (Deficiency) Of Revenues Over Expenditures	(477,688)	201	1,071,323	-	34,070	627,906
Other Financing Sources (Uses)						
Transfers in	170,380	-	-	-	-	170,380
Transfers out	-	-	-	-	(170,380)	(170,380)
Total Other Financing Sources (Uses)	170,380	-	-	-	(170,380)	-
Net Change in Fund Balances	(307,308)	201	1,071,323	-	(136,310)	627,906
Fund Balances (Deficit) - Beginning of Year	479,296	693,259	2,389,275	(35,367)	622,766	4,149,229
Prior period adjustments	126,795	-	-	-	-	126,795
Fund Balances (Deficit)- Ending of Year	$ 298,783	$ 693,460	$ 3,460,598	$ (35,367)	$ 486,456	$ 4,903,930

The accompaying notes are an integral part of these statements.

CITY OF WAYCROSS, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE GOVERNEMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds:		$ 627,906
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays of $1,477,828 were exceeded by depreciation of $1,728,148 in the current period.		(250,320)
Revenues reported on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Deferred Revenues		34,024
Revenues not reported on the statement of activities that provide current financial resources are reported as revenues in governmental funds:		
Proceeds from capital leases		(506,480)
Repayment of principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities.		
Capital lease principle payments		219,486
Notes payable principle payments		30,000
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Changes in other post employment benefits (OPEB)		(74,000)
Changes in long-term compensated absences		(27,020)
Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(564,053)	
Less change in capital assets included above	19,350	
Add change in compensated absences included above	(193)	
		(544,896)
Change in net assets of governmental activities		$ (491,300)

The accompanying notes are an integral part of these statements.

CITY OF WAYCROSS, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	ENTERPRISE FUNDS			
	PUBLIC UTILITIES	WASTE MANAGEMENT	TOTALS	INTERNAL SERVICE FUNDS
ASSETS				
Current Assets				
Cash and cash equivalents	$ 643,279	$ 193,602	$ 836,881	$ 2,082,839
Accounts receivable, net	567,689	159,764	727,453	4,168
Due from other funds	728,000	-	728,000	719,841
Inventories	57,663	-	57,663	23,285
Prepaid expenses	-	-	-	40,302
Total Current Assets	1,996,631	353,366	2,349,997	2,870,435
Non-Current Assets				
Restricted Assets and Other Debits:				
Restricted cash & cash equivalents	169	-	169	-
Total Restricted Assets	169	-	169	-
Capital Assets				
Land	225,507	10,352	235,859	-
Buildings	9,785,589	-	9,785,589	138,321
Infrastructure	49,548,931	-	49,548,931	70,663
Auto and trucks	500,072	663,643	1,163,715	-
Equipment and furniture	3,966,118	438,454	4,404,572	303,371
Construction in progress	30,121	-	30,121	-
Total capital assets	64,056,338	1,112,449	65,168,787	512,355
Less Accumulated depreciation	(32,112,000)	(1,000,399)	(33,112,399)	(462,445)
Net Capital Assets	31,944,338	112,050	32,056,388	49,910
Other Non-Current Assets				
Unamortized bond costs, net	2,119	-	2,119	-
Total Non-Current Assets	31,946,626	112,050	32,058,676	49,910
Total Assets	$ 33,943,257	$ 465,416	$ 34,408,673	$ 2,920,345

The accompanying notes are an integral part of these statements.

CITY OF WAYCROSS, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	ENTERPRISE FUNDS			
	PUBLIC UTILITIES	WASTE MANAGEMENT	TOTALS	INTERNAL SERVICE FUNDS
LIABILITIES				
Current Liabilities				
Checks issued in excess of bank balance	$ -	$ -	$ -	$ 447,395
Accounts payable	53	-	53	218,028
Salaries payable	-	1,520	1,520	4,171
Due to other funds	-	-	-	872,842
Compensated absences	-	9,077	9,077	28,479
Customer deposits	212,699	2,150	214,849	-
Capital lease obligations - current portion	33,376	37,238	70,614	-
Loans payable - current portion	828,488	-	828,488	-
Total Current Liabilities	1,074,616	49,985	1,124,601	1,570,915
Non-Current Liabilites (payable from unrestricted assets)				
Capital lease obligations (net of current portion)	58,091	18,316	76,407	-
Loans payable (net of current portion)	7,982,633	-	7,982,633	-
Total Non-Current Liabilites (payable from unrestricted assets)	8,040,724	18,316	8,059,040	-
Total Liabilites	9,115,340	68,301	9,183,641	1,570,915
NET ASSETS				
Invested in capital assets, net of related debt	23,041,750	74,812	23,116,562	49,910
Unrestricted	1,785,998	322,303	2,108,301	1,299,520
Total Net Assets	$ 24,827,917	$ 397,115	$ 25,225,032	$ 1,349,430

The accompanying notes are an integral part of these statements.

CITY OF WAYCROSS, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	ENTERPRISE FUNDS			
	PUBLIC UTILITIES	WASTE MANAGEMENT	TOTALS	INTERNAL SERVICE FUNDS
Revenues				
Charges for services	$ 4,967,897	$ 1,189,883	$ 6,157,780	$ 422,202
Operating contributions	-	-	-	3,744,828
Total operating revenues	4,967,897	1,189,883	6,157,780	4,167,030
Operating Expenses				
Personal services	-	262,629	262,629	613,162
Contractual services	2,440,566	769,625	3,210,191	55,495
Repairs and maintenance	222,966	131,335	354,301	101,458
Other supplies and expenses	593,092	1,305	594,397	13,633
Retirement payments	-	-	-	1,118,533
Insurance claims and expenses	-	8,382	8,382	2,809,610
Depreciation and amortization	1,024,617	53,807	1,078,424	19,350
Total Operating Expenses	4,281,241	1,227,083	5,508,324	4,731,241
Operating Income (Loss)	686,656	(37,200)	649,456	(564,211)
Non-Operating Revenues (Expenses)				
Interest and investment revenue	2,003	-	2,003	16
Interest expense	(237,957)	(2,845)	(240,802)	-
Total Non-Operating Revenues (Expenses)	(235,954)	(2,845)	(238,799)	158
Income (Loss) Before Contributions And Transfers	450,702	(40,045)	410,657	(564,053)
Capital grants and contributions	9,968	-	9,968	-
Transfers out	-	-	-	-
Total Other Financing Sources	9,968	-	9,968	-
Change in net assets	460,670	(40,045)	420,625	(564,053)
Total net assets - beginning	24,080,236	405,661	24,485,897	1,913,483
Prior period adjustments	287,011	31,499	318,510	-
Total net assets - ending	$ 24,827,917	$ 397,115	$ 25,225,032	$ 1,349,430

The accompanying notes are an integral part of these statements.

CITY OF WAYCROSS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			
	PUBLIC UTILITIES	WASTE MANAGEMENT	TOTAL	INTERNAL SERVICE FUNDS
Cash Flows From Operating Activities				
Cash received from customers:	$ 5,031,275	$ 1,183,160	6,214,435	$ 4,357,650
Cash paid to suppliers	(3,244,891)	(1,001,329)	(4,246,220)	(3,650,893)
Cash paid to employees	-	(263,547)	(263,547)	(612,114)
Net Cash Provided By (Used In)Operating Activities	1,786,384	(81,716)	1,704,668	94,643
Cash Flows From Capital And Related Financing Activities				
Principal paid on loans payable	(902,842)	(35,913)	(938,755)	(510)
Acquisition and construction of capital assets	(574,031)	(9,485)	(583,516)	-
Interest paid	(237,957)	(2,845)	(240,802)	-
Net Cash (Used In) Capital And Related Activities	(1,714,830)	(48,243)	(1,763,073)	(510)
Cash Flows From Investing Activities				
Interest on cash deposits	2,003	-	2,003	16
Net Cash Provided By Investing Activities	2,003	-	2,003	158
Net Increase (Decrease) In Cash	73,557	(129,959)	(56,402)	94,291
Cash Beginning of Year	569,722	323,561	893,283	1,988,548
Cash at End of Year	$ 643,279	$ 193,602	$ 836,881	$ 2,082,839

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income (Loss)	$ 1,640,175	$ 185,018	$ 1,825,193	$ (564,211)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities:				
Depreciation and amortization	1,024,617	53,807	1,078,424	19,350
Change in Assets and Liabilities:				
Accounts receivable	62,011	(6,722)	55,289	96,032
Due from other funds	(305,331)	4,371	(300,960)	94,148
Inventories	1,367	-	1,367	433
Prepaid expenses	-	-	-	(2,996)
Accounts payable	49	-	49	450,839
Accrued expenses	-	(918)	(918)	1,048
Customer deposits	2,027	(400)	1,627	-
Due to other funds	314,988	(94,654)	220,334	-
Net Cash Provided By Operating Activities	$ 2,739,903	$ 140,502	$ 2,880,405	$ 94,643
Cash Per Financial Statements, Including Investments	$ 643,448	$ 193,602	$ 837,050	$ 2,082,839
Less: Non-Cash Equivalents	169	-	169	-
Total Cash	$ 643,279	$ 193,602	$ 836,881	$ 2,082,839

The accompanying notes are an integral part of these statements.

CITY OF WAYCROSS, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2012

	TOTAL AGENCY FUNDS
ASSETS	
Cash and cash equivalents	$ 218,457
Total assets	218,457
LIABILITIES	
Refundable court bonds	155,542
Seized funds held	62,915
Total liabilities	$ 218,457

The accompanying notes are an integral part of these statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Waycross, Georgia operates under the leadership of the Mayor, City Manager and City Council consisting of four members and provides or assists in providing the following services: public safety (police department), highways and streets, public improvements, recreation, and general administrative and other services. In addition, the City operates enterprise funds (water and sewer and waste management) for incorporated and immediate surrounding areas.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or 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 this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. Reporting Entity

Standards published by the Governmental Accounting Standards Board (GASB) define the financial reporting entity as (a) the primary government, (b)organizations for which the primary government is financially responsible, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no organizations identified as component units of the City, as defined by GASB Statement No. 14, "The Financial Reporting Entity".

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and proprietary.

Governmental Funds

Governmental funds are those through which most governmental functions of the City 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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - The General Fund is used to account for all revenues and expenditures applicable to the general operations of City government which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the general fund.

SPLOST Fund - The fund is used to account for the special one cent sales tax revenues (approved by Ware County voters) that are specifically restricted to street improvements within the city limits.

SPLOST Fund 2008-2013 - The fund is used to account for the special one cent sales tax revenues (approved by Ware County voters) that are specifically restricted to various capital improvements within the city limits.

Capital Reserve Fund - The fund is used to account for capital improvements (except for those financed through Proprietary Funds) which are financed from certain Federal Grants and other City Funds.

The other governmental funds of the City account for grants and other resources whose use is restricted for a particular purpose; the accumulation of resources for, and the payment of debt; and the acquisition or construction of major capital projects.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The City's enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Public Utilities Fund - The fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Waste Management Fund - The fund is used to account for operations of solid waste collection and disposal services. All costs are financed through charges to sanitation customers.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and service. Operating expenses for enterprise funds and internal service 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 non-operating revenues and expenses.

Internal Service Funds

The City reports Internal Service Funds which are used to account for the fleet management services, building maintenance, data processing services, payroll services, retirement, self-funded property and casualty insurance, self-funded workers compensation insurance, and self-funded health insurance provided to departments of the City.

Fiduciary Funds

Fiduciary Funds are accounted for on the accrual basis. Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes two agency funds. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The Police Condemnation fund is used to account for monies seized that are waiting to be disposed of by the court system. The Municipal Court fund accounts for court bonds held awaiting court dates.

D. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets.

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 statement of revenues, expenditures, and changes in fund balance reflects 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in revenues, expenses, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows reflects how the City finances and meets the cash flow needs of its enterprise activities.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide and enterprise fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; enterprise funds use the accrual basis of accounting. 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 verses expenditures.

F. Revenues – Exchange and Non-exchange Transactions

Revenues 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 recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days after year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes are recognized in the year for which the taxes are levied. Revenues from sales taxes are recognized in the period in which the sales are made. Revenues from grants, entitlements, and donations are recognized in the 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 of 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes, grants, interest, and rent.

G. Deferred Revenue

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements were met have been recorded as deferred revenues.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. Expenses/ Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

I. FASB Statements and Interpretations

For Proprietary activities, all FASB Statements and Interpretations issued after November 30, 1989 have been applied except for those that conflict with or contradict GASB pronouncements.

J. Budgets and Budgetary Accounting

An annual budget is adopted (as required by law) by the City for the general and special revenue funds. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles.

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

1. Prior to June 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted at City Hall to obtain taxpayer comments.

3. The City Council approves, by ordinance, total budget appropriation and departmental budgets. The City Manager is authorized to transfer budget amounts between line items within any department in conjunction with the department head; however, any revisions that alter the total appropriations of any department or fund must be approved by the City Council. Therefore, the level of budgetary responsibility is by department-level appropriations; however, for reporting purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).

4. Unused appropriations for all of the above annually budgeted funds lapse at the end of the fiscal year.

5. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

6. Formal budgetary integration is employed as management control device during the year for the General Fund. The budget for the general fund is prepared on the cash and expenses/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that applicable purchase orders are expected to be issued. The budget for the Enterprise Fund is adopted under a basis consistent with GAAP, except for that

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

depreciation, certain capital expenses, and certain non-operating income and expense items are not considered. Annual appropriated budgets are adopted for the special revenue funds. Annual appropriated budgets are also adopted for the following internal service funds; health insurance, liability insurance, workers compensation insurance, retirement fund, data processing fund, city garage fund and the public building fund.

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations, which were adopted.

OCGA 36-81-3(b) requires an annual balanced budget for the general fund, each special revenue fund and requires a project-length balanced budget for each capital project fund. For the year ended June 30, 2012, an annual budget was adopted for all funds.

The legal level of budgetary control for the City is at the department level.

K. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances outstanding at fiscal year-end lapse and must be re-budgeted.

L. Cash and Cash Equivalents

For the proprietary fund types a statement of cash flows is presented, as is required by GASB Statement 9, instead of a statement of changes in financial position. For this statement, cash equivalents are defined as short-term, highly liquid investments with a maturity of three months or less when purchased, that are readily convertible to known amounts of cash, and so near their maturity that they present insignificant rates of changes in value because of changes in interest rates.

M. Investments

The City is authorized to invest its funds in (1) obligations which constitute direct obligations of, or are unconditionally guaranteed by, the United States of America; (2) certificates of deposit issued by state and national banks located within the state of Georgia when secured by acceptable collateral; (3) obligations of the Federal Land Bank, the Federal Home Loan Bank, Federal Intermediate Credit Bank and Federal Bank for Cooperatives; and (4) bonds or other obligations issued by any public housing agency or municipality which are served by a pledge of annual contributors under contract with the United States Government, or project notes secured by a payment agreement with the United States Government.

All investments are stated at market value.

N. Capital Assets

General capital assets are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

statement of net assets and in the respective funds.

The cost of infrastructure assets, including roads, bridges, curbs and gutters, streets, sidewalks, drainage systems and lighting systems acquired during the current fiscal year is recorded in the government-wide financial statements. The City is not required to and will not record acquisitions prior to June 30, 2003.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions

during the year. Donated fixed assets are recorded at their fair market value on the date donated. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated, except for land and improvements and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Building and Building Improvements	20-40 years
Machinery and Equipment	5-20 years
Infrastructure	15-40 years

O. Inventories

Inventories in the governmental and proprietary funds consist of supplies and are valued at weighted average cost. These inventories are recorded as expenditures as they are consumed.

P. Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Q. Transfers Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

R. Allowance For Doubtful Accounts

The City provides an allowance for the Public Utilities Fund, Waste Management Fund and the Property tax accounts receivable that may be uncollectible. At June 30, 2012, the allowances are $139,183, $46,182 and $29,200, respectively. No other allowances for uncollectible accounts receivable are necessary. All other accounts receivable are considered collectible as reported at June 30, 2012.

S. Bond Discounts/Issuance Costs

Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

T. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to service already rendered and it is probable the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. The noncurrent portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

U. Accrued and Long - Term Liabilities

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable form the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, compensated absences and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Loans and capital leases are recognized as a liability on the fund financial statements when due.

V. Capital Lease Obligations

The capitalized lease obligations are stated at the original fair market value of leased assets capitalized, less payments since the inception of the lease, discounted at the implicit rate of interest in the lease.

W. Fund Equity

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

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 wither through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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 nor committed. Through resolution, the City Council has authorized the City Manager to assign fund balances.

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

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

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

X. Prepaid Expenditures

Payments made to various vendors for items or services for a future period are recorded as prepaid expenditures.

Y. Estimates

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

NOTE 2 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following funds' expenditures/expenses exceeded appropriations:

	Expenditures/ Expenses Actual	Appropriations	Amount Exceeding Appropriations
Fund Level			
SPLOST	$ 314	$ -	$ 314
GEFA Energy Grant	277,497	-	277,497
Community Development	1,362	-	1,362
EIP Revolving Loan	120,590	-	120,590
Fire Department	3,681	-	3,681
FEMA Grants	22,713	-	22,713
Misc Grants	17,476	-	17,476
Forfeited Property	32,844	-	32,844
Jail	786	-	786
Departmental Level			
General Fund			
Public Works	1,935,956	1,773,507	162,449
Community Development	436,918	404,823	32,095

The General fund's excess in public works was the result of unanticipated expenditures. This will be addressed by more careful budgeting in future years.

The following funds had deficits at June 30, 2012:

	Deficit
Capital Reserve Fund	$ 35,367
Trailhead Project Fund	151
Health Insurance Fund	1,399,590
Warehouse Fund	367

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

As of June 30, 2012, the carrying amount of the City's bank deposits was $7,672,744 and the respective bank balances totaled $7,960,507. Of the total bank balance, $416,414 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining $7,544,093 was collateralized with pooled securities held by the financial institutions' trust departments. These securities are held in the name of the financial institution and not that of the city.

NOTE 3 – CASH DEPOSITS AND INVESTMENTS, CONTINUED

As of June 30, 2012, the City's carrying amount of deposits, related bank balances, and other cash, were as follows:

	Carrying Amount	Bank Balance
Demand deposits	$ 7,668,746	$ 7,960,507
Petty Cash	3,998	-
Totals	$ 7,672,744	$ 7,960,507

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The City has a policy to reduce its exposure to this risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2012, $695,476 of the City's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

NOTE 4 – RECEIVABLES AND PAYABLES

Amounts were recorded in the basic financial statements as receivables (amounts due to the City) and payables (amounts due others from the City).

Receivables at June 30, 2012 were as follows:

	Taxes	Accounts Receivable	Other Govts	Other	Total
Governmental Activities:					
General	$ 293,765	$ 2,559	$ 280,643	$ -	$ 576,967
SPLOST	-	-	159,733	-	159,733
Non-major	-	-	-	40,049	40,049
Internal service funds	-	4,169	-	-	4,169
Total Governmental Activities	293,765	6,728	440,376	40,049	780,918
Business-Type Activities:					
Public Utilities	$ -	$ 567,689	$ -	$ -	$ 567,689
Waste Management	-	159,764	-	-	159,764
Total Business-Type Activities	$ -	$ 727,453	$ -	$ -	$ 727,453

NOTE 4 – RECEIVABLES AND PAYABLES, CONTINUED

Payables at June 30, 2012 were as follows:

	Vendors	Salaries/ Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	$ -	$ 60,356	$ -	$ -	$ 60,356
Non-major	266	-	-	151	417
Total Governmental Activities	266	60,356	-	151	60,773
Business-Type Activities:					
Public Utilities	$ 52	-	-	$ 212,699	212,751
Waste Management	-	1,520	-	2,150	3,670
Total Business-Type Activities	$ 52	$ 1,520	$ -	$ 214,849	$ 216,421

NOTE 5 – PROPERTY TAXES

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before December 1. The City's taxes are billed and collected by the Ware County Tax Commissioner. City property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that the taxes are not collectible.

NOTE 6 – HOTEL/MOTEL LODGING TAX

The City is required to disburse funds received from the collection of hotel/motel taxes pursuant to O.C.G.A 48-13-51(a)(3.7). The tax rate is 5% and is levied on a monthly basis. The City received $283,118 from the collection of the hotel/motel tax during the fiscal year ended June 30, 2012. The City disbursed $112,573 to the Chamber of Commerce for the promotion of tourism and $104,149 to Channel 42. The balance of lodging tax funds was transferred to the General Fund.

NOTE 7 – CAPITAL ASSETS

A summary of changes in fixed assets for the year ended June 30, 2012 is as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Primary Government	(restated)			
Governmental Activities:				
Nondepreciable Capital Assets:				
Land	$ 4,876,148	$ -	$ -	$ 4,876,148
Construction in Progress	920,308	1,021,238	1,720,104	221,442
Depreciable Capital Assets:				
Buildings	7,653,805	930,350	-	8,584,155
Machinery and Equipment	2,751,537	86,845	58,174	2,780,208
Vehicles	4,105,286	486,029	58,128	4,533,187
Infrastructure	32,729,803	646,696	-	33,376,499
Total Capital Assets	53,036,887	3,171,158	1,836,406	54,371,639
Less Accumulated Depreciation For:				
Buildings	(3,779,523)	(98,977)	-	(3,878,500)
Machinery and Equipment	(2,084,153)	(174,072)	(16,089)	(2,242,136)
Vehicles	(3,409,230)	(363,218)	(58,128)	(3,714,320)
Infrastructure	(24,710,043)	(1,166,097)	-	(25,876,140)
Governmental Activities Capital Assets, Net	19,053,938	1,368,794	1,762,189	18,660,543
Business-Type Activities:				
Nondepreciable Capital Assets:				
Land and Improvements	$ 235,859	$ -	$ -	$ 235,859
Construction in Progress	472,075	583,957	1,025,911	30,121
Depreciable Capital Assets:				
Buildings	9,785,589	-	-	9,785,589
Machinery and Equipment	4,395,796	8,776	-	4,404,572
Vehicles	1,162,965	750	-	1,163,715
Infrastructure	48,523,018	1,025,913	-	49,548,931
Total Capital Assets	64,575,302	1,619,396	1,025,911	65,168,787
Less Accumulated Depreciation For:				
Buildings	(5,561,793)	(183,674)	-	(5,745,467)
Machinery and Equipment	(4,247,845)	(27,199)	-	(4,275,044)
Vehicles	(982,703)	(91,786)	-	(1,074,489)
Infrastructure	(21,245,872)	(771,528)	-	(22,017,400)
Business-Type Activities Capital Assets, Net	32,537,089	545,209	1,025,911	32,056,387
	$ 51,591,027	$ 1,914,003	$ 2,788,100	$ 50,716,930

NOTE 7 – CAPITAL ASSETS, CONTINUED

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental Activities:	
General Government	$ 41,080
Public Safety	1,285,540
Public Works	470,618
Community Development	5,126
Total Depreciation Expense-Governmental Activities	$ 1,802,364
Business-Type Activities:	
Public Utilities	$ 1,020,380
Waste Management	53,807
Total Depreciation Expense-Business-Type Activities	$ 1,074,187

NOTE 8 – LONG-TERM OBLIGATIONS

Transactions for the year ended June 30, 2012 are summarized as follows:

Change in Oustanding Debt:

	Balance June 30, 2011	Issues or Additions	Payments or Expenditures	Balance June 30, 2012	Amount Due Within One Year
Governmental Type Activities:					
Lease Obligations Payable	$ 418,926	$ 506,480	$ 219,486	$ 705,920	$ 258,212
Lease Obligations Payable	510	-	510	-	-
Notes Payable	762,500	-	30,000	732,500	30,000
Compensated Absences	305,278	55,673	-	360,951	-
Other post employment benefits	259,000	74,000	-	333,000	-
Total Governmental Activities	1,746,214	636,153	249,996	1,799,371	288,212
Business-Type Activities:					
Lease Obligations Payable	91,466	-	35,911	55,555	37,238
Lease Obligations Payable	123,776	-	32,310	91,466	33,376
GEFA-98-L68WJ	1,210,321	-	106,464	1,103,857	110,897
SRF Loan-CW13088301	187,202	-	124,177	63,025	63,024
GEFA Loan-00-L36EJ	5,960,237	-	500,603	5,459,634	510,692
SRF Loan-CWSRF-00-0020	1,699,442	-	87,500	1,611,942	90,155
SRF Loan-CWSRF-00-01	579,075	-	47,656	531,419	49,103
GEFA Loan-CW09071PF60	45,375	-	4,131	41,244	4,617
Compensated Absences	10,506	-	1,429	9,077	-
Total Business-Type Activities	9,907,400	-	940,181	8,967,219	899,102
Total All Funds	$ 11,653,614	$ 636,153	$ 1,190,177	$ 10,766,590	$ 1,187,314

Liabilities for compensated absences are liquidated using resources from the fund in which the employee terminating service previously charged their salary and benefits to, which is the general fund, cemetery fund and solid waste fund.

NOTE 8 – LONG-TERM OBLIGATIONS, CONTINUED

Notes/Loans Payable:

The following is a schedule of annual requirements for GEFA contracts CW09071PF60, 98-L68WJ, CW13088301, 00-L36WJ, #00-20 and SRF00-001.

	Governmental Activities		Business-Type Activities	
Year Ending June 30:	Principal	Interest	Principal	Interest
2013	$ 30,000	$ -	$ 828,127	$ 213,323
2014	30,000	-	784,365	193,587
2015	30,000	-	804,159	173,793
2016	30,000	-	824,501	153,451
2017	30,000	-	845,407	132,545
2018-2022	150,000	-	4,147,757	335,144
2023-2027	150,000	-	576,805	41,968
2028-2032	150,000	-	-	-
2033-	132,500	-	-	-
Total	$ 732,500	$ -	$ 8,811,121	$ 1,243,811

Governmental Activities:

In March 2010, the City entered into an agreement with BC Waycross Associates, LLP to finance construction of storm water infrastructure and a regional storm water retention pond on the owner's property to accept off-site storm water runoff and render owner's property suitable for development. The total amount financed of $800,000 is due in 320 monthly payments of $2,500 beginning March 15, 2010 at 0 percent interest. At June 30, 2012, the outstanding balance on this loan was $732,500.

Business-Type Activities:

In March 1989, the City entered into a loan program (CW13088301) with the Georgia Department of Natural Resources and the Georgia Environmental Facilities Authority for certain sewer improvements in the total amount of $2,099,580. Repayment is over eighty (80) quarterly payments beginning April 1, 1993 at 2 percent interest. At June 30, 2012, the outstanding balance on this loan was $63,025 and quarterly payments are $31,749.

In October 1998, the City entered into a loan agreement (98-L68WJ) with the Georgia Environmental Facilities Authority for certain water and sewer projects for a total amount of $2,000,000. Repayment is over eighty (80) quarterly payments beginning September 1, 2001 at 4.1 percent. At June 30, 2012, the outstanding balance on this loan was $1,103,321 and quarterly payments are $38,616.

In August 2000, the City entered into a loan program (CWSRF 00-001) with the Georgia Department of Natural Resources and the Georgia Environmental Facilities Authority for certain sewer improvements for a total amount of $935,467. Repayment is over 78 quarterly payments at 3 percent beginning September 1, 2002. At June 30, 2012, the outstanding balance of this loan was $531,419 and quarterly payments are $16,124. This loan is to be repaid from revenues of the Water and Sewer System; however, the obligation to repay this loan is a general obligation of the City to which it has dedicated its general power of taxation.

NOTE 8 – LONG-TERM OBLIGATIONS, CONTINUED

In September 2000, the City entered into a loan agreement (2000-L36WJ) with the Georgia Environmental Facilities Authority for sewer improvements for a total amount of $9,815,000. Repayment is over 80 quarterly payments beginning October 1, 2002 at 2 percent. At June 30, 2012, the outstanding balance was $5,459,634 and quarterly payments of $154,018. This loan is to be repaid from revenues of the Water and Sewer System; however, the obligation to repay this loan is a general obligation of the City.

In June 2003, the City entered into a loan agreement (CWSRF-00-020) with the Georgia Environmental Facilities Authority for certain water and sewer projects. At June 30, 2012, the outstanding balance was $1,611,942. Repayment is over 80 quarterly payments of $34,376 at 3 percent. This loan is to be repaid from revenues of the Water and Sewer System; however, the obligation to repay is a general obligation of the City.

In November 2009, the City entered into a loan agreement (CW09071PF60) with the Georgia Environmental Facilities Authority for the construction of a litter trap. The total amount received was $120,785 as part of the American Recovery and Reinvestment Act (ARRA). The ARRA funds will help finance water system improvements through a low-interest loan in the amount of $47,393 and subsidy of $80,400. At June 30, 2012, the outstanding loan balance was $41,244. Repayment is over 120 monthly payments of $451 at 3 percent.

NOTE 8 – LONG-TERM OBLIGATIONS, CONTINUED

Capital Leases

The City has entered into various lease agreements as lessee to finance various machinery and equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is a summary of equipment leased under capital lease agreements by the City as of June 30, 2012;

	Government-Type Activities	Business-Type Activities
Combo Server	$ -	$ 224,208
Knuckleboom Loader	-	94,245
Copier	6,120	-
Copier	6,120	-
Fire Pumper	210,000	-
07 Street sweeper	124,007	-
Hydraulic Excavator	142,760	-
Criminal Inv. - Malibu	17,970	-
5 Malibu Patrol Cars	138,029	-
Ford F-150	14,342	-
John Deere Backhoe	69,499	-
Peterbilt Garbage Truck	-	103,960
5 Impala Patrol Cars	120,824	-
Ford F-150	15,259	-
5 Impala Patrol Cars	98,089	-
6 Impala Patrol Cars	136,673	-
Animal Control Truck	21,475	-
2012 Street Sweeper	152,105	-
International 7500 Dump Truck	82,878	-
	$ 1,356,150	$ 422,413

NOTE 8 – LONG-TERM OBLIGATIONS, CONTINUED

The following is a schedule of the future minimum lease payments required under these capital leases and the present value of the net minimum lease payments at June 30, 2012:

Year Ending June 30:	Governmental-Type Activities	Business-Type Activities
2013	$ 275,352	$ 74,616
2014	242,360	54,540
2015	128,158	23,902
2016	58,668	-
2017	40,694	-
Total Minimum Lease Payments	745,232	153,058
Less: Amount Representing Interest	(39,312)	(6,037)
Present Value of Future Minimum Lease Payments	$ 705,920	$ 147,021

NOTE 9 – INTERFUND TRANSFERS

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources to provide services. Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financial sources (uses) in the Governmental Funds and transfers section in the Proprietary Funds.

Transfers between funds during the year ended June 30, 2012 were as follows:

	Transfers In	Transfers Out
General Fund	$ 170,380	$ -
Hotel/Motel Tax Fund	-	170,380
	$ 170,380	$ 170,380

NOTE 10 – INTERFUND RECEIVABLE AND PAYABLE BALANCES

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2012, balances of interfund amounts receivable or payable have been recorded.

Individual fund interfund receivable and payable balances at June 30, 2012 are as follows:

	Interfund Receivables	Interfund Payables
Major Govermental Funds		
General Fund:		
Public Utilities	$ -	$ 100,000
Other Governmental Funds	1,889	-
Internal Service Funds	-	293,592
	1,889	393,592
Capital Reserve Fund:		
Internal Service Funds	193,592	-
Public Utilities	-	375,000
	193,592	375,000
Non-major Governmental Funds:		
General Fund	-	1,889
	-	1,889
Total Govermental Funds	195,481	770,481
Major Business-type Funds		
Public Utilities:		
General Fund	100,000	-
Internal Service Funds	253,000	-
Capital Reserve Fund	375,000	-
	728,000	-
Internal Service Funds:		
General Fund	293,592	-
Public Utilities	-	253,000
Waste Management	-	-
Capital Reserve Fund	-	193,592
Other Internal Service Funds	426,250	426,250
	719,842	872,842
Totals	$ 1,643,323	$ 1,643,323

NOTE 11 – FUND EQUITY

Fund balances at June 30, 2012 are classified as follows:

Nonspendable – The following fund balances are nonspendable because they are allocated to:

General Fund:	
Inventories	$ 17,052
Total	$ 17,052

Restricted – The following fund balances are restricted for:

Special Revenue Funds:	
Forfeited Property Fund - used to account for funds received from property forfeitures.	$ 26,966
Jail Fund - used to account for vending revenue of the jail.	32
Hotel/Motel Tax Fund - used to account for hotel/motel tax revenues.	168
FEMA Grants Fund - used to account for expenditures of FEMA grants.	314
EIP Revolving Loan Fund - used to account for revolving loans issued to local businesses.	136,954
Misc Grant Fund - used to account for expenditures of miscellaneous small grants.	11,545
Waycross Fire Dept Fund - used to account for contributions and miscellaneous grants received for the purpose of fire department expenditures.	6,164
Total	$ 182,143

NOTE 11 – FUND EQUITY, CONTINUED

Capital Projects Funds:	
SPLOST Fund - used to account for capital projects financed with special purpose local option sales tax.	$ 693,460
SPLOST 2008-2013 Fund - used to account for capital projects financed with special purpose local option sales tax.	3,460,598
Total	$ 4,154,058

Committed – The following fund balances are committed to:

Special Revenue Funds:	
Community Development Fund - used to account for miscellaneous revenues that are committed to community development expenditures.	$ 79,223
Cemetery Fund - used to account for revenues from purchases of cemetery lots and interment fees, which are committed to upkeep and improvements to the lots.	87,326
Cemetery Trust Fund - used to account for funds that accumulated for future cemetery improvements and expansion.	123,563
Total	$ 290,112

Assigned – The following fund balances are assigned to:

Special Revenue Funds:	
WPD Info Technology Fund - used to account for fines and forfeitures that are restricted for the use of police department information technology expenditures.	$ 9,357
Misc Fund - used to account for donations for the purpose of upkeep and improvements to Henry Walker Park	4,995
Total	$ 14,352

NOTE 11 – FUND EQUITY, CONTINUED

Unassigned – The City's policy is to maintain an adequate General Fund unassigned fund balance to provide liquidity in the event of economic downturn or natural disaster.

The following balances are unassigned:

General Fund	$ 281,731
Capital Reserve Fund - negative committed fund balance reported as unassigned.	(35,367)
Trailhead Project Fund - negative restricted fund balance reported as unassigned.	(151)
Total	$ 246,213

NOTE 12 – RETIREMENT BENEFITS

Pension Plan -

Plan Description:

The City provides retirement benefits for substantially all of its employees under a defined benefit pension plan – the Georgia Municipal Employees Benefit System, an agent multiple – employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. GMEBS issues a stand-alone financial statement that can be obtained from the Georgia Municipal Association, 201 Pryor Street S.W., Atlanta, Georgia 30303.

The City's payroll for employees covered by the System for the year ended January 1, 2012 was $6,586,863. Substantially all full-time City employees are eligible to participate in the system. Benefits vest after ten years of service. City employees who retire at or after age 65 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life in an amount determined based on average salary and years of service. There is also an alternative normal retirement date of age 60 with 30 years of service. Early retirement is available at age 55 with 10 years of credited service. The system also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and City ordinance.

The system is noncontributory, but voluntary contributions are permitted. The City is required to contribute amounts necessary to fund the system, using the actuarial basis specified by statute.

NOTE 12 – RETIREMENT BENEFITS, CONTINUED

The Significant Actuarial Assumptions

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

The significant actuarial assumptions used in the current valuation are:

Rate of return on investment	7.75% per year
Projected salary increases	3.50% plus age and service based merit increases
Cost of Living Adjustment	N/A
Inflation Rate	3.50%

The Effect of Plan Changes on the Actuarial Accrued Liability

The effect on the actuarial accrued liability of any current year changes in actuarial assumptions or benefit provisions is:

The effect of the change in plan provisions will be provided upon request. The actuarial assumptions are the same as those used in the preceding valuation.

The Funding Policy and Annual Contributions

The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in paragraph 9-10 of Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method for amortizing the initial unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

The Effect of Plan Changes on Recommended Contributions

The effect on the recommended contributions of any current year changes in actuarial assumptions, benefit provisions, or actuarial funding method is:

The effect on the change in plan provision will be provided upon request. The actuarial assumptions are the same as those used in the preceding year.

NOTE 12 – RETIREMENT BENEFITS, CONTINUED

Current Plan Membership

As of January 1, 2012, the current plan membership includes the following categories of participants:

Retirees and beneficiaries currently receiving benefits	145
Terminated employees entitled to benefits but not yet receiving them	74
Current active employees:	
Vested	106
Nonvested	83
Total membership in the plan	408

Funded Status

	Number of Participants	Present Value of Benefits
Present Value of Accrued Plan Benefits (on-going basis)		
Vested Benefits of Retired Participants and Beneficiaries currently receiving payments	145	$ 8,778,244
Other Vested Benefits		
Terminated Vested Participants	74	1,412,100
Active Participants	106	7,322,885
Total Present Value of Vested Benefits		$ 17,513,229
Nonvested Benefits	83	473,657
Total Present Value of Accrued Plan Benefits	408	17,986,886
Market Value of Assets		11,534,812
Unfunded Present Value of Accrued Plan Benefits		6,452,074
Funded Percentage		64.13%

	Number of Participants	Lump Sum Value of Benefits
Present Value of Accrued Plan Benefits (Plan Termination Basis):		
Retired Participants and Beneficiaries Currently Receiving Payments	145	$ 13,612,452
Terminated Vested Participants	74	3,541,454
Active Participants	106	15,490,804
Total Present Value of Vested Benefits		$ 32,644,710
Nonvested Benefits	83	1,277,024
Total Present Value of Accrued Plan Benefits	408	33,921,734
Market Value of Assets		11,534,812
Unfunded Present Value of Accrued Plan Benefits		22,386,922
Funded Percentage		34.00%

NOTE 12 – RETIREMENT BENEFITS, CONTINUED

Schedule of Funding Progress

The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets in increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a/c)
5/1/2008	14,823,312	16,418,605	1,595,293	90.28%	5,966,848	26.74%
5/1/2009	9,967,608	17,069,922	7,102,314	58.39%	6,806,444	104.35%
1/1/2010	12,745,143	18,040,473	5,295,330	70.65%	6,614,425	80.06%
1/1/2011	13,356,680	18,951,798	5,595,118	70.48%	6,299,680	88.82%
1/1/2012	13,921,917	19,831,649	5,909,732	70.20%	6,586,863	89.72%

Schedule of Employer Contribution

Fiscal Year	Annual Required Contribution	Amount Contributed	Percentage of ARC Contributed	Net Pension Obligation
2008	477,609	477,609	100.00%	-
2009	610,789	610,789	100.00%	-
2010	762,262	859,337	100.00%	-
2011	787,610	881,932	100.00%	-
2012	829,915	939,756	100.00%	-

Schedule of Recommended Contribution

Normal Cost		
Retirement Benefits:		
Employees	$	423,170
Administrative Expenses		31,167
Total Normal Cost	$	454,337
Payment on Unfunded Actuarial Accrued Liability		838,917
Interest		49,179
Minimum Contribution		1,342,433
Normal Cost (including admin) with interest		1,293,254
Recommended Contribution		1,342,433

NOTE 12 – RETIREMENT BENEFITS, CONTINUED

Actuarial Method

Actuarial Cost Method	Projected Unit Credit Cost Method
Actuarial Value of Assets	Sum of the actuarial value at the beginning of year and the cash flow during year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than market value at end of year.

Deferred Compensation –

The City offers its employees a deferred compensation plan in accordance with IRS Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The City funds are amounts of compensation deferred under the plan, at the direction of the covered employee, through investments in fixed and variable annuity contracts underwritten by Nationwide Life Insurance Company.

In accordance with current GASB pronouncements, the deferred compensation plan is no longer included in the financial statements. Plan assets are held in trust for the benefit of the plan participants and their beneficiaries, and will not be diverted for any other purpose. Amendments to the laws governing Section 457, deferred compensation plans, substantially became effective January 1, 1997.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The City has participated in a number of federally assisted grant programs, principal of which are the FEMA Grant, CHIP Grants, and CDBG Grants. These programs are subject to program compliance audits by the grantors or their representatives. Such audits could result in request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. The amount of expenditures which may be disallowed by granting agencies cannot be determined at this time; although, the City expects such amounts, if any, to be immaterial.

Various claims and lawsuits are pending against the City. The City estimates that the potential claims from the pending lawsuits against the City, not covered by insurance, would not materially affect the financial statements of the City.

NOTE 14 – JOINT VENTURES/RELATED ORGANIZATIONS

Under Georgia law, the City, in conjunction with other cities and counties in the eighteen county south Georgia area, is a member of the Southern Georgia Regional Development Commission (SGRC) and is required to pay annual dues thereto. During the year ended June 30, 2012 the City paid $18,690 in such dues. Membership in the SGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RCs in Georgia. The RC Board membership includes elected officials from member counties and cities and nonpublic appointed members. The law defines RCs as “public agencies and instrumentalities of their members”. Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. Separate financial statements may be obtained from:

Southern Georgia Regional Commission
1725 South Georgia Parkway
Waycross, Georgia 31503

NOTE 14 – JOINT VENTURES/RELATED ORGANIZATIONS, CONTINUED

The Housing Authority of the City of Waycross, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of a majority of members appointed originally by the City of Waycross, Georgia. The City of Waycross, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Waycross, Georgia is a related organization.

NOTE 15 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year 1992, the City established internal service funds to account for and finance its uninsured risks of loss. The City maintains commercial insurance coverage covering general liability claims and property damage claims.

The City established a limited risk management program for health insurance in July 1991. The plan provides coverage for up to a maximum of $80,000 for each individual claim with a $1,000,000 lifetime maximum.

In January 1992, the City established a limited risk program for workers' compensation. The City hired Corvel Corporation as administrator for this program. The plan provides coverage for up to a maximum of $350,000 for each worker's compensation claim. The City purchases commercial insurance for these claims in excess of coverage provided by these funds and for all other insignificant risks of loss. Settled claims in the past three years have not exceeded the commercial coverages.

All funds of the City participate in the program and make payments to the funds based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

NOTE 15 – RISK MANAGEMENT, CONTINUED

Self-Insurance

The City maintains the Health Insurance Fund to account for the City's employee health care coverage, which is self-insured by the City. The City has established an internal service fund to account for its self-insurance program. The purpose of this fund is to pay medical insurance claims of the City employees and their covered dependents and minimize the total costs of annual insurance to the municipality. The private insurance carrier determines premium payments to be made by the City. Annual claims are paid from accumulated premium payments, and claims exceeding accumulated premium payments are paid by the private insurance carrier. Estimated claims incurred, but not reported, of $171,482 have been recorded as of June 30, 2012. Dependent coverage is funded by charges to employees. Revenues are recognized from payroll deductions and City contributions. The Claims liability of $171,482 reported in the Health Insurance Fund at June 30, 2012 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amount in the fiscal years 2006-2012 were:

Fiscal Year	Balance Beginning of Fiscal Year	Claims and Changes in Estimates	Claims Payments	Balance End of Fiscal Year
2006	283,485	1,154,420	1,235,301	202,604
2007	202,604	1,069,782	1,108,862	163,524
2008	163,524	1,093,535	1,076,796	180,263
2009	180,263	1,223,278	1,198,032	205,509
2010	205,509	1,634,144	1,561,420	278,233
2011	278,233	1,225,376	1,331,328	172,281
2012	172,281	1,775,673	1,776,472	171,482

Also, the City has established an internal service fund to account for its self-insurance program relating to workers compensation insurance. The purpose of this fund is to pay worker's compensation claims of the city employees while minimizing the total costs to the municipality. The City maintains a stop-loss policy with a private insurance company. City officials believe that the reserve in this fund is adequate to cover any incurred, but not reported, losses through the statement date. Changes in the claims liability amount in the fiscal years 2006-2012 were:

Fiscal Year	Balance Beginning of Fiscal Year	Claims and Changes in Estimates	Claims Payments	Balance End of Fiscal Year
2006	28,229	216,774	229,832	15,171
2007	15,171	224,711	239,882	-
2008	-	307,430	294,138	13,292
2009	13,292	227,446	172,008	68,730
2010	68,730	122,836	185,828	5,738
2011	5,738	350,686	333,380	23,044
2012	23,044	430,782	440,199	13,627

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS

The City provides certain health care benefits for retired employees through an independent third party administrator, in which all employees may become eligible for benefits if they qualify for early retirement or normal retirement (See Note 12). All retired employees are provided $1,000 of life insurance coverage which is fully funded by insurance. The total cost to provide retiree health care benefits is paid from the Health Insurance Fund, an internal service fund, and is recognized as paid. The plan does not issue separate financial statements. The City also provides health care benefits for terminated employees who elected coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) for a period of 18 to 24 months. Employees electing this coverage pay 100% of the premium.

As of July 1, 2010, employee membership data relative to the OPEB plan consist of the following:

Current Retirees, beneficiaries, and dependents	18
Current active participants	178
Total membership in the plan	196

Summary of Significant Accounting Policies

The accrual basis of accounting is used with respect to the recognition in the financial statements of contributions in the form of insurance premiums made to the plan. Plan investments, if any, are reported at their fair value at the reporting date. As of June 30, 2012 the plan reported no assets.

Funding Policy

The contribution requirements are established and may be amended by the City. Funding for the plan is derived from member contributions and employer contributions. A retired employee, who is participating in the employer's medical program is eligible to elect post-retirement coverage if they retire at or after age 65 with 5 year of service, age 60 with 30 years of service or age 55 with at least 10 years of service, and eligible for immediate early retirement benefits under the City of Waycross Retirement Plan. Retirees pay a flat portion of the premium in effect at their retirement date for medical coverage and dental coverage.

Annual OPEB Cost and Net OPEB Obligation

The City's most recent actuarial valuation was performed for the plan as of July 1, 2010 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the period according to the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost is $218,000.

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS, CONTINUED

The following table reflects the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Net OPEB (NOO) as of July 1, 2011	$	259,000
Annual Required Contributions (ARC)		219,000
Interest on Existing (NOO)		10,000
ARC Adjustment		(11,000)
Annual OPEB Cost		218,000
Annual Employer Contribution		(144,000)
Change in Net OPEB Obligation		74,000
Net OPEB Obligation as of June 30, 2012	$	333,000

The City's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation is as follows:

Year Ended		OPEB Cost	Annual OPEB Cost Contributed		OPEB Obligation
6/30/2012	$	218,000	66.1%	$	333,000
6/30/2011		213,000	66.7%		259,000
6/30/2010		325,000	42.2%		188,000
6/30/2009		231,000	59.3%		94,000

Funded Status and Funding Progress

Actuarial valuation date		July 1, 2010
Actuarial value of assets	$	-
Actuarial accrued liability		2,730,000
Total unfunded actuarial liability		2,730,000
Funded ratio		0.00%
Annual covered payroll	$	6,037,000
Ratio of unfunded actuarial liability to annual covered payroll		45.22%

Date prior to 2009 is not available. As the Plan gains experience, this table and the schedules found in the Required Supplementary Information section will show multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. As such, actuarial calculations reflect a long-term perspective. Actuarial determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets. Significant actuarial assumptions and other information used to compute the actuarial accrued liability and the annual required contribution of the plans are as follows:

Actuarial Method	
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	2.5% Increase over 30 years
Remaining Amortization period	30 years as of July 1, 2011
Asset Valuation Method	Market Value

Actuarial Assumptions:	
Investment Rate of Return	7% prefunded or 4% pay-as-you-go
Medical and drug cost trend rate	10% graded to 5% over 10 years

Full participation by the eligible population is assumed. The valuation does not use a core inflation rate directly, although inflation trends are reviewed to ensure consistency in the selection of the discount rate and the medical trend rate. Calculations are based on the types of benefits provided under the plan at the time of each valuation and on the pattern of cost sharing between the employer and plan members to that point. The City has not entered into any long-term contracts for contributions to the Plan with any party, and accordingly, there were not amounts of contractually required contributions outstanding at the report date.

NOTE 17 – PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2012, errors were discovered for the General Fund, Public Utilities Fund and Waste Management Fund. The General Fund errors involved the property tax allowance adjustment and capital outlay expenditures. The effects of the errors were to overstate receivables by $69,431, overstate expenditures by $196,226 and understate fund balance by $126,795. The Public Utilities Fund errors involved unbilled utilities and construction in progress. The effects of the errors were to understate receivables by $143,953, understate capital assets by $143,058, and understate net assets by $287,011. The Waste Management Fund errors involved unbilled utilities. The effects of the error were to understate receivables by $31,499 and understate net assets by $31,499.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 21, 2012, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

Required supplemental information includes financial information and disclosures that are required by the GASB but are not considered part of the basic financial statements. Such information includes:

- Georgian Municipal Employees Benefit System and Other Post-Employment Benefits
- Budgetary Comparison Schedule – General Fund

CITY OF WAYCROSS, GEORGIA
REQUIRED SUPPLEMENTAL INFORMATION
UNAUDITED

Schedule of Funding Progress: Georgia Municipal Employees Benefit System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a/c)
5/1/2008	14,823,312	16,418,605	1,595,293	90.28%	5,966,848	26.74%
5/1/2009	9,967,608	17,069,922	7,102,314	58.39%	6,806,444	104.35%
1/1/2010	12,745,143	18,040,473	5,295,330	70.65%	6,614,425	80.06%
1/1/2011	13,356,680	18,951,798	5,595,118	70.48%	6,299,680	88.82%
1/1/2012	13,921,917	19,831,649	5,909,732	70.20%	6,586,863	89.72%

Funded Status and Funding Progress: Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)
7/1/2008	-	2,660,000	2,660,000	0.00%
7/1/2010	-	2,664,000	2,664,000	0.00%

AAL based on a pay-as-you-go-plan

CITY OF WAYCROSS, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues				
Taxes	$ 9,346,561	$ 9,353,961	$ 9,051,398	$ (302,563)
Fees and fines	550,000	550,000	533,204	(16,796)
Licenses and permits	818,500	818,500	770,406	(48,094)
Intergovernmental	140,000	140,000	124,052	(15,948)
Charges for services	19,000	19,000	19,071	71
Investment earnings	5,000	5,000	1,493	(3,507)
Miscellaneous	96,500	96,500	60,829	(35,671)
Transfers In	180,000	180,000	170,380	(9,620)
Total Revenues	11,155,561	11,162,961	10,730,833	(432,128)
Expenditures				
Current:				
General government	1,088,191	1,096,901	1,033,170	63,731
Public safety	7,541,090	7,574,337	7,354,907	219,430
Public works	1,773,507	1,773,507	1,935,956	(162,449)
Community development	431,827	404,823	436,918	(32,095)
Debt Service:				
Principal	361,882	354,329	249,996	104,333
Interest and other charges	-	-	27,194	(27,194)
Total Expenditures	11,196,497	11,203,897	11,038,141	165,756
(Deficiency) Of Revenues Over Expenditures	(40,936)	(40,936)	(307,308)	(266,372)
Fund Balances - Beginning of Year	479,296	479,296	479,296	-
Prior period adjustments	126,795	126,795	126,795	-
Fund Balances - Ending of Year	$ 565,155	$ 565,155	$ 298,783	$ (266,372)

The accompanying notes are an integral part of these statements.

COMBINING AND INDIVIDUAL FUND SCHEDULES

CITY OF WAYCROSS, GEORGIA
BUDGETARY COMPARISON SCHEDULE
SPLOST FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues				
Interest	$ -	$ -	$ 515	$ 515
Total Revenues	-	-	515	515
Expenditures				
Capital Outlay	-	-	314	(314)
Total Expenditures	-	-	314	(314)
Excess (Deficiency) Of Revenues Over Expenditures	-	-	201	201
Fund Balances - Beginning of Year	693,259	693,259	693,259	-
Fund Balances - Ending of Year	$ 693,259	$ 693,259	$ 693,460	$ 201

The accompanying notes are an integral part of these statements.

CITY OF WAYCROSS, GEORGIA
BUDGETARY COMPARISON SCHEDULE
SPLOST 2008-2013 FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues				
Sales and miscellaneous taxes	$ 1,692,000	$ 1,692,000	$ 2,103,891	$ 411,891
Interest	-	-	2,015	2,015
Total Revenues	1,692,000	1,692,000	2,105,906	413,906
Expenditures				
Current:				
Public Safety	-	-	-	-
Capital Outlay	1,692,000	1,692,000	1,034,582	657,418
Total Expenditures	1,692,000	1,692,000	1,034,582	657,418
Excess (Deficiency) Of Revenues Over Expenditures	-	-	1,071,324	1,071,324
Fund Balances - Beginning of Year	2,389,275	2,389,275	2,389,275	-
Fund Balances - Ending of Year	$ 2,389,275	$ 2,389,275	$ 3,460,599	$ 1,071,324

The accompanying notes are an integral part of these statements.

CITY OF WAYCROSS, GEORGIA
BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
(Deficiency) Of Revenues Over Expenditures	-	-	-	-
Fund Balances - Beginning of Year	(35,367)	(35,367)	(35,367)	-
Fund Balances - Ending of Year	$ (35,367)	$ (35,367)	$ (35,367)	$ -

The accompanying notes are an integral part of these statements.

CITY OF WAYCROSS, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	SPECIAL REVENUE FUNDS							
	CEMETARY	FORFEITED PROPERTY	JAIL FUND	WPD INFO TECHNOLOGY	GEFA ENERGY GRANT	TRAIL HEAD PROJECT	COMMUNITY DEVELOPMENT	EIP REVOLVING LOAN
ASSETS								
Cash and cash equivalents	$ 74,439	$ 26,966	$ 32	$ 9,357	$ -	$ -	$ 87,326	$ 101,955
Other receivables	5,050	-	-	-	-	-	-	34,999
Total assets	79,489	26,966	32	9,357	-	-	87,326	136,954
LIABILITIES AND FUND BALANCES								
Liabilities:								
Checks issued in excess of bank balance	-	-	-	-	-	151	-	-
Accounts payable	266	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	266	-	-	-	-	151	-	-
Fund balances:								
Restricted	-	26,966	32	-	-	-	-	136,954
Committed	79,223	-	-	-	-	-	87,326	-
Assigned	-	-	-	9,357	-	-	-	-
Unassigned	-	-	-	-	-	(151)	-	-
Total fund balances	79,223	26,966	32	9,357	-	(151)	87,326	136,954
Total liabilities and fund balances	$ 79,489	$ 26,966	$ 32	$ 9,357	$ -	$ -	$ 87,326	$ 136,954

CITY OF WAYCROSS, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	SPECIAL REVENUE FUNDS						
	FIRE DEPARTMENT	FEMA GRANTS	MISC GRANTS	HOTEL/MOTEL TAX	MISC FUND	CEMETARY TRUST	TOTAL OTHER GOVERNMENTAL FUNDS
ASSETS							
Cash and cash equivalents	$ 6,164	$ 314	$ 11,545	$ 2,057	$ 4,995	$ 123,563	$ 448,713
Other receivables	-	-	-	-	-	-	40,049
Total assets	6,164	314	11,545	2,057	4,995	123,563	488,762
LIABILITIES AND FUND BALANCES							
Liabilities:							
Checks issued in excess of bank balance	-	-	-	-	-	-	151
Accounts payable	-	-	-	-	-	-	266
Due to other funds	-	-	-	1,889	-	-	1,889
Total liabilities	-	-	-	1,889	-	-	2,306
Fund balances:							
Restricted	6,164	314	11,545	168	-	-	182,143
Committed	-	-	-	-	-	123,563	290,112
Assigned	-	-	-	-	4,995	-	14,352
Unassigned	-	-	-	-	-	-	(151)
Total fund balances	6,164	314	11,545	168	4,995	123,563	486,456
Total liabilities and fund balances	$ 6,164	$ 314	$ 11,545	$ 2,057	$ 4,995	$ 123,563	$ 488,762

CITY OF WAYCROSS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS							
	CEMETARY	FORFEITED PROPERTY	JAIL FUND	WPD INFO TECHNOLOGY	GEFA ENERGY GRANT	TRAIL HEAD PROJECT	COMMUNITY DEVELOPMENT	EIP REVOLVING LOAN
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fees	-	14,910	-	20,581	-	-	-	-
Intergovernmental	-	-	-	-	277,884	-	-	-
Investment earnings	-	9	-	-	-	-	-	117
Miscellaneous	125,104	16,049	646	-	-	-	1,033	-
Total revenues	125,104	30,968	646	20,581	277,884	-	1,033	117
EXPENDITURES								
Current:								
General government	-	-	-	-	277,497	-	-	120,590
Public Safety		32,844	786	23,105	-	-	-	-
Community development	134,025	-	-	-	-	-	1,362	-
Total Expenditures	134,025	32,844	786	23,105	277,497	-	1,362	120,590
Excess (deficiency) of revenues over expenditures	(8,921)	(1,876)	(140)	(2,524)	387	-	(329)	(120,473)
OTHER FINANCING SOURCES (USES)								
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(8,921)	(1,876)	(140)	(2,524)	387	-	(329)	(120,473)
Fund balances - beginning	88,144	28,842	172	11,881	(387)	(151)	87,655	257,427
Fund balances - ending	$ 79,223	$ 26,966	$ 32	$ 9,357	$ -	$ (151)	$ 87,326	$ 136,954

CITY OF WAYCROSS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS						
	FIRE DEPARTMENT	FEMA GRANTS	MISC GRANTS	HOTEL/MOTEL TAX	MISC FUND	CEMETARY TRUST	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES							
Taxes	$ -	$ -	$ -	$ 283,118	$ -	$ -	$ 283,118
Fees	-	-	-	-	-	-	35,491
Intergovernmental	-	22,966	16,370	-	-	-	317,220
Investment earnings	-	-	-	-	-	-	126
Miscellaneous	1,935	-	-	-	-	-	144,767
Total revenues	1,935	22,966	16,370	283,118	-	-	780,722
EXPENDITURES							
Current:							
General government	-	-	17,476	-	-	-	415,563
Public Safety	3,681	22,713	-	-	-	-	83,129
Community development	-	-	-	112,573	-	-	247,960
Total Expenditures	3,681	22,713	17,476	112,573	-	-	746,652
Excess (deficiency) of revenues over expenditures	(1,746)	253	(1,106)	170,545	-	-	34,070
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	(170,380)	-	-	(170,380)
Total other financing sources and (uses)	-	-	-	(170,380)	-	-	(170,380)
Net change in fund balances	(1,746)	253	(1,106)	165	-	-	(136,310)
Fund balances - beginning	7,910	61	12,651	3	4,995	123,563	622,766
Fund balances - ending	$ 6,164	$ 314	$ 11,545	$ 168	$ 4,995	$ 123,563	$ 486,456

CITY OF WAYCROSS, GEORGIA
CEMETERY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Miscellaneous	$ 125,000	$ 125,000	$ 125,104	$ 104
Total Revenues	146,373	146,373	125,104	(21,269)
Expenditures:				
Community development	146,373	146,373	134,025	12,348
Transfers out	-	-	-	-
Total Expenditures	146,373	146,373	134,025	12,348
Revenues Over (Under) Expenditures	-	-	(8,921)	(8,921)
Fund Balance - Beginning	88,144	88,144	88,144	-
Fund Balance - Ending	$ 88,144	$ 88,144	$ 79,223	$ (8,921)

CITY OF WAYCROSS, GEORGIA
FORFEITED PROPERTY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Fees	$ -	$ -	$ 14,910	$ 14,910
Investment earnings	-	-	9	9
Miscellaneous	-	-	16,049	16,049
Total Revenues	-	-	30,968	30,968
Expenditures:				
Public safety	-	-	32,844	(32,844)
Total Expenditures	-	-	32,844	(32,844)
Revenues And Other Financing Sources Over (Under) Expenditures	-	-	(1,876)	(1,876)
Fund Balance - Beginning	28,842	28,842	28,842	-
Fund Balance - Ending	$ 28,842	$ 28,842	$ 26,966	$ (1,876)

CITY OF WAYCROSS, GEORGIA
JAIL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Miscellaneous	$ -	$ -	$ 646	$ 646
Total Revenues	-	-	646	646
Expenditures:				
Public safety	-	-	786	(786)
Total Expenditures	-	-	786	(786)
Revenues And Other Financing Sources Over (Under) Expenditures	-	-	(140)	(140)
Fund Balance - Beginning	172	172	172	-
Fund Balance - Ending	$ 172	$ 172	$ 32	$ (140)

CITY OF WAYCROSS, GEORGIA
WPD INFORMATION TECHNOLOGY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Fees	$ 28,000	$ 28,000	$ 20,581	$ 7,419
Total Revenues	28,000	28,000	20,581	7,419
Expenditures:				
Public safety	28,000	28,000	23,105	4,895
Total Expenditures	28,000	28,000	23,105	4,895
Revenues And Other Financing Sources Over (Under) Expenditures	-	-	(2,524)	2,524
Fund Balance - Beginning	11,881	11,881	11,881	-
Fund Balance - Ending	$ 11,881	$ 11,881	$ 9,357	$ 2,524

CITY OF WAYCROSS, GEORGIA
GEFA ENERGY GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Intergovernmental	$ -	$ -	$ 277,884	$ 277,884
Total Revenues	-	-	277,884	277,884
Expenditures:				
General government	-	-	277,497	(277,497)
Total Expenditures	-	-	277,497	(277,497)
Revenues And Other Financing Sources Over Expenditures	-	-	387	387
Fund (Deficit) - Beginning	(387)	(387)	(387)	-
Fund Balance (Deficit) - Ending	$ (387)	$ (387)	$ -	$ 387

CITY OF WAYCROSS, GEORGIA
TRAILHEAD PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Intergovernmental	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures:				
Community development	-	-	-	-
Total Expenditures	-	-	-	-
Revenues And Other Financing Sources Over Expenditures	-	-	-	-
Fund (Deficit) - Beginning	(151)	(151)	(151)	-
Fund (Deficit) - Ending	$ (151)	$ (151)	$ (151)	$ -

CITY OF WAYCROSS, GEORGIA
COMMUNITY DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Miscellaneous	$ -	$ -	$ 1,033	$ 1,033
Total Revenues	-	-	1,033	1,033
Expenditures:				
Community development	-	-	1,362	(1,362)
Total Expenditures	-	-	1,362	(1,362)
Revenues And Other Financing Sources Over (Under) Expenditures	-	-	(329)	(329)
Fund Balance - Beginning	87,655	87,655	87,655	-
Fund Balance - Ending	$ 87,655	$ 87,655	$ 87,326	$ (329)

CITY OF WAYCROSS, GEORGIA
EIP REVOLVING LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Interest earnings	$ -	$ -	$ 117	$ 117
Total Revenues	-	-	117	117
Expenditures:				
General government	-	-	120,590	(120,590)
Total Expenditures	-	-	120,590	(120,590)
Revenues And Other Financing Sources Over (Under) Expenditures	-	-	(120,473)	(120,473)
Fund Balance - Beginning	257,427	257,427	257,427	-
Fund Balance - Ending	$ 257,427	$ 257,427	$ 136,954	$ (120,473)

CITY OF WAYCROSS, GEORGIA
FIRE DEPARTMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Miscellaneous	$ -	$ -	$ 1,935	$ 1,935
Total Revenues	-	-	1,935	1,935
Expenditures:				
Public safety	-	-	3,681	(3,681)
Total Expenditures	-	-	3,681	(3,681)
Revenues And Other Financing Sources Over (Under) Expenditures	-	-	(1,746)	(1,746)
Fund Balance - Beginning	7,910	7,910	7,910	-
Fund Balance - Ending	$ 7,910	$ 7,910	$ 6,164	$ (1,746)

CITY OF WAYCROSS, GEORGIA
FEMA GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Intergovernmental	$ -	$ -	$ 22,966	$ 22,966
Total Revenues	-	-	22,966	22,966
Expenditures:				
Public safety	-	-	22,713	(22,713)
Total Expenditures	-	-	22,713	(22,713)
Revenues And Other Financing Sources Over Expenditures	-	-	253	253
Fund Balance - Beginning	61	61	61	-
Fund Balance - Ending	$ 61	$ 61	$ 314	$ 253

CITY OF WAYCROSS, GEORGIA
MISC GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Intergovernmental	$ -	$ -	$ 16,370	$ 16,370
Total Revenues	-	-	16,370	16,370
Expenditures:				
General government	-	-	17,476	(17,476)
Total Expenditures	-	-	17,476	(17,476)
Revenues And Other Financing Sources Over (Under) Expenditures	-	-	(1,106)	(1,106)
Fund Balance - Beginning	12,651	12,651	12,651	-
Fund Balance - Ending	$ 12,651	$ 12,651	$ 11,545	$ (1,106)

CITY OF WAYCROSS, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Taxes	$ 300,000	$ 300,000	$ 283,118	$ 16,882
Total Revenues	300,000	300,000	283,118	16,882
Expenditures:				
Community development	120,000	120,000	112,573	7,427
Transfers out	180,000	180,000	170,380	9,620
Total Expenditures	300,000	300,000	282,953	17,047
Revenues And Other Financing Sources Over Expenditures	-	-	165	(165)
Fund Balance - Beginning	3	3	3	-
Fund Balance - Ending	$ 3	$ 3	$ 168	$ (165)

CITY OF WAYCROSS, GEORGIA
MISC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Miscellaneous	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures:				
General government	-	-	-	-
Total Expenditures	-	-	-	-
Revenues And Other Financing Sources Over Expenditures	-	-	-	-
Fund Balance - Beginning	4,995	4,995	4,995	-
Fund Balance - Ending	$ 4,995	$ 4,995	$ 4,995	$ -

CITY OF WAYCROSS, GEORGIA
CEMETERY TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Miscellaneous	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures:				
Community development	-	-	-	-
Total Expenditures	-	-	-	-
Revenues And Other Financing Sources Over Expenditures	-	-	-	-
Fund Balance - Beginning	123,563	123,563	123,563	-
Fund Balance - Ending	$ 123,563	$ 123,563	$ 123,563	$ -

CITY OF WAYCROSS, GEORGIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2012

	LIABILITY INSURANCE	HEALTH INSURANCE	RETIREMENT	WORKERS COMPENSATION	PAYROLL
ASSETS					
Current assets:					
Cash and cash equivalents	$ 567,483	$ 27,320	$ 126,916	$ 613,108	$ 20,912
Accounts Receivables, net	-	4,168	-	-	-
Due from other funds	95,913	-	217,250	346,397	8
Inventories	-	-	-	-	-
Prepaid Expenses	-	-	-	25,641	-
Total current assets	663,396	31,488	344,166	985,146	20,920
Non-current assets:					
Capital Assets:					
Buildings	-	-	-	-	-
Utility System	-	-	-	-	-
Equipment and Furniture	-	-	-	-	-
Less Accumulated depreciation	-	-	-	-	-
Total non-current assets	-	-	-	-	-
Total assets	663,396	31,488	344,166	985,146	20,920
LIABILITIES					
Current Liabilities:					
Checks issued in excess of bank balance	-	386,755	-	-	-
Accounts payable	-	171,481	-	32,642	13,905
Salaries payable	-	-	-	-	-
Due to other funds	-	872,842	-	-	-
Compensated absences	-	-	-	-	-
Total current liabilities	-	1,431,078	-	32,642	13,905
Total liabilities	-	1,431,078	-	32,642	13,905
NET ASSETS					
Invested in capital assets, net of related debt	-	-	-	-	-
Unrestricted	663,396	(1,399,590)	344,166	952,504	7,015
Total net assets	$ 663,396	$ (1,399,590)	$ 344,166	$ 952,504	$ 7,015

CITY OF WAYCROSS, GEORGIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2012

	WAREHOUSE	CITY GARAGE	DATA PROCESSING	PUBLIC BUILDING	TOTAL INTERNAL SERVICE FUNDS
ASSETS					
Current assets:					
Cash and cash equivalents	$ -	$ 317,246	$ 184,353	$ 225,501	$ 2,082,839
Accounts Receivables, net	-	-	-	-	4,168
Due from other funds	60,273	-	-	-	719,841
Inventories	-	23,285	-	-	23,285
Prepaid Expenses	-	-	14,661	-	40,302
Total current assets	60,273	340,531	199,014	225,501	2,870,435
Non-current assets:					
Capital Assets:					
Buildings	-	138,321	-	-	138,321
Utility System	-	70,663	-	-	70,663
Equipment and Furniture	-	100,170	159,987	43,214	303,371
Less Accumulated depreciation	-	(288,740)	(130,491)	(43,214)	(462,445)
Total non-current assets	-	20,414	29,496	-	49,910
Total assets	60,273	360,945	228,510	225,501	2,920,345
LIABILITIES					
Current Liabilities:					
Checks issued in excess of bank balance	60,640	-	-	-	447,395
Accounts payable	-	-	-	-	218,028
Salaries payable	-	2,171	1,440	560	4,171
Due to other funds	-	-	-	-	872,842
Compensated absences	-	16,867	9,230	2,382	28,479
Total current liabilities	60,640	19,038	10,670	2,942	1,570,915
Total liabilities	60,640	19,038	10,670	2,942	1,570,915
NET ASSETS					
Invested in capital assets, net of related debt	-	20,414	29,496	-	49,910
Unrestricted	(367)	321,493	188,344	222,559	1,299,520
Total net assets	$ (367)	$ 341,907	$ 217,840	$ 222,559	$ 1,349,430

CITY OF WAYCROSS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	LIABILITY INSURANCE	HEALTH INSURANCE	RETIREMENT	WORKERS COMPENSATION	PAYROLL
REVENUES					
Charges for services	$ -	$ 422,202	$ -	$ -	$ -
Operating contributions	206,104	1,313,786	1,125,574	294,982	-
Total operating revenues	206,104	1,735,988	1,125,574	294,982	-
OPERATING EXPENSES					
Personal services	-	-	-	-	-
Contractual services	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-
Other supplies and expenses	-	-	-	-	-
Insurance claims and expenses	194,188	2,144,732	-	470,690	-
Retirement payments	-	-	1,118,533	-	-
Depreciation	-	-	-	-	-
Total operating expenses	194,188	2,144,732	1,118,533	470,690	-
Operating income (loss)	11,916	(408,744)	7,041	(175,708)	-
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	-	-	-	-	16
Miscellaneous revenue	-	-	-	-	142
Total non-operating revenue (expenses)	-	-	-	-	158
Change in net assets	11,916	(408,744)	7,041	(175,708)	158
Total net assets - beginning	651,480	(990,846)	337,125	1,128,212	6,857
Total net assets - ending	$ 663,396	$ (1,399,590)	$ 344,166	$ 952,504	$ 7,015

CITY OF WAYCROSS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	WAREHOUSE	CITY GARAGE	DATA PROCESSING	PUBLIC BUILDING	TOTAL INTERNAL SERVICE FUNDS
REVENUES					
Charges for services	$ -	$ -	$ -	$ -	$ 422,202
Operating grants and contributions	-	392,074	311,968	100,340	3,744,828
Total operating revenues	-	392,074	311,968	100,340	4,167,030
OPERATING EXPENSES					
Personal services	367	331,405	201,022	80,368	613,162
Contractual services	-	22,363	33,132	-	55,495
Repairs and maintenance	-	27,217	70,278	3,963	101,458
Other supplies and expenses	-	-	-	13,633	13,633
Insurance claims and expenses	-	-	-	-	2,809,610
Retirement payments	-	-	-	-	1,118,533
Depreciation	-	12,304	7,046	-	19,350
Total operating expenses	367	393,289	311,478	97,964	4,731,241
Operating income (loss)	(367)	(1,215)	490	2,376	(564,211)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	-	-	-	-	16
Miscellaneous revenue	-	-	-	-	142
Total non-operating revenue (expenses)	-	-	-	-	158
Change in net assets	(367)	(1,215)	490	2,376	(564,053)
Total net assets - beginning	-	343,122	217,350	220,183	1,913,483
Total net assets - ending	$ (367)	$ 341,907	$ 217,840	$ 222,559	$ 1,349,430

CITY OF WAYCROSS, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	LIABILITY INSURANCE	HEALTH INSURANCE	RETIREMENT	WORKERS COMPENSATION	PAYROLL
Cash Flows From Operating Activities					
Cash received from customers	$ 300,259	$ 1,739,516	$ 1,125,574	$ 381,486	$ -
Cash paid to suppliers	(194,188)	(1,758,776)	(1,118,533)	(470,093)	(7)
Cash paid to employees	-	-	-	-	-
Net Cash Provided By Operating Activities	106,071	(19,260)	7,041	(88,607)	(7)
Cash Flows From Capital And Related Financing Activities					
Principal paid on loans payable	-	-	-	-	-
Net Cash Provided By (Used In) Capital And Related Activities	-	-	-	-	-
Cash Flows From Investing Activities					
Interest on cash deposits	-	-	-	-	16
Miscellaneous non-operating revenue	-	-	-	-	142
Net Cash Provided By (Used In) Investing Activities	-	-	-	-	158
Net Increase In Cash	106,071	(19,260)	7,041	(88,607)	151
Cash Beginning of Year	461,412	46,580	119,875	701,715	20,761
Cash at End of Year	$ 567,483	$ 27,320	$ 126,916	$ 613,108	$ 20,912
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	$ 11,916	$ (408,744)	$ 7,041	$ (175,708)	$ -
Adjustments To Reconcile Net Income (Loss) To Net Cash Provided By Operating Activities:					
Depreciation and amortization	-	-	-	-	-
Change in Assets and Liabilities:					
Accounts receivable	-	3,528	-	86,504	-
Due from other funds	94,155	-	-	-	(7)
Inventories	-	-	-	-	-
Prepaid expenses	-	-	-	(3,646)	-
Accounts payable	-	385,956	-	4,243	-
Accrued expenses	-	-	-	-	-
Net Cash Provided By (Used In) Operating Activities	$ 106,071	$ (19,260)	$ 7,041	$ (88,607)	$ (7)
Cash Per Financial Statements, Including Investments	$ 567,483	$ 27,320	$ 126,916	$ 613,108	$ 20,912
Less: Non-Cash Equivalents	-	-	-	-	-
Total Cash	$ 567,483	$ 27,320	$ 126,916	$ 613,108	$ 20,912

CITY OF WAYCROSS, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	WAREHOUSE	CITY GARAGE	DATA PROCESSING	PUBLIC BUILDING	TOTAL
Cash Flows From Operating Activities					
Cash received from customers	$ -	$ 392,507	$ 317,968	$ 100,340	$ 4,357,650
Cash paid to suppliers	60,640	(49,580)	(102,760)	(17,596)	(3,650,893)
Cash paid to employees	(367)	(332,295)	(199,810)	(79,642)	(612,114)
Net Cash Provided By (Used In)Operating Activities	60,273	10,632	15,398	3,102	94,643
Cash Flows From Capital And Related Financing Activities					
Principal paid on loans payable	-	-	(510)	-	(510)
Net Cash Provided By (Used In) Capital And Related Activities	-	-	(510)	-	(510)
Cash Flows From Investing Activities					
Interest on cash deposits	-	-	-	-	16
Miscellaneous non-operating revenue	-	-	-	-	142
Net Cash Provided By (Used In) Investing Activities	-	-	-	-	158
Net Increase (Decrease) In Cash	60,273	10,632	14,888	3,102	94,291
Cash Beginning of Year	(60,273)	306,614	169,465	222,399	1,988,548
Cash at End of Year	$ -	$ 317,246	$ 184,353	$ 225,501	$ 2,082,839
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	$ (367)	$ (1,215)	$ 490	$ 2,376	$ (564,211)
Adjustments To Reconcile Net Income (Loss) To Net Cash Provided By (Used In) Operating Activities:					
Depreciation and amortization	-	12,304	7,046	-	19,350
Change in Assets and Liabilities:					
Accounts receivable	-	-	6,000	-	96,032
Due from other funds	-	-	-	-	94,148
Inventories	-	433	-	-	433
Prepaid expenses	-	-	650	-	(2,996)
Accounts payable	60,640	-	-	-	450,839
Accrued expenses	-	(890)	1,212	726	1,048
Net Cash Provided By (Used In) Operating Activities	$ 60,273	$ 10,632	$ 15,398	$ 3,102	$ 94,643
Cash Per Financial Statements, Including Investments	$ -	$ 317,246	$ 184,353	$ 225,501	$ 2,082,839
Less: Non-Cash Equivalents	-	-	-	-	-
Total Cash	$ -	$ 317,246	$ 184,353	$ 225,501	$ 2,082,839

CITY OF WAYCROSS, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2012

	MUNICIPAL COURT	POLICE CONDEMNATION	TOTAL AGENCY FUNDS
ASSETS			
Cash and cash equivalents	$ 155,542	$ 62,915	$ 218,457
Total assets	155,542	62,915	218,457
LIABILITIES			
Refundable court bonds	155,542	-	155,542
Seized funds held	-	62,915	62,915
Total liabilities	$ 155,542	$ 62,915	$ 218,457

SPECIAL REPORTS SECTION

Henderson & Godbee, LLP

Certified Public Accountants and Business Consultants

Members of American Institute of Certified Public Accountants • Georgia Society of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and City Commission
Waycross, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Waycross, Georgia as of and for the year ended June 30, 2012, which collectively comprise the City of Waycross, Georgia's basic financial statements and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of City of Waycross, Georgia, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Waycross, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Waycross, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Waycross, Georgia's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, that results in more than reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waycross, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended for the information and use of management, City Commission, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Henderson & Godbee, LLP

Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

December 21, 2012

CITY OF WAYCROSS, GEORGIA
SPECIAL LOCAL OPTION SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
PR-8530-32 (299) Streets #4	$ 914,931	$ 914,931	$ 914,931	$ -	$ 914,931	100.00%
PR-8530-38 (299) Streets #5	1,012,635	1,012,635	1,012,635	-	1,012,635	100.00%
PR-8530-37 (299) Streets #6	1,153,080	1,153,401	1,153,401	-	1,153,401	100.00%
PR-8530-40 (299) Elizabeth and Seminole	103,350	103,350	103,350	-	103,350	100.00%
PR-8520-18 (299) Streets #7	1,240,571	1,387,968	1,387,968	-	1,387,968	100.00%
PR-8520-18 (299) Streets #3	34,661	34,661	34,661	-	34,661	100.00%
Hill & Williams	153,600	96,027	96,027	-	96,027	100.00%
PR-8531-010-01 Streets #8	900,931	830,451	830,451	-	830,451	100.00%
PR-8530-42 (299) Streets #9	1,302,458	1,308,197	1,308,197	-	1,308,197	100.00%
PR-8531-010-01 Storm Drain Improvements Riverside	153,600	162,100	162,100	-	162,100	100.00%
Administrative	-	113,790	113,790	-	113,790	100.00%
U.S. 1 Drainage	585,280	640,327	640,327	-	640,327	100.00%
Hazzard Hill Drainage	141,235	145,299	145,299	-	145,299	100.00%
Quartermen Street Drainage	79,720	164,713	164,713	-	164,713	100.00%
Milling Street Drainage	34,657	34,657	34,657	-	34,657	100.00%
Central Ave. & City Blvd. Drainage	551,405	623,291	623,291	-	623,291	100.00%
Roberts Street Drainage	-	1,566	1,566	-	1,566	100.00%
City Boulevard Mini Mall	-	5,888	5,888	-	5,888	100.00%
Upchurch Street	-	520	520	-	520	100.00%
Miscellaneous	-	285	285	-	285	100.00%
Suwanee Street Canal	-	1,735	1,735	-	1,735	100.00%
Painting and Striping Streets	-	178,481	178,481	-	178,481	100.00%
Miscellneous	-	6,976	6,976	-	6,976	100.00%
Kroger Evaluation	-	2,328	2,328	-	2,328	100.00%
Dorothy Street	-	4,200	4,200	-	4,200	100.00%
Corridor Z and Bennett Road	-	300	300	-	300	100.00%
Uvalda Street	-	9,358	9,358	-	9,358	100.00%
Beacon Hill	-	44,408	44,408	-	44,408	100.00%

CITY OF WAYCROSS, GEORGIA
SPECIAL LOCAL OPTION SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
Northwood Terrace	-	23,078	23,078	-	23,078	100.00%
PR-6610-061-00 Contract #11A	966,708	1,082,951	1,082,951	-	1,082,951	100.00%
PR-8351-025-01 Contract #10	1,199,857	1,363,237	1,363,237	-	1,363,237	100.00%
PR-8351-022-01 Central Avenue Drainage	-	10,541	10,541	-	10,541	100.00%
City Boulevard Phase II, IV	-	139,664	139,664	-	139,664	100.00%
38 Connector Widening	-	524,340	524,340	-	524,340	100.00%
PR-8351-036-01 Bazemore Park	-	23,775	23,775	-	23,775	100.00%
Drainage Ditch Project	-	52,559	52,559	-	52,559	100.00%
PR-8531-023-01 U.S. 1 Drainage - Baldwin Rental	-	43,225	43,225	-	43,225	100.00%
Aerial Mapping	-	6,252	6,252	-	6,252	100.00%
Senate Street	-	350	350	-	350	100.00%
Shawnee Drive, Andrea Drive and Knight Avenue	-	3,736	3,736	-	3,736	100.00%
Lee Avenue	-	14,718	14,718	-	14,718	100.00%
Riverside, Dorothy, & Darling	-	7,600	7,600	-	7,600	100.00%
Haines Street Improvements	-	5,598	5,598	-	5,598	100.00%
Painting and Striping Streets	-	23,639	23,639	-	23,639	100.00%
Riverside Drive - Drainage	-	29,650	29,650	-	29,650	100.00%
Milling - Carswell Avenue	-	20,000	20,000	-	20,000	100.00%
City Blvd - Lamar Johnson Project	-	21,008	21,008	-	21,008	100.00%
Central Avenue & St Mary's St. Repairs	-	5,962	5,962	-	5,962	100.00%
Traffic Light - Waycross College	-	6,000	6,000	-	6,000	100.00%
Painting and Striping Streets	-	123,968	123,968	-	123,968	100.00%
Materials - Misc. Street Repair Jobs	-	128,513	128,513	-	128,513	100.00%
Portable Sewer Video Camera, Custom Built Trailer and Honda Generator	-	30,000	30,000	-	30,000	100.00%
Oakland Cemetery	-	5,467	5,467	-	5,467	100.00%
Railroad Relocation Project	835,000	14,888	14,888	-	14,888	100.00%
City Boulevard Improvement Project - Phase II - RP-8351-039-01	589,501	689,375	689,375	-	689,375	100.00%
GIS Mapping Project	751,469	5,145	5,145	-	5,145	100.00%

CITY OF WAYCROSS, GEORGIA
SPECIAL LOCAL OPTION SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
PR-6610-061-00 - Contract #11B	-	644,798	644,798	-	644,798	100.00%
City Boulevard Phase IV - Project 8351-047-01	-	32,771	32,456	314	32,770	100.00%
Downtown Drainage Project	-	472,890	472,890	-	472,890	100.00%
Newton Phase II (City Match)	-	10,000	10,000	-	10,000	100.00%
Water & Sewer Improvements - State Health Lab	-	35,248	35,248	-	35,248	100.00%
Milling - Church Street	-	7,000	7,000	-	7,000	100.00%
PR-8530-65 (Contract C35064-03-000-0) Carswell Avenue	-	390	390	-	390	100.00%
Road Projects	-	476,836	476,836	-	476,836	100.00%
City Blvd Phase IV Project #850-10-0104	-	7,995	7,995	-	7,995	100.00%
Milling - Plant Ave	-	55,431	55,431	-	55,431	100.00%
Plant Avenue	-	1,488	1,488	-	1,488	100.00%
Elizabeth & Mary	-	39,456	39,456	-	39,456	100.00%
Dorothy & Tebeau	-	19,599	19,599	-	19,599	100.00%
Morningside Drive	-	198,258	198,258	-	198,258	100.00%
Rail Relocation - Resurface Carswell, Elizabeth	-	420,194	420,194	-	420,194	100.00%
Street Drainage Imprv. - Phase I	-	594,362	594,362	-	594,362	100.00%
Contract 12 - Phase II	-	498,266	498,266	-	498,266	100.00%
Clough & Garlington	-	155,935	155,935	-	155,935	100.00%
Sewer & Water Improvements - Phase I	-	15,330	15,330	-	15,330	100.00%
Sewer & Water Improvements - Phase II	-	7,475	7,475	-	7,475	100.00%
2010 Street Rehab	-	5,540	5,540	-	5,540	100.00%
Carswell, Elizabeth, Pendleton (net costs not reimbursed)	-	331,108	331,108	-	331,108	100.00%
Totals	$ 12,704,649	$ 17,417,452	$ 17,417,137	$ 314	$ 17,417,451	

CITY OF WAYCROSS, GEORGIA
SPLOST 2008-2013
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
Roads and Streets	$ 5,381,812	$ 5,381,812	$ 1,089,437	$ 662,670	$ 1,752,107	32.56%
Public Buildings	3,600,000	3,600,000	793,049	359,090	1,152,139	32.00%
Information Technology	75,000	75,000	52,621	2,980	55,601	74.13%
Water and Sewer Rehabilitation and Expansion	2,000,000	2,000,000	155,632	9,447	165,079	8.25%
Fire and Special Purpose Vehicles	1,350,000	1,350,000	665,211	-	665,211	49.27%
Property Acquisition and Demolition	600,000	600,000	-	396	396	0.07%
Downtown Development Authority	500,000	500,000	-	-	-	0.00%
Totals	$ 13,506,812	$ 13,506,812	$ 2,755,950	$ 1,034,583	$ 3,790,533	

STATISTICAL SECTION
(UNAUDITED)

CITY OF WAYCROSS, GEORGIA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTIONS
LAST TEN YEARS

YEAR ENDING	ADMINI-STRATION	POLICE	FIRE	PUBLIC WORKS	CULTURE/ RECREATION	IMPROVE-MENTS	GARAGE	DEBT SERVICE	CAPITAL OUTLAY	OPERATING TRANSFERS	TOTAL
2002-03	$ 506,748	$ 3,224,503	$ 2,137,638	$ 1,842,105	$ 209,870	$ 443,235	$ -	$ 192,476	$ -	$ 16,931	$ 8,573,506
2003-04	497,377	3,430,901	2,189,829	1,516,705	98,487	423,762	-	186,043	97,723	58,910	8,499,737
2004-05	930,182	3,110,685	2,378,271	1,320,200	120,478	537,124	-	201,659	270,913	73,893	8,943,405
2005-06	713,276	3,393,505	2,498,425	1,303,025	-	538,020	-	180,027	235,296	207,002	9,068,576
2006-07	804,957	3,709,439	2,613,791	1,658,924	-	365,806	-	113,424	357,617	108,500	9,732,458
2007-08	1,232,559	3,832,594	2,903,904	1,795,500	-	455,539	-	150,331	133,610	155,463	10,659,500
2008-09	1,061,867	3,860,390	2,939,425	1,819,800	-	441,297	-	171,784	11,500	109,767	10,415,830
2009-10	771,152	4,029,306	3,052,124	1,874,302	-	439,794	-	317,108	5,399	-	10,489,185
2010-11	897,784	4,036,887	3,141,257	1,920,034	-	432,868	-	202,833	333,828	812	10,966,303
2011-12	1,033,170	4,157,545	3,197,362	1,935,956	-	436,918	-	277,190	-	-	11,038,141

CITY OF WAYCROSS, GEORGIA
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN YEARS

YEAR ENDING	TAXES	LICENSES & PERMITS	FINES & FORFEITURES	CHARGES FOR SERVICES	SALE OF CITY PROPERTY	OTHER	INTER-GOVERNMENTAL REVENUE	TOTAL
2002-03	$ 7,021,640	$ 670,631	$ 366,243	$ 23,420	$ -	$ 81,357	$ 197,714	$ 8,361,005
2003-04	7,562,525	805,228	414,039	20,165	-	116,253	177,907	9,096,117
2004-05	8,040,572	790,256	396,280	18,886	-	179,377	200,446	9,625,817
2005-06	8,238,426	856,908	453,997	16,220	-	126,890	159,310	9,851,751
2006-07	8,243,291	816,330	491,605	17,130	-	186,537	148,542	9,903,435
2007-08	8,555,444	785,842	494,025	16,328	-	196,775	403,026	10,451,440
2008-09	8,400,912	798,119	540,292	18,982	-	144,207	211,019	10,113,531
2009-10	8,520,477	714,166	552,168	18,095	-	94,696	234,031	10,133,633
2010-11	9,069,250	749,155	489,052	21,853	-	263,328	148,856	10,741,494
2011-12	9,051,398	770,406	533,204	19,071	-	62,322	124,052	10,560,453

CITY OF WAYCROSS, GEORGIA
TAX REVENUES BY SOURCE
LAST TEN YEARS

YEAR ENDING	PROPERTY TAXES	FRANCHISE TAXES	SALES TAXES	REVENUES AND OTHER TAXES	TOTAL TAXES
2002-03	$ 2,436,541	$ 945,803	$ 2,510,344	$ 1,128,952	$ 7,021,640
2003-04	2,440,906	1,007,808	2,703,157	1,410,654	7,562,525
2004-05	2,472,486	980,474	3,015,924	1,571,688	8,040,572
2005-06	2,338,524	1,105,090	3,189,036	1,605,776	8,238,426
2006-07	2,413,559	1,121,519	3,241,110	1,467,103	8,243,291
2007-08	2,468,371	1,200,882	3,441,880	1,444,311	8,555,444
2008-09	2,496,231	1,242,201	3,172,561	1,489,919	8,400,912
2009-10	2,792,354	1,218,501	3,112,610	1,397,012	8,520,477
2010-11	3,365,994	1,286,507	2,995,073	1,421,676	9,069,250
2011-12	2,994,483	1,327,145	3,440,522	1,289,248	9,051,398

CITY OF WAYCROSS, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

YEAR ENDING	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	COLLECTIONS PRIOR YEARS	TOTAL COLLECTIONS	TOTAL COLLECTIONS AS A PERCENT OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES
2002-03	$ 2,023,199	$ 1,875,880	92.7%	$ 90,176	$ 1,966,056	97.2%	$ 262,695
2003-04	2,157,469	2,097,060	97.2%	131,139	2,228,199	103.3%	152,914
2004-05	2,257,819	2,055,820	91.1%	67,578	2,123,398	94.0%	246,252
2005-06	2,282,322	2,010,335	88.1%	97,313	2,107,648	92.3%	156,101
2006-07	2,282,899	2,101,860	92.1%	89,771	2,191,631	96.0%	159,996
2007-08	2,393,623	2,152,538	89.9%	107,443	2,259,981	94.4%	145,102
2008-09	2,375,272	2,206,788	92.9%	74,548	2,281,336	96.0%	176,232
2009-10	2,820,893	2,597,851	92.1%	105,102	2,702,953	95.8%	199,875
2010-11	2,863,300	2,654,519	92.7%	266,781	2,921,300	102.0%	173,016
2011-12	3,145,624	2,939,610	93.5%	54,873	2,994,483	95.2%	220,063

CITY OF WAYCROSS, GEORGIA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

YEAR ENDING	ASSESSED VALUE	APPRAISED VALUE	PERCENT OF APPRAISED VALUE
2002-03	$ 228,394,589	$ 570,986,472	40%
2003-04	239,560,327	598,900,818	40%
2004-05	250,548,919	626,372,298	40%
2005-06	253,067,188	632,667,970	40%
2006-07	254,171,399	635,428,498	40%
2007-08	270,926,543	677,316,358	40%
2008-09	272,045,179	680,112,940	40%
2009-10	272,155,064	680,387,661	40%
2010-11	275,237,237	688,093,093	40%
2011-12	286,017,851	715,044,628	40%

CITY OF WAYCROSS, GEORGIA
ASSESSED VALUE BY CLASS OF TANGIBLE PROPERTY (1)
LAST TEN YEARS

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Residential	$ 115,864,620	$ 117,193,214	$ 118,401,524	$ 118,646,720	$ 112,976,349	$ 96,904,122	$ 96,731,206	$ 92,978,395	$ 84,518,806	$ 82,093,351
Historic	27,340	326,736	327,098	211,816	211,816	132,840	132,840	125,411	125,412	104,510
Commercial	121,756,710	128,320,875	126,834,786	127,938,590	124,762,905	125,691,920	121,842,075	113,535,416	110,964,113	105,510,340
Industrial	1,540,243	1,610,454	704,604	864,136	902,705	1,000,016	1,246,432	1,027,874	1,074,028	1,639,457
Personal	-	-	-	-	-	-	-	- (3)	- (3)	- (3)
Others	-	-	-	-	2,759	28,721	24,145	14,584	19,047	39,629
Utilities	41,156,999	21,979,307	22,633,113	20,514,815	28,689,092	30,420,455	33,092,588	42,869,064	42,865,709	36,936,617
Motor Vehicles	20,133,720	21,026,070	22,824,480	22,824,480	22,235,460	20,591,300	22,196,590	23,223,630	23,990,390	23,798,530
Mobile Homes	1,020,165	1,182,293	1,078,759	1,294,481	1,464,069	1,562,192	1,675,063	1,793,987	1,919,341	799,716
Railroad Car (2)	-	-	-	-	-	-	-	-	-	-
	301,499,797	291,638,949	292,804,364	292,295,038	291,245,155	276,331,566	276,940,939	275,568,358	265,476,843	250,922,147
Exemptions (1)	(15,481,946)	(14,890,049)	(14,859,367)	(14,868,088)	(23,621,425)	(13,158,455)	(13,202,188)	(12,964,207)	(12,187,683)	(11,972,104)
Total (1)	$ 286,017,851	$ 276,748,900	$ 277,944,997	$ 277,426,950	$ 267,623,730	$ 263,173,111	$ 263,738,751	$ 262,604,151	$ 253,289,160	$ 238,950,043

(1) All amounts are shown at 40% estimated actual value.
(2) Current railroad equipment valuation is omitted because City does not levy tax.
(3) Information not available to split assessed property value between commercial and personal.

CITY OF WAYCROSS, GEORGIA
PROPERTY TAX RATES
LAST TEN YEARS

YEAR ENDING	CITY
2002-03	10.27
2003-04	10.27
2004-05	10.27
2005-06	10.266
2006-07	10.226
2007-08	9.998
2008-09	9.998
2009-10	10.998
2010-11	10.998
2011-12	10.998

CITY OF WAYCROSS, GEORGIA
RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE AND BONDED DEBT PER CAPITA
LAST TEN YEARS

YEAR ENDING	POPULATION	VALUE	GROSS BONDED DEBT	RATIO OF GROSS BONDED DEBT TO ASSESSED VALUE	GROSS BONDED PER CAPITA
2002-03	15,333	$ 228,394,589	$ -	0.0%	$ -
2003-04	15,333	239,560,327	-	0.0%	-
2004-05	15,333	250,548,919	-	0.0%	-
2005-06	15,333	253,067,188	-	0.0%	-
2006-07	15,333	254,171,399	-	0.0%	-
2007-08	14,765	270,926,543	-	0.0%	-
2008-09	14,765	272,045,179	-	0.0%	-
2009-10	14,765	272,155,064	-	0.0%	-
2010-11	14,649	275,237,237	-	0.0%	-
2011-12	14,718	286,017,851	-	0.0%	-

CITY OF WAYCROSS, GEORGIA
RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES
LAST TEN YEARS

YEAR ENDING	CAPITALIZED LEASES & EQUIPMENT FINANCING PRINCIPAL & INTEREST	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL GENERAL EXPENDITURES	PERCENT OF DEBT SERVICE TO GENERAL EXPENDITURES
2002-03	$ 192,476	$ -	$ -	$ 192,476	$ 8,556,575	2.25%
2003-04	186,043	-	-	186,043	8,440,827	2.20%
2004-05	201,659	-	-	201,659	8,869,512	2.27%
2005-06	180,027	-	-	180,027	8,854,409	2.03%
2006-07	113,424	-	-	113,424	9,623,958	1.18%
2007-08	150,331	-	-	150,331	10,659,500	1.41%
2008-09	171,784	-	-	171,784	10,415,830	1.65%
2009-10	317,108	-	-	317,108	10,489,185	3.02%
2010-11	202,833	-	-	202,833	10,966,303	1.85%
2011-12	277,190	-	-	277,190	11,038,141	2.51%

CITY OF WAYCROSS, GEORGIA
COMPUTATION OF LEGAL DEBT MARGIN
AND DIRECT AND OVERLAPPING DEBT
JUNE 30, 2012

ASSESSED VALUE	**$**	**286,017,851**
DEBT LIMIT: 10% OF ASSESSED VALUE		**28,601,785**
LESS: DEBT APPLICATION TO DEBT LIMIT		
GENERAL OBLIGATION INDEBTEDNESS		**8,811,121**
LEGAL DEBT MARGIN	**$**	**19,790,664**
DIRECT AND OVERLAPPING DEBT		
CITY'S DIRECT BONDED DEBT	**$**	**-**
CITY'S OBLIGATION ON WATER AND SEWER LOAN		**8,811,121**
BONDED DEBT OF OTHER OVERLAPPING		
GOVERNMENTS ASSESSED AGAINST CITY TAXPAYERS		**-**
TOTAL DIRECT AND OVERLAPPING DEBT	**$**	**8,811,121**

CITY OF WAYCROSS, GEORGIA
SCHEDULE OF REVENUE BOND COVERAGE
WATER AND SEWER
LAST TEN YEARS

YEAR ENDING	GROSS REVENUE	EXPENSE (1)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT COVERAGE (2)
2002-03	$ 5,384,151	$ 3,381,461	$ 2,002,690	0.68
2003-04	5,499,290	3,184,932	2,314,358	1.17
2004-05	5,740,818	3,611,739	2,129,079	1.08
2005-06	5,797,286	3,547,720	2,249,566	1.14
2006-07	5,760,083	3,596,544	2,163,539	1.01
2007-08	5,873,224	3,984,088	1,889,136	1.72
2008-09	5,724,891	3,969,709	1,755,182	1.60
2009-10	5,892,904	4,142,252	1,750,652	1.59
2010-11	5,896,074	4,115,475	1,780,599	1.71
2011-12	5,931,630	4,220,357	1,711,273	1.55

(1) Net of depreciation and bond interest.

(2) Funds available divided by the highest combined principal and interest payments in any subsequent year for years; combined principal and interest payments in current year for later years.

CITY OF WAYCROSS, GEORGIA
PRINCIPAL WATER AND SEWER CUSTOMERS
FOR THE YEAR ENDED JUNE 30, 2012

	WATER	SEWER	TOTAL
1. Ware Correctional Institute	$ 114,728	$ 150,777	$ 265,505
2. Satilla Regional Medical Center	60,514	79,418	139,932
3. Waycross Housing Authority	24,593	31,835	56,428
4. Flanders Provision Co.	21,201	27,953	49,154
5. CSX Transportation	26,178	34,107	60,285
6. Rich Products Corp.	21,967	28,866	50,833
7. Ware County Commission	14,138	18,380	32,518
8. Ware Manor Apartments	10,818	13,987	24,805
9. Peachwood Place	12,047	11,214	23,261
10. Ware County Board of Education	7,891	10,114	18,005
Total	$ 314,075	$ 406,651	$ 720,726

CITY OF WAYCROSS, GEORGIA
PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2012

	ASSESSED VALUE	TAX LEVIED
1. CSX Transportation	$ 29,187,941	$ 321,009
2. Georgia Power Company	4,369,294	48,054
3. Walmart Stores, Inc.	3,390,179	37,285
4. Lowe's Home Centers, Inc.	3,297,138	36,262
5. Kolb & Wheeler & Walters	3,260,095	35,855
6. Walmart Stores East LP	3,098,620	34,079
7. Lowe's Home Centers, Inc.	1,778,334	19,558
8. The Kroger Company	1,705,294	18,755
9. Kemp Ridge Holdings, LLC	1,630,476	17,932
10. Sears Roebuck & Co.	1,625,323	17,875
Total	$ 53,342,694	$ 586,664

CITY OF WAYCROSS, GEORGIA
MISCELLANEOUS STATISTICS
JUNE 30, 2012

Date of Incorporation	1874
Form of Government	Manager
Number of Employees (Excluding Police and Fire)	87
Classified	
Area in Square Miles	11.69
Population - City	14,649
- County	36,312
Daytime Population	45,000
City of Waycross Facilities and Services	
Miles of Streets	178
Number of Street Lights	2,053
Number of Traffic Lights	21
Culture and Recreation	
Community Centers	1
Parks	24
Park Acreage	113.34
Cemeteries	3
Cemetery Acreage	140
Tennis Courts	1
Fire Protection	
Number of Stations	3
Number of Fire Personnel and Officers	54
Number of Calls Answered	1,052
Number of Inspections Conducted	2,513
Police Protection	
Number of Stations	1
Number of Police Personnel and Officers	68
Number of Patrol Units	42
Number of Law Violations	
Physical Arrests	1,844
Traffic Violations	3,427
Sewerage System	
Miles of Sanitary Sewers	120
Miles of Storm Sewers	60
Number of Treatment Plants	1
Number of Service Connections	6,912
Daily Average Treatment in Gallons	3,000,000
Maximum Daily Capacity of Treatment Plant in Gallons	12,000,000
Water System	
Miles of Water Mains	145
Number of Service Connections	7,528
Number of Fire Hydrants	999
Daily Average Consumption in Gallons	2,300,000
Maximum Daily Capacity of Plant in Gallons	3,400,000
Facilities and Services Not Included in the Reporting Entity:	
Hospitals:	
Number of Hospitals	1
Number of Beds	231

CITY OF WAYCROSS, GEORGIA
SELECTED WATER AND SEWER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012

Water Accounts Active (Estimate)		6,406
Sewere Accounts Active (Estimate)		5,863
Total Water Pumped - Gallons (Estimate)		1,007,664,000
Total Water Consumed - Gallons (Estimate)		784,013,208
Total Water Billed	$	2,453,548
Total Water Collected	$	2,573,740
Total Sewer Billed	$	2,741,261
Total Sewer Collected	$	2,626,690