

ANNUAL FINANCIAL REPORT
CITY OF WASHINGTON, GEORGIA
YEAR ENDED DECEMBER 31, 2013

**CITY OF WASHINGTON, GEORGIA
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013**

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Washington, Georgia

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregately discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, Georgia as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregately discretely presented component unit, and each major fund of the City of Washington, Georgia as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, and the respective budgetary comparison information for the General Fund.

Other Matters

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical text. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Washington, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121 and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedules of expenditures of special purpose local option sales tax proceeds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of special purpose local option sales tax is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014 on our consideration of the City of Washington, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
June 25, 2014

Management's Discussion & Analysis

The Management's Discussion and Analysis of the Annual Financial Statements of the City of Washington, Georgia (the "City") provides an overall narrative and analysis of the City's financial statements for the fiscal year ended December 31, 2013. This discussion and analysis is designed to look at the City's financial performance as a whole. Readers should also review the complete financial statements, with notes, which follow this narrative, to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for the year ended December 31, 2013 are as follows:

- The City's combined net position totaled \$18.86 million.
- As of the close of the current year, the City's Governmental funds reported combined ending fund balances of \$1.03 million. 21% of this total amount is available for spending at the City's discretion (*Unrestricted fund balance*).
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$223 thousand.
- Combined Operating Revenue totaled \$ 17.06 million, of which governmental activities totaled \$3.19 million and business-type activities totaled \$ 13.87 million.
- Overall Operating expenses totaled \$ 17.65 million of which governmental activities totaled \$5.12 million and business-type activities totaled \$ 12.53 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City.

Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status. They are designed to provide readers with a broad overview of the City of Washington's finances, in a manner similar to a private-sector business.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City of Washington, Georgia's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's non-major governmental funds, all of which are added together in one column on the appropriate basic financial statements.

Government-wide Financial Statements

The Government-wide financial statements provide a broad view of the City's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the economic condition at the end of the fiscal year. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means the statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include the following two statements:

The **Statement of Net Position** presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The **Statement of Activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expense and program revenues for each function of the City.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities and 3) component units. The governmental activities include most of the City's basic services such as general administration, judicial services, public safety, public works, health and welfare, culture and recreation, and housing and development. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those services that the City charges a fee to customers in order to provide. These include the Electric System, Water and Sewer System, Sanitation System and Internet Services.

Fund Financial Statements

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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements. The funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. These fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds

Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide statements, these funds focus on how assets can readily be converted into cash and the amount of funds left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which focuses on current financial resources. Such information may be useful in evaluating the City's short-term financing requirements. These statements provide a detailed short-term view of the City's finances that assists in determining whether that will be adequate financial resources available to meet the City's current needs. The relationship between government activities in the government-wide financial statements and the governmental funds financial statements is described in a reconciliation that is a part of the fund financial statements.

The City has four governmental fund types: the General Fund, Special Revenue Funds, Capital Project Funds, and Permanent Funds. Only one individual fund is being considered a major fund – the General Fund.

Proprietary Funds

The City has one type of proprietary fund used to account for activities that operate similar to commercial enterprises found in the private sector. Funds that charge fees for services provided to outside customers including other local governments are known as Enterprise Funds. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds use the accrual basis of accounting, thus there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The City has four enterprise funds: Electric System, Water and Sewer System, Sanitation System and Internet Services. The City has no internal service funds. The Electric System and Water and Sewerage System are the only funds being considered major funds for presentation purposes.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a government as an agent for individuals, private organizations, other governments and other departments. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These funds are not reflected in the government-wide financial statements because the resources are not available to support the City's operations or programs. The City of Washington does not have any Fiduciary Funds at this time.

Government-wide Financial Analysis The City's Net Position December 31, 2013

	Governmental	Activities	Business-type	Activities	Total	Total
	2012	2013	2012	2013	2012	2013
Current and other assets	\$1,880,624	\$2,039,351	\$8,557,249	\$4,767,587	\$10,437,873	\$ 6,806,938
Capital Assets	\$6,691,225	\$6,712,163	\$15,026,754	\$20,860,448	\$21,717,979	\$ 27,572,611
Total Assets	\$8,571,849	\$8,751,514	\$23,584,003	\$25,628,035	\$32,155,852	\$ 34,379,549
Long-term liabilities	\$909,914	\$811,828	\$8,901,474	\$10,100,076	\$9,811,388	\$ 10,911,904
Other liabilities	\$1,053,872	\$956,945	\$1,937,454	\$1,960,085	\$2,991,326	\$ 2,917,030
Total Liabilities	\$1,963,786	\$1,768,773	\$10,838,928	\$12,060,161	\$12,802,714	\$ 13,828,934
Net Assets:						
Invested in capital assets						
net of related debt	\$ 5,224,857	\$ 5,653,343	\$ 5,835,723	\$ 5,814,437	\$ 11,060,580	\$ 11,467,780
Restricted	\$ 418,827	\$ 553,181	\$ 5,543,931	\$ 4,781,669	\$ 5,962,758	\$ 5,334,850
Unassigned	\$ 964,379	\$ 776,217	\$ 1,536,362	\$ 1,285,655	\$ 2,500,741	\$ 2,061,872
Total Net Position	\$ 6,608,063	\$ 6,982,741	\$ 12,916,016	\$ 11,881,761	\$ 19,524,079	\$ 18,864,502

Net Position

Net position may serve over time as one useful indicator of a government's financial condition. The assets of the City exceeded liabilities by \$ 18.86 million as of December 31, 2013, a decrease of \$490 thousand from December 31, 2012, which indicates a decrease in the financial position of the City.

The largest portion of the City's net position, \$11.47 million or 61%, reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; therefore, 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.

**The City's Changes in Net Position
December 31, 2013**

Revenues:	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>		
Program Revenues						
Charges for Services	\$ 771,130	480,733	\$ 13,259,631	13,869,574	\$ 14,030,761	\$ 14,350,307
Operating grants/contributions	12,003	35,692	-		12,003	35,692
Capital grants/contributions	625,007	812,842			625,007	812,842
General Revenues						
Property taxes	1,361,704	1,265,477			1,361,704	1,265,477
Sales tax	450,737	315,625			450,737	315,625
Franchise fees	291,793	431,076			291,793	431,076
Other taxes	-				-	-
Intergovernmental revenues	-		-		-	-
Investment earnings	989	750	172,735	117,319	173,724	118,069
Miscellaneous	109,028	130,230	-		109,028	130,230
Special items			1,071	-	1,071	-
Gain on sale of capital assets	-		-		-	-
Total Revenues	3,622,391	3,472,425	13,433,437	13,986,893	17,055,828	17,459,318
Expenses:						
General government	486,289	557,509			486,289	557,509
Judicial	10,556	8,441			10,556	8,441
Public safety	2,362,562	2,422,331			2,362,562	2,422,331
Public works	950,452	932,278			950,452	932,278
Health and welfare	174,226	299,796			174,226	299,796
Culture and recreation	509,639	432,283			509,639	432,283
Housing and development	667,314	642,835			667,314	642,835
Interest and fiscal charges	60,741	53,623			60,741	53,623
Water and sewer			2,596,985	2,454,822	2,596,985	2,454,822
Electric			9,343,049	9,489,639	9,343,049	9,489,639
Sanitation			527,739	557,205	527,739	557,205
Internet telecommunications			115,911	97,239	115,911	97,239
Total Expenses	5,221,779	5,349,096	12,583,684	12,598,905	17,805,463	17,948,001
Increase (Decrease) in net assets	(1,599,388)	(1,876,671)	849,753	1,387,988	(749,635)	(488,683)
Transfers	2,148,288	2,251,302	(2,148,288)	(2,251,302)	-	-
Change in net assets	548,900	374,631	(1,298,535)	(863,314)	(749,635)	(488,683)
Net assets-January 1	5,944,215	6,608,110	14,214,551	12,916,016	20,158,766	19,524,126
Prior period adjustment	114,995			(170,941)	114,995	(170,941)
Net assets, December 31	\$ 6,608,110	\$ 6,982,741	\$ 12,916,016	\$ 11,881,761	\$ 19,524,126	\$ 18,864,502

Financial Analysis of the City's Individual Funds

The City of Washington uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the City's financial requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The combined fund balance of all the governmental funds is \$1.03 million, of which \$223 thousand, or 22%, is spendable and unrestricted. This represents approximately 4% of the Governmental fund's operating expenditures.

General Fund

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was \$104 thousand, of which all of the fund balance is restricted and nonspendable. As a measure of the General Fund's liquidity, it may be useful to compare Unassigned fund balance to total fund expenditures. As of December 31, 2013 the City had NO unassigned fund balance, therefore the City has no contingency fund to fund operations in the event of a crisis.

General Fund Budgetary Highlights

During the year, the City revised the budget with council approval twice. Generally, budget amendments fall into one of five categories: 1) amendments to appropriate fund balance for encumbrances from the prior year, 2) amendments made to adjust the estimates that are used to prepare the original budget resolution once exact information is available; 3) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; 4) amendments to increase appropriations that become necessary to maintain services; and 5) amendments to transfer appropriations between departments. The fifth category has no effect on the final budget and, therefore, is not addressed in this narrative. Amendments to the General Fund increased total expenditures by approximately \$377 thousand. Of this amount \$423 thousand was to pay off the Pope Center debt, which was renewed on January 1, 2014. Overall the City's general fund expenditures came in \$46 thousand below budget.

The actual revenues for the General Fund were more than the original budget amount by \$138,750. This excess Revenue is a product of an increase in Property Tax revenue due to the City's enforcement of collection on delinquent taxes. The individual sources within the revenues fluctuated both positively and negatively. Actual operating expenditures were under the original budget amount by \$143,071 or 3% of actual expenses, due mostly to decrease in Capital Outlay for 2013.

Proprietary Funds

The activities of the City that render services to the general public on a user charge basis or that require periodic determination of revenues for public policy are accounted for as Enterprise Funds. The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unassigned Net Position at the end of the year was as follows: Electric System, **Negative** \$940,403; Water and Sewer System, **Positive** \$1,676,688; other enterprise funds, **Positive** \$549,370 for a grand total of \$1,285,655 of Unassigned Net Position for all enterprise funds.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2013 amounts to \$ 22,134,433 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, construction in progress and infrastructure. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, streets and sidewalks, drainage systems and other similar items.

The City's Capital Assets (net of depreciation) December 31, 2012 and 2013

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land	\$ 706,992	\$ 710,647	\$ 203,190	\$ 203,190	\$ 910,182	\$ 913,837
Infrastructure, net	3,064,980	3,025,688	6,463,270	6,247,145	9,528,250	9,272,833
Construction in Progress			7,722,014	9,235,697	7,722,014	9,235,697
Buildings & Improvements, net	1,873,780	1,796,545	200,862	200,170	2,074,642	1,996,715
Equipment & Vehicles, net	1,045,473	1,030,846	437,418	476,870	1,482,891	1,507,716
Total Capital Assets	\$ 6,691,225	\$ 6,563,726	\$ 15,026,754	\$ 16,363,072	\$ 21,717,979	\$ 22,926,798

Additional information on the City's capital assets can be found in Note 6 of the notes to the financial statements of this report.

Long -Term Debt

As of December 31, 2013 the City had a total of \$11.56 million in outstanding long-term debt.

The City's Outstanding Debt General Obligation December 31, 2012 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Notes Payable	\$ 910,094	\$ 1,007,068	\$ 8,901,474	\$ 10,548,634	\$ 9,811,568	\$ 11,555,702
Total Debt	\$ 910,094	\$ 1,007,068	\$ 8,901,474	\$ 10,548,634	\$ 9,811,568	\$ 11,555,702

Additional information on the City's Long Term Debt can be found in Note 8 of the notes to the financial statements of this report.

Requests for information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be addressed to the City Administrator, City of Washington, Georgia, P.O. Box 9, Washington, Georgia 30673.

BASIC FINANCIAL STATEMENTS

CITY OF WASHINGTON, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Assets and Deferred Outflows of Resources				
Cash and cash equivalents	\$ 861,101	\$ 343,151	\$ 1,204,252	\$ 31
Investments	200,008	310,218	510,226	2,480
Receivables	822,530	1,766,295	2,588,825	-
Internal balances	133,335	(133,335)	-	-
MEAG receivable	-	343,000	343,000	-
Inventories	7,963	422,619	430,582	-
Prepaid expenses	14,414	29,526	43,940	-
Restricted assets	148,437	-	148,437	-
Investments, MEAG Trust, unavailable	-	4,011,162	4,011,162	-
Investments in joint venture	-	486,215	486,215	-
Capital assets (net of accumulated depreciation)				
Land	710,647	203,190	913,837	-
Historical treasures	81,718	-	81,718	-
Construction in progress	-	9,235,697	9,235,697	-
Infrastructure	3,025,688	6,247,145	9,272,833	-
Buildings and improvements	1,714,827	200,169	1,914,996	-
Equipment	-	340,408	340,408	-
Vehicles	1,030,846	136,462	1,167,308	-
Total assets	8,751,514	23,941,922	32,693,436	2,511
Liabilities				
Accounts payable	122,942	1,111,806	1,234,748	-
Salaries payable	22,594	19,276	41,870	-
Accrued interest	-	9,410	9,410	-
Bank overdraft	260,611	-	260,611	-
Unearned revenues	355,558	-	355,558	-
Customer deposits	-	321,949	321,949	-
Compensated absences	96,685	49,086	145,771	-
Noncurrent liabilities:				
Due within one year	98,555	448,558	547,113	-
Due in more than one year	811,828	10,100,076	10,911,904	-
Total liabilities	1,768,773	12,060,161	13,828,934	-
Net Position				
Net investment in capital assets	5,653,343	5,814,437	11,467,780	-
Restricted for:				
Capital projects	665,641	-	665,641	-
Revolving loan fund	3,688	-	3,688	-
Non-expendable trust	19,980	-	19,980	-
Debt service	98,555	448,558	547,113	-
MEAG trust	-	4,011,162	4,011,162	-
Unassigned	640,089	1,607,604	2,247,693	2,511
Total net position	\$ 7,081,296	\$ 11,881,761	\$ 18,963,057	\$ 2,511

The accompanying notes are an integral part of these financial statements.

**CITY OF WASHINGTON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets			Component Unit Downtown Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 557,509	\$ 163,180	\$ 10,000	\$ -	\$ (384,329)	\$ -	\$ (384,329)	\$ -
Judicial	8,441	-	-	-	(8,441)	-	(8,441)	-
Public safety	2,422,331	252,950	21,774	165,076	(1,982,531)	-	(1,982,531)	-
Public works	932,278	20,733	1,750	454,218	(455,577)	-	(455,577)	-
Health and welfare	299,796	7,646	-	-	(292,150)	-	(292,150)	-
Culture and recreation	432,283	27,753	2,168	-	(402,362)	-	(402,362)	-
Housing and development	589,212	8,471	-	193,548	(387,193)	-	(387,193)	-
Interest on long-term debt	53,623	-	-	-	(53,623)	-	(53,623)	-
Total governmental activities	5,295,473	480,733	35,692	812,842	(3,966,206)	-	(3,966,206)	-
Business-type activities:								
Water and Sewer Fund	2,454,822	2,868,555	-	-	-	413,733	413,733	-
Electric Fund	9,489,639	10,473,257	-	-	-	983,618	983,618	-
Solid Waste Fund	557,205	490,923	-	-	-	(66,282)	(66,282)	-
Internet Telecommunications	97,239	36,839	-	-	-	(60,400)	(60,400)	-
Total business-type activities	12,598,905	13,869,574	-	-	-	1,270,669	1,270,669	-
Total primary government	\$ 17,894,378	\$ 14,350,307	\$ 35,692	\$ 812,842	(3,966,206)	1,270,669	(2,695,537)	-
Component units:								
Downtown Development Authority	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Total component units	\$ -	\$ -	\$ -	\$ -	-	-	-	-
General revenues:								
Property taxes, levied for general purposes					1,265,477	-	1,265,477	-
Sales taxes					315,625	-	315,625	-
Franchise and other business taxes					431,076	-	431,076	-
Unrestricted investment earnings					750	117,319	118,069	9
Miscellaneous					130,230	-	130,230	-
Transfers					2,251,302	(2,251,302)	-	-
Total general revenues and transfers					4,394,460	(2,133,983)	2,260,477	9
Change in net position					428,254	(863,314)	(435,060)	9
Net position, beginning of year, as previously reported					6,608,110	12,916,016	19,524,126	2,502
Prior period adjustment					-	(170,941)	(170,941)	-
Net position, beginning of year, restated					6,608,110	12,745,075	19,353,185	2,502
Net position, end of year					\$ 7,036,364	\$ 11,881,761	\$ 18,918,125	\$ 2,511

**CITY OF WASHINGTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 149,747	\$ 711,354	\$ 861,101
Investments	2,990	197,018	200,008
Taxes receivable, net	371,290	-	371,290
Due from other funds	133,335	-	133,335
Receivable from other governments	57,730	63,468	121,198
Other receivables, net	82,080	-	82,080
RFP receivable	247,962	-	247,962
Inventories	-	7,963	7,963
Prepaid expenses	13,840	574	14,414
Restricted assets	128,457	19,980	148,437
	<u>1,187,431</u>	<u>1,000,357</u>	<u>2,187,788</u>
Total assets	<u>\$ 1,187,431</u>	<u>\$ 1,000,357</u>	<u>\$ 2,187,788</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 54,435	\$ 68,507	\$ 122,942
Bank overdraft	260,611	-	260,611
Unearned revenue	355,558	-	355,558
Other accrued expenses	19,235	3,359	22,594
	<u>689,839</u>	<u>71,866</u>	<u>761,705</u>
Total liabilities	<u>689,839</u>	<u>71,866</u>	<u>761,705</u>
Deferred inflows of resources			
Unavailable revenues - property taxes	393,290	-	393,290
	<u>393,290</u>	<u>-</u>	<u>393,290</u>
Fund Balances			
Nonspendable:			
Inventory	-	7,963	7,963
Prepaid	13,840	574	14,414
Restricted	128,457	659,396	787,853
Committed	-	260,558	260,558
Assigned	-	-	-
Unassigned	(37,995)	-	(37,995)
	<u>104,302</u>	<u>928,491</u>	<u>1,032,793</u>
Total fund balances	<u>104,302</u>	<u>928,491</u>	<u>1,032,793</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,187,431</u>	<u>\$ 1,000,357</u>	<u>\$ 2,187,788</u>

**CITY OF WASHINGTON, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013**

Total fund balances - governmental funds \$ 1,032,793

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not current financial resources
and therefore are not reported in this fund statement, but are reported
in the governmental activities of the Statement of Net Position

Those assets consist of:

Land	710,647
Historical treasures	81,718
Infrastructure	3,820,918
Buildings and improvements	3,971,542
Furniture, fixtures, and equipment	2,467,534
Accumulated depreciation	<u>(4,488,633)</u>

Total capital assets 6,563,726

Some of the City's receivables will be collected after year-end, but are not
available soon enough to pay for the current period's expenditures and therefore are reported
as deferred inflows of resources in the funds

393,290

Long-term liabilities applicable to the City's governmental activities are
not due and payable in the current period and are not included in the fund
financial statement, but are included in the governmental activities of the
Statement of Net Position. Balances at December 31 are:

Notes payable	(910,383)
Compensated absences	<u>(96,685)</u>

Total long-term liabilities (1,007,068)

Net position of governmental activities \$ 6,982,741

CITY OF WASHINGTON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,725,190	\$ -	\$ 1,725,190
Licenses and permits	70,383	-	70,383
Intergovernmental	31,226	800,597	831,823
Charges for services	173,842	69,343	243,185
Fines and forfeitures	166,752	-	166,752
Investment earnings	711	1,431	2,142
Contributions and donations	16,175	4,823	20,998
Miscellaneous	130,230	-	130,230
	<u>2,314,509</u>	<u>876,194</u>	<u>3,190,703</u>
EXPENDITURES			
Current:			
General government	548,866	-	548,866
Judicial	8,441	-	8,441
Public safety	1,953,252	377,664	2,330,916
Public works	860,533	-	860,533
Health and welfare	225,900	-	225,900
Culture and recreation	421,357	2,343	423,700
Housing and development	314,772	306,353	621,125
Debt service:			
Principal	555,684	-	555,684
Interest	53,623	-	53,623
Capital outlay:			
General government	-	-	-
Public safety	47,404	30,936	78,340
Public works	37,166	13,409	50,575
Health and welfare	12,144	-	12,144
Culture and recreation	3,086	-	3,086
Housing and development	2,001	-	2,001
	<u>5,044,229</u>	<u>730,705</u>	<u>5,774,934</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(2,729,720)</u>	<u>145,489</u>	<u>(2,584,231)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from debt issuance	461,572	-	461,572
Transfer in	2,477,000	78,002	2,555,002
Transfer out	(303,700)	-	(303,700)
	<u>2,634,872</u>	<u>78,002</u>	<u>2,712,874</u>
CHANGE IN FUND BALANCES	(94,848)	223,491	128,643
FUND BALANCES, BEGINNING OF YEAR	<u>199,150</u>	<u>705,000</u>	<u>904,150</u>
FUND BALANCES, END OF YEAR	<u>\$ 104,302</u>	<u>\$ 928,491</u>	<u>\$ 1,032,793</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF WASHINGTON, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Net change in fund balances - governmental funds \$ 128,643

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital 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 \$146,146 are less than depreciation \$266,508 in the current period. (120,362)

The effect of various miscellaneous transactions involving capital assets is to decrease capital assets - disposal of capital assets (7,137)

Payments on notes payable are reported as expenditures in the governmental funds, but reduce the liability in the Statement of Net Position. 94,413

Governmental funds defer all tax revenues not collected within 60 days of year end. However, the Statement of Activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date. This is the amount by which the prior year unearned is more than the current year unearned 281,689

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable, available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. An adjustment is required due to a different basis of accounting for compensated absences. (2,568)

Change in net position of governmental activities \$ 374,678

CITY OF WASHINGTON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET
(GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amount</u>		Actual Amount	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Over
				<u>(Under)</u>
REVENUES				
Taxes	\$ 1,579,641	\$ 1,740,616	\$ 1,725,190	\$ (15,426)
Licenses and permits	80,500	80,500	70,383	(10,117)
Intergovernmental	17,890	23,290	31,226	7,936
Charges for services	154,084	170,084	173,842	3,758
Fines and forfeitures	230,000	230,000	166,752	(63,248)
Investment earnings	1,330	1,330	711	(619)
Other	<u>112,314</u>	<u>112,314</u>	<u>146,405</u>	<u>34,091</u>
 Total revenues	 <u>2,175,759</u>	 <u>2,358,134</u>	 <u>2,314,509</u>	 <u>(43,625)</u>
EXPENDITURES				
Current				
General government	626,031	626,031	548,866	(77,165)
Judicial	10,485	10,485	8,441	(2,044)
Public safety	2,027,410	2,043,410	2,000,656	(42,754)
Public works	890,565	921,253	897,699	(23,554)
Health and welfare	175,804	248,134	238,044	(10,090)
Culture and recreation	462,483	467,903	424,443	(43,460)
Housing and development	385,215	407,332	316,773	(90,559)
Debt Service:				
Principal	129,814	552,574	555,684	3,110
Interest and other charges	<u>58,341</u>	<u>58,341</u>	<u>53,623</u>	<u>(4,718)</u>
 Total expenditures	 <u>4,766,148</u>	 <u>5,335,463</u>	 <u>5,044,229</u>	 <u>(291,234)</u>
 Excess (deficiency) of revenues over expenditures	 <u>(2,590,389)</u>	 <u>(2,977,329)</u>	 <u>(2,729,720)</u>	 <u>247,609</u>
OTHER FINANCING SOURCES				
Proceeds from debt	9,500	432,260	461,572	29,312
Use of prior year fund balance	33,149	33,149	-	(33,149)
Transfers in	2,807,419	2,807,419	2,477,000	(330,419)
Transfer out	<u>-</u>	<u>-</u>	<u>(303,700)</u>	<u>(303,700)</u>
 Total other financing sources	 <u>2,850,068</u>	 <u>3,272,828</u>	 <u>2,634,872</u>	 <u>(637,956)</u>
 CHANGE IN FUND BALANCE	 <u>\$ 259,679</u>	 <u>\$ 295,499</u>	 (94,848)	 <u>\$ (390,347)</u>
 FUND BALANCE, BEGINNING OF YEAR			 <u>199,150</u>	
 FUND BALANCE, END OF YEAR			 <u>\$ 104,302</u>	

CITY OF WASHINGTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds			Total
	Water & Sewer Fund	Electric Fund	Non-Major Enterprise Funds	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 209,097	\$ 134,054	\$ -	\$ 343,151
Investments	154,028	156,190	-	310,218
Accounts receivable, net	422,118	1,253,014	91,163	1,766,295
Due from other funds	1,552,778	-	-	1,552,778
MEAG receivable	-	343,000	-	343,000
Inventories	172,893	249,726	-	422,619
Prepaid expenses	3,026	21,840	4,660	29,526
	<u>2,513,940</u>	<u>2,157,824</u>	<u>95,823</u>	<u>4,767,587</u>
Total current assets				
Non-current assets:				
Investments MEAG Trust, unavailable	-	4,011,162	-	4,011,162
Investment in joint venture	-	-	486,215	486,215
	<u>-</u>	<u>-</u>	<u>486,215</u>	<u>486,215</u>
Non-current assets				
Capital assets, net of accumulated depreciation	14,700,050	1,494,416	168,605	16,363,071
	<u>14,700,050</u>	<u>1,494,416</u>	<u>168,605</u>	<u>16,363,071</u>
Total non-current assets				
	<u>14,700,050</u>	<u>5,505,578</u>	<u>654,820</u>	<u>20,860,448</u>
Total assets				
	<u>\$ 17,213,990</u>	<u>\$ 7,663,402</u>	<u>\$ 750,643</u>	<u>\$ 25,628,035</u>
LIABILITIES AND NET POSITION				
Liabilities				
Current liabilities				
Accounts payable	\$ 80,336	\$ 1,014,945	\$ 16,525	\$ 1,111,806
Salaries payable	3,356	10,365	5,555	19,276
Accrued interest	9,410	-	-	9,410
Due to other funds	83,000	1,603,113	-	1,686,113
Notes and loan payable	448,558	-	-	448,558
Customer deposits	100,183	221,766	-	321,949
	<u>724,843</u>	<u>2,850,189</u>	<u>22,080</u>	<u>3,597,112</u>
Total current liabilities				
Non-current liabilities				
Notes and loans payable	10,100,076	-	-	10,100,076
Compensated absences	12,226	26,272	10,588	49,086
	<u>10,112,302</u>	<u>26,272</u>	<u>10,588</u>	<u>10,149,162</u>
Total non-current liabilities				
	<u>10,112,302</u>	<u>26,272</u>	<u>10,588</u>	<u>10,149,162</u>
Total liabilities				
	<u>10,837,145</u>	<u>2,876,461</u>	<u>32,668</u>	<u>13,746,274</u>
Net Position				
Net investment in capital assets	4,151,416	1,494,416	168,605	5,814,437
Restricted for:				
MEAG Trust	-	4,011,162	-	4,011,162
Debt	448,558	-	-	448,558
Customer deposits	100,183	221,766	-	321,949
Unassigned	1,676,688	(940,403)	549,370	1,285,655
	<u>6,376,845</u>	<u>4,786,941</u>	<u>717,975</u>	<u>11,881,761</u>
Total net position				
	<u>6,376,845</u>	<u>4,786,941</u>	<u>717,975</u>	<u>11,881,761</u>
Total liabilities and net position				
	<u>\$ 17,213,990</u>	<u>\$ 7,663,402</u>	<u>\$ 750,643</u>	<u>\$ 25,628,035</u>

CITY OF WASHINGTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Business-type Activities - Enterprise Funds

	Water & Sewer Fund	Electric Fund	Non Major Funds	Total
OPERATING REVENUES				
Charges for services	\$ 2,713,065	\$10,110,857	\$ 527,262	\$ 13,351,184
Water surcharge	145,660	-	-	145,660
Tap fees	9,830	-	-	9,830
Miscellaneous	-	362,400	500	362,900
	<u>2,868,555</u>	<u>10,473,257</u>	<u>527,762</u>	<u>13,869,574</u>
Total operating revenues				
OPERATING EXPENSES				
Cost of sales	-	8,177,599	-	8,177,599
Personnel services	359,254	611,246	341,166	1,311,666
Contractual services	1,777,975	389,974	211,070	2,379,019
Supplies	73,909	133,110	52,200	259,219
Depreciation	173,793	110,263	49,246	333,302
Other costs	-	67,447	762	68,209
	<u>2,384,931</u>	<u>9,489,639</u>	<u>654,444</u>	<u>12,529,014</u>
Total operating expenses				
Operating income (loss)	<u>483,624</u>	<u>983,618</u>	<u>(126,682)</u>	<u>1,340,560</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	2,606	28,471	86,242	117,319
Interest expense	(69,891)	-	-	(69,891)
	<u>(67,285)</u>	<u>28,471</u>	<u>86,242</u>	<u>47,428</u>
Total non-operating (expenses) revenue				
Income before contributions and transfers	<u>416,339</u>	<u>1,012,089</u>	<u>(40,440)</u>	<u>1,387,988</u>
Capital contributions	-	-	-	-
Transfers in	175,748	21,863	28,087	225,698
Transfers out	-	(2,477,000)	-	(2,477,000)
	<u>175,748</u>	<u>(2,455,137)</u>	<u>28,087</u>	<u>(2,251,302)</u>
Total contributions and transfers				
Change in net position	<u>592,087</u>	<u>(1,443,048)</u>	<u>(12,353)</u>	<u>(863,314)</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED				
	5,955,699	6,229,989	730,328	12,916,016
PRIOR PERIOD ADJUSTMENT				
	(170,941)	-	-	(170,941)
NET POSITION, BEGINNING OF YEAR, RESTATED				
	<u>5,784,758</u>	<u>6,229,989</u>	<u>730,328</u>	<u>12,745,075</u>
NET POSITION, END OF YEAR				
	<u>\$ 6,376,845</u>	<u>\$ 4,786,941</u>	<u>\$ 717,975</u>	<u>\$ 11,881,761</u>

**CITY OF WASHINGTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Business-type Activities - Enterprise Funds

	Water & Sewer Fund	Electric Fund	Non Major Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$2,813,688	\$10,062,454	\$ 527,889	\$13,404,031
Cash received (paid) for interfund services provided	(530,784)	544,669	42,241	56,126
Cash paid to suppliers and others	(2,151,874)	(8,324,876)	(263,375)	(10,740,125)
Cash paid to employees	<u>(358,511)</u>	<u>(604,989)</u>	<u>(338,515)</u>	<u>(1,302,015)</u>
Net cash (used in) provided by operating activities	<u>(227,481)</u>	<u>1,677,258</u>	<u>(31,760)</u>	<u>1,418,017</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to (from) other funds	<u>-</u>	<u>(2,455,136)</u>	<u>28,087</u>	<u>(2,427,049)</u>
Net cash (used in) provided by noncapital financing activities	<u>-</u>	<u>(2,455,136)</u>	<u>28,087</u>	<u>(2,427,049)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(1,615,784)	(36,665)	(17,171)	(1,669,620)
Principal paid on long term debt	(105,857)	-	-	(105,857)
Interest paid on long term debt	(69,892)	-	-	(69,892)
Purchase of investments	(846)	-	-	(846)
Increase in note payables	1,463,460	-	-	1,463,460
Transfer from other funds	<u>175,748</u>	<u>-</u>	<u>-</u>	<u>175,748</u>
Net cash (used in) capital and related financing activities	<u>(153,171)</u>	<u>(36,665)</u>	<u>(17,171)</u>	<u>(207,007)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
MEAG investments	-	981,989	-	981,989
Interest received	2,606	28,471	86,242	117,319
Sale (purchase) of investments	<u>-</u>	<u>(105,421)</u>	<u>(65,398)</u>	<u>(170,819)</u>
Net cash provided by investing activities	<u>2,606</u>	<u>905,039</u>	<u>20,844</u>	<u>928,489</u>
Net (decrease) increase in cash	(378,046)	90,496	-	(287,550)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>587,141</u>	<u>43,558</u>	<u>-</u>	<u>630,699</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 209,095</u>	<u>\$ 134,054</u>	<u>\$ -</u>	<u>\$ 343,149</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF WASHINGTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

Operating income (loss)	<u>\$ 483,624</u>	<u>\$ 983,618</u>	<u>\$(126,682)</u>	<u>\$ 1,340,560</u>
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	173,793	110,263	49,246	333,302
Change in accounts receivable	(54,867)	(147,403)	127	(202,143)
Change in MEAG receivable	-	99,000	-	99,000
Change in inventories	(75,045)	2,406	-	(72,639)
Change in prepaid expenses	4,361	(3,191)	(987)	183
Change in due from other funds	(592,282)	6,171,717	42,241	5,621,676
Change in accounts payable	(230,307)	310,470	1,644	81,807
Change in salaries payable	743	6,013	3,001	9,757
Change in compensated absences	1,001	244	(350)	895
Change in customer deposits	-	(228,831)	-	(228,831)
Change in due to other funds	<u>61,498</u>	<u>(5,627,048)</u>	<u>-</u>	<u>(5,565,550)</u>
 Total adjustments	 <u>(711,105)</u>	 <u>693,640</u>	 <u>94,922</u>	 <u>77,457</u>
 Net cash provided by (used in) operating activities	 <u><u>\$ (227,481)</u></u>	 <u><u>\$ 1,677,258</u></u>	 <u><u>\$ (31,760)</u></u>	 <u><u>\$ 1,418,017</u></u>

Notes to Financial Statements

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Incorporated in 1780, under the laws of the State of Georgia, the City of Washington is governed by a seven member Mayor/Council form of government. The Mayor is elected to a four-year term, and the Council members are elected to staggered four-year terms. The Mayor serves as the Chief Executive Officer and the other six Council members serve on a part-time basis. The Mayor is assisted by the City Administrator to handle the daily operations of the City.

The financial statements of the City of Washington, Georgia, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City's major operations include public safety, fire protection, public works, maintenance, and general administrative services.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, the financial statements of the reporting entity include those of the City of Washington, Georgia (primary government) and its component units. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Government Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate power of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Discretely Presented Component Units – The component unit columns in the government-wide financial statements include the financial data of the City's component units. They are included because, if excluded, the City's financial statements would be misleading. They are reported in separate columns in the government-wide financial statements to emphasize their legal separation from the City. The following component units are included in the statements:

Downtown Development Authority of Washington, Georgia – The Downtown Development Authority's seven member governing board is appointed by the City Council. Separate financial statements of the component unit can be obtained from the Downtown Development Authority, P.O. Box 9, Washington, Georgia 30673.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units – Based on the GASB criteria, the City has no entities that qualify as blended component units.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues and expenses, such as charges for services and cost of services and administration, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating items not meeting these definitions are reported as non-operating revenues or expenses, and/or result from non-exchange transactions or ancillary activities.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

General Fund – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major enterprise funds:

Electric System – This fund accounts for user fees and expenses for the electric services provided to the citizens of the City.

Water and Sewer System – The water and sewer fund accounts for the operation and maintenance of the City's water and sewer services.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements – The government and proprietary fund financial statements are reported using the accrual basis of accounting and an economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the modified accrual basis of accounting and have a current financial resources measurement focus. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. All business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 20, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The government has elected not to follow subsequent private-sector guidance.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Budgets and Budgetary Accounting

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

1. In November, a proposed operating budget for the fiscal year commencing January 1 is submitted to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through passage of an ordinance.
4. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgetary amounts between line items within a fund can be done with the approval of the City Administrator. Transfer of amounts between each department of each fund must be approved by the City Council. This is the legal level of budgetary control.
5. The funds obtained from any source may be used for any appropriations named in said budget, except funds specifically restricted by the City ordinance or State law.
6. The City does not employ the use of encumbrance accounting.
7. Unexpended appropriations lapse at the end of the year.
8. At the end of the fiscal year, all amendments to the budget are approved through passage of an ordinance.

D. Encumbrances

The City of Washington does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash, Investments and Cash Equivalents

Cash consists of demand deposits held in banks. Any bank deposit in excess of FDIC insured amounts must be secured by an equivalent amount of State of Georgia or U.S. obligations or direct loans to the City. For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments are stated at fair market value.

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible, when material.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The City does not report any deferred outflows of resources..

G. Property Tax Calendar

The City bills and collects its own property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables. Assessed values are an approximation of market value. At the government-wide level, property taxes are recognized as revenue when they are levied. The governmental fund statements recognize property taxes as revenue as soon as they are considered to be both measureable and available.

Property taxes are administered based on the following calendar:

Property Tax Year	2013
Levy Date	Nov 1, 2013
Collection Period	Nov 15, 2013 – Dec 31, 2013
Due Date	Dec 31, 2013

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventories and Prepaid Items

The costs of governmental fund-type inventories are recorded as expenditures when purchased. Inventories of the proprietary fund are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Certain payments made to vendors that will benefit periods beyond December 31, 2013 are recorded as prepaid items and are recorded as expenditures when consumed rather than when purchased.

I. Capital Assets

Capital Assets are defined by the government as assets with an initial, individual cost of more than \$15,000 for streets, buildings, and grounds, \$5,000 for all other capital assets and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets or business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Building and Improvements	12-40
Vehicles	5-20
Machinery & Equipment	7-10
Electric Plant Systems	30

Pursuant to GASB Statement No. 34, Phase 3 governments are not required to report major general infrastructure assets retroactively. General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2004.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Restricted and Committed Assets

The General fund has certain resources set aside for the purpose of a revolving loan fund in the amount of \$2,513, LMIG in the amount of \$55,128, Gilmer House in the amount of \$2,249, Historic Properties in the amount of \$55,776, Toys For Tots in the amount of \$11,347 and Muni Court Web in the amount of \$1,444. TSPLOST has funds restricted for road improvements of \$81,000. SPLOST and CDBG funds have funds restricted for capital projects of \$529,513. The E-911 fund has \$28,903 that is restricted for E-911 expenditures. The Historical Properties Commission and the Callaway Charitable Trust Permanent funds each have non-expendable investments totaling \$19,980.

There are committed funds of \$2,315 for Callaway Plantation operating, \$29,069 for Callaway Plantation furnishings, \$188,972 for the Cemetery maintenance, \$7,298 for historic properties, and \$38,439 for the Callaway Charitable Trust.

K. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Equity

Fund balances are reported in 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. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

Nonspendable- amounts that are either not in spendable form or legally or contractually required to be maintained intact.

Restricted- amounts constrained to specific purposes by third parties (statutory, bond covenant or granting agency), through constitutional provisions, or by establishing legislation.

Committed- amounts constrained to specific purposes by the City itself, using the highest level of decision-making authority; reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove the constraint. The highest level of decision making authority is the City Council.

Assigned- amounts the City intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned- amounts that are available for any purpose; positive amounts are reported only in the general fund.

For the classification of Governmental Fund balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available. The City would typically use the restricted fund balance first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserve the right to selectively spend unassigned resources first to defer the use of these other classified funds.

M. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Up to 160 hours of unused vacation leave may be accumulated. In accordance with the provisions of GASB Statement 11, concerning Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balance or Retained Earnings

The CDBG and Urban Redevelop funds had a deficit fund balance at December 31, 2013. This deficit will be funded by transfers from the General Fund.

NOTE 3: RETIREMENT BENEFITS

Defined Benefit Pension Plan

Plan Description

The City of Washington, Georgia Defined Benefit Pension Plan, City of Washington Retirement Plan, provides retirement, disability, and death benefits to plan members and beneficiaries. The City of Washington Retirement Plan is a participating member in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by its board of trustees. O.C.G.A. Section 47-5-1 et. Seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the GMEBS to the respective employer entities; for the City of Washington Retirement Plan, that authority rests with the City of Washington, Georgia's Mayor and Council. It is the responsibility of GMEBS to function as the investment and administrative agent for the City of Washington, Georgia with respect to the pension plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS.

The report may be obtained by writing to Georgia Municipal Employee Benefits System, 201 Pryor Street, SW, Atlanta, Georgia 30303 or calling (404) 688-0472.

For the year ended July 1, 2013 (the most recent actuarial valuation date), the City's total payroll for all employees and the City's total covered payroll amounted to \$2,871,467. Covered payroll refers to all compensation paid by the City to active employees covered by the City of Washington, Georgia Retirement Plan on which contributions to the pension are based.

Under the provision of the Plan, plan members do not contribute to the Plan. For employees, pension benefits are fully vested after 10 years in the Plan. For elected officials, vesting is immediate. An employee may retire at age 65 with 5 years of service. Elected officials and Municipal legal officers may retire at age 65. An employee may elect early retirement at age 55 provided he/she has a minimum of 10 years total credited service.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 3: RETIREMENT BENEFITS (Continued)

Plan Asset Matters and Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in cash value of death benefits.

Investments in securities are valued at current market prices. Plan assets do not include any loans, bonds, or other instruments or securities of the City or related parties.

Plan Membership

Retirees and beneficiaries receiving benefits	42
Terminated employees entitled to, but not receiving benefits	21
Active employees - vested	63
Active employees - non-vested	<u>30</u>
Total	<u>156</u>

Contributions

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these funding standards is \$268,878. The GMEBS Board of Trustees has adopted an actuarial funding policy which requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. The GMEBS funding policy is to contribute an amount equal to the recommended contribution each year. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards. Plan members are not permitted to contribute to the City of Washington Retirement Plan.

The actuarially determined recommended contribution was \$268,878. The City made the actuarially determined recommended contribution.

Annual Pension Cost

The City's annual pension cost of \$268,878 was equal to the City's required and actual contributions for the plan year ended July 1, 2013

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 3: RETIREMENT PLAN (Continued)

Significant Actuarial Assumptions

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

A variety of significant actuarial assumptions are used to determine the projected unit credit measure of the pension obligation and these are summarized below:

Valuation Date	July 1, 2013	July 1, 2012
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Dollar (Closed)	Level Dollar (Closed)
Remaining Amortization Period	13 years	14 years
Asset Valuation Method	Smoothed Market Value*	Smoothed Market Value*
Actuarial assumptions:		
Net Investment Rate of Return	7.75%	7.75%
Projected Salary Increases	3.50%	3.50%
Cost of Living Adjustments	2.50%	2.50%

*Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.

Three-Year Trend Information

<u>Fiscal Year</u> <u>Funding</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/13	\$268,878	100%	-
12/31/12	\$271,890	100%	-
12/31/11	\$190,445	100%	-

The City has provided assets to fund the obligations caused by its defined benefit plan as follows:

<u>Measurement</u> <u>Date</u>	<u>(a)</u> <u>Actuarial</u> <u>Value</u> <u>of Assets</u>	<u>(b)</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u>	<u>Unfunded</u> <u>AAL (UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>(c)</u> <u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of covered</u> <u>payroll</u> <u>(b-a)/c</u>
7/1/2013	\$ 5,642,299	\$ 6,216,055	\$ 573,756	90.77%	\$ 2,871,467	19.98%

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 3: RETIREMENT PLAN (Continued)

The required supplementary information immediately following the notes to the financial statements contains multiyear trend information about whether plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 4: DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits - This is the risk that in the event of a bank failure, the City's deposits may not be recovered. State law requires deposits with financial institutions be collateralized in an amount equal to 110% of uninsured deposits. As of December 31, 2013, the City was entirely insured or collateralized by securities held by the pledging financial institutions. Therefore, the City has no custodial credit risk for deposits.

Custodial Credit Risk - Investments - This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no policy on custodial credit risk on investments. The risk factors for the Municipal Competitive Trust are discussed below.

Municipal Competitive Trust - MEAG Power formed a trust known as the "Municipal Competitive Trust" for the benefit of its Participants (which includes the City of Washington, Georgia along with 46 other cities and counties) and has funded the Competitive Trust with certain monies which are accumulated in MEAG Power reserves, including certain rate stabilization monies and sums from the debt service reserves which were released following a successful effort to obtain bondholder consent to amend the Project One and General Resolution Projects Resolutions. Surety bonds were substituted for the debt service reserves to preserve the security of the bond holders, thus allowing the accumulated debt service reserves to be transferred to the Competitive Trust. Funds in the Competitive Trust will be invested and reinvested, and will be available to reduce future power supply costs of the Participants to meet retail competition.

Discretionary funds from the Participants were deposited in the Flexible Trust Account, which is part of the Municipal Competitive Trust established by MEAG and represents an involuntary participation external investment pool that is not registered with the S.E.C. as an investment company. The City of Washington, Georgia has recorded the investments in the Flexible Trust Account as investments in the Utilities Fund at fair market value, which was \$50,769 at the balance sheet date. Fair market value is determined based on the fair value of the underlying portfolio calculated daily with earnings distributed monthly. The fair value of the position in the external investment pool is the same as the value of the pool shares. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, certain government agencies if guaranteed by the United States Government, direct and general obligations of states, certain Federal Agency discount notes and repurchase agreements collateralized by securities which would otherwise be permissible under the laws of the State of Georgia.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Under the above parameters, investments are made in mortgage and derivative securities. These securities principally include agency-issued mortgages, collateralized mortgage obligations, principal-only strips and interest only securities that are requested to repay 100% of their principal investment at maturity. The yield on derivative securities is based on cash flows received as determined by a specified formula or index, and/or cash flows from principal repayments on underlying mortgages. Therefore, the rate of return on market value of these securities may be sensitive to changes in their respective index or formula and/or in repayment on mortgages, which may result from changing interest rates.

MEAG Power and therefore the City of Washington, Georgia, to the extent of its portion of the Flexible Trust Account is exposed to credit and market risk relating to its investments. Credit risk arises when an entity is unable to recover its investments either by an inability to withdraw the funds through nonperformance of a counterparty or an inability to recover collateral. Market risk could affect the investments adversely when either the value of items purchased or the value of underlying collateral securities declines. As of December 31, 2013 MEAG Power and the City of Washington, Georgia were not exposed to any known economic losses due to these risks.

Derivative Financial Instruments - Derivative financial instruments are used primarily in the management of interest rate exposure and include interest rate swap transactions. Derivative financial instruments are not held or issued for trading purposes. The counterparties to derivative transactions are major financial institutions with either high investment grade credit rating or agreements to collateralize their net position.

Swap transactions are accrued to interest expense for the difference between the agreed upon fixed and floating rates. Options are recorded at fair value based on the estimated amount that would be received or paid to terminate the options at the reporting dated based on broker quotes. Options are revalued and marked to market.

MEAG Power and the City's portion of the Flexible Trust Account will be exposed to less variable rate exposure if the counterparty to the swap transactions defaults or if the swap is terminated.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Investments

As of December 31, 2013, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
<u>General Fund</u>	
Certificates of Deposit	\$ 77,990
<u>Water & Sewer Fund</u>	
Certificates of Deposit	153,182
<u>Electric Fund</u>	
MEAG Trust	50,769
MEAG Trust - noncurrent	4,993,151
<u>Non-major Funds</u>	
Certificates of Deposit	<u>218,520</u>
	<u>\$ 5,493,612</u>

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or any other states
- Obligations issued by the United States
- Obligations fully insured or guaranteed by the United States Government or governmental agency
- Obligations of any corporation of the United States Government
- Prime banker's acceptances
- The State of Georgia Local Government Investment Pool
- Repurchase agreements
- Obligations of other political subdivisions of the State of Georgia

According to State of Georgia law OCGA 50-17-59, all deposits must be secured by certain statutory obligations in an amount equal to 110% of uninsured deposits.

Contraction of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. GASB Statement 40 requires disclosure when the percent is 5% or more in any one issuer. The City had no investments that met this requirement at December 31, 2013.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 5: RECEIVABLES

	General Fund	Nonmajor Gov't Funds	Water & Sewer Fund	Electric Fund	Nonmajor Enterprise
Accounts	\$ 22,701	\$ -	\$ 590,298	\$ 1,766,325	\$ 99,191
Taxes	433,617	-	-	-	-
Intergovernmental	57,730	63,468	-	56,165	-
RFP receivable	247,962	-	-	-	-
Other	<u>59,379</u>	<u>-</u>	<u>-</u>	<u>343,000</u>	<u>20,894</u>
Gross receivables	821,389	63,468	590,298	2,165,490	120,085
Less: allowance for uncollectibles	<u>(62,327)</u>	<u>-</u>	<u>(168,180)</u>	<u>(569,476)</u>	<u>(28,922)</u>
Net total receivables	<u>\$ 759,062</u>	<u>\$ 63,468</u>	<u>\$ 422,118</u>	<u>\$ 1,596,014</u>	<u>\$ 91,163</u>

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance 1/1/2013	Additions	Transfers/ Deletions	Balance 12/31/2013
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 706,992	\$ 3,655	\$ -	\$ 710,647
Historical treasures	<u>78,632</u>	<u>3,086</u>	<u>-</u>	<u>81,718</u>
Total capital assets not being depreciated	<u>785,624</u>	<u>6,741</u>	<u>-</u>	<u>792,365</u>
Capital assets being depreciated				
Infrastructure	3,800,927	19,991	-	3,820,918
Buildings and improvements	3,969,258	2,284	-	3,971,542
Furniture, fixtures, and vehicles	<u>2,399,671</u>	<u>117,130</u>	<u>(49,267)</u>	<u>2,467,534</u>
Total capital assets being depreciated	<u>10,169,856</u>	<u>139,405</u>	<u>(49,267)</u>	<u>10,259,994</u>
Less accumulated depreciation:				
Infrastructure	(735,947)	(59,283)	-	(795,230)
Buildings and improvements	(2,174,110)	(82,605)	-	(2,256,715)
Furniture, fixtures, and vehicles	<u>(1,354,198)</u>	<u>(124,620)</u>	<u>42,130</u>	<u>(1,436,688)</u>
Less accumulated depreciation	<u>(4,264,255)</u>	<u>(266,508)</u>	<u>42,130</u>	<u>(4,488,633)</u>
Net capital assets being depreciated	<u>5,905,601</u>	<u>(127,103)</u>	<u>(7,137)</u>	<u>5,771,361</u>
Governmental activities capital assets - net	<u>\$ 6,691,225</u>	<u>\$ (120,362)</u>	<u>\$ (7,137)</u>	<u>\$ 6,563,726</u>

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 6: CAPITAL ASSETS (Continued)

Governmental activities depreciation expense was charged to functions as follows:

General government	\$	6,043
Public safety		91,415
Public works		71,745
Health and welfare		73,896
Culture and recreation		8,583
Housing and development		<u>14,826</u>
 Total depreciation expense - governmental activities	 \$	 <u><u>266,508</u></u>

	Balance 1/1/2013	Additions	Transfers/ Deletions	Balance 12/31/2013
Business type activities:				
Water and Sewer Fund:				
Capital assets not being depreciated				
Land	\$ 194,710	\$ -	\$ -	\$ 194,710
Construction in process	<u>7,722,014</u>	<u>1,513,683</u>	<u>-</u>	<u>9,235,697</u>
 Total capital assets not being depreciated	 <u>7,916,724</u>	 <u>1,513,683</u>	 <u>-</u>	 <u>9,430,407</u>
 Capital assets being depreciated				
Buildings	57,481	-	-	57,481
Infrastructure	12,231,172	-	-	12,231,172
Machinery and equipment	130,967	90,066	-	221,033
Vehicles	<u>93,387</u>	<u>12,035</u>	<u>-</u>	<u>105,422</u>
 Total capital assets being depreciated	 <u>12,513,007</u>	 <u>102,101</u>	 <u>-</u>	 <u>12,615,108</u>
 Less accumulated depreciation for:				
Buildings	(38,119)	(692)	-	(38,811)
Infrastructure	(6,980,869)	(154,310)	-	(7,135,179)
Machinery and equipment	(64,798)	(16,384)	-	(81,182)
Vehicles	<u>(87,886)</u>	<u>(2,407)</u>	<u>-</u>	<u>(90,293)</u>
 Less accumulated depreciation	 <u>(7,171,672)</u>	 <u>(173,793)</u>	 <u>-</u>	 <u>(7,345,465)</u>
 Net capital assets being depreciated	 <u>5,341,335</u>	 <u>(71,692)</u>	 <u>-</u>	 <u>5,269,643</u>
 Water and sewer fund capital assets - net	 <u><u>\$ 13,258,059</u></u>	 <u><u>\$ 1,441,991</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 14,700,050</u></u>

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 6: CAPITAL ASSETS (Continued)

Business type activities:	Balance 1/1/2013	Additions	Transfers/ Deletions	Balance 12/31/2013
Electric Fund:				
Capital assets not being depreciated				
Land	\$ 8,480	\$ -	\$ -	\$ 8,480
Total capital assets not being depreciated	<u>8,480</u>	<u>-</u>	<u>-</u>	<u>8,480</u>
Capital assets being depreciated				
Buildings	494,044	-	-	494,044
Infrastructure	2,413,073	8,849	7,290	2,429,212
Machinery and equipment	201,166	21,315	(7,290)	215,191
Vehicles	<u>356,528</u>	<u>6,500</u>	<u>-</u>	<u>363,028</u>
Total capital assets being depreciated	<u>3,464,811</u>	<u>36,664</u>	<u>-</u>	<u>3,501,475</u>
Less accumulated depreciation for:				
Buildings	(362,544)	-	-	(362,544)
Infrastructure	(1,200,106)	(77,954)	-	(1,278,060)
Machinery and equipment	(62,921)	(11,011)	-	(73,932)
Vehicles	<u>(279,706)</u>	<u>(21,297)</u>	<u>-</u>	<u>(301,003)</u>
	<u>(1,905,277)</u>	<u>(110,262)</u>	<u>-</u>	<u>(2,015,539)</u>
Electric fund capital assets - net	<u>\$ 1,568,014</u>	<u>\$ (73,598)</u>	<u>\$ -</u>	<u>\$ 1,494,416</u>
Business type activities:	Balance 1/1/2013	Additions	Transfers/ Deletions	Balance 12/31/2013
Nonmajor Enterprise Funds				
Capital assets being depreciated				
Buildings	\$ 175,300	\$ -	\$ -	\$ 175,300
Machinery and equipment	571,317	-	-	571,317
Vehicles	<u>219,424</u>	<u>17,171</u>	<u>-</u>	<u>236,595</u>
Total capital assets being depreciated	<u>966,041</u>	<u>17,171</u>	<u>-</u>	<u>983,212</u>
Less accumulated depreciation for:				
Buildings	(125,300)	-	-	(125,300)
Machinery and equipment	(474,308)	(37,711)	-	(512,019)
Vehicles	<u>(165,752)</u>	<u>(11,535)</u>	<u>-</u>	<u>(177,287)</u>
	<u>(765,360)</u>	<u>(49,246)</u>	<u>-</u>	<u>(814,606)</u>
Nonmajor Enterprise funds capital assets - net	<u>\$ 200,681</u>	<u>\$ (32,075)</u>	<u>\$ -</u>	<u>\$ 168,606</u>
Business type activities capital assets - net	<u>\$ 15,026,754</u>	<u>\$ 1,336,318</u>	<u>\$ -</u>	<u>\$ 16,363,072</u>

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 7: INTERFUND BALANCES AND ACTIVITY

Internal Balances

Balances due to/from other funds for the year ended December 31, 2013 consists of the following:

Due from	Due to			Total
	General Fund	Water & Sewer Fund	Nonmajor Govt'l Funds	
Nonmajor Govt'l	\$ -	\$ -	\$ 23,594	\$ 23,594
Electric	50,335	1,552,778	-	1,603,113
Water & Sewer	83,000	-	-	83,000
Total	\$ 133,335	\$ 1,552,778	\$ 23,594	\$ 1,709,707

The interfund balances represent amounts owed, other than charges for goods and services due in less than one year.

Transfers to/from Other Funds

Transfers to/from other funds for the year ended December 31, 2013 consist of the following:

Transfers out	Transfers in					Total
	General Fund	Water & Sewer Fund	Electric	Nonmajor Govt'l	Nonmajor Enterprise	
General Fund	\$ -	\$ -	\$ -	\$ 253,749	\$ 49,951	\$ 303,700
Electric	2,477,000	-	-	-	-	2,477,000
Nonmajor Govt'l	-	175,748	-	-	-	175,748
Nonmajor Enterprise	-	-	21,863	-	-	21,863
Total	\$ 2,477,000	\$ 175,748	\$ 21,863	\$ 253,749	\$ 49,951	\$ 2,978,311

The transfers to the General fund from the Electric fund in the amount of \$2,477,000 were to assist in the daily operation of the fund. Transfers between the General fund, and the nonmajor funds were to assist in the daily operation of the funds. Transfer between the nonmajor SPLOST fund and the Water and Sewer Fund was to fund capital improvements.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 8: LONG-TERM DEBT

A. Governmental Funds

General obligation of the City consisted of the following:

A loan was obtained at Farmers State Bank in the original amount of \$1,500,000. The loan calls for 180 monthly payments in the amount of \$11,093 commencing on January 20, 2007. The interest rate for the loan is 3.94% with a maturity of December 20, 2021. The purpose of the loan is to finance renovation of the Pope Center.

Long-term Obligation Activity:

<u>Governmental Activities</u>	<u>Balance 1/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2013</u>	<u>Due within One Year</u>
Pope Center note payable	\$ 1,004,796	\$ -	\$ (94,413)	\$ 910,383	\$ 98,555
Accrued compensated absences	94,117	2,568	-	96,685	-
Total debt - governmental activities	<u>\$ 1,098,913</u>	<u>\$ 2,568</u>	<u>\$ (94,413)</u>	<u>\$ 1,007,068</u>	<u>\$ 98,555</u>

For governmental activities, compensated absences are liquidated by the general fund.

Annual debt service requirements to maturity for general obligation note payable are as follows:

<u>For the year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$ 98,555	\$ 34,566	\$ 133,121
2015	102,565	30,556	133,121
2016	106,660	26,461	133,121
2017	111,078	22,043	133,121
2018	115,597	17,524	133,121
2019-2021	<u>375,928</u>	<u>23,435</u>	<u>399,363</u>
Total	<u>\$ 910,383</u>	<u>\$ 154,585</u>	<u>\$ 1,064,968</u>

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 8: LONG-TERM DEBT (Continued)

B. Business-type Activities

Note payable

Note payable to Georgia Environmental Facilities Authority in the original amount of \$789,731 bearing interest at 3.94%. The balance of the note was \$509,012 at December 31, 2013. The note calls for quarterly payments of principal and interest of \$14,313 and matures October 2024. Proceeds were used for construction of sewer rehab.

Note payable to Georgia Environmental Facilities Authority in the original amount of \$1,599,998 bearing interest at 4.06%. The balance of the note was \$1,129,887 at December 31, 2013. The note calls for monthly payments of principal and interest of \$9,746 and matures February 1, 2027. The purpose of the note was to finance improvements to the Water and Sewer system.

Note payable to Georgia Environmental Facilities Authority in the original amount of \$7,446,275 bearing zero interest. The balance of the note was \$8,909,735 at December 31, 2013. The note calls for monthly payments of \$37,539 beginning January 31, 2014 and matures December 31, 2053. The purpose of the note was to finance the Water and Sewer fund's construction.

Long-term Obligation Activity

The following is a summary of changes in long-term debt in the Enterprise Fund for the year ending December 31, 2013:

	Balance			Balance 12/31/2013	Due within One Year
	1/1/2013	Additions	Deletions		
<u>Business-type Activities</u>					
GEFA 03	\$ 545,325	\$ -	\$ (36,313)	\$ 509,012	\$ 37,748
GEFA 04	1,199,431	-	(69,544)	1,129,887	69,880
GEFA 09	<u>7,446,275</u>	<u>1,463,460</u>	<u>-</u>	<u>8,909,735</u>	<u>340,930</u>
 Total Notes Payable- Water and Sewer	 9,191,031	 1,463,460	 (105,857)	 10,548,634	 448,558
 Accrued compensated absences - Water and Sewer	 11,225	 1,001		 12,226	 -
Accrued compensated absences- Electric	26,028	244	-	26,272	-
Accrued compensated absences- Nonmajor	<u>10,938</u>	<u>-</u>	<u>(350)</u>	<u>10,588</u>	<u>-</u>
 Total debt - business-type activities	 <u>\$ 9,239,222</u>	 <u>\$ 1,464,705</u>	 <u>\$ (106,207)</u>	 <u>\$ 10,597,720</u>	 <u>\$ 448,558</u>

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 8: LONG-TERM DEBT (Continued)

Debt Service Requirements

Debt service requirements for the GEFA '03 Notes Payable are as follows:

For the year ending December 31,	Principal	Interest	Total Debt Service
2014	\$ 37,748	\$ 19,503	\$ 57,251
2015	39,257	17,994	57,251
2016	40,827	16,424	57,251
2017	42,469	14,782	57,251
2018	44,157	13,094	57,251
2019-2023	248,726	37,529	286,255
2024	55,828	58,622	114,450
Total	<u>\$ 509,012</u>	<u>\$ 177,948</u>	<u>\$ 686,960</u>

Debt service requirements for the GEFA '04 Notes Payable are as follows:

For the year ending December 31,	Principal	Interest	Total Debt Service
2014	\$ 69,880	\$ 47,076	\$ 116,956
2015	72,771	44,185	116,956
2016	75,781	41,175	116,956
2017	78,915	38,041	116,956
2018	82,180	34,776	116,956
2019-2023	447,327	137,453	584,780
2024-2027	303,033	67,322	370,355
Total	<u>\$ 1,129,887</u>	<u>\$ 410,029</u>	<u>\$ 1,539,916</u>

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 8: LONG-TERM DEBT (Continued)

Debt service requirements for the GEFA '09 Notes Payable are as follows:

For the year ending December 31,	Principal	Interest	Total Debt Service
2014	\$ 340,930	\$ -	\$ 340,930
2015	450,465	-	450,465
2016	450,465	-	450,465
2017	450,465	-	450,465
2018	450,465	-	450,465
2019-2023	2,252,325	-	2,252,325
2024-2028	2,252,325	-	2,252,325
2029-2033	1,861,560	-	1,861,560
2034	400,735	-	400,735
Total	<u>\$ 8,909,735</u>	<u>\$ -</u>	<u>\$ 8,909,735</u>

Capitalization of Interest

Interest costs incurred in the Enterprise Fund during construction are capitalized, net of interest income from the proceeds of related tax-exempt debt, as part of the related assets of the Water and Sewer Enterprise Fund. Interest costs on long-term debt incurred and capitalized during the year ended December 31, 2013 were as follows:

<u>Business-type Activities:</u>	<u>Total Interest Cost Incurred</u>	<u>Interest Costs Capitalized</u>	<u>Net Interest Expense</u>
Water and Sewer Fund	<u>\$ 82,068</u>	<u>\$ -</u>	<u>\$ 82,068</u>

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 9: CONTINGENCIES AND COMMITMENTS

A. Grants

The City receives grant funds, principally from the U.S. Government for various programs. Expenditures from these grants are subject to audit and the City is contingently liable to refund amounts received in excess of allowable expenditures.

B. Litigation

Based on the advice of the city attorney, there are no measurable, material claims outstanding against the City at December 31, 2013.

C. Commitments

Municipal Electrical Authority of Georgia

The City of Washington, Georgia is one of approximately 50 participants who have entered into Power Sales Contracts with the Municipal Electrical Authority of Georgia (MEAG). Under these contracts, the Authority has agreed to provide to the participants, and the participants have agreed to take from the Authority, such output and services from the various projects of the Authority as may be available for the useful life thereof. The participants are required to make payments according to rates and charges established by the Authority to produce revenues sufficient to pay the Authority's cost attributable to such projects. In general, the Power Sales Contracts provide that if, at any time, (i) a project is terminated prior to completion, or (ii) a project is declared by the Authority to be totally and permanently retired from service, or (iii) a project is totally, but not permanently, out of service and the Authority is unable to provide service from alternative sources, then each participant will remain liable to pay a fixed percentage referred to as an "Obligations share" of the Authority's costs attributable to such projects. In case of default by a participant under its contracts relating to any of the various projects, such participant would remain liable to pay the greater of its obligation share of the Authority's costs attributable to such a project or the amount determined to be due under the rates and charges established by the Authority.

Payments under the Power Sales Contracts are not subject to reduction whether by offset or otherwise, and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever. Each Power Sales Contract will continue in full force and effect at least until such time, not to exceed 50 years, as all bonds issued for the purpose of financing the costs of acquisition and construction of the applicable project, and note issued for such purpose in anticipation of the bonds, have been paid or provision has been made for their payment.

At December 31, 2013 the outstanding debt of the Authority was approximately \$6,014,098,314. The City of Washington's guarantee varies by individual projects undertaken by the Authority and is approximately \$55,674,483 at December 31, 2013.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 9: CONTINGENCIES AND COMMITMENTS (Continued)

D. Construction

At December 31, 2013, the City has the following active projects:

Water and Sewer Fund
Site Upgrades – Aonio and Skull Shoals

E. Concentration

Approximately 30% of electric and water/sewer revenues are generated from one customer.

NOTE 10: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City purchases commercial insurance.

For the last three years, settled claims have not exceeded commercial insurance coverage, nor has there been any reduction in insurance.

NOTE 11: JOINT VENTURES

CSRA Regional Commission

Under Georgia law, the City, in conjunction with other cities and counties in the Central Savannah River Area, is a member of the CSRA Regional Commission (CSRARC) and is required to pay annual dues. Membership in the RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC's in Georgia. The RC board members include the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC.

Separate financial statements of the Central Savannah River Area Regional Commission may be obtained directly from the RC's administrative office at 3023 Riverwatch Parkway, Suite A, Augusta, Georgia 30907.

Washington-Wilkes Payroll Development Authority

The Washington-Wilkes Payroll Development Authority is a governmental organization chartered by the State of Georgia. It is formed for the purpose of promoting business development in Wilkes County, Georgia and the City of Washington, Georgia. The Authority is reported as a discretely presented component unit of Wilkes County, Georgia.

The Authority has a five member board consisting of the Wilkes County Chairman, the City of Washington Mayor, the President of the Chamber of Commerce, one appointee by the

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 11: JOINT VENTURES (Continued)

County Chairman and one appointee by the City Mayor. The member governments are contingently liable for the debts of the Authority. At December 31, 2013 the outstanding debt of the Authority was approximately \$218,950.

Separate financial statements of the Washington-Wilkes Payroll Development Authority may be obtained directly from the PDA's administrative office at: 23 Court Street, Washington, Georgia 30673.

NOTE 12: JOINT VENTURES WITH EQUITY INTEREST

Georgia Public Web

The City and other members of MEAG's telecommunication project created Georgia Public Web (a Georgia not for profit corporation) to provide internet and telecommunication services to customers in Georgia. On August 1, 2000, the City signed a 50 year commitment to contribute, on a monthly basis, a proportionate share of the difference between GPW's budgeted costs and revenues. The City's proportionate share is 1.93% and for the year ending December 31, 2013, the City's cost was \$27,940 in services obtained from GPW and the City's share of profits was \$86,243.

Separate financial statements of the Georgia Public Web may be obtained directly from the GPW's administrative office at 1470 Riveredge Parkway, Atlanta, Georgia 30328.

NOTE 13: RELATED ENTITY

On August 21, 1951, the City of Washington (the "City") entered into a cooperative agreement with the Housing Authority of the City of Washington, Georgia (the "Housing Authority"). Under the terms of this agreement, the Housing Authority agrees to endeavor to secure a contract or contracts with the Public Housing Authority (the "PHA") for loans and annual contributions and agrees to endeavor to develop and administer one or more projects. The obligations of the parties apply only to projects aggregating not more than 250 units of low-rent housing located within the corporate limits of the City of Washington. Under the constitution and statutes of the State of Georgia, all projects are exempt from all real and personal property taxes levied or imposed by any taxing body.

The City agrees that it will not levy or impose real or personal property taxes or special assessments upon such projects or upon the Housing Authority with respect thereto as long as:

- i. the projects are owned or
- ii. a contract exists between the Housing Authority and the PHA, or
- iii. bonds issued in connection with the project are outstanding

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 13: RELATED ENTITY (Continued)

During such period, the Housing Authority shall make "Payments in Lieu of Taxes" in lieu of such taxes and special assessments and in payment for the public services and facilities furnished from time to time without other cost or charge for or with respect to such project. The Payment in Lieu of Taxes shall be an amount equal to either:

- i. ten percent (10%) of the aggregate during such fiscal year, or
- ii. the amount permitted to be paid by applicable state law.

For the fiscal year ending December 31, 2013, Payment in Lieu of Taxes paid to the City was \$5,299.

NOTE 14: MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA (MEAG) TRUST

The Trust was created by MEAG in anticipation of future deregulation of the electric industry, which will provide customers with a choice among electric supplies for their retail electric power supply. This is expected to include customers assigned to electric systems of political subdivisions, which are wholesale power customers of MEAG, such as the City of Washington. MEAG expects that after such legislation is effective, market rates for power will result which will likely be lower for some period of time than the costs of power generated by MEAG facilities. The purpose of the Trust is to provide a means for MEAG and its wholesale customers who elect to become beneficiaries of the Trust to deposit funds to be invested at the best prudent rates of return and be applied, in accordance with the provisions of the Trust, to mitigate the change to full competition as a result of anticipated deregulation.

The Trust creates an account for the City of Washington, and within the account creates the following four subaccounts in which the City of Washington participates:

Flexible Operating Trust Account – This type of subaccount may be funded from contributions by the City, from the City's Discretionary Reserve Fund with MEAG, or from other available funds.

According to Trust provisions, the City has the following withdrawal rights with respect to this fund: The City has, at any time, the right to withdraw part or all funds from the Flexible Operating Trust Account.

The balance of the account at year end is \$156,190.

Generation Trust – The type of subaccount may be funded from contributions by the City, from the City's Discretionary Reserve Fund with MEAG, or from other available funds.

According to Trust provisions, the City shall have the right to withdraw part or all funds from the Generation Trust Account after January 1, 2037.

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 14: MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA (MEAG) TRUST (Continued)

The balance of the account at year end is \$511,813.

Credit Support Operating Trust Account – This type of subaccount may be funded from the funds allocated to the City's account in MEAG's Rate Stabilization Reserve Fund or the City's Discretionary Reserve with MEAG, or from any other available funds.

The City also has the right to borrow, if certain conditions are met, part or all of the funds in the Credit Support Operating Trust Account for the purpose of paying the cost of a capital expenditure, provided that the City executes and delivers to the Trustee a promissory note and such other documents reasonably satisfactory to MEAG in which the City agrees to repay the withdrawn amount to the trustee.

The balance of the account at year end is \$126,037.

Reserve Funded Debt Trust – This type of subaccount may be funded from contributions by MEAG from any funds it has available for such purposes.

The balance of the account at year end is \$3,373,311.

According to the Trust provisions, the City has no right to withdraw amounts from the Reserve Funded Debt Trust Account unless MEAG consents in writing thereto, and in the event MEAG should consent to a withdrawal, the withdrawn funds must be applied to the outstanding balance of the City's current monthly billing on account of its entitlement or obligation share(s) under its Power Sales Contracts(s) of MEAG's Annual Project Generation Fixed Charges.

Prior to the anticipated actual deregulation date, the City shall have the right to cause the Trustee to use funds from the Credit Support Operating Trust Account to reduce, or as credit against, its monthly billings (i) to mitigate wholesale rate increases which have an impact of greater than 30% on the City's wholesale cost in any year (ii) to mitigate the adverse impact of any wholesale cost increase which results from the phase-out of special rates in any year, and (iii) to mitigate the impact of wholesale costs which exceed the system average wholesale cost by more than 30% in any year, all as set forth in a certificate of the City and MEAG.

Amendments were passed as of January 1, 2009, that allowed subsequent limited access to the Credit Support and Reserve Funded accounts.

NOTE 15: REVOLVING LOAN FUND

During the fiscal year ending December 31, 2007, Fitzpatrick, LLC began making repayments in accordance with the RFP Loan Agreement which was signed December 30, 2002. The original principal amount due to the City is \$250,000. Principal and interest are due in 240 equal consecutive monthly installments of \$1,130. No payments are being made and the funds from the repayment of this loan are maintained in a separate bank account. A Revolving Loan Fund (RLF) has been established. The RLF follows the guidelines regulated

**CITY OF WASHINGTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 15: REVOLVING LOAN FUND (Continued)

by the Georgia Department of Community Affairs. The activity from 2013 is summarized below: The Company is currently in bankruptcy.

Beginning balance	\$ 2,503
Plus	
Interest earned	<u>10</u>
Ending Balance	\$ <u>2,513</u>

NOTE 16: NET ASSETS RESTRICTED BY ENABLING LEGISLATION

In 2005, referendums were passed providing for a 1% sales tax. The City of Washington entered into an intergovernmental agreement with Wilkes County. The City of Washington receives a share of the proceeds as stated in the agreement. The funds are to be used by the City for water and sewer capital improvements. These funds have restrictions on the use of the remaining fund balance in the funds as follows:

Capital Projects	<u>\$ 591,874</u>
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NOTE 17: PRIOR PERIOD ADJUSTMENT

The City reported a prior period adjustment of \$170,941 of unamortized debt issuance cost in accordance with GASB No. 65 – Items Previously Reported as Assets and Liabilities.

NOTE 18: SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 25, 2014.

Required Supplementary Information

**CITY OF WASHINGTON, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013**

**Retirement Plan
Schedule of Funding Progress**

Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL(UAAL) (b-a)	Funded Ratio (a/b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b-a)/c
12/31/2013	\$ 5,642,299	\$ 6,216,055	\$ (196,300)	90.7%	\$ 2,871,467	20.0%
12/31/2012	5,343,455	6,085,236	741,781	87.8%	2,720,790	27.3%
12/31/2011	5,087,214	5,255,566	168,352	96.8%	2,381,454	7.1%
12/31/2010	4,677,314	4,708,907	31,593	99.3%	2,391,243	1.3%
12/31/2009	3,509,860	4,491,996	982,136	78.1%	2,303,526	42.6%
12/31/2008	4,670,641	4,382,779	(287,862)	106.6%	2,239,869	-12.9%
12/31/2007	4,433,041	4,324,076	(108,965)	102.5%	2,121,599	-5.1%
12/31/2006	4,192,359	4,003,798	(188,561)	104.7%	2,127,509	-8.9%
12/31/2005	3,995,060	3,798,680	(196,380)	105.2%	1,918,962	-10.2%

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes.

Callaway Plantation Operating Trust – This fund accounts for receipts and disbursements of monies collected from operating the Callaway Plantation Tourism Center.

Callaway Plantation Furnishings Trust – This fund accounts for receipts and disbursements of funds collected for maintaining the furnishings of the Callaway Plantation Tourism Center.

E-911 Fund – This fund accounts for the fiscal activity relating to the imposition, collection, and uses of the E-911 emergency telephone number system fees.

Urban Redevelopment Fund – This fund accounts for receipts and disbursements of Urban Redevelopment activity.

TSPLOST Discretionary Fund – This fund accounts for TSPLOST funds received from the Georgia Financing Authority.

Capital Project Funds

Capital project funds are used to account for major capital expenditures that are not financed by proprietary and trust funds.

SPLOST – This fund is used to account for the SPLOST monies received from Wilkes County to be used for water and sewer capital improvements and debt relief.

CDBG Grant Fund– This fund accounts for CDBG grant activity.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Callaway Charitable Trust Endowment Principal – This fund accounts for the principal originally donated for the Callaway Charitable Endowment Trust. The principal must be maintained intact and invested.

Cemetery Perpetual Care – This fund accounts for monies collected from the sale of perpetual care contracts at City-owned cemeteries, as well as receipt of investment earnings on all perpetual care investments and payment of cemetery maintenance expenditures.

Historical Properties Commission Trust – This fund accounts for receipts and disbursements of contributions for City-owned historical properties. The principal must be maintained intact.

**CITY OF WASHINGTON, GEORGIA
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	Total Special Revenue Funds	Total Capital Project Funds	Total Permanent Funds	Total Other Governmental Funds
Assets				
Cash and cash equivalents	\$ 107,137	\$ 566,526	\$ 37,691	\$ 711,354
Investments	-	-	197,018	197,018
Due from other governments	36,644	26,824	-	63,468
Inventories	7,963	-	-	7,963
Restricted assets	-	-	19,980	19,980
Prepaid expenses	574	-	-	574
	<u>574</u>	<u>-</u>	<u>-</u>	<u>574</u>
 Total Assets	 <u>\$ 152,318</u>	 <u>\$ 593,350</u>	 <u>\$ 254,689</u>	 <u>\$ 1,000,357</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 4,670	\$ 63,837	\$ -	\$ 68,507
Other accrued expenses	3,359	-	-	3,359
	<u>3,359</u>	<u>-</u>	<u>-</u>	<u>3,359</u>
 Total Liabilities	 <u>8,029</u>	 <u>63,837</u>	 <u>-</u>	 <u>71,866</u>
 Fund balances				
Nonspendable:				
Inventory	7,963	-	-	7,963
Prepaid	574	-	-	574
Restricted	109,903	529,513	19,980	659,396
Committed	25,849	-	234,709	260,558
	<u>25,849</u>	<u>-</u>	<u>234,709</u>	<u>260,558</u>
 Total Fund Balances	 <u>144,289</u>	 <u>529,513</u>	 <u>254,689</u>	 <u>928,491</u>
 Total Liabilities and Fund Balances	 <u>\$ 152,318</u>	 <u>\$ 593,350</u>	 <u>\$ 254,689</u>	 <u>\$ 1,000,357</u>

**CITY OF WASHINGTON, GEORGIA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	Total Special Revenue Funds	Total Capital Project Funds	Total Permanent Funds	Total Other Governmental Funds
Revenues				
Intergovernmental	\$ 259,453	\$ 541,144	\$ -	\$ 800,597
Charges for services	69,343	-	-	69,343
Investment earnings	39	579	813	1,431
Homeowner contributions	-	4,823	-	4,823
	<u>328,835</u>	<u>546,546</u>	<u>813</u>	<u>876,194</u>
Total Revenues				
	<u>328,835</u>	<u>546,546</u>	<u>813</u>	<u>876,194</u>
Expenditures				
Current:				
Public safety	408,600	-	-	408,600
Public works	13,409	-	-	13,409
Culture and recreation	2,343	-	-	2,343
Housing and development	18,774	287,579	-	306,353
	<u>443,126</u>	<u>287,579</u>	<u>-</u>	<u>730,705</u>
Total Expenditures				
	<u>443,126</u>	<u>287,579</u>	<u>-</u>	<u>730,705</u>
Excess (deficiency) of revenues over expenditures	<u>(114,291)</u>	<u>258,967</u>	<u>813</u>	<u>145,489</u>
Transfers in (out)	<u>202,610</u>	<u>(124,613)</u>	<u>5</u>	<u>78,002</u>
Net Change in Fund Balance	88,319	134,354	818	223,491
FUND BALANCES, BEGINNING OF YEAR	<u>55,970</u>	<u>395,159</u>	<u>253,871</u>	<u>705,000</u>
FUND BALANCES, END OF YEAR	<u>\$ 144,289</u>	<u>\$ 529,513</u>	<u>\$ 254,689</u>	<u>\$ 928,491</u>

**CITY OF WASHINGTON, GEORGIA
COMBINED BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013**

	<u>E-911</u>	<u>Urban Redevelopment</u>	<u>Callaway Plantation Operating</u>	<u>Callaway Plantation Furnishing</u>	<u>TSPLOST Discretionary</u>	<u>Total Special Revenue Funds</u>
Assets						
Assets						
Cash and cash equivalents	\$ -	\$ 106	\$ 2,268	\$ 23,763	\$ 81,000	\$ 107,137
Due from other governments	36,644	-	-	-	-	36,644
Inventories	-	-	-	7,963	-	7,963
Prepaid expenses	574	-	-	-	-	574
	<u>574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>574</u>
Total Assets	<u>\$ 37,218</u>	<u>\$ 106</u>	<u>\$ 2,268</u>	<u>\$ 31,726</u>	<u>\$ 81,000</u>	<u>\$ 152,318</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 4,382	\$ 288	\$ -	\$ -	\$ -	\$ 4,670
Other accrued expenses	3,359	-	-	-	-	3,359
	<u>3,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,359</u>
Total Liabilities	<u>7,741</u>	<u>288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,029</u>
Fund balances						
Nonspendable:						
Inventory	-	-	-	7,963	-	7,963
Prepaid	574	-	-	-	-	574
Restricted	28,903	-	-	-	81,000	109,903
Committed	-	(182)	2,268	23,763	-	25,849
	<u>-</u>	<u>(182)</u>	<u>2,268</u>	<u>23,763</u>	<u>-</u>	<u>25,849</u>
Total Fund Balances	<u>29,477</u>	<u>(182)</u>	<u>2,268</u>	<u>31,726</u>	<u>81,000</u>	<u>144,289</u>
Total Liabilities and Fund Balances	<u>\$ 37,218</u>	<u>\$ 106</u>	<u>\$ 2,268</u>	<u>\$ 31,726</u>	<u>\$ 81,000</u>	<u>\$ 152,318</u>

**CITY OF WASHINGTON, GEORGIA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>E-911</u>	<u>Urban Redevelopment</u>	<u>Callaway Plantation Operating</u>	<u>Callaway Plantation Furnishing</u>	<u>TSPLOST Discretionary</u>	<u>Total Special Revenue Funds</u>
Revenues						
Intergovernmental	\$ 165,076	\$ -	\$ -	\$ -	\$ 94,377	\$ 259,453
Charges for services	69,343	-	-	-	-	69,343
Investment earnings	-	-	7	-	32	39
	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>32</u>	<u>39</u>
 Total Revenues	 <u>234,419</u>	 <u>-</u>	 <u>7</u>	 <u>-</u>	 <u>94,409</u>	 <u>328,835</u>
Expenditures						
Current:						
Public safety	408,600	-	-	-	-	408,600
Public works	-	-	-	-	13,409	13,409
Culture and recreation	-	-	-	2,343	-	2,343
Housing and development	-	18,774	-	-	-	18,774
	<u>-</u>	<u>18,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,774</u>
 Total Expenditures	 <u>408,600</u>	 <u>18,774</u>	 <u>-</u>	 <u>2,343</u>	 <u>13,409</u>	 <u>443,126</u>
 Excess (deficiency) of revenues over expenditures	 <u>(174,181)</u>	 <u>(18,774)</u>	 <u>7</u>	 <u>(2,343)</u>	 <u>81,000</u>	 <u>(114,291)</u>
 Transfers in (out)	 <u>180,942</u>	 <u>16,668</u>	 <u>-</u>	 <u>5,000</u>	 <u>-</u>	 <u>202,610</u>
 Net Change in Fund Balance	 <u>6,761</u>	 <u>(2,106)</u>	 <u>7</u>	 <u>2,657</u>	 <u>81,000</u>	 <u>88,319</u>
 FUND BALANCES, BEGINNING OF YEAR	 <u>22,716</u>	 <u>1,924</u>	 <u>2,261</u>	 <u>29,069</u>	 <u>-</u>	 <u>55,970</u>
 FUND BALANCES, END OF YEAR	 <u>\$ 29,477</u>	 <u>\$ (182)</u>	 <u>\$ 2,268</u>	 <u>\$ 31,726</u>	 <u>\$ 81,000</u>	 <u>\$ 144,289</u>

**CITY OF WASHINGTON, GEORGIA
BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2013**

	<u>SPLOST Fund</u>	<u>CBDG Fund</u>	<u>Total Capital Project Funds</u>
Assets			
Assets			
Cash and cash equivalents	\$ 565,051	\$ 1,475	\$ 566,526
Intergovernmental receivables	<u>26,824</u>	<u>-</u>	<u>26,824</u>
 Total Assets	 <u>\$ 591,875</u>	 <u>\$ 1,475</u>	 <u>\$ 593,350</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 63,837	\$ 63,837
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>-</u>	 <u>63,837</u>	 <u>63,837</u>
 Fund balances			
Restricted	<u>591,875</u>	<u>(62,362)</u>	<u>529,513</u>
 Total Fund Balances	 <u>591,875</u>	 <u>(62,362)</u>	 <u>529,513</u>
 Total Liabilities and Fund Balances	 <u>\$ 591,875</u>	 <u>\$ 1,475</u>	 <u>\$ 593,350</u>

CITY OF WASHINGTON, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	SPLOST Fund	CBDG Fund	Total Capital Project Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Intergovernmental	\$ 357,830	\$ 183,314	\$ 541,144
Homeowner contribution	-	4,823	4,823
Investment earnings	<u>579</u>	<u>-</u>	<u>579</u>
 Total Revenues	 <u>358,409</u>	 <u>188,137</u>	 <u>546,546</u>
 Expenditures			
Public works	-	-	-
Housing and development	<u>-</u>	<u>287,579</u>	<u>287,579</u>
 Total Expenditures	 <u>-</u>	 <u>287,579</u>	 <u>287,579</u>
 Excess (deficiency) of revenues over expenditures	 <u>358,409</u>	 <u>(99,442)</u>	 <u>258,967</u>
 Transfers in (out)	 <u>(175,748)</u>	 <u>51,135</u>	 <u>(124,613)</u>
 Net Change in Fund Balance	 182,661	 (48,307)	 134,354
 FUND BALANCES, BEGINNING OF YEAR	 <u>409,214</u>	 <u>(14,055)</u>	 <u>395,159</u>
 FUND BALANCES, END OF YEAR	 <u>\$ 591,875</u>	 <u>\$ (62,362)</u>	 <u>\$ 529,513</u>

**CITY OF WASHINGTON, GEORGIA
 COMBINED BALANCE SHEET
 NONMAJOR PERMANENT FUNDS
 DECEMBER 31, 2013**

	<u>Cemetery Fund</u>	<u>Historical Properties Commission</u>	<u>Callaway Charitable Trust</u>	<u>Total Permanent Funds</u>
Assets				
Assets				
Cash	\$ -	\$ -	\$ 37,691	\$ 37,691
Investments	188,972	7,298	748	197,018
Restricted assets	<u>-</u>	<u>9,990</u>	<u>9,990</u>	<u>19,980</u>
 Total Assets	 <u>\$ 188,972</u>	 <u>\$ 17,288</u>	 <u>\$ 48,429</u>	 <u>\$ 254,689</u>
 Liabilities and Fund Balances				
Liabilities				
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Fund balances				
Restricted	-	9,990	9,990	19,980
Committed	<u>188,972</u>	<u>7,298</u>	<u>38,439</u>	<u>234,709</u>
 Total Fund Balances	 <u>188,972</u>	 <u>17,288</u>	 <u>48,429</u>	 <u>254,689</u>
 Total Liabilities and Fund Balances	 <u>\$ 188,972</u>	 <u>\$ 17,288</u>	 <u>\$ 48,429</u>	 <u>\$ 254,689</u>

**CITY OF WASHINGTON, GEORGIA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Cemetery Fund</u>	<u>Historical Properties Commission</u>	<u>Callaway Charitable Trust</u>	<u>Total Permanent Funds</u>
Revenues				
Investment earnings	\$ 660	\$ 41	\$ 112	\$ 813
Total Revenues	<u>660</u>	<u>41</u>	<u>112</u>	<u>813</u>
Expenditures				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>660</u>	<u>41</u>	<u>112</u>	<u>813</u>
Transfers in (out)	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
Net Change in Fund Balance	660	41	117	818
FUND BALANCES, BEGINNING OF YEAR	<u>188,312</u>	<u>17,247</u>	<u>48,312</u>	<u>253,871</u>
FUND BALANCES, END OF YEAR	<u>\$ 188,972</u>	<u>\$ 17,288</u>	<u>\$ 48,429</u>	<u>\$ 254,689</u>

**CITY OF WASHINGTON, GEORGIA
 CALLAWAY PLANTATION OPERATING SPECIAL REVENUE FUND -
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Investment income	\$ 100	\$ 100	\$ 7	\$ (93)
Total Revenues	<u>100</u>	<u>100</u>	<u>7</u>	<u>(93)</u>
Expenditures				
General government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 100</u>	<u>\$ 100</u>	7	<u>\$ (93)</u>
Fund Balance, beginning of year			<u>2,261</u>	
Fund Balance, end of year			<u>\$ 2,268</u>	

CITY OF WASHINGTON, GEORGIA
E-911 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance Over (Under)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues				
Intergovernmental	\$ 183,921	\$ 186,921	\$ 165,076	\$ (21,845)
Charges for services	<u>61,000</u>	<u>61,000</u>	<u>69,343</u>	<u>8,343</u>
 Total Revenues	 <u>244,921</u>	 <u>247,921</u>	 <u>234,419</u>	 <u>(13,502)</u>
Expenditures				
Public safety	<u>427,150</u>	<u>433,150</u>	<u>408,600</u>	<u>(24,550)</u>
 Total Expenditures	 <u>427,150</u>	 <u>433,150</u>	 <u>408,600</u>	 <u>(24,550)</u>
Other Financing Sources				
Transfers from General Fund	<u>182,229</u>	<u>185,229</u>	<u>180,942</u>	<u>(4,287)</u>
 Net Change in Fund Balance	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u>6,761</u>	 <u>6,761</u>
 Fund Balance, beginning of year			 <u>22,716</u>	
 Fund Balance, end of year			 <u><u>\$ 29,477</u></u>	

**CITY OF WASHINGTON, GEORGIA
CALLAWAY PLANTATION FURNISHINGS TRUST
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Contributions	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Expenditures				
Culture and recreation	<u>5,000</u>	<u>5,000</u>	<u>2,343</u>	<u>(2,657)</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>2,343</u>	<u>(2,657)</u>
Other Financing Sources				
Transfers in	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,657</u>	<u>2,657</u>
Fund Balance, beginning of year			<u>29,069</u>	
Fund Balance, end of year			<u>\$ 31,726</u>	

**CITY OF WASHINGTON, GEORGIA
SPLOST CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2013**

	Prior Years	Current Year	Total to date	Project Budget
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues				
Intergovernmental	\$ 2,770,911	\$ 357,830	\$ 3,128,741	\$ 2,025,526
Investment income	805	579	1,384	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>2,771,716</u>	<u>358,409</u>	<u>3,130,125</u>	<u>2,025,526</u>
Expenditures				
Public works	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources				
Transfers to other funds	<u>(2,362,502)</u>	<u>(175,748)</u>	<u>(2,538,250)</u>	<u>(2,025,526)</u>
Net Change in Fund Balance	<u>\$ 409,214</u>	182,661	<u>\$ 591,875</u>	<u>\$ -</u>
Fund Balance, beginning of year		<u>409,214</u>		
Fund Balance, end of year		<u>\$ 591,875</u>		

**CITY OF WASHINGTON, GEORGIA
CDBG/CHIP GRANT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to date</u>	<u>Project Budget</u>
Revenues				
Intergovernmental	\$ 1,209,197	\$ 183,314	\$ 1,392,511	\$ 800,000
Charges for services	1,736	-	1,736	-
Owner's contributions	<u>16,248</u>	<u>4,823</u>	<u>21,071</u>	<u>-</u>
 Total revenues	 <u>1,227,181</u>	 <u>188,137</u>	 <u>1,415,318</u>	 <u>800,000</u>
Expenditures				
Housing and development	<u>2,199,908</u>	<u>287,579</u>	<u>2,487,487</u>	<u>1,098,500</u>
 Total expenditures	 <u>2,199,908</u>	 <u>287,579</u>	 <u>2,487,487</u>	 <u>1,098,500</u>
 Revenues under expenditures	 <u>(972,727)</u>	 <u>(99,442)</u>	 <u>(1,072,169)</u>	 <u>(298,500)</u>
Other Financing Sources				
Transfers in	<u>959,540</u>	<u>51,135</u>	<u>1,010,675</u>	<u>298,500</u>
 Total Other Financing Sources	 <u>959,540</u>	 <u>51,135</u>	 <u>1,010,675</u>	 <u>298,500</u>
 Net Change in Fund Balance	 <u><u>\$ (13,187)</u></u>	 <u>(48,307)</u>	 <u><u>\$ (61,494)</u></u>	 <u><u>\$ -</u></u>
 Fund Balance, beginning of year		 <u>(14,055)</u>		
 Fund Balance, end of year		 <u><u>\$ (62,362)</u></u>		

Nonmajor Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's Council has decided periodic determination of net income appropriate for accountability purposes.

Solid Waste Fund – This fund accounts for user fees and expenses for the sanitation services provided to the citizens of the City.

Internet Telecommunications Fund – This fund accounts for user fees and expenses for the internet services available to the citizens of the City.

**CITY OF WASHINGTON, GEORGIA
 COMBINED SCHEDULE OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 DECEMBER 31, 2013**

	<u>Solid Waste Fund</u>	<u>Internet Fund</u>	<u>Total</u>
ASSETS			
Current assets			
Accounts receivable	\$ 64,568	\$ 26,595	\$ 91,163
Prepaid expenses	<u>4,660</u>	<u>-</u>	<u>4,660</u>
Total current assets	<u>69,228</u>	<u>26,595</u>	<u>95,823</u>
Noncurrent assets			
Investment in joint venture	-	486,215	486,215
Capital assets, net of accumulated depreciation	<u>134,050</u>	<u>34,555</u>	<u>168,605</u>
Total noncurrent assets	<u>134,050</u>	<u>520,770</u>	<u>654,820</u>
Total assets	<u><u>203,278</u></u>	<u><u>547,365</u></u>	<u><u>750,643</u></u>
LIABILITIES AND NET ASSETS			
Liabilities			
Current liabilities			
Accounts payable	14,501	2,024	16,525
Salaries payable	<u>5,555</u>	<u>-</u>	<u>5,555</u>
Total current liabilities	<u>20,056</u>	<u>2,024</u>	<u>22,080</u>
Noncurrent liabilities			
Compensated absences	<u>10,588</u>	<u>-</u>	<u>10,588</u>
Total noncurrent liabilities	<u>10,588</u>	<u>-</u>	<u>10,588</u>
Total liabilities	<u>30,644</u>	<u>2,024</u>	<u>32,668</u>
Net Position			
Net investment in capital assets	134,050	34,555	168,605
Unrestricted	<u>38,584</u>	<u>510,786</u>	<u>549,370</u>
Total net position	<u>172,634</u>	<u>545,341</u>	<u>717,975</u>
Total liabilities and net position	<u><u>\$ 203,278</u></u>	<u><u>\$ 547,365</u></u>	<u><u>\$ 750,643</u></u>

**CITY OF WASHINGTON, GEORGIA
 COMBINED SCHEDULE OF REVENUES, EXPENSES AND CHANGES
 IN FUND ASSETS NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	Solid Waste Fund	Internet Fund	Total
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES			
Charges for services	\$ 490,923	\$ 36,339	\$ 527,262
Miscellaneous	<u> -</u>	<u> 500</u>	<u> 500</u>
 Total operating revenues	 <u>490,923</u>	 <u>36,839</u>	 <u>527,762</u>
OPERATING EXPENSES			
Personnel services	341,166	-	341,166
Contractual services	149,339	61,731	211,070
Supplies	51,332	868	52,200
Depreciation	14,606	34,640	49,246
Other	<u> 762</u>	<u> -</u>	<u> 762</u>
 Total operating expenses	 <u>557,205</u>	 <u>97,239</u>	 <u>654,444</u>
 Operating (loss)	 <u>(66,282)</u>	 <u>(60,400)</u>	 <u>(126,682)</u>
		-	
NON-OPERATING REVENUES			
Investment income	<u> -</u>	<u>86,242</u>	<u>86,242</u>
 Total non-operating revenues	 <u> -</u>	 <u>86,242</u>	 <u>86,242</u>
 (Loss) income before contributions and transfers	 <u>(66,282)</u>	 <u>25,842</u>	 <u>(40,440)</u>
 Transfers in (out)	 49,951	 (21,864)	 28,087
 Change in net position	 <u>(16,331)</u>	 <u>3,978</u>	 <u>(12,353)</u>
 NET POSITION, BEGINNING OF YEAR	 <u>188,965</u>	 <u>541,363</u>	 <u>730,328</u>
 NET POSITION, END OF YEAR	 <u>\$ 172,634</u>	 <u>\$ 545,341</u>	 <u>\$ 717,975</u>

**CITY OF WASHINGTON, GEORGIA
 COMBINED SCHEDULE OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	Business-type Activities - Enterprise Funds		
	Solid Waste Fund	Internet Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 489,369	\$ 38,520	\$ 527,889
Cash received from (payments for) interfund services provided	17,819	24,422	42,241
Cash payments to suppliers	(201,453)	(61,922)	(263,375)
Cash payments to employees	<u>(338,515)</u>	<u>-</u>	<u>(338,515)</u>
Net cash provided by (used for) operating activities	<u>(32,780)</u>	<u>1,020</u>	<u>(31,760)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	<u>49,951</u>	<u>(21,864)</u>	<u>28,087</u>
	<u>49,951</u>	<u>(21,864)</u>	<u>28,087</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	<u>(17,171)</u>	<u>-</u>	<u>(17,171)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment revenue	-	86,242	86,242
Purchase of investments	<u>-</u>	<u>(65,398)</u>	<u>(65,398)</u>
Net cash provided by investing activities	<u>-</u>	<u>20,844</u>	<u>20,844</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating loss	<u>\$ (66,282)</u>	<u>\$ (60,400)</u>	<u>\$ (126,682)</u>
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	14,606	34,640	49,246
Change in assets and liabilities:			
Receivables, net	(1,554)	1,681	127
Prepaid items	(987)	-	(987)
Due from other funds	17,819	24,422	42,241
Compensated absences	(350)	-	(350)
Accounts payable	967	677	1,644
Salaries payable	<u>3,001</u>	<u>-</u>	<u>3,001</u>
Total adjustments	<u>33,502</u>	<u>61,420</u>	<u>94,922</u>
Net cash (provided by) operating activities	<u>\$ (32,780)</u>	<u>\$ 1,020</u>	<u>\$ (31,760)</u>

**CITY OF WASHINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Original Budget	Final Budget	Actual	Variance Over/(Under)
REVENUES				
Taxes:				
Property tax	\$ 821,341	\$ 982,316	\$ 978,489	\$ (3,827)
Local option sales tax	330,500	330,500	315,625	(14,875)
Miscellaneous taxes	<u>427,800</u>	<u>427,800</u>	<u>431,076</u>	<u>3,276</u>
 Total Taxes	 <u>1,579,641</u>	 <u>1,740,616</u>	 <u>1,725,190</u>	 <u>(15,426)</u>
Licenses and Permits:				
Business licenses	76,000	76,000	61,912	(14,088)
Business inspection	<u>4,500</u>	<u>4,500</u>	<u>8,471</u>	<u>3,971</u>
 Total Licenses and Permits	 <u>80,500</u>	 <u>80,500</u>	 <u>70,383</u>	 <u>(10,117)</u>
Intergovernmental Revenues:				
State grants	10,000	10,000	20,517	10,517
Federal grants	-	5,400	5,410	10
Payments in lieu of taxes	<u>7,890</u>	<u>7,890</u>	<u>5,299</u>	<u>(2,591)</u>
 Total Intergovernmental	 <u>17,890</u>	 <u>23,290</u>	 <u>31,226</u>	 <u>7,936</u>
Charges for Services:				
Public safety	97,565	113,565	114,555	990
Other	<u>56,519</u>	<u>56,519</u>	<u>59,287</u>	<u>2,768</u>
 Total Charges for Services	 <u>154,084</u>	 <u>170,084</u>	 <u>173,842</u>	 <u>3,758</u>
 Fines and Forfeitures	 <u>230,000</u>	 <u>230,000</u>	 <u>166,752</u>	 <u>(63,248)</u>
Investment Income:				
Interest income	<u>1,330</u>	<u>1,330</u>	<u>711</u>	<u>(619)</u>
 Total Investment Income	 <u>1,330</u>	 <u>1,330</u>	 <u>711</u>	 <u>(619)</u>
Miscellaneous:				
Rents	88,414	88,414	88,501	87
Other	<u>23,900</u>	<u>23,900</u>	<u>57,904</u>	<u>34,004</u>
 Total Miscellaneous	 <u>112,314</u>	 <u>112,314</u>	 <u>146,405</u>	 <u>34,091</u>
 Total Revenues	 <u><u>2,175,759</u></u>	 <u><u>2,358,134</u></u>	 <u><u>2,314,509</u></u>	 <u><u>(43,625)</u></u>

**CITY OF WASHINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF OPERATING EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
EXPENDITURES				
General Government				
Executive Administration:				
Personnel services	\$ 173,775	\$ 173,775	\$ 167,598	\$ (6,177)
Purchased/contracted services	99,415	99,415	78,307	(21,108)
Supplies	14,611	14,611	9,410	(5,201)
Other costs	<u>-</u>	<u>-</u>	<u>8</u>	<u>8</u>
Total Executive Administration	<u>287,801</u>	<u>287,801</u>	<u>255,323</u>	<u>(32,478)</u>
City Hall Annex:				
Personnel services	5,600	5,600	5,510	(90)
Purchased/contracted services	1,425	1,425	1,647	222
Supplies	<u>6,100</u>	<u>6,100</u>	<u>5,702</u>	<u>(398)</u>
Total City Hall Annex	<u>13,125</u>	<u>13,125</u>	<u>12,859</u>	<u>(266)</u>
General Government Buildings:				
Personnel services	280,345	280,345	250,834	(29,511)
Purchased/contracted services	21,660	21,660	10,553	(11,107)
Supplies	<u>23,100</u>	<u>23,100</u>	<u>19,297</u>	<u>(3,803)</u>
Total General Government Buildings	<u>325,105</u>	<u>325,105</u>	<u>280,684</u>	<u>(44,421)</u>
Total General Government	<u>626,031</u>	<u>626,031</u>	<u>548,866</u>	<u>(77,165)</u>
Judicial				
Municipal Court:				
Personnel services	9,210	9,210	7,157	(2,053)
Purchased/contracted services	<u>1,275</u>	<u>1,275</u>	<u>1,284</u>	<u>9</u>
Total Municipal Court	<u>10,485</u>	<u>10,485</u>	<u>8,441</u>	<u>(2,044)</u>
Total Judicial	<u>10,485</u>	<u>10,485</u>	<u>8,441</u>	<u>(2,044)</u>
Public Safety				
Police:				
Personnel services	862,360	862,360	840,654	(21,706)
Purchased/contracted services	144,535	144,535	133,488	(11,047)
Supplies	79,000	79,000	73,903	(5,097)
Capital outlay	20,000	20,000	30,143	10,143
Other costs	<u>21,000</u>	<u>21,000</u>	<u>19,962</u>	<u>(1,038)</u>
Total Police	<u>1,126,895</u>	<u>1,126,895</u>	<u>1,098,150</u>	<u>(28,745)</u>

**CITY OF WASHINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF OPERATING EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Fire:				
Personnel services	\$ 622,715	\$ 622,715	\$ 643,990	\$ 21,275
Purchased/contracted services	85,800	85,800	81,746	(4,054)
Supplies	67,200	83,200	53,282	(29,918)
Capital outlay	12,000	12,000	17,262	5,262
Total Fire	787,715	803,715	796,280	(7,435)
Animal Control:				
Purchased/contracted services	30,000	30,000	30,000	-
Other costs	82,500	82,500	75,926	(6,574)
Total Animal Control	112,500	112,500	105,926	(6,574)
Emergency Management:				
Other costs	300	300	300	-
Total Emergency Management	300	300	300	-
Total Public Safety	2,027,410	2,043,410	2,000,656	(42,754)
Public Works				
Highways and streets:				
Personnel services	405,935	418,935	421,403	2,468
Purchased/contracted services	197,275	197,275	152,454	(44,821)
Supplies	132,900	140,900	149,598	8,698
Capital outlay	-	-	33,511	33,511
Total Highways and Streets	736,110	757,110	756,966	(144)
Street Lighting:				
Supplies	121,000	130,688	130,683	(5)
Total Street Lighting	121,000	130,688	130,683	(5)

**CITY OF WASHINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF OPERATING EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Cemetery:				
Personnel services	\$ 7,205	\$ 7,205	\$ 5,696	\$ (1,509)
Purchased/contracted services	1,150	1,150	43	(1,107)
Supplies	12,100	12,100	656	(11,444)
Capital outlay	13,000	13,000	3,655	(9,345)
	<u>33,455</u>	<u>33,455</u>	<u>10,050</u>	<u>(23,405)</u>
Total Cemetery				
	<u>890,565</u>	<u>921,253</u>	<u>897,699</u>	<u>(23,554)</u>
Health and Welfare				
Community Services:				
Purchased/contracted services	-	10,000	10,000	-
Other costs	98,309	123,309	123,283	(26)
	<u>98,309</u>	<u>133,309</u>	<u>133,283</u>	<u>(26)</u>
Total Community Services				
	<u>98,309</u>	<u>133,309</u>	<u>133,283</u>	<u>(26)</u>
Community Center:				
Personnel services	13,995	16,995	18,174	1,179
Purchased/contracted services	24,500	58,830	53,929	(4,901)
Supplies	24,000	24,000	20,514	(3,486)
Capital outlay	15,000	15,000	12,144	(2,856)
	<u>77,495</u>	<u>114,825</u>	<u>104,761</u>	<u>(10,064)</u>
Total Community Center				
	<u>77,495</u>	<u>114,825</u>	<u>104,761</u>	<u>(10,064)</u>
Total Health & Welfare	<u>175,804</u>	<u>248,134</u>	<u>238,044</u>	<u>(10,090)</u>
Culture and Recreation				
Libraries:				
Other costs	73,913	73,913	73,408	(505)
	<u>73,913</u>	<u>73,913</u>	<u>73,408</u>	<u>(505)</u>
Total Libraries				
	<u>73,913</u>	<u>73,913</u>	<u>73,408</u>	<u>(505)</u>
Callaway Plantation:				
Personnel services	44,880	44,880	27,320	(17,560)
Purchased/contracted services	31,510	31,510	28,115	(3,395)
Supplies	18,500	18,500	12,609	(5,891)
Capital outlay	5,000	5,000	-	(5,000)
	<u>99,890</u>	<u>99,890</u>	<u>68,044</u>	<u>(31,846)</u>
Total Callaway Plantation				
	<u>99,890</u>	<u>99,890</u>	<u>68,044</u>	<u>(31,846)</u>

**CITY OF WASHINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF OPERATING EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Museum:				
Personnel services	\$ 40,890	\$ 40,890	\$ 39,955	\$ (935)
Purchased/contracted services	15,150	15,150	15,204	54
Supplies	14,100	14,100	7,314	(6,786)
Capital outlay	<u>-</u>	<u>-</u>	<u>1,085</u>	<u>1,085</u>
 Total Museum	 <u>70,140</u>	 <u>70,140</u>	 <u>63,558</u>	 <u>(6,582)</u>
 Historic Properties:				
Personnel services	46,475	46,475	45,459	(1,016)
Purchased/contracted services	3,765	3,765	765	(3,000)
Supplies	500	500	602	102
Other costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Historic Properties	 <u>50,740</u>	 <u>50,740</u>	 <u>46,826</u>	 <u>(3,914)</u>
 Park Areas:				
Other costs	<u>110,750</u>	<u>113,000</u>	<u>112,655</u>	<u>(345)</u>
 Total Park Areas	 <u>110,750</u>	 <u>113,000</u>	 <u>112,655</u>	 <u>(345)</u>
 Booker Park Pool:				
Personnel services	44,850	47,420	47,414	(6)
Purchased/contracted services	1,200	1,800	1,426	(374)
Supplies	<u>11,000</u>	<u>11,000</u>	<u>11,112</u>	<u>112</u>
 Total Booker Park Pool	 <u>57,050</u>	 <u>60,220</u>	 <u>59,952</u>	 <u>(268)</u>
 Total Culture & Recreation	 <u>462,483</u>	 <u>467,903</u>	 <u>424,443</u>	 <u>(43,460)</u>
 Housing & Development				
Planning & Zoning:				
Personnel services	64,555	64,555	62,056	(2,499)
Purchased/contracted services	12,900	12,900	8,966	(3,934)
Supplies	<u>4,500</u>	<u>4,500</u>	<u>4,335</u>	<u>(165)</u>
 Total Planning & Zoning	 <u>81,955</u>	 <u>81,955</u>	 <u>75,357</u>	 <u>(6,598)</u>

**CITY OF WASHINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF OPERATING EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Over/(Under)</u>
Economic Development & Assistance:				
Personnel services	\$ 70,000	\$ 70,000	\$ 69,026	\$ (974)
Purchased/contracted services	76,095	76,095	22,516	(53,579)
Supplies	9,500	9,500	8,975	(525)
Other costs	<u>18,000</u>	<u>18,000</u>	<u>1,034</u>	<u>(16,966)</u>
Total Economic Development & Assistance	<u>173,595</u>	<u>173,595</u>	<u>101,551</u>	<u>(72,044)</u>
Community Development and Housing:				
Personnel services	54,955	54,955	54,320	(635)
Purchased/contracted services	4,000	5,505	5,069	(436)
Supplies	2,000	2,000	2,392	392
Other costs	<u>8,000</u>	<u>14,820</u>	<u>15,496</u>	<u>676</u>
Total Community Development and Housing	<u>68,955</u>	<u>77,280</u>	<u>77,277</u>	<u>(3)</u>
Mainstreet Division:				
Personnel services	41,340	41,340	38,442	(2,898)
Purchased/contracted services	11,370	16,720	11,803	(4,917)
Supplies	2,000	2,000	1,324	(676)
Other costs	3,000	11,442	9,018	(2,424)
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>2,001</u>	<u>(999)</u>
Total Downtown Development	<u>60,710</u>	<u>74,502</u>	<u>62,588</u>	<u>(11,914)</u>
Total Housing & Development	<u>385,215</u>	<u>407,332</u>	<u>316,773</u>	<u>(90,559)</u>
Debt Service				
Principal	129,814	552,574	555,684	3,110
Interest	<u>58,341</u>	<u>58,341</u>	<u>53,623</u>	<u>(4,718)</u>
Total Debt Service	<u>188,155</u>	<u>610,915</u>	<u>609,307</u>	<u>(1,608)</u>
Total Expenditures	<u>4,766,148</u>	<u>5,335,463</u>	<u>5,044,229</u>	<u>(291,234)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	9,500	432,260	461,572	29,312
Use of fund balance from py	33,149	33,149	-	(33,149)
Transfers in	2,807,419	2,943,969	2,477,000	(466,969)
Transfer out	<u>(259,679)</u>	<u>(442,049)</u>	<u>(303,700)</u>	<u>138,349</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ (94,848)</u>	<u>\$ (84,848)</u>

The accompanying notes are an integral part of these financial statements

Required Reports

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

To the Mayor and City Council of the
City of Washington, Georgia

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund, the related notes to the financial statements, and the aggregate remaining fund information of the City of Washington, Georgia as of and for the year ended December 31, 2013, which collectively comprise the City of Washington's basic financial statements and have issued our report thereon dated June 25, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. **2013-1** through **2013-6**.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Washington, 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 such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. **2013-1**

City of Washington's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
June 25, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Mayor and City Council of the
City of Washington, Georgia

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

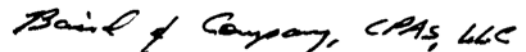
Report on Internal Control Over Compliance

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

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

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

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



BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
June 25, 2014

**CITY OF WASHINGTON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Federal Grantor/ Pass Thru Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor/ Contract Number</u>	<u>Program Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u> (Passed through GHFA-DCA-Georgia) Housing Counseling Assistance Program	14.169	33.1104	\$ 5,410
(Passed through CHIP-Georgia) Home Investment Partnership Program	14.239	33.1115	<u>275,520</u>
Total U.S. Department of Housing and Urban Development			<u>280,930</u>
<u>U. S. Department of Transportation</u> (Passed through Georgia Department of Transportation) National Priority Safety Program	20.616	33.4110	<u>10,517</u>
Total U.S. Department of Transportation			<u>10,517</u>
<u>U.S.Environmental Protection Agency</u> (Passed through GEFA loan Prograam Georgia) Capitalization Grants for Clean Water State Revolving Funds	66.458	DWSRF09-026	<u>1,463,460</u>
Total U.S. Environmental Protection Agency			<u>1,463,460</u>
Total Expenditures of Federal Awards			<u>\$ 1,754,907</u>

CITY OF WASHINGTON, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2013

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Washington, Georgia under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non – Profit Organizations*. Because the schedule presents only a selected portion of the operations of City of Washington, Georgia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of City of Washington, Georgia.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in OMB Circular A-87, Cost Principals for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Note 3 – Non-cash Awards

City of Washington, Georgia did not receive any non-cash federal awards during the year ended December 31, 2013.

**CITY OF WASHINGTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2013**

Section I - Summary of Auditors' Results

I. Summary of Auditors' Results:

- A. The auditors' report expresses an unmodified opinion on the financial statements of City of Washington, Georgia.
- B. Six significant deficiencies were disclosed during the audit of the financial statements are reported in Part II below.
- C. No material weaknesses were disclosed during the audit of the financial statements.
- D. One instance of noncompliance material to the financial statements of City of Washington, Georgia which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
- E. No significant deficiencies or material weaknesses in internal controls over major federal award programs were disclosed during the audit.
- F. The auditors' report on compliance for the major federal award programs for City of Washington, Georgia expresses an unmodified opinion on all major federal programs.
- G. Our audit disclosed no audit findings which relate to the federal awards which are required to be reported under section 510(a) of OMB Circular A-133.
- H. Major federal program for City of Washington, Georgia for the fiscal year ended December 31, 2013 is:

<u>Program Name</u>	<u>CFDA #</u>
Capitalization Grants for Clean Water State Revolving Funds	66.458

- I. The threshold for determining Type A programs for City of Washington, Georgia is \$300,000.
- J. City of Washington, Georgia qualified as a low risk auditee.

**CITY OF WASHINGTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Section II - Findings and Questioned Costs - Financial Statement Findings and Responses

2013-1	Criteria:	Georgia law states that if utility deposits have not been claimed within five years after the service is terminated, then those deposits are considered abandoned property and should be sent to the State (OCGA 44-12-190).
	Condition:	We found that utility deposits were being held in excess of five years after service termination.
	Cause:	Deposits that were not returned to customers after service termination are not being remitted to State in a timely manner.
	Effect:	The City was not in compliance with Georgia Code OCGA 44-12-190 regarding abandoned property.
	Recommendation:	To improve internal controls over operating efficiency, management should establish policies and procedures to return deposits to customers when utility service is terminated or remit funds to the State within the prescribed period.
	Response:	The City concurs with this finding and recommendation. Most of the deposits that were not refunded in a timely manner were due to a conversion in operating systems in 2001. The City has since refunded any deposits that were being held to customers we had a current mailing address on. Any deposits we have left over will be turned over to the State. Policies and procedures are in place to ensure future consumer deposits are handled properly.

**CITY OF WASHINGTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Section II - Findings and Questioned Costs - Financial Statement Findings and Responses (Con't)

2013-2	Criteria:	Adequate computer back-ups should be maintained for all computer systems in use by the City.
	Condition:	We found that the police department's computer system failed and they were unable to restore their records through the back-up that is maintained internally.
	Cause:	Computer back-ups were not functioning properly and there was no offsite backup.
	Effect:	Records for police department activity had to be re-input for corrupted file that could not be restored.
	Recommendation:	To improve internal control, management should establish policies and procedures to test back-ups of computer systems and maintain off-site backups of computer files.
	Response:	The City concurs with this finding and recommendation. The City has purchased a server to back up all City computers. The City is also looking into purchasing additional offsite backup services to ensure the systems are protected from future computer crashes.
2013-3	Criteria:	The police department should have adequate segregation of duties.
	Condition:	The person receiving cash receipts for fines also records and can make adjustments to these accounts.
	Cause:	One person is responsible for processing and recording of fines and fees in the police department.
	Effect:	Initiation, approval and recording of police fine transactions are performed by the same person with limited oversight.
	Recommendation:	To improve internal control, management should adopt policies and procedures that promote an adequate segregation of duties.
	Response:	The City concurs with this finding and recommendation. The City is looking into moving the receipting of police fine/probation payments to the City Hall customer service window. The City believes it can handle this by utilizing the Server.

**CITY OF WASHINGTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Section II - Findings and Questioned Costs - Financial Statement Findings and Responses (Con't)

2013-4	Criteria:	The City should have a written procurement policy and procedure for purchases. There should be a system where purchase orders are issued to vendors and reviewed by a supervisory employee who is not involved in initiating the purchase orders. For larger purchases there should be a bid process in place to ensure that the most favorable price is obtained.
	Condition:	The City does not utilize purchase orders nor follow a competitive bid procedure for large purchases.
	Cause:	The City does not have a written procurement policy and procedure.
	Effect:	Department heads are able to both authorize, initiate and receive purchases resulting in a lack of segregation of duties for purchases. The lack of a competitive bid process may result in the City not receiving the most favorable prices.
	Recommendation:	To improve internal control, management should establish policies and procedures to promote adequate oversight of the purchasing process.
	Response:	The City concurs with this finding and recommendation. The City is currently in the process of writing a purchase and procurement policy. The City anticipates having this policy adopted in 2014 by Mayor and Council.

**CITY OF WASHINGTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Section II - Findings and Questioned Costs - Financial Statement Findings and Responses (Con't)

2013-5	Criteria:	The City should have funds available for all checks written.
	Condition:	On December 31 the City wrote a check to pay off a loan that was due without having adequate funds in the bank to cover the check. A new loan was obtained on January 1 to cover the amount of the check written.
	Cause:	The City did not have adequate funds available to cover the loan payoff.
	Effect:	The general fund operating account is overdrawn at year end.
	Recommendation:	The City should budget adequately for all expenditures to avoid bank overdrafts.
	Response:	The City concurs with this finding and recommendation. The City plans to pay off the loan before the end of 2014. The City will not take on any future debt that will not be paid off within the current fiscal year. The City will follow all State guidelines in regards to future long term debt.
2013-6	Criteria:	Funds that are restricted should not be expended.
	Condition:	Utility deposits were used for operating expenses which resulted in a shortfall when a large deposit was due back to a utility customer.
	Cause:	The City did not properly restrict utility deposits.
	Effect:	When the utility deposit was due to a customer the funds were unavailable, resulting in the City making payments to the customer.
	Recommendation:	The City should establish policies and procedures to maintain utility deposits in a separate restricted account.
	Response:	The City concurs with this finding and recommendation. The City has opened a new checking account for utility deposits. This account is restricted for deposit refunds.

**CITY OF WASHINGTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2013**

Section III - Findings and Questioned Costs - Federal Awards Findings and Responses

None reported.

**CITY OF WASHINGTON, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013**

There were no reported prior year findings relative to federal awards.

**CITY OF WASHINGTON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	Original	Expenditures			Estimated Percentages of Completion
	Estimated Cost	Prior Years	Current Year	Total	
SPLOST 2005-2011					
Water & Sewer improvements	<u>\$ 2,025,526</u>	<u>\$ 2,061,315</u>	<u>\$ -</u>	<u>\$ 2,061,315</u>	101.77%
SPLOST 2011-2017					
Water & Sewer improvements	<u>\$ 2,025,960</u>	<u>\$ 392,995</u>	<u>\$ 175,748</u>	<u>\$ 568,743</u>	28.07%