

**ANNUAL FINANCIAL REPORT**  
**CITY OF WASHINGTON, GEORGIA**  
**YEAR ENDED DECEMBER 31, 2012**

**CITY OF WASHINGTON, GEORGIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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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 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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***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, and each major fund of the City of Washington, Georgia as of December 31, 2012, 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.

***Other Matters***

*Required Supplementary information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and page 16 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 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 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* 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 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* 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 21, 2013, 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 21, 2013

## 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, 2012. 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, 2012 are as follows:

- The City's combined net position totaled \$19.52 million.
- As of the close of the current year, the City's Governmental funds reported combined ending fund balances of \$1.37 million. 64% 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 \$621 thousand.
- Combined Operating Revenue totaled \$16.84 million, of which governmental activities totaled \$3.58 million and business-type activities totaled \$13.26 million.
- Overall Operating expenses totaled \$18.19 million of which governmental activities totaled \$5.69 million and business-type activities totaled \$12.5 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, 2012**

	Governmental <u>2011</u>	Activities <u>2012</u>	Business-type <u>2011</u>	Activities <u>2012</u>	Total <u>2011</u>	Total <u>2012</u>
Current and other assets	\$ 1,431,713	\$ 1,880,624	\$ 10,077,731	\$ 8,557,249	\$ 11,509,444	\$ 10,437,873
Capital Assets	<u>6,689,445</u>	<u>6,691,225</u>	<u>11,376,713</u>	<u>15,026,754</u>	<u>18,066,158</u>	<u>21,717,979</u>
Total Assets	<u>8,121,158</u>	<u>8,571,849</u>	<u>21,454,444</u>	<u>23,584,003</u>	<u>29,575,602</u>	<u>32,155,852</u>
Deferred Debt Insurance Costs	-	-	-	<u>170,941</u>	-	<u>170,941</u>
Long-term liabilities	1,004,481	909,914	4,537,093	8,901,474	5,541,574	9,811,388
Other liabilities	<u>1,172,462</u>	<u>1,053,872</u>	<u>2,702,800</u>	<u>1,937,454</u>	<u>3,875,262</u>	<u>2,991,326</u>
Total Liabilities	<u>2,176,943</u>	<u>1,963,786</u>	<u>7,239,893</u>	<u>10,838,928</u>	<u>9,416,836</u>	<u>12,802,714</u>
Net Assets:						
Invested in capital assets						
net of related debt	6,103,242	5,224,857	6,317,347	5,835,723	12,420,589	11,060,580
Restricted	314,991	418,827	5,910,780	5,543,931	6,225,771	5,962,758
Unrestricted	<u>(474,018)</u>	<u>964,379</u>	<u>1,986,424</u>	<u>1,536,362</u>	<u>1,512,406</u>	<u>2,500,741</u>
Total Net Assets	<u>\$ 5,944,215</u>	<u>\$ 6,608,063</u>	<u>\$ 14,214,551</u>	<u>\$ 12,916,016</u>	<u>\$ 20,158,766</u>	<u>\$ 19,524,079</u>

## 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 \$ 19.35 million as of December 31, 2012, a decrease of \$806 thousand from December 31, 2011, which indicates a decrease in the financial position of the City.

The largest portion of the City's net position, \$11.06 million or 57%, 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, 2012

Revenues:	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	2011	2012	2011	2012	2011	2012
Program Revenues						
Charges for Services	\$ 657,486	\$ 771,130	\$ 12,557,263	\$ 13,259,631	\$ 13,214,749	\$ 14,030,761
Operating Grants/ Contributions	325,073	12,003	-	-	325,073	12,003
Capital Grants/ Contributions	596,064	625,007	-	-	596,064	625,007
General Revenues						
Property Taxes	775,912	1,361,657	-	-	775,912	1,361,657
Sales Tax	478,272	450,737	-	-	478,272	450,737
Franchise Fees	282,156	291,793	-	-	282,156	291,793
Other Taxes	-	-	-	-	-	-
Intergovernmental Revenues	6,836	-	4,281	-	11,117	-
Investment Earnings	9,202	989	304,618	172,735	313,820	173,724
Miscellaneous	96,964	109,028	320,809	-	417,773	109,028
Special Items	-	-	3,689	1,071	3,689	1,071
Gain on Sale of Capital Assets	(5,134)	-	(6,076)	-	(11,210)	-
<b>Total Revenues</b>	<b>3,222,831</b>	<b>3,622,344</b>	<b>13,184,584</b>	<b>13,433,437</b>	<b>16,407,415</b>	<b>17,055,781</b>
Expenses:						
General government	531,550	486,289	-	-	531,550	486,289
Judicial	3,984	10,556	-	-	3,984	10,556
Public safety	2,379,717	2,362,562	-	-	2,379,717	2,362,562
Public works	948,478	950,452	-	-	948,478	950,452
Health and welfare	186,605	174,226	-	-	186,605	174,226
Culture and recreation	489,539	509,639	-	-	489,539	509,639
Housing and development	944,875	667,314	-	-	944,875	667,314
Interest and fiscal charges	66,648	60,741	-	-	66,648	60,741
Water and sewer	-	-	2,749,930	2,596,985	2,749,930	2,596,985
Electric	-	-	8,638,341	9,343,049	8,638,341	9,343,049
Sanitation	-	-	536,193	527,739	536,193	527,739
Internet telecommunications	-	-	123,511	115,911	123,511	115,911
<b>Total Expenses</b>	<b>5,551,396</b>	<b>5,221,779</b>	<b>12,047,975</b>	<b>12,583,684</b>	<b>17,599,371</b>	<b>17,805,463</b>
(Decrease) Increase in net assets before transfers	(2,328,565)	(1,599,435)	1,136,609	849,753	(1,191,956)	(749,682)
Transfers	2,385,624	2,148,288	(2,385,624)	(2,148,288)	-	-
Change in net assets	57,059	548,853	(1,249,015)	(1,298,535)	(1,191,956)	(749,682)
Net assets-January 1	5,887,156	6,059,210	15,463,566	14,214,551	21,350,722	20,273,761
Prior period adjustment	-	114,995	-	-	-	-
<b>Net assets, December 31</b>	<b>\$ 5,944,215</b>	<b>\$ 6,723,058</b>	<b>\$ 14,214,551</b>	<b>\$ 12,916,016</b>	<b>\$ 20,158,766</b>	<b>\$ 19,524,079</b>

## **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 \$1.37 million, of which \$882 thousand, or 64%, is spendable and unrestricted. This represents approximately 18% 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 \$661 thousand, of which \$623 thousand or 94% was spendable and unrestricted. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance to total fund expenditures. As of December 31, 2012 total unrestricted fund balance represents 15 % of general fund operating expenditures.

### **General Fund Budgetary Highlights**

During the year, the City revised the budget once and did so during the 4th quarter. 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 \$548.9 thousand. Of this amount \$458 thousand was due to paying off the annual principal amount for the Pope Center Debt at F&M Bank, which in turn will be renewed on January 1, 2013. \$26 thousand was an increase to the animal shelter budget and the remaining \$64.9 thousand was a combination of increased expenses for supplies, repairs & maintenance, and capital outlay.

The actual revenues for the General Fund were more than the original budgeted amount by \$556,523. This excess Revenue is a product of several sources with the two major increased sources being Increased Tax Revenue over projected, Fines & Forfeitures and Intergovernmental Revenue sources. The individual sources within the revenues fluctuated both positively and negatively. Actual operating expenditures were under the original budgeted amount by \$187,096 or 4% of actual expenses, due mostly to decrease in Capital Outlay for 2012.

### **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. Unrestricted net assets at the end of the year were as follows: Electric System, Negative \$781,773; Water and Sewer System, \$1,788,488; other enterprise funds, \$529,647 for a grand total of \$1,536,362 of unrestricted net assets 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, 2012 amounts to \$ 21,717,979 (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, 2011 and 2012

	Governmental Activities		Governmental Activities		Business-type Activities		Business-type Activities		Total		Total	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Land	\$ 591,997	\$ 706,992	\$ 203,190	\$ 203,190	\$ 795,187	\$ 910,182						
Infrastructure, net	3,147,257	3,064,980	6,701,141	6,463,270	9,848,398	9,528,250						
Construction in Progress	-	-	3,825,259	7,722,014	3,825,259	7,722,014						
Buildings & Improvements, net	1,857,705	1,873,780	200,862	200,862	2,058,567	2,074,642						
Equipment & Vehicles, net	1,092,486	1,045,473	446,264	437,418	1,538,750	1,482,891						
<b>Total Capital Assets</b>	<b>\$ 6,689,445</b>	<b>\$ 6,691,225</b>	<b>\$ 11,376,716</b>	<b>\$ 15,026,754</b>	<b>\$ 18,066,161</b>	<b>\$ 21,717,979</b>						

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, 2012 the City had a total of \$2.91 million in outstanding long-term debt.

#### The City's Outstanding Debt General Obligation December 31, 2011 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Notes Payable	\$ 1,116,927	\$ 910,094	\$ 1,797,917	\$ 8,901,474	\$ 2,914,844	\$ 9,811,568
<b>Total Debt</b>	<b>\$ 1,116,927</b>	<b>\$ 910,094</b>	<b>\$ 1,797,917</b>	<b>\$ 8,901,474</b>	<b>\$ 2,914,844</b>	<b>\$ 9,811,568</b>

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.

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>Assets</b>				
Cash and cash equivalents	\$ 672,421	\$ 630,699	\$ 1,303,120	\$ 31
Investments	276,577	203,951	480,528	2,471
Receivables	787,708	1,564,152	2,351,860	-
Internal balances	77,209	(77,209)	-	-
MEAG receivable	-	442,000	442,000	-
Inventories	7,963	349,981	357,944	-
Prepaid expenses	36,310	29,708	66,018	-
Restricted assets	22,483	-	22,483	-
Investments, MEAG Trust, unavailable	-	4,993,151	4,993,151	-
Investments in joint venture	-	420,816	420,816	-
Capital assets (net of accumulated depreciation)				
Land	706,992	203,190	910,182	-
Historical treasures	78,632	-	78,632	-
Construction in progress	-	7,722,014	7,722,014	-
Infrastructure	3,064,980	6,463,270	9,528,250	-
Buildings and improvements	1,795,148	200,862	1,996,010	-
Equipment	-	301,423	301,423	-
Vehicles	1,045,473	135,995	1,181,468	-
<b>Total assets</b>	<b>8,571,896</b>	<b>23,584,003</b>	<b>32,155,899</b>	<b>2,502</b>
<b>Deferred outflow of resources</b>				
Debt issuance costs	-	170,941	170,941	-
<b>Liabilities</b>				
Accounts payable and accrued expenses	173,789	1,029,998	1,203,787	-
Salaries payable	-	9,519	9,519	-
Accrued interest	-	9,409	9,409	-
Unearned revenues	229,512	-	229,512	-
Customer deposits	-	550,780	550,780	-
Compensated absences	94,117	48,191	142,308	-
Noncurrent liabilities:				
Due within one year	556,274	289,557	845,831	-
Due in more than one year	910,094	8,901,474	9,811,568	-
<b>Total liabilities</b>	<b>1,963,786</b>	<b>10,838,928</b>	<b>12,802,714</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	5,224,857	5,835,723	11,060,580	-
Restricted for:				
Capital projects	395,159	-	395,159	-
Revolving loan fund	3,688	-	3,688	-
Non-expendable trust	19,980	-	19,980	-
MEAG trust	-	4,993,151	4,993,151	-
Customer deposits	-	550,780	550,780	-
Unrestricted	964,426	1,536,362	2,500,788	2,502
<b>Total net position</b>	<b>\$ 6,608,110</b>	<b>\$ 12,916,016</b>	<b>\$ 19,524,126</b>	<b>\$ 2,502</b>

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

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Assets			Component Unit Downtown Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$ 486,289	\$ 91,568	\$ 100	\$ 7,006	\$ (387,615)		\$ (387,615)	
Judicial	10,556	-	-	-	(10,556)		(10,556)	
Public safety	2,362,562	583,136	-	9,016	(1,770,410)		(1,770,410)	
Public works	950,452	23,597	-	351,433	(575,422)		(575,422)	
Health and welfare	174,226	9,037	10,000	-	(155,189)		(155,189)	
Culture and recreation	509,639	23,181	-	27,131	(459,327)		(459,327)	
Housing and development	667,314	40,611	1,903	230,421	(394,379)		(394,379)	
Interest on long-term debt	60,741	-	-	-	(60,741)		(60,741)	
<b>Total governmental activities</b>	<b>5,221,779</b>	<b>771,130</b>	<b>12,003</b>	<b>625,007</b>	<b>(3,813,639)</b>		<b>(3,813,639)</b>	
<b>Business-type activities:</b>								
Water and Sewer Fund	2,596,985	2,636,748	-	1,071	-	40,834	40,834	
Electric Fund	9,343,049	10,076,440	-	-	-	733,391	733,391	
Solid Waste Fund	527,739	498,210	-	-	-	(29,529)	(29,529)	
Internet Telecommunications	115,911	48,233	-	-	-	(67,678)	(67,678)	
<b>Total business-type activities</b>	<b>12,583,684</b>	<b>13,259,631</b>	<b>-</b>	<b>1,071</b>	<b>-</b>	<b>677,018</b>	<b>677,018</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 17,805,463</b>	<b>\$ 14,030,761</b>	<b>\$ 12,003</b>	<b>\$ 626,078</b>	<b>(3,813,639)</b>	<b>677,018</b>	<b>(3,136,621)</b>	<b>-</b>
<b>Component units:</b>								
Downtown Development Authority	\$ -	\$ -	\$ -	\$ -				-
<b>Total component units</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>				<b>-</b>
<b>General revenues:</b>								
Property taxes, levied for general purposes					1,361,704	-	1,361,704	-
Sales taxes					450,737	-	450,737	-
Franchise and other business taxes					291,793	-	291,793	-
Unrestricted investment earnings					989	172,735	173,724	16
Miscellaneous					109,028	-	109,028	-
Transfers					2,148,288	(2,148,288)	-	-
<b>Total general revenues and transfers</b>					<b>4,362,539</b>	<b>(1,975,553)</b>	<b>2,386,986</b>	<b>16</b>
<b>Change in net position</b>					<b>548,900</b>	<b>(1,298,535)</b>	<b>(749,635)</b>	<b>16</b>
Net position, beginning of year, as previously reported					5,944,215	14,214,551	20,158,766	2,486
Prior period adjustment					114,995	-	114,995	-
Net position, beginning of year, restated					6,059,210	14,214,551	20,273,761	2,486
Net position, end of year					<b>\$ 6,608,110</b>	<b>\$ 12,916,016</b>	<b>\$ 19,524,126</b>	<b>\$ 2,502</b>

**CITY OF WASHINGTON, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 228,400	\$ 444,021	\$ 672,421
Investments	77,990	198,587	276,577
Taxes receivable, net	417,798	-	417,798
Due from other funds	95,028	-	95,028
Receivable from other governments	45,033	52,199	97,232
Other receivables, net	16,127	147	16,274
RFP receivable	256,404	-	256,404
Inventories	-	7,963	7,963
Prepaid expenses	35,068	1,242	36,310
Restricted assets	2,503	19,980	22,483
	<u>1,174,351</u>	<u>724,139</u>	<u>1,898,490</u>
Total assets	<u>\$ 1,174,351</u>	<u>\$ 724,139</u>	<u>\$ 1,898,490</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 141,345	\$ 16,862	\$ 158,207
Due to other funds	17,819	-	17,819
Unearned revenue- property tax	111,601	-	111,601
Unearned revenue- RFP	229,512	-	229,512
Other accrued expenses	13,352	2,230	15,582
	<u>513,629</u>	<u>19,092</u>	<u>532,721</u>
Total liabilities	<u>513,629</u>	<u>19,092</u>	<u>532,721</u>
<b>Fund Balances</b>			
Nonspendable:			
Inventory	-	7,963	7,963
Prepaid	35,068	1,242	36,310
Restricted	2,503	436,613	439,116
Committed	-	259,229	259,229
Assigned	-	-	-
Unassigned	623,151	-	623,151
	<u>660,722</u>	<u>705,047</u>	<u>1,365,769</u>
Total fund balances	<u>660,722</u>	<u>705,047</u>	<u>1,365,769</u>
Total liabilities and fund balances	<u>\$ 1,174,351</u>	<u>\$ 724,139</u>	<u>\$ 1,898,490</u>

**CITY OF WASHINGTON, GEORGIA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

Total fund balances - governmental funds \$ 1,365,769

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	706,992
Historical treasures	78,632
Infrastructure	3,800,927
Buildings and improvements	3,969,258
Furniture, fixtures, and equipment	2,399,671
Accumulated depreciation	<u>(4,264,255)</u>

Total capital assets 6,691,225

Some revenues will be collected after year end but are not available soon  
enough to pay for the current period's expenditures and therefore are classified  
as unearned revenue in the funds.

111,601

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, 2012 are:

Notes payable	(1,466,368)
Compensated absences	<u>(94,117)</u>

Total long-term liabilities (1,560,485)

Net position of governmental activities \$ 6,608,110

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012**

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Taxes	\$ 2,080,822	\$ -	\$ 2,080,822
Licenses and permits	100,492	-	100,492
Intergovernmental	32,398	701,738	734,136
Charges for services	155,879	60,680	216,559
Fines and forfeitures	276,838	-	276,838
Investment earnings	32,661	13,073	45,734
Contributions and donations	-	170	170
Miscellaneous	122,313	-	122,313
	<u>2,801,403</u>	<u>775,661</u>	<u>3,577,064</u>
Total revenues			
<b>EXPENDITURES</b>			
Current:			
General government	500,066	-	500,066
Judicial	10,556	-	10,556
Public safety	1,936,199	337,782	2,273,981
Public works	876,322	-	876,322
Health and welfare	171,957	-	171,957
Culture and recreation	423,351	824	424,175
Housing and development	350,053	302,782	652,835
Debt service:			
Principal	585,888	-	585,888
Interest	60,741	-	60,741
Capital outlay:			
General government	19,000	-	19,000
Public safety	16,410	-	16,410
Public works	23,968	-	23,968
Health and welfare	5,200	-	5,200
Culture and recreation	13,050	-	13,050
Housing and development	56,671	-	56,671
	<u>5,049,432</u>	<u>641,388</u>	<u>5,690,820</u>
Total expenditures			
(Deficiency) excess of revenues (under) over expenditures	<u>(2,248,029)</u>	<u>134,273</u>	<u>(2,113,756)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from long-term debt	461,572	-	461,572
Transfer in	2,367,500	-	2,367,500
Transfer out	(199,914)	(19,298)	(219,212)
	<u>2,629,158</u>	<u>(19,298)</u>	<u>2,609,860</u>
Total other financing sources (uses)			
<b>CHANGE IN FUND BALANCES</b>	381,129	114,975	496,104
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>279,593</u>	<u>590,072</u>	<u>869,665</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 660,722</u>	<u>\$ 705,047</u>	<u>\$ 1,365,769</u>

**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, 2012**

Net change in fund balances - governmental funds \$ 496,104

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 \$134,299 are less than depreciation \$269,475 in the current period. (135,176)

The effect of various miscellaneous transactions involving capital assets is to increase net assets - Donation of asset \$21,961 21,961

Payments on notes payable are reported as expenditures in the governmental funds, but reduce the liability in the Statement of Net Position. 585,888

Note proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities (461,572)

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 less than the current year unearned 23,366

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. 18,329

Change in net position of governmental activities \$ 548,900

**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, 2012**

	Budgeted Amount		Actual Amount	Variance with Final Budget -
	Original	Final		Over (Under)
<b>REVENUES</b>				
Taxes	\$ 1,696,777	\$ 2,217,492	\$ 2,080,822	\$ (136,670)
Licenses and permits	74,825	74,825	100,492	25,667
Intergovernmental	17,890	32,804	32,398	(406)
Charges for services	150,945	152,233	155,879	3,646
Fines and forfeitures	200,000	200,000	276,838	76,838
Investment earnings	32,979	32,979	32,661	(318)
Other	71,464	83,464	122,313	38,849
 Total revenues	2,244,880	2,793,797	2,801,403	7,606
<b>EXPENDITURES</b>				
Current				
General government	551,732	575,732	519,066	(56,666)
Judicial	3,920	10,650	10,556	(94)
Public safety	1,973,815	1,999,915	1,952,609	(47,306)
Public works	926,685	931,685	900,290	(31,395)
Health and welfare	178,798	178,798	177,157	(1,641)
Culture and recreation	447,793	461,081	436,401	(24,680)
Housing and development	507,156	522,955	406,724	(116,231)
Debt Service:				
Principal	127,331	585,331	585,888	557
Interest and other charges	61,498	61,498	60,741	(757)
 Total expenditures	4,778,728	5,327,645	5,049,432	(278,213)
 Excess (deficiency) of revenues over expenditures	(2,533,848)	(2,533,848)	(2,248,029)	285,819
<b>OTHER FINANCING SOURCES</b>				
Proceeds from long-term debt	6,000	6,000	461,572	455,572
Proceeds from sale of capital assets	5,000	5,000	-	(5,000)
Transfers in	2,772,207	2,772,207	2,367,500	(404,707)
Transfer out	(241,359)	(249,359)	(199,914)	49,445
 Total other financing sources	2,541,848	2,533,848	2,629,158	95,310
 <b>CHANGE IN FUND BALANCE</b>	<b>\$ 8,000</b>	<b>\$ -</b>	<b>381,129</b>	<b>\$ 381,129</b>
 <b>FUND BALANCE, BEGINNING OF YEAR</b>			279,593	
 <b>FUND BALANCE, END OF YEAR</b>			<b>\$ 660,722</b>	

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2012**

	Business-type Activities - Enterprise Funds			Total
	Water & Sewer Fund	Electric Fund	Non-Major Enterprise Funds	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 587,141	\$ 43,558	\$ -	\$ 630,699
Investments	153,182	50,769	-	203,951
Accounts receivable, net	367,251	1,105,611	91,290	1,564,152
Due from other funds	960,496	6,171,717	42,241	7,174,454
MEAG receivable	-	442,000	-	442,000
Inventories	97,848	252,133	-	349,981
Prepaid expenses	7,387	18,648	3,673	29,708
	<u>2,173,305</u>	<u>8,084,436</u>	<u>137,204</u>	<u>10,394,945</u>
Non-current assets:				
Investments MEAG Trust, unavailable	-	4,993,151	-	4,993,151
Investment in joint venture	-	-	420,816	420,816
	<u>-</u>	<u>-</u>	<u>420,816</u>	<u>420,816</u>
Non-current assets				
Capital assets, net of accumulated depreciation	13,258,059	1,568,014	200,681	15,026,754
	<u>13,258,059</u>	<u>1,568,014</u>	<u>200,681</u>	<u>15,026,754</u>
Total non-current assets	<u>13,258,059</u>	<u>6,561,165</u>	<u>621,497</u>	<u>20,440,721</u>
Total assets	<u>\$ 15,431,364</u>	<u>\$ 14,645,601</u>	<u>\$ 758,701</u>	<u>\$ 30,835,666</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Debt issuance costs	170,941	-	-	170,941
	<u>170,941</u>	<u>-</u>	<u>-</u>	<u>170,941</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 310,643	\$ 704,474	\$ 14,881	\$ 1,029,998
Salaries payable	2,613	4,352	2,554	9,519
Accrued interest	9,409	-	-	9,409
Due to other funds	21,502	7,230,161	-	7,251,663
Notes and loan payable	289,557	-	-	289,557
Customer deposits	100,183	450,597	-	550,780
	<u>733,907</u>	<u>8,389,584</u>	<u>17,435</u>	<u>9,140,926</u>
Total current liabilities	<u>733,907</u>	<u>8,389,584</u>	<u>17,435</u>	<u>9,140,926</u>
Non-current liabilities				
Notes and loans payable	8,901,474	-	-	8,901,474
Compensated absences	11,225	26,028	10,938	48,191
	<u>8,912,699</u>	<u>26,028</u>	<u>10,938</u>	<u>8,949,665</u>
Total non-current liabilities	<u>8,912,699</u>	<u>26,028</u>	<u>10,938</u>	<u>8,949,665</u>
Total liabilities	<u>9,646,606</u>	<u>8,415,612</u>	<u>28,373</u>	<u>18,090,591</u>
<b>Net Position</b>				
Net investment in capital assets	4,067,028	1,568,014	200,681	5,835,723
Restricted for:				
Capital projects	-	4,993,151	-	4,993,151
Customer deposits	100,183	450,597	-	550,780
Unrestricted	1,788,488	(781,773)	529,647	1,536,362
	<u>5,955,699</u>	<u>6,229,989</u>	<u>730,328</u>	<u>12,916,016</u>
Total net position	<u>5,955,699</u>	<u>6,229,989</u>	<u>730,328</u>	<u>12,916,016</u>
Total liabilities and net position	<u>\$ 15,602,305</u>	<u>\$ 14,645,601</u>	<u>\$ 758,701</u>	<u>\$ 31,006,607</u>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Business-type Activities - Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non Major Funds	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,478,838	\$ 9,563,022	\$ 544,776	\$ 12,586,636
Water surcharge	146,616	-	-	146,616
Tap fees	11,294	-	-	11,294
Miscellaneous	-	513,418	1,667	515,085
<b>Total operating revenues</b>	<b>2,636,748</b>	<b>10,076,440</b>	<b>546,443</b>	<b>13,259,631</b>
<b>OPERATING EXPENSES</b>				
Cost of sales	-	7,950,541	-	7,950,541
Personnel services	390,257	581,469	318,945	1,290,671
Contractual services	1,842,896	437,137	202,500	2,482,533
Supplies	99,084	181,654	56,272	337,010
Depreciation	169,186	120,016	62,602	351,804
Other costs	13,494	72,232	3,331	89,057
<b>Total operating expenses</b>	<b>2,514,917</b>	<b>9,343,049</b>	<b>643,650</b>	<b>12,501,616</b>
<b>Operating income (loss)</b>	<b>121,831</b>	<b>733,391</b>	<b>(97,207)</b>	<b>758,015</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	5,893	42,417	124,425	172,735
Interest expense	(82,068)	-	-	(82,068)
<b>Total non-operating (expenses) revenue</b>	<b>(76,175)</b>	<b>42,417</b>	<b>124,425</b>	<b>90,667</b>
<b>Income before contributions and transfers</b>	<b>45,656</b>	<b>775,808</b>	<b>27,218</b>	<b>848,682</b>
Capital contributions	1,071	-	-	1,071
Transfers in	209,212	-	-	209,212
Transfers out	-	(2,357,500)	-	(2,357,500)
<b>Total contributions and transfers</b>	<b>210,283</b>	<b>(2,357,500)</b>	<b>-</b>	<b>(2,147,217)</b>
<b>Change in net position</b>	<b>255,939</b>	<b>(1,581,692)</b>	<b>27,218</b>	<b>(1,298,535)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>5,699,760</b>	<b>7,811,681</b>	<b>703,110</b>	<b>14,214,551</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 5,955,699</b>	<b>\$ 6,229,989</b>	<b>\$ 730,328</b>	<b>\$ 12,916,016</b>

**CITY OF WASHINGTON, GEORGIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Business-type Activities - Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non Major Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers and users	\$ 2,703,067	\$ 9,870,396	\$ 530,345	\$ 13,103,808
Cash received (paid) for interfund services provided	(929,120)	926,163	14,441	11,484
Cash paid to suppliers and others	(2,171,191)	(8,908,492)	(265,520)	(11,345,203)
Cash paid to employees	(387,644)	(1,016,767)	(320,412)	(1,724,823)
Net cash (used in) provided by operating activities	<u>(784,888)</u>	<u>871,300</u>	<u>(41,146)</u>	<u>45,266</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer to other funds	-	(2,357,500)	-	(2,357,500)
Net cash (used in) noncapital financing activities	<u>-</u>	<u>(2,357,500)</u>	<u>-</u>	<u>(2,357,500)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(3,946,140)	(55,704)	-	(4,001,844)
Principal paid on long term debt	(117,572)	-	-	(117,572)
Interest paid on long term debt	(74,391)	-	-	(74,391)
Purchase of investments	(1,673)	-	-	(1,673)
Increase in note payables	4,657,510	-	-	4,657,510
Debt issuance costs	(18,980)	-	-	(18,980)
Capital contributions	1,067	-	-	1,067
MEAG investments	-	366,738	-	366,738
Transfer from other funds	209,212	-	-	209,212
Net cash provided by capital and related financing activities	<u>709,033</u>	<u>311,034</u>	<u>-</u>	<u>1,020,067</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	5,893	42,417	124,425	172,735
Sale (purchase) of investments	-	811,321	(83,279)	728,042
Net cash provided by investing activities	<u>5,893</u>	<u>853,738</u>	<u>41,146</u>	<u>900,777</u>
Net decrease in cash	(69,962)	(321,428)	-	(391,390)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>657,103</u>	<u>364,986</u>	<u>-</u>	<u>1,022,089</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 587,141</u>	<u>\$ 43,558</u>	<u>\$ -</u>	<u>\$ 630,699</u>

**CITY OF WASHINGTON, GEORGIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Business-type Activities - Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non Major Fund	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 121,831	\$ 733,391	\$ (97,207)	\$ 758,015
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	169,186	120,016	62,602	351,804
Change in accounts receivable	66,319	(38,047)	(16,097)	12,175
Change in MEAG receivable	-	(168,000)	-	(168,000)
Change in inventories	1,522	29,548	-	31,070
Change in prepaid expenses	(7,387)	8,353	(3,673)	(2,707)
Change in due from other funds	(905,385)	(286,212)	14,441	(1,177,156)
Change in accounts payable	(208,303)	(741,934)	(683)	(950,920)
Change in salaries payable	2,613	-	939	3,552
Change in accrued liabilities	-	1,547	-	1,547
Change in compensated absences	(1,549)	374	(1,468)	(2,643)
Change in customer deposits	-	(111)	-	(111)
Change in due to other funds	(23,735)	1,212,375	-	1,188,640
Total adjustments	(906,719)	137,909	56,061	(712,749)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (784,888)</u>	<u>\$ 871,300</u>	<u>\$ (41,146)</u>	<u>\$ 45,266</u>

## **Notes to Financial Statements**

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**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, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*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, 2012**

**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, 2012**

**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.

**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.

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. 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:

<b>Property Tax Year</b>	<b>2012</b>
Levy Date	April 04, 2012
Collection Period	April 15, 2012 - June 20, 2012
Due Date	June 20, 2012
<b>Property Tax Year</b>	<b>2011</b>
Levy Date	November 30, 2012
Collection Period	December 15, 2012 - Jan. 31, 2013
Due Date	January 31, 2013

**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, 2012 are recorded as prepaid items and are recorded as expenditures when consumed rather than when purchased.

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**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:

Asset Class	Estimated Useful Lives
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.

**J. Restricted Assets**

The General fund has certain resources set aside for the purpose of a revolving loan fund. The Historical Properties Commission and the Callaway Charitable Trust Permanent funds each have non-expendable investments.

**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.

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**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.

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Deficit Fund Balance or Retained Earnings**

The CDBG fund had a deficit fund balance at December 31, 2012. This deficit will be funded by transfers from the General Fund.

**B. Excess of Expenditures over Appropriations**

The Cemetery Perpetual Care fund had an excess of expenditures over appropriations at December 31, 2012.

**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.

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 3: RETIREMENT BENEFITS (Continued)**

For the year ended July 1, 2012 (the most recent actuarial valuation date), the City's total payroll for all employees and the City's total covered payroll amounted to \$2,720,790. 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.

**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	44
Terminated employees entitled to, but not receiving benefits	22
Active employees - vested	51
Active employees - non-vested	<u>32</u>
Total	<u>149</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 \$271,890. 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.

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 3: RETIREMENT PLAN (Continued)**

The actuarially determined recommended contribution was \$271,890. The City made the actuarially determined recommended contribution.

**Annual Pension Cost**

The City's annual pension cost of \$271,890 was equal to the City's required and actual contributions for the plan year ended July 1, 2012.

**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, 2012	July 1, 2011
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Dollar (Closed)	Level Dollar (Closed)
Remaining Amortization Period	14 years	13 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>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$271,890	100%	-
12/31/11	190,445	100%	-
12/31/10	178,538	100%	-

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 3: RETIREMENT PLAN (Continued)**

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

<u>Measurement Date</u>	(a) <u>Actuarial Value of Assets</u>	(b) <u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL ( UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	(c) <u>Covered Payroll</u>	<u>UAAL as a Percentage of covered payroll (b-a)/c</u>
7/1/2012	\$ 5,343,455	\$ 6,085,236	\$ 741,781	87.81%	\$ 2,720,790	27.26%

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, 2012, 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

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 4: DEPOSITS AND INVESTMENTS (Continued)**

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.

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 prepayment 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, 2012 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 transitions 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, 2012**

**NOTE 4: DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

As of December 31, 2012, the City had the following investments:

<b>Investment Type</b>	<b><u>Fair Value</u></b>
<b>General Fund</b>	
Certificates of Deposit	\$ 77,990
<b>Water &amp; Sewer Fund</b>	
Certificates of Deposit	153,182
<b>Electric Fund</b>	
MEAG Trust	50,769
MEAG Trust - noncurrent	4,993,151
<b>Non-major Funds</b>	
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, 2012.

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 5: RECEIVABLES**

	General Fund	Nonmajor Gov't Funds	Water & Sewer Fund	Electric Fund	Nonmajor Enterprise
Accounts	\$ 3,328	\$ -	\$ 512,470	\$ 1,607,640	\$ 120,458
Taxes	771,410	25,865	-	-	-
Intergovernmental	45,033	26,334	-	-	-
RFP receivable	256,404	-	-	-	-
Other	<u>90,908</u>	<u>147</u>	<u>-</u>	<u>442,000</u>	<u>-</u>
Gross receivables	1,167,083	52,346	512,470	2,049,640	120,458
Less: allowance for uncollectibles	<u>(431,621)</u>	<u>-</u>	<u>(145,219)</u>	<u>(502,029)</u>	<u>(29,168)</u>
Net total receivables	<u>\$ 735,462</u>	<u>\$ 52,346</u>	<u>\$ 367,251</u>	<u>\$ 1,547,611</u>	<u>\$ 91,290</u>

**NOTE 6: CAPITAL ASSETS**

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

	Balance 1/1/2012	Restated	Additions	Transfers/ Deletions	Balance 12/31/2012
<b>Governmental activities:</b>					
Capital assets not being depreciated					
Land	\$ 591,997	\$ 706,992	\$ -	\$ -	\$ 706,992
Historical treasures	<u>-</u>	<u>-</u>	<u>78,632</u>	<u>-</u>	<u>78,632</u>
Total capital assets not being depreciated	<u>591,997</u>	<u>706,992</u>	<u>78,632</u>	<u>-</u>	<u>785,624</u>
Capital assets being depreciated					
Infrastructure	3,800,927	3,800,927	-	-	3,800,927
Buildings and improvements	3,969,258	3,969,258	-	-	3,969,258
Furniture, fixtures, and vehicles	<u>2,322,043</u>	<u>2,322,043</u>	<u>77,628</u>	<u>-</u>	<u>2,399,671</u>
Total capital assets being depreciated	<u>10,092,228</u>	<u>10,092,228</u>	<u>77,628</u>	<u>-</u>	<u>10,169,856</u>
Less accumulated depreciation:					
Infrastructure	(653,670)	(653,670)	(82,277)	-	(735,947)
Buildings and improvements	(2,111,553)	(2,111,553)	(62,557)	-	(2,174,110)
Furniture, fixtures, and vehicles	<u>(1,229,557)</u>	<u>(1,229,557)</u>	<u>(124,641)</u>	<u>-</u>	<u>(1,354,198)</u>
Less accumulated depreciation	<u>(3,994,780)</u>	<u>(3,994,780)</u>	<u>(269,475)</u>	<u>-</u>	<u>(4,264,255)</u>
Net capital assets being depreciated	<u>6,097,448</u>	<u>6,097,448</u>	<u>(191,847)</u>	<u>-</u>	<u>5,905,601</u>
<b>Governmental activities capital assets - net</b>	<u>\$ 6,689,445</u>	<u>\$ 6,804,440</u>	<u>\$ (113,215)</u>	<u>\$ -</u>	<u>\$ 6,691,225</u>

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 6: CAPITAL ASSETS (Continued)**

Governmental activities depreciation expense was charged to functions as follows:

General government	\$	4,552
Public safety		88,581
Public works		74,130
Health and welfare		2,269
Culture and recreation		85,464
Housing and development		<u>14,479</u>
 Total depreciation expense - governmental activities	 \$	 <u>269,475</u>

	Balance 1/1/2012	Additions	Transfers/ Deletions	Balance 12/31/2012
<b>Business type activities:</b>				
<b>Water and Sewer Fund:</b>				
Capital assets not being depreciated				
Land	\$ 194,710	\$ -	\$ -	\$ 194,710
Construction in process	<u>3,825,259</u>	<u>3,896,755</u>	<u>-</u>	<u>7,722,014</u>
 Total capital assets not being depreciated	 <u>4,019,969</u>	 <u>3,896,755</u>	 <u>-</u>	 <u>7,916,724</u>
 Capital assets being depreciated				
Buildings	57,481	-	-	57,481
Infrastructure	12,231,172	-	-	12,231,172
Machinery and equipment	81,582	49,385	-	130,967
Vehicles	<u>93,387</u>	<u>-</u>	<u>-</u>	<u>93,387</u>
 Total capital assets being depreciated	 <u>12,463,622</u>	 <u>49,385</u>	 <u>-</u>	 <u>12,513,007</u>
 Less accumulated depreciation for:				
Buildings	(38,119)	-	-	(38,119)
Infrastructure	(6,820,829)	(160,040)	-	(6,980,869)
Machinery and equipment	(57,152)	(7,646)	-	(64,798)
Vehicles	<u>(86,386)</u>	<u>(1,500)</u>	<u>-</u>	<u>(87,886)</u>
 Less accumulated depreciation	 <u>(7,002,486)</u>	 <u>(169,186)</u>	 <u>-</u>	 <u>(7,171,672)</u>
 Net capital assets being depreciated	 <u>5,461,136</u>	 <u>(119,801)</u>	 <u>-</u>	 <u>5,341,335</u>
 <b>Water and sewer fund capital assets - net</b>	 <u>\$ 9,481,105</u>	 <u>\$ 3,776,954</u>	 <u>\$ -</u>	 <u>\$ 13,258,059</u>

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 6: CAPITAL ASSETS (Continued)**

	Balance 1/1/2012	Additions	Transfers/ Deletions	Balance 12/31/2012
<b>Business type activities:</b>				
<b>Electric Fund:</b>				
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	-	-	2,413,073
Machinery and equipment	145,462	55,704	-	201,166
Vehicles	<u>356,528</u>	<u>-</u>	<u>-</u>	<u>356,528</u>
Total capital assets being depreciated	<u>3,409,107</u>	<u>55,704</u>	<u>-</u>	<u>3,464,811</u>
Less accumulated depreciation for:				
Buildings	(362,544)	-	-	(362,544)
Infrastructure	(1,122,275)	(77,831)	-	(1,200,106)
Machinery and equipment	(53,740)	(9,181)	-	(62,921)
Vehicles	<u>(246,703)</u>	<u>(33,003)</u>	<u>-</u>	<u>(279,706)</u>
	<u>(1,785,262)</u>	<u>(120,015)</u>	<u>-</u>	<u>(1,905,277)</u>
<b>Electric fund capital assets - net</b>	<u>\$ 1,632,325</u>	<u>\$ (64,311)</u>	<u>\$ -</u>	<u>\$ 1,568,014</u>
	Balance 1/1/2012	Additions	Transfers/ Deletions	Balance 12/31/2012
<b>Business type activities:</b>				
<b>Nonmajor Enterprise Funds</b>				
Capital assets being depreciated				
Buildings	\$ 175,300	\$ -	\$ -	\$ 175,300
Machinery and equipment	571,317	-	-	571,317
Vehicles	<u>219,424</u>	<u>-</u>	<u>-</u>	<u>219,424</u>
Total capital assets being depreciated	<u>966,041</u>	<u>-</u>	<u>-</u>	<u>966,041</u>
Less accumulated depreciation for:				
Buildings	(125,300)	-	-	(125,300)
Machinery and equipment	(423,957)	(50,351)	-	(474,308)
Vehicles	<u>(153,501)</u>	<u>(12,251)</u>	<u>-</u>	<u>(165,752)</u>
	<u>(702,758)</u>	<u>(62,602)</u>	<u>-</u>	<u>(765,360)</u>
<b>Nonmajor Enterprise funds capital assets - net</b>	<u>\$ 263,283</u>	<u>\$ (62,602)</u>	<u>\$ -</u>	<u>\$ 200,681</u>
<b>Business type activities capital assets - net</b>	<u>\$ 14,118,252</u>	<u>\$ 3,650,041</u>	<u>\$ -</u>	<u>\$ 15,026,754</u>

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 7: INTERFUND BALANCES AND ACTIVITY**

**Internal Balances**

Balances due to/from other funds for the year ended December 31, 2012 consists of the following:

Due from:	Due to:			Total
	General Fund	Water & Sewer Fund	Nonmajor Enterprise	
General Fund	\$ -	\$ -	\$ 17,819	\$ 17,819
Electric	73,526	960,496	24,422	1,058,444
Water & Sewer	-	6,171,717	-	6,171,717
Nonmajor Enterprise	21,502	-	-	21,502
<b>Total</b>	<b>\$ 95,028</b>	<b>\$ 7,132,213</b>	<b>\$ 42,241</b>	<b>\$ 7,269,482</b>

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

**Transfers to/from Other Funds**

Transfer to/from other funds for the year ended December 31, 2012 consists of the following:

Transfers out	Transfers in			Total
	General Fund	Water & Sewer Fund	Nonmajor Gov't'l.	
General Fund	\$ -	\$ -	\$ 199,919	\$ 199,919
Electric	2,357,500	-	-	2,357,500
Nonmajor Gov't'l	10,000	209,212	-	219,212
<b>Total</b>	<b>\$ 2,367,500</b>	<b>\$ 209,212</b>	<b>\$ 199,919</b>	<b>\$ 2,776,631</b>

The transfers to the General Fund from the Electric fund in the amount of \$2,357,500 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, 2012**

**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. An additional loan was obtained at Farmers and Merchants Bank. The interest rate is 4.0% with a single maturity on December 31, 2013. The purpose of the loan is to finance the completion of renovation of the Pope Center.

**Long-term Obligation Activity:**

	<u>Balance</u> <u>1/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2012</u>	<u>Due within</u> <u>One Year</u>
<u>Governmental Activities</u>					
Pope Center note payable	\$ 1,095,363	\$ -	\$ (90,567)	\$ 1,004,796	\$ 94,702
Pope Center note payable	495,321	461,572	(495,321)	461,572	461,572
Accrued compensated absences	<u>112,446</u>	<u>-</u>	<u>(18,329)</u>	<u>94,117</u>	<u>-</u>
Total debt - governmental activities	<u>\$ 1,703,130</u>	<u>\$ 461,572</u>	<u>\$ (604,217)</u>	<u>\$ 1,560,485</u>	<u>\$ 556,274</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</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2013	\$ 556,274	\$ 59,892	\$ 616,166
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
2018-2021	<u>491,236</u>	<u>41,248</u>	<u>532,484</u>
Total	<u>\$ 1,466,368</u>	<u>\$ 214,766</u>	<u>\$ 1,681,134</u>

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 8: LONG-TERM DEBT (Continued)**

**B. Business-type Activities**

**Note payable**

Note payable to Georgia Environmental Facilities Authority in the original amount of \$509,036 bearing interest at 2.00%. The balance of the note was \$15,904 at December 31, 2012. The note calls for quarterly payment of principal and interest of \$8,012 and matured June 2012. Proceeds were used for construction of dewatering facilities.

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 \$580,211 at December 31, 2012. 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 \$1,266,212 at December 31, 2012. The note calls for monthly payments of principal and interest of \$9,746 and matures February 1, 2027. The purpose of then note was to finance improvements to the Water and Sewer system.

Note payable to Georgia Environmental Facilities Authority in the original amount of \$2,788,765 bearing zero interest. The balance of the note was \$2,788,765 at December 31, 2012. The note calls for monthly payments of \$5,910 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, 2012:

	Balance			Balance		Due within
	1/1/2012	Additions	Deletions	12/31/2012	One Year	
<u>Business-type Activities</u>						
GEFA 88	\$ 15,905	\$ -	\$ (15,905)	\$ -	\$ -	-
GEFA 03	580,211	-	(34,886)	545,325	36,297	-
GEFA 04	1,266,212	-	(66,781)	1,199,431	67,104	-
GEFA 09	<u>2,788,765</u>	<u>4,657,510</u>	<u>-</u>	<u>7,446,275</u>	<u>186,156</u>	<u>-</u>
Total Notes Payable- Water and Sewer	1,862,328	4,657,510	(117,572)	9,191,031	289,557	-
Accrued compensated absences - Water and Sewer	12,774	-	(1,549)	11,225	-	-
Accrued compensated absences- Electric	25,655	373	-	26,028	-	-
Accrued compensated absences- Nonmajor	<u>12,405</u>	<u>-</u>	<u>(1,467)</u>	<u>10,938</u>	<u>-</u>	<u>-</u>
Total debt - business-type activities	<u>\$ 1,913,162</u>	<u>\$ 4,657,883</u>	<u>\$ (120,588)</u>	<u>\$ 9,239,222</u>	<u>\$ 289,557</u>	<u>-</u>

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**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
2013	\$ 36,297	\$ 20,954	\$ 57,251
2014	37,748	19,503	57,251
2015	39,257	17,994	57,251
2016	40,827	16,424	57,251
2017	42,472	14,779	57,251
2018-2022	239,174	47,081	286,255
2023-2024	109,550	4,900	114,450
Total	<u>\$ 545,325</u>	<u>\$ 141,635</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
2013	\$ 67,104	\$ 49,852	\$ 116,956
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
2018-2022	446,327	138,453	584,780
2023-2027	388,653	98,663	487,316
Total	<u>\$ 1,199,431</u>	<u>\$ 457,446</u>	<u>\$ 1,656,877</u>

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

For the year ending December 31,	Principal	Interest	Total Debt Service
2013	\$ 186,156	\$ -	\$ 186,156
2014	372,312	-	372,312
2015	372,312	-	372,312
2016	372,312	-	372,312
2017	372,312	-	372,312
2018-2022	1,861,560	-	1,861,560
2023-2027	1,861,560	-	1,861,560
2028-2032	1,861,560	-	1,861,560
2033	186,191	-	186,191
Total	<u>\$ 7,446,275</u>	<u>\$ -</u>	<u>\$ 7,446,275</u>

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 8: LONG-TERM DEBT (Continued)**

**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, 2012 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>

**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, 2012.

**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

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 9: CONTINGENCIES AND COMMITMENTS (Continued)**

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, 2012 the outstanding debt of the Authority was approximately \$5,009,797,575. The City of Washington's guarantee varies by individual projects undertaken by the Authority and is approximately \$55,987,574 at December 31, 2012.

**D. Construction**

At December 31, 2012, the City has the following active projects:

	<b>Estimated Project Cost</b>	<b>Expended to date</b>
<b>Water &amp; Sewer Fund</b>		
Site Upgrades- Aonia & Skull Shoals	\$ 8,547,067	\$ 7,722,014

**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.

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**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 County Chairman and one appointee by the City Mayor. The member governments are contingently liable for the debts of the Authority. At December 31, 2012 the outstanding debt of the Authority was approximately \$556,762. The City of Washington's guarantee was approximately \$270,030 at December 31, 2012.

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, 2012, the City's cost was \$22,356 in services obtained from GPW and the City's share of profits was \$124,424.

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 12: JOINT VENTURES WITH EQUITY INTEREST (Continued)**

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

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 item 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, 2012, Payment in Lieu of Taxes paid to the City was \$7,006.

**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

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

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 \$50,769.

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 of all funds from the Generation Trust Account after January 1, 2037.

The balance of the account at year end is \$501,874.

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 \$1,135,553

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 \$3,355,724.

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

**CITY OF WASHINGTON, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

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 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. 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 by the Georgia Department of Community Affairs. The activity from 2012 is summarized below:

Beginning balance	\$ 3,688
Less	
Payment to Georgia Department of Community Affairs	<u>1,185</u>
Ending Balance	<u>\$ 2,503</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>\$ 409,214</u>
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## **Required Supplementary Information**

**CITY OF WASHINGTON, GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2012**

**Retirement Plan**  
Schedule of funding progress

<b>Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL(UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>(c) Covered Payroll</b>	<b>UAAL as a percentage of covered payroll (b-a)/c</b>
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 to expenditure 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.

### **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, 2012**

	Total Special Revenue Funds	Total Capital Project Funds	Total Permanent Funds	Total Other Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 23,060	\$ 383,349	\$ 37,612	\$ 444,021
Investments	2,308	-	196,279	198,587
Due from other governments	26,334	25,865	-	52,199
Other receivables	-	147	-	147
Inventories	7,963	-	-	7,963
Restricted assets	-	-	19,980	19,980
Prepaid expenses	1,242	-	-	1,242
	<u>60,907</u>	<u>409,361</u>	<u>253,871</u>	<u>724,139</u>
Total Assets	<u>\$ 60,907</u>	<u>\$ 409,361</u>	<u>\$ 253,871</u>	<u>\$ 724,139</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,660	\$ 14,202	\$ -	\$ 16,862
Other accrued expenses	2,230	-	-	2,230
	<u>4,890</u>	<u>14,202</u>	<u>-</u>	<u>19,092</u>
Total Liabilities	<u>4,890</u>	<u>14,202</u>	<u>-</u>	<u>19,092</u>
<b>Fund balances</b>				
Nonspendable:				
Inventory	7,963	-	-	7,963
Prepaid	1,242	-	-	1,242
Restricted	21,474	395,159	19,980	436,613
Committed	25,338	-	233,891	259,229
	<u>56,017</u>	<u>395,159</u>	<u>253,871</u>	<u>705,047</u>
Total Fund Balances	<u>56,017</u>	<u>395,159</u>	<u>253,871</u>	<u>705,047</u>
Total Liabilities and Fund Balances	<u>\$ 60,907</u>	<u>\$ 409,361</u>	<u>\$ 253,871</u>	<u>\$ 724,139</u>

**CITY OF WASHINGTON, GEORGIA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	Total Special Revenue Funds	Total Capital Project Funds	Total Permanent Funds	Total Other Governmental Funds
<b>Revenues</b>				
Intergovernmental	\$ 147,504	\$ 554,234	\$ -	\$ 701,738
Charges for services	60,680	-	-	60,680
Investment earnings	28	11,409	1,636	13,073
Contributions and donations	<u>170</u>	<u>-</u>	<u>-</u>	<u>170</u>
 Total Revenues	 <u>208,382</u>	 <u>565,643</u>	 <u>1,636</u>	 <u>775,661</u>
<b>Expenditures</b>				
Current:				
Public safety	337,782	-	-	337,782
Culture and recreation	824	-	-	824
Housing and development	<u>15,767</u>	<u>287,015</u>	<u>-</u>	<u>302,782</u>
 Total Expenditures	 <u>354,373</u>	 <u>287,015</u>	 <u>-</u>	 <u>641,388</u>
 Excess (deficiency) of revenues over expenditures	 <u>(145,991)</u>	 <u>278,628</u>	 <u>1,636</u>	 <u>134,273</u>
 Transfers in (out)	 <u>165,494</u>	 <u>(174,792)</u>	 <u>(10,000)</u>	 <u>(19,298)</u>
 <b>Net Change in Fund Balance</b>	 <u>19,503</u>	 <u>103,836</u>	 <u>(8,364)</u>	 <u>114,975</u>
 <b>FUND BALANCES, BEGINNING OF YEAR</b>	 <u>36,514</u>	 <u>291,323</u>	 <u>262,235</u>	 <u>590,072</u>
 <b>FUND BALANCES, END OF YEAR</b>	 <u>\$ 56,017</u>	 <u>\$ 395,159</u>	 <u>\$ 253,871</u>	 <u>\$ 705,047</u>

**CITY OF WASHINGTON, GEORGIA  
COMBINED BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2012**

	<u>E-911</u>	<u>Urban Redevelopment</u>	<u>Callaway Plantation Operating</u>	<u>Callaway Plantation Furnishing</u>	<u>Total Special Revenue Funds</u>
<b>Assets</b>					
Assets					
Cash and cash equivalents	\$ -	\$ 1,954	\$ -	\$ 21,106	\$ 23,060
Investments	-	-	2,308	-	2,308
Due from other governments	26,334	-	-	-	26,334
Inventories	-	-	-	7,963	7,963
Prepaid expenses	<u>1,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,242</u>
 Total Assets	 <u>\$ 27,576</u>	 <u>\$ 1,954</u>	 <u>\$ 2,308</u>	 <u>\$ 29,069</u>	 <u>\$ 60,907</u>
 <b>Liabilities and Fund Balances</b>					
Liabilities					
Accounts payable	\$ 2,630	\$ 30	\$ -	\$ -	\$ 2,660
Other accrued expenses	<u>2,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,230</u>
 Total Liabilities	 <u>4,860</u>	 <u>30</u>	 <u>-</u>	 <u>-</u>	 <u>4,890</u>
 Fund balances					
Nonspendable:					
Inventory	-	-	-	7,963	7,963
Prepaid	1,242	-	-	-	1,242
Restricted	21,474	-	-	-	21,474
Committed	<u>-</u>	<u>1,924</u>	<u>2,308</u>	<u>21,106</u>	<u>25,338</u>
 Total Fund Balances	 <u>22,716</u>	 <u>1,924</u>	 <u>2,308</u>	 <u>29,069</u>	 <u>56,017</u>
 Total Liabilities and Fund Balances	 <u>\$ 27,576</u>	 <u>\$ 1,954</u>	 <u>\$ 2,308</u>	 <u>\$ 29,069</u>	 <u>\$ 60,907</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, 2012**

	<u>E-911</u>	<u>Urban Redevelopment</u>	<u>Callaway Plantation Operating</u>	<u>Callaway Plantation Furnishing</u>	<u>Total Special Revenue Funds</u>
<b>Revenues</b>					
Intergovernmental	\$ 145,555	\$ 1,949	\$ -	\$ -	\$ 147,504
Charges for services	60,680	-	-	-	60,680
Investment earnings	-	12	16	-	28
Contributions and donations	-	-	-	170	170
	<u>206,235</u>	<u>1,961</u>	<u>16</u>	<u>170</u>	<u>208,382</u>
<b>Total Revenues</b>					
<b>Expenditures</b>					
Current:					
Public safety	337,782	-	-	-	337,782
Culture and recreation	-	-	-	824	824
Housing and development	-	15,767	-	-	15,767
	<u>337,782</u>	<u>15,767</u>	<u>-</u>	<u>824</u>	<u>354,373</u>
<b>Total Expenditures</b>					
Excess (deficiency) of revenues over expenditures	<u>(131,547)</u>	<u>(13,806)</u>	<u>16</u>	<u>(654)</u>	<u>(145,991)</u>
Transfers in (out)	<u>144,764</u>	<u>15,730</u>	<u>-</u>	<u>5,000</u>	<u>165,494</u>
<b>Net Change in Fund Balance</b>	13,217	1,924	16	4,346	19,503
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>9,499</u>	<u>-</u>	<u>2,292</u>	<u>24,723</u>	<u>36,514</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 22,716</u>	<u>\$ 1,924</u>	<u>\$ 2,308</u>	<u>\$ 29,069</u>	<u>\$ 56,017</u>

**CITY OF WASHINGTON, GEORGIA  
BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2012**

	<u>SPLOST Fund</u>	<u>CBDG Fund</u>	<u>Total Capital Project Funds</u>
<b>Assets</b>			
Assets			
Cash and cash equivalents	\$ 383,349	\$ -	\$ 383,349
Intergovernmental receivables	25,865	-	25,865
Other receivables	<u>-</u>	<u>147</u>	<u>147</u>
 Total Assets	 <u>\$ 409,214</u>	 <u>\$ 147</u>	 <u>\$ 409,361</u>
 <b>Liabilities and Fund Balances</b>			
Liabilities			
Accounts payable	<u>\$ -</u>	<u>\$ 14,202</u>	<u>\$ 14,202</u>
 Total Liabilities	 <u>-</u>	 <u>14,202</u>	 <u>14,202</u>
 Fund balances			
Restricted	<u>409,214</u>	<u>(14,055)</u>	<u>395,159</u>
 Total Fund Balances	 <u>409,214</u>	 <u>(14,055)</u>	 <u>395,159</u>
 Total Liabilities and Fund Balances	 <u>\$ 409,214</u>	 <u>\$ 147</u>	 <u>\$ 409,361</u>

**CITY OF WASHINGTON, GEORGIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	SPLOST Fund	CBDG Fund	Total Capital Project Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Intergovernmental	\$ 350,174	\$ 204,060	\$ 554,234
Investment earnings	<u>409</u>	<u>11,000</u>	<u>11,409</u>
 Total Revenues	 <u>350,583</u>	 <u>215,060</u>	 <u>565,643</u>
<b>Expenditures</b>			
Capital outlay			
Housing and development	<u>-</u>	<u>287,015</u>	<u>287,015</u>
 Total Expenditures	 <u>-</u>	 <u>287,015</u>	 <u>287,015</u>
 Excess (deficiency) of revenues over expenditures	 <u>350,583</u>	 <u>(71,955)</u>	 <u>278,628</u>
 Transfers in (out)	 <u>(209,212)</u>	 <u>34,420</u>	 <u>(174,792)</u>
 <b>Net Change in Fund Balance</b>	 141,371	 (37,535)	 103,836
 <b>FUND BALANCES, BEGINNING OF YEAR</b>	 <u>267,843</u>	 <u>23,480</u>	 <u>291,323</u>
 <b>FUND BALANCES, END OF YEAR</b>	 <u>\$ 409,214</u>	 <u>\$ (14,055)</u>	 <u>\$ 395,159</u>

**CITY OF WASHINGTON, GEORGIA  
 COMBINED BALANCE SHEET  
 NONMAJOR PERMANENT FUNDS  
 DECEMBER 31, 2012**

	<u>Cemetery Fund</u>	<u>Historical Properties Commission</u>	<u>Callaway Charitable Trust</u>	<u>Total Permanent Funds</u>
<b>Assets</b>				
Assets				
Cash	\$ -	\$ -	\$ 37,612	\$ 37,612
Investments	188,312	7,257	710	196,279
Restricted assets	<u>-</u>	<u>9,990</u>	<u>9,990</u>	<u>19,980</u>
 Total Assets	 <u>\$ 188,312</u>	 <u>\$ 17,247</u>	 <u>\$ 48,312</u>	 <u>\$ 253,871</u>
 <b>Liabilities and Fund Balances</b>				
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances				
Restricted	-	9,990	9,990	19,980
Committed	<u>188,312</u>	<u>7,257</u>	<u>38,322</u>	<u>233,891</u>
 Total Fund Balances	 <u>188,312</u>	 <u>17,247</u>	 <u>48,312</u>	 <u>253,871</u>
 Total Liabilities and Fund Balances	 <u>\$ 188,312</u>	 <u>\$ 17,247</u>	 <u>\$ 48,312</u>	 <u>\$ 253,871</u>

**CITY OF WASHINGTON, GEORGIA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Cemetery Fund</u>	<u>Historical Properties Commission</u>	<u>Callaway Charitable Trust</u>	<u>Total Permanent Funds</u>
<b>Revenues</b>				
Investment earnings	\$ 1,358	\$ 121	\$ 157	\$ 1,636
Total Revenues	<u>1,358</u>	<u>121</u>	<u>157</u>	<u>1,636</u>
<b>Expenditures</b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,358</u>	<u>121</u>	<u>157</u>	<u>1,636</u>
Transfers in (out)	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
<b>Net Change in Fund Balance</b>	(8,642)	121	157	(8,364)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>196,954</u>	<u>17,126</u>	<u>48,155</u>	<u>262,235</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 188,312</u>	<u>\$ 17,247</u>	<u>\$ 48,312</u>	<u>\$ 253,871</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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>				
Investment income	\$ 100	\$ 100	\$ 16	\$ (84)
Total Revenues	<u>100</u>	<u>100</u>	<u>16</u>	<u>(84)</u>
<b>Expenditures</b>				
General government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 100</u>	<u>\$ 100</u>	16	<u>\$ (84)</u>
<b>Fund Balance, beginning of year</b>			<u>2,245</u>	
<b>Fund Balance, end of year</b>			<u>\$ 2,261</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, 2012**

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>Revenues</b>				
Intergovernmental	\$ 157,408	\$ 157,408	\$ 145,555	\$ (11,853)
Charges for services	65,000	65,000	60,680	(4,320)
Total Revenues	222,408	222,408	206,235	(16,173)
<b>Expenditures</b>				
Public safety	377,360	377,360	337,782	(39,578)
Total Expenditures	377,360	377,360	337,782	(39,578)
<b>Other Financing Sources</b>				
Transfers from General Fund	154,952	154,952	144,764	(10,188)
<b>Net Change in Fund Balance</b>	\$ -	\$ -	13,217	\$ 23,405
<b>Fund Balance, beginning of year</b>			9,499	
<b>Fund Balance, end of year</b>			\$ 22,716	

**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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>				
Contributions	\$ 5,000	\$ 5,000	\$ 170	\$ (4,830)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>170</u>	<u>(4,830)</u>
<b>Expenditures</b>				
Culture and recreation	<u>5,000</u>	<u>5,000</u>	<u>824</u>	<u>(4,176)</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>824</u>	<u>(4,176)</u>
<b>Other Financing Sources</b>				
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>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	4,346	<u>\$ (654)</u>
<b>Fund Balance, beginning of year</b>			<u>24,723</u>	
<b>Fund Balance, end of year</b>			<u>\$ 29,069</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, 2012**

	Prior Years	Current Year	Total to date	Project Budget
<b>Revenues</b>				
Intergovernmental	\$ 2,420,737	\$ 350,174	\$ 2,770,911	\$ 2,025,526
Investment income	396	409	805	-
 Total Revenues	 2,421,133	 350,583	 2,771,716	 2,025,526
<b>Expenditures</b>				
Public works	-	-	-	-
 Total Expenditures	 -	 -	 -	 -
<b>Other Financing Sources</b>				
Transfers to other funds	(2,153,290)	(209,212)	(2,362,502)	(2,025,526)
 <b>Net Change in Fund Balance</b>	 \$ 267,843	 141,371	 \$ 409,214	 \$ -
 <b>Fund Balance, beginning of year</b>		 267,843		
 <b>Fund Balance, end of year</b>		 \$ 409,214		

**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, 2012**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to date</u>	<u>Project Budget</u>
<b>Revenues</b>				
Intergovernmental	\$ 1,005,137	\$ 204,060	\$ 1,209,197	\$ 800,000
Charges for services	1,736	-	1,736	-
Owner's contributions	<u>5,248</u>	<u>11,000</u>	<u>16,248</u>	<u>-</u>
 Total revenues	 <u>1,012,121</u>	 <u>215,060</u>	 <u>1,227,181</u>	 <u>800,000</u>
<b>Expenditures</b>				
Housing and development	<u>1,912,893</u>	<u>287,015</u>	<u>2,199,908</u>	<u>1,098,500</u>
 Total expenditures	 <u>1,912,893</u>	 <u>287,015</u>	 <u>2,199,908</u>	 <u>1,098,500</u>
 Revenues under expenditures	 <u>(900,772)</u>	 <u>(71,955)</u>	 <u>(972,727)</u>	 <u>(298,500)</u>
<b>Other Financing Sources</b>				
Transfers in	<u>925,120</u>	<u>34,420</u>	<u>959,540</u>	<u>298,500</u>
 Total Other Financing Sources	 <u>925,120</u>	 <u>34,420</u>	 <u>959,540</u>	 <u>298,500</u>
 <b>Net Change in Fund Balance</b>	 <u>\$ 24,348</u>	 <u>(37,535)</u>	 <u>\$ (13,187)</u>	 <u>\$ -</u>
 <b>Fund Balance, beginning of year</b>		 <u>23,480</u>		
 <b>Fund Balance, end of year</b>		 <u>\$ (14,055)</u>		

**CITY OF WASHINGTON, GEORGIA  
CEMETERY PERPETUAL CARE  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>				
Investment income	\$ 2,000	\$ 2,000	\$ 1,358	\$ (642)
Use of prior year revenues	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>(8,000)</u>
 Total Revenues	 <u>10,000</u>	 <u>10,000</u>	 <u>1,358</u>	 <u>(8,642)</u>
<b>Expenditures</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
<b>Other Financing Sources</b>				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
 Total Other Financing Sources	 <u>(10,000)</u>	 <u>(10,000)</u>	 <u>(10,000)</u>	 <u>-</u>
 <b>Net Change in Fund Balance</b>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>(8,642)</u>	 <u>\$ (8,642)</u>
 <b>Fund Balance, beginning of year</b>			 <u>196,954</u>	
 <b>Fund Balance, end of year</b>			 <u>\$ 188,312</u>	

**CITY OF WASHINGTON, GEORGIA  
HISTORICAL PROPERTIES COMMISSION TRUST  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>				
Investment income	\$ 400	\$ 400	\$ 121	\$ (279)
Total Revenues	<u>400</u>	<u>400</u>	<u>121</u>	<u>(279)</u>
<b>Expenditures</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 400</u>	<u>\$ 400</u>	<u>121</u>	<u>\$ (279)</u>
<b>Fund Balance, beginning of year</b>			<u>17,126</u>	
<b>Fund Balance, end of year</b>			<u>\$ 17,247</u>	

**CITY OF WASHINGTON, GEORGIA  
CALLAWAY CHARITABLE TRUST  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>				
Investment income	\$ 450	\$ 450	\$ 157	\$ (293)
Total Revenues	<u>450</u>	<u>450</u>	<u>157</u>	<u>(293)</u>
<b>Expenditures</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>450</u>	<u>450</u>	<u>157</u>	<u>(293)</u>
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 450</u>	<u>\$ 450</u>	157	<u>\$ (293)</u>
<b>Fund Balance, beginning of year</b>			<u>\$ 48,155</u>	
<b>Fund Balance, end of year</b>			<u>\$ 48,312</u>	

## **Nonmajor Proprietary Funds**

### **Enterprise Funds**

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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.

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**Solid Waste Fund** – This fund accounts for user fees and expenses for the sanitation services provided to 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, 2012**

	Solid Waste Fund	Internet Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Current assets			
Due from other funds	\$ 17,819	\$ 24,422	\$ 42,241
Accounts receivable	63,014	28,276	91,290
Prepaid expenses	<u>3,673</u>	<u>-</u>	<u>3,673</u>
Total current assets	<u>84,506</u>	<u>52,698</u>	<u>137,204</u>
Noncurrent assets			
Investment in joint venture	-	420,816	420,816
Capital assets, net of accumulated depreciation	<u>131,485</u>	<u>69,196</u>	<u>200,681</u>
Total noncurrent assets	<u>131,485</u>	<u>490,012</u>	<u>621,497</u>
Total assets	<u><u>215,991</u></u>	<u><u>542,710</u></u>	<u><u>758,701</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Current liabilities			
Accounts payable	13,534	1,347	14,881
Salaries payable	<u>2,554</u>	<u>-</u>	<u>2,554</u>
Total current liabilities	<u>16,088</u>	<u>1,347</u>	<u>17,435</u>
Noncurrent liabilities			
Compensated absences	<u>10,938</u>	<u>-</u>	<u>10,938</u>
Total noncurrent liabilities	<u>10,938</u>	<u>-</u>	<u>10,938</u>
Total liabilities	<u>27,026</u>	<u>1,347</u>	<u>28,373</u>
<b>Net Position</b>			
Net investment in capital assets	131,485	69,196	200,681
Unrestricted	<u>57,480</u>	<u>472,167</u>	<u>529,647</u>
Total net position	<u>188,965</u>	<u>541,363</u>	<u>730,328</u>
Total liabilities and net position	<u><u>\$ 215,991</u></u>	<u><u>\$ 542,710</u></u>	<u><u>\$ 758,701</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, 2012**

	<u>Solid Waste Fund</u>	<u>Internet Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 498,210	\$ 46,566	\$ 544,776
Miscellaneous	<u>-</u>	<u>1,667</u>	<u>1,667</u>
 Total operating revenues	 <u>498,210</u>	 <u>48,233</u>	 <u>546,443</u>
<b>OPERATING EXPENSES</b>			
Personnel services	318,945	-	318,945
Contractual services	135,757	66,743	202,500
Supplies	56,245	27	56,272
Depreciation	13,461	49,141	62,602
Other	<u>3,331</u>	<u>-</u>	<u>3,331</u>
 Total operating expenses	 <u>527,739</u>	 <u>115,911</u>	 <u>643,650</u>
 Operating (loss)	 <u>(29,529)</u>	 <u>(67,678)</u>	 <u>(97,207)</u>
<b>NON-OPERATING REVENUES</b>			
Investment income	<u>-</u>	<u>124,425</u>	<u>124,425</u>
 Total non-operating revenues	 <u>-</u>	 <u>124,425</u>	 <u>124,425</u>
 Change in net position	 (29,529)	 56,747	 27,218
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>218,494</u>	<u>484,616</u>	<u>703,110</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 188,965</u>	<u>\$ 541,363</u>	<u>\$ 730,328</u>

**CITY OF WASHINGTON, GEORGIA  
 COMBINED SCHEDULE OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

	Business-type Activities - Enterprise Funds		
	Solid Waste Fund	Internet Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 499,982	\$ 30,363	\$ 530,345
Cash received from (payments for) interfund services provided	18,922	(4,481)	14,441
Cash payments to suppliers	(198,492)	(67,028)	(265,520)
Cash payments to employees	<u>(320,412)</u>	<u>-</u>	<u>(320,412)</u>
Net cash (used for) operating activities	<u>-</u>	<u>(41,146)</u>	<u>(41,146)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment revenue	-	124,425	124,425
Purchase of investments	<u>-</u>	<u>(83,279)</u>	<u>(83,279)</u>
Net cash provided by investing activities	<u>-</u>	<u>41,146</u>	<u>41,146</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating loss	\$ (29,529)	\$ (67,678)	\$ (97,207)
<b>Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:</b>			
Depreciation and amortization	13,461	49,141	62,602
Change in assets and liabilities:			
Receivables, net	1,773	(17,870)	(16,097)
Prepaid items	(3,673)	-	(3,673)
Due from other funds	18,922	(4,481)	14,441
Compensated absences	(1,468)	-	(1,468)
Accounts payable	(425)	(258)	(683)
Salaries payable	<u>939</u>	<u>-</u>	<u>939</u>
Total adjustments	<u>29,529</u>	<u>26,532</u>	<u>56,061</u>
Net cash (used in) operating activities	<u>\$ -</u>	<u>\$ (41,146)</u>	<u>\$ (41,146)</u>

**CITY OF WASHINGTON, GEORGIA  
GENERAL FUND  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>				
Taxes:				
Property tax	\$ 1,021,777	\$ 1,542,492	\$ 1,338,291	\$ (204,201)
Local option sales tax	328,000	328,000	330,646	2,646
Miscellaneous taxes	<u>347,000</u>	<u>347,000</u>	<u>411,885</u>	<u>64,885</u>
 Total Taxes	 <u>1,696,777</u>	 <u>2,217,492</u>	 <u>2,080,822</u>	 <u>(136,670)</u>
Licenses and Permits:				
Business licenses	69,400	69,400	91,568	(22,168)
Business inspection	<u>5,425</u>	<u>5,425</u>	<u>8,924</u>	<u>3,499</u>
 Total Licenses and Permits	 <u>74,825</u>	 <u>74,825</u>	 <u>100,492</u>	 <u>(18,669)</u>
Intergovernmental Revenues:				
State grants	10,000	10,000	10,000	-
Federal grants	-	14,914	14,914	-
Local grants	-	-	478	-
Payments in lieu of taxes	<u>7,890</u>	<u>7,890</u>	<u>7,006</u>	<u>(884)</u>
 Total Intergovernmental	 <u>17,890</u>	 <u>32,804</u>	 <u>32,398</u>	 <u>(884)</u>
Charges for Services:				
Public safety	96,900	96,900	100,065	3,165
Other	<u>54,045</u>	<u>55,333</u>	<u>55,814</u>	<u>481</u>
 Total Charges for Services	 <u>150,945</u>	 <u>152,233</u>	 <u>155,879</u>	 <u>3,646</u>
 Fines and Forfeitures	 <u>200,000</u>	 <u>200,000</u>	 <u>276,838</u>	 <u>76,838</u>
Investment Income:				
Interest income	1,290	1,290	972	(318)
Lease payments income	<u>31,689</u>	<u>31,689</u>	<u>31,689</u>	<u>-</u>
 Total Investment Income	 <u>32,979</u>	 <u>32,979</u>	 <u>32,661</u>	 <u>(318)</u>
Miscellaneous:				
Rents	64,864	64,864	62,317	(2,547)
Other	<u>6,600</u>	<u>18,600</u>	<u>59,996</u>	<u>41,396</u>
 Total Miscellaneous	 <u>71,464</u>	 <u>83,464</u>	 <u>122,313</u>	 <u>38,849</u>
 Total Revenues	 <u>\$ 2,244,880</u>	 <u>\$ 2,793,797</u>	 <u>\$ 2,801,403</u>	 <u>\$ (37,208)</u>

**CITY OF WASHINGTON, GEORGIA  
GENERAL FUND  
SCHEDULE OF OPERATING EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>EXPENDITURES</b>				
General Government				
Executive Administration:				
Personnel services	\$ 120,737	\$ 129,537	\$ 150,699	\$ 21,162
Purchased/contracted services	94,820	91,020	71,740	(19,280)
Supplies	10,600	10,600	16,388	5,788
Capital outlay	-	19,000	19,000	-
Total Executive Administration	<u>226,157</u>	<u>250,157</u>	<u>257,827</u>	<u>7,670</u>
General Government Buildings:				
Personnel services	265,910	271,110	241,603	(29,507)
Purchased/contracted services	32,065	26,865	8,030	(18,835)
Supplies	<u>27,600</u>	<u>27,600</u>	<u>11,606</u>	<u>(15,994)</u>
Total General Government Buildings	<u>325,575</u>	<u>325,575</u>	<u>261,239</u>	<u>(64,336)</u>
Total General Government	<u>551,732</u>	<u>575,732</u>	<u>519,066</u>	<u>(56,666)</u>
Judicial				
Municipal Court:				
Personnel services	2,745	9,210	9,196	(14)
Purchased/contracted services	1,075	1,340	1,335	(5)
Supplies	<u>100</u>	<u>100</u>	<u>25</u>	<u>(75)</u>
Total Municipal Court	<u>3,920</u>	<u>10,650</u>	<u>10,556</u>	<u>(94)</u>
Total Judicial	<u>3,920</u>	<u>10,650</u>	<u>10,556</u>	<u>(94)</u>
Public Safety				
Police:				
Personnel services	831,290	831,290	781,216	(50,074)
Purchased/contracted services	145,625	145,625	175,468	29,843
Supplies	88,500	88,500	81,035	(7,465)
Capital outlay	-	-	16,410	16,410
Other costs	<u>14,000</u>	<u>14,000</u>	<u>21,329</u>	<u>7,329</u>
Total Police	<u>1,079,415</u>	<u>1,079,415</u>	<u>1,075,458</u>	<u>(3,957)</u>

**CITY OF WASHINGTON, GEORGIA  
GENERAL FUND  
SCHEDULE OF OPERATING EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Original Budget	Final Budget	Actual	Variance Over (Under)
Fire:				
Personnel services	\$ 618,625	\$ 618,625	\$ 616,996	\$ (1,629)
Purchased/contracted services	118,475	118,475	94,477	(23,998)
Supplies	<u>66,000</u>	<u>66,000</u>	<u>48,314</u>	<u>(17,686)</u>
 Total Fire	 <u>803,100</u>	 <u>803,100</u>	 <u>759,787</u>	 <u>(43,313)</u>
 Animal Control:				
Purchased/contracted services	30,000	30,000	30,000	-
Other costs	<u>61,000</u>	<u>87,100</u>	<u>87,064</u>	<u>(36)</u>
 Total Animal Control	 <u>91,000</u>	 <u>117,100</u>	 <u>117,064</u>	 <u>(36)</u>
 Emergency Management:				
Other costs	<u>300</u>	<u>300</u>	<u>300</u>	<u>-</u>
 Total Emergency Management	 <u>300</u>	 <u>300</u>	 <u>300</u>	 <u>-</u>
 Total Public Safety	 <u>1,973,815</u>	 <u>1,999,915</u>	 <u>1,952,609</u>	 <u>(47,306)</u>
 Public Works				
Highways and streets:				
Personnel services	396,770	396,770	374,604	(22,166)
Purchased/contracted services	176,025	181,025	229,972	48,947
Supplies	121,000	121,000	144,489	23,489
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>23,968</u>	<u>(51,032)</u>
 Total Highways and Streets	 <u>768,795</u>	 <u>773,795</u>	 <u>773,033</u>	 <u>(762)</u>
 Street Lighting:				
Supplies	<u>120,000</u>	<u>120,000</u>	<u>119,341</u>	<u>(659)</u>
 Total Street Lighting	 <u>120,000</u>	 <u>120,000</u>	 <u>119,341</u>	 <u>(659)</u>

**CITY OF WASHINGTON, GEORGIA  
GENERAL FUND  
SCHEDULE OF OPERATING EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Original Budget	Final Budget	Actual	Variance Over (Under)
Cemetery:				
Personnel services	\$ 11,680	\$ 11,680	\$ 6,981	\$ 4,699
Purchased/contracted services	1,310	1,310	84	1,226
Supplies	11,900	11,900	851	11,049
Capital outlay	<u>13,000</u>	<u>13,000</u>	<u>-</u>	<u>13,000</u>
 Total Cemetery	 <u>37,890</u>	 <u>37,890</u>	 <u>7,916</u>	 <u>29,974</u>
 Total Pubic Works	 <u>926,685</u>	 <u>931,685</u>	 <u>900,290</u>	 <u>31,395</u>
Health and Welfare				
Community Services:				
Purchased/contracted services	-	-	12,467	(12,467)
Other costs	<u>119,325</u>	<u>119,325</u>	<u>112,830</u>	<u>6,495</u>
 Total Community Services	 <u>119,325</u>	 <u>119,325</u>	 <u>125,297</u>	 <u>(5,972)</u>
Community Center:				
Personnel services	123	13,123	14,229	(1,106)
Purchased/contracted services	37,350	24,350	3,683	20,667
Supplies	22,000	22,000	28,748	(6,748)
Capital outlay	<u>-</u>	<u>-</u>	<u>5,200</u>	<u>(5,200)</u>
 Total Community Center	 <u>59,473</u>	 <u>59,473</u>	 <u>51,860</u>	 <u>7,613</u>
 Total Health & Welfare	 <u>178,798</u>	 <u>178,798</u>	 <u>177,157</u>	 <u>1,641</u>
Culture and Recreation				
Libraries:				
Other costs	<u>63,358</u>	<u>63,358</u>	<u>63,558</u>	<u>(200)</u>
 Total Libraries	 <u>63,358</u>	 <u>63,358</u>	 <u>63,558</u>	 <u>(200)</u>
Callaway Plantation:				
Personnel services	38,750	38,750	43,114	(4,364)
Purchased/contracted services	38,990	38,990	17,262	21,728
Supplies	17,500	17,500	16,270	1,230
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>7,191</u>	<u>(2,191)</u>
 Total Callaway Plantation	 <u>100,240</u>	 <u>100,240</u>	 <u>83,837</u>	 <u>16,403</u>

**CITY OF WASHINGTON, GEORGIA  
GENERAL FUND  
SCHEDULE OF OPERATING EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Original Budget	Final Budget	Actual	Variance Over (Under)
Museum:				
Personnel services	\$ 40,145	\$ 40,145	\$ 28,250	\$ 11,895
Purchased/contracted services	17,075	17,075	8,960	8,115
Supplies	14,100	14,100	-	14,100
Capital outlay	-	12,000	-	12,000
	<u>71,320</u>	<u>83,320</u>	<u>37,210</u>	<u>46,110</u>
Total Museum				
Historic Properties:				
Personnel services	46,050	46,050	45,988	62
Purchased/contracted services	4,175	4,175	909	3,266
Supplies	450	450	705	(255)
Other costs	500	500	-	500
	<u>51,175</u>	<u>51,175</u>	<u>47,602</u>	<u>3,573</u>
Total Historic Properties				
Park Areas:				
Other costs	113,000	113,000	112,657	343
	<u>113,000</u>	<u>113,000</u>	<u>112,657</u>	<u>343</u>
Total Park Areas				
Booker Park Pool:				
Personnel services	-	41,288	47,319	(6,031)
Purchased/contracted services	40,700	700	10,470	(9,770)
Supplies	8,000	8,000	15,308	(7,308)
Capital outlay	-	-	18,440	(18,440)
	<u>48,700</u>	<u>49,988</u>	<u>91,537</u>	<u>(41,549)</u>
Total Booker Park Pool				
Total Culture & Recreation	<u>447,793</u>	<u>461,081</u>	<u>436,401</u>	<u>24,680</u>
Housing & Development				
Planning & Zoning:				
Personnel services	64,002	64,002	64,402	(400)
Purchased/contracted services	32,580	32,580	7,752	24,828
Supplies	4,350	4,350	3,414	936
	<u>100,932</u>	<u>100,932</u>	<u>75,568</u>	<u>25,364</u>
Total Planning & Zoning				

**CITY OF WASHINGTON, GEORGIA  
GENERAL FUND  
SCHEDULE OF OPERATING EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Original Budget	Final Budget	Actual	Variance Over (Under)
Urban Redevelopment:				
Purchased/contracted services	\$ -	\$ -	\$ -	\$ -
Total Urban Redevelopment	-	-	-	-
Economic Development & Assistance:				
Personnel services	66,905	66,905	67,761	(856)
Purchased/contracted services	62,305	62,305	66,040	(3,735)
Supplies	9,000	9,000	12,953	(3,953)
Capital outlay	-	-	321	(321)
Other costs	23,000	23,000	-	23,000
Total Economic Development & Assistance	161,210	161,210	147,075	14,135
Community Development and Housing:				
Personnel services	51,400	51,400	52,641	(1,241)
Purchased/contracted services	5,000	5,000	2,292	2,708
Supplies	2,000	2,000	2,060	(60)
Other costs	8,000	22,914	19,357	3,557
Total Community Development and Housing	66,400	81,314	76,350	4,964
Economic Development Planning:				
Purchased/contracted services	31,689	31,689	-	31,689
Total Economic Development Planning	31,689	31,689	-	31,689
Washington Revolving Fund				
Purchased/contracted services	-	885	-	885
Total Washington Revolving Fund	-	885	-	885

**CITY OF WASHINGTON, GEORGIA  
GENERAL FUND  
SCHEDULE OF OPERATING EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Original Budget	Final Budget	Actual	Variance Over (Under)
Downtown Development:				
Personnel services	\$ 45,490	\$ 45,490	\$ 40,635	\$ 4,855
Purchased/contracted services	16,435	16,435	9,393	7,042
Supplies	2,000	2,000	1,032	968
Other costs	83,000	83,000	-	83,000
Capital outlay	<u>-</u>	<u>-</u>	<u>56,671</u>	<u>(56,671)</u>
Total Downtown Development	<u>146,925</u>	<u>146,925</u>	<u>107,731</u>	<u>39,194</u>
Total Housing & Development	<u>507,156</u>	<u>522,955</u>	<u>406,724</u>	<u>116,231</u>
Debt Service				
Principal	127,331	585,331	585,888	(557)
Interest	<u>61,498</u>	<u>61,498</u>	<u>60,741</u>	<u>757</u>
Total Debt Service	<u>188,829</u>	<u>646,829</u>	<u>646,629</u>	<u>200</u>
Total Expenditures	<u>\$ 4,778,728</u>	<u>\$ 5,327,645</u>	<u>\$ 5,049,432</u>	<u>\$ 278,213</u>

## **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, and the aggregate remaining fund information of the City of Washington, Georgia as of and for the year ended December 31, 2012, which collectively comprise the City of Washington's basic financial statements and have issued our report thereon dated June 21, 2013. 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 material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be material weaknesses: **2012-1**.

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: **2012-2**.

### 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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*

BAIRD & COMPANY, CPAs, LLC  
Certified Public Accountants

Augusta, Georgia  
June 21, 2013

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**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, 2012. 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.

***Auditor's 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, 2012.

## 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*

BAIRD & COMPANY, CPAs, LLC  
Certified Public Accountants

Augusta, Georgia  
June 21, 2013

**CITY OF WASHINGTON, GEORGIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<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	\$ 14,914
(Passed through CHIP-Georgia)			
Home Investment Partnership Program	14.239	33.1115	<u>200,000</u>
Total U.S. Department of Housing and Urban Development			<u>214,914</u>
<u>U.S. Department of Energy</u>			
(Passed through GEFA Energy Grant-Georgia)			
Energy Efficiency and Conservartin Block Grant Program (ARRA)	81.128	33.1110	<u>4,060</u>
Total U.S. Department of Labor			<u>4,060</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>3,896,755</u>
Total U.S. Environmental Protection Agency			<u>3,896,755</u>
Total Expenditures of Federal Awards			<u>\$ 4,115,729</u>

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2012**

**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, 2012. 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, 2012.

**CITY OF WASHINGTON, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2012**

**Section I - Summary of Auditors' Results**

**I. Summary of Auditors' Results:**

- A. The auditors' report expresses an unqualified opinion on the financial statements of City of Washington, Georgia.
- B. One significant deficiency was disclosed during the audit of the financial statements and is reported in Part II below.
- C. One material weakness was disclosed during the audit of the financial statements. and is reported in Part II below.
- D. No instances 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 unqualified 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, 2012 are:

<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, 2012**

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

**Material Weakness**

- 2012-1**    **Criteria:**                      Donated assets should be recorded at historical cost.
- Condition:**                      During our testing, we found assets donated in prior years had not been recorded.
- Cause:**                              Management did not have internal controls in place for management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct misstatements on a timely basis.
- Effect:**                              A prior period adjustment was needed to correct the government-wide financial statements.
- Recommendation:**            To improve internal controls, management should establish policies and procedures for management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

**Response:**

The City of Washington **Concurs** with this recommendation:

The City has put into place procedures to remedy the misstatement of Donated Assets to the City. A better understanding by management on what is needed to report the assets correctly on the City's Financial Statement will help to eliminate any future misstatements.

**Significant Deficiency**

- 2012-2**    **Criteria:**                      Generally accepted accounting principles require the reporting of all capital assets at their historical cost, which is written off periodically, or depreciated in a systematic and rational manner.
- Condition:**                      During our testing, we found capital assets that were not reported and depreciated on the government wide statements.
- Cause:**                              Management did not have internal controls in place for management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct misstatements on a timely basis.
- Effect:**                              An adjustment was needed to correct the government-wide financial statements.

**CITY OF WASHINGTON, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2012**

**Recommendation:** To improve internal controls, management should establish policies and procedures for management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

**Response:**  
The City of Washington **Concurs** with this recommendation:

The City has put into place procedures to help in identifying Capital Assets. A better understanding by management on what is needed to report the assets correctly on the City's Financial Statement will help to eliminate any future misstatements.

**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, 2012**

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, 2012**

	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>\$ 183,783</u>	<u>\$ 209,212</u>	<u>\$ 392,995</u>	19.40%