

CITY OF WAYCROSS, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2006

**CITY OF WAYCROSS, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2006**

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FINANCIAL SECTION

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Independent Auditor's Report

December 1, 2006

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Waycross, Georgia as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Waycross, Georgia management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waycross, Georgia as of June 30, 2006, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

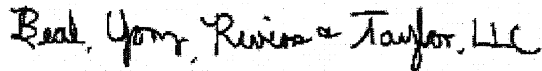
In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2006, on our consideration of the City of Waycross' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of reporting or on compliance and not to provide an opinion on the internal controls 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.

To the Honorable Mayor and
Members of the City Commission
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The management's discussion and analysis and budgetary comparison information on pages 4 through 11 and page 47 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waycross, Georgia, basic financial statements. The combining and individual non-major fund financial statements, internal service funds, fiduciary funds, the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the City of Waycross, Georgia. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Projects Constructed with Special Sales Tax Proceeds is reported upon on pages 65 through 68 along with our opinion on page 64. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,



BEAL, YONZ, RIVERS & TAYLOR, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Waycross' financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the City's financial statements, which begin on page 13.

Financial Highlights

The City's net assets increased by \$2,412,353 as a result of this year's operations. The net assets of governmental activities increased by \$1,428,197, or 13 percent, and business-type activities increased by \$984,156, or 5 percent.

As a result of the improved financial condition, the City did not have to issue tax anticipation notes at January 1, 2006 to finance operations until property taxes were collected. This resulted in a reduction of long-term liabilities and the related interest expense.

General revenues were sufficient to cover the net expenses of governmental activities. The water and sewer business-type activities generated revenues sufficient to cover expenses and to provide funds for planned future infrastructure improvements. Although the waste management business-type activity did not generate sufficient revenues to cover expenses, steps have been taken to improve the efficiency of operations.

How These Statements Were Prepared

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

Government-wide Financial Statements

The government-wide financial statements beginning on page 13 are designed to provide readers with a broad, long-term view of the City's finances, in a manner similar to private sector business. They include all assets and liabilities using the accrual basis of accounting. All of the current revenues and expenses are taken into account regardless of when the cash is received or paid.

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

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when 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 only result in cash flows in the future fiscal periods.

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

Fund Financial Statements

The fund financial statements beginning on page 15 provide detailed information about the most significant funds - not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Some funds are required to be established by State law and bond covenants. The City has established other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money. The City's two kinds of funds – governmental and proprietary - use different accounting approaches and are described more fully below.

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

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

The City maintains 21 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the SPLOST Fund and the Capital Reserve Fund, which are considered to be major funds. Data for the other 18 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 15 – 18.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Public Utilities and Waste Management Funds since both are considered to be major funds of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-45.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information can be found on page 47 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 49-54 of this report.

The City as Trustee

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

Governmental-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the government's financial position. In the case of the City of Waycross, assets exceeded liabilities by \$34,524,173 as of June 30, 2006. The tables below should be read in conjunction with the financial statements on pages 13-14.

Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 5,595,603	\$ 6,316,173	\$ 1,583,341	\$ 1,321,705	\$ 7,178,944	\$ 7,637,878
Capital assets	8,100,269	8,106,507	36,080,222	36,965,807	44,180,491	45,072,314
Total assets	13,695,872	14,422,680	37,663,563	38,287,512	51,359,435	52,710,192
Long-term debt outstanding	128,129	275,268	15,534,730	17,101,888	15,662,859	17,377,156
Other liabilities	814,878	2,822,744	357,525	398,472	1,172,403	3,221,216
Total liabilities	943,007	3,098,012	15,892,255	17,500,360	16,835,262	20,598,372
Net assets:						
Invested in capital assets,						
Net of debt	7,972,140	7,831,239	20,545,492	19,863,919	28,517,632	27,695,158
Restricted	2,133,313	2,567,789	629,160	382,932	2,762,473	2,950,721
Unrestricted	2,647,412	925,640	596,656	540,301	3,244,068	1,465,941
Total net assets	\$ 12,752,865	\$ 11,324,668	\$ 21,771,308	\$ 20,787,152	\$ 34,524,173	\$ 32,111,820

The largest portion of the City's net assets (83%) reflects its investments in capital assets (e.g. land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net assets of the City's governmental activities increased by 13 percent or \$1,428,197 to \$12,752,865. A portion of the City's net assets (\$2,133,313) represents resources that are subject to external restriction on how they may be used. The unrestricted portion of net assets (\$2,647,412) may be used to meet the government's ongoing obligation to citizens and creditors.

The net assets of our business-type activities increased by 5 percent or \$984,156. The City can only use these net assets to finance the continuing operations of the public utilities (water and sewer) and waste management (garbage and yard trash pickup/disposal).

Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues						
Charges for Services	\$ 1,536,147	\$ 1,413,722	\$ 7,311,477	\$ 7,236,872	\$ 8,847,624	\$ 8,650,594
Operating Grants	610,954	942,248		-	610,954	499,769
Capital Grants	644,897	99,301	143,208	831,272	788,105	1,373,052
General Revenues					-	-
Property Taxes	2,338,524	2,472,484		-	2,338,524	2,472,484
Other Taxes	5,881,559	5,567,945		-	5,881,559	5,567,945
Grants		-		-	-	-
Investment Earnings	145,625	100,424	10,280	6,371	155,905	106,795
Other	68,940	184,476		-	68,940	184,476
Total Revenues	11,226,646	10,780,600	7,464,965	8,074,515	18,691,611	18,855,115
Program Expenses						
General Government	739,539	1,108,541		-	739,539	1,108,541
Public Safety	6,533,670	6,401,764		-	6,533,670	6,401,764
Public Works	1,544,468	1,661,301		-	1,544,468	1,661,301
Cemetery	165,891	217,170		-	165,891	217,170
Community Development	603,405	630,422		-	603,405	630,422
Interest	32,888	80,086		-	32,888	80,086
Public Utilities		-	5,087,638	5,126,846	5,087,638	5,126,846
Waste Management		-	1,571,759	1,475,342	1,571,759	1,475,342
Total Expenses	9,619,861	10,099,284	6,659,397	6,602,188	16,279,258	16,701,472
Excess before transfers	1,606,785	681,316	805,568	1,472,327	2,412,353	2,153,643
Transfers	(178,588)	(177,396)	178,588	177,396	-	-
Increase in net assets	\$ 1,428,197	\$ 503,920	\$ 984,156	\$ 1,649,723	\$ 2,412,353	\$ 2,153,643

The City's total revenues decreased by \$163,504 (1 percent) and the total expenses decreased by \$422,214 (3 percent). The decrease in revenues was more than offset by the decrease in expenses. The analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

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

General Government	Building permits, occupational licenses, inspection fees
Public Safety	Fines and forfeitures, grants
Public Works	Capital grants for infrastructure improvements
Cemetery	Lot sales and interment fees

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

	Governmental Activities Total Cost		Net Cost of Services	
	2006	2005	2006	2005
General Government	\$ 739,539	\$ 1,108,541	\$ (133,589)	\$ 299,399
Public Safety	6,533,670	6,401,764	5,246,001	5,530,940
Public Works	1,544,468	1,540,561	1,544,468	1,441,260
All Others	802,184	1,048,418	170,983	372,414
Totals	\$ 9,619,861	\$ 10,099,284	\$ 6,827,863	\$ 7,644,013

The net expense of operating Governmental Activities decreased from \$7,644,013 to \$6,827,863. This reduction of \$816,150, or 11 percent, was the result of decreased General Government expenses, increased revenue from services and increased revenues from grants. General Government expenses decreased primarily as a result of the decreased cost of providing health benefit coverage to employees. The level of coverage was not changed but steps were taken to better administer these costs and experience ratios improved. Rates charged for governmental services remained the same. The increase was attributable to volume.

General Revenues and Transfers increased 1 percent, or \$108,127, from \$8,147,933 in 2005 to \$8,256,060 in 2006. Tax rates were unchanged between the years.

Business-Type Activities

The City's two business-type activities continue to be operated in a manner to cover all current cost. Rates charged for these services remained the same. Although Waste Management's expenses exceeded the charges for services by \$57,245 in the current year, operational changes are being made to reduce cost without raising rates to provide these services. The excess of expenses over revenues was made up by a general fund transfer.

The Public Utilities Fund-Water and Sewer charges for services exceeded expenses by \$862,813 in 2006. These funds will be used in the future to perform critical infrastructure replacements to ensure the City is able to continue to provide quality services. This process began with an upgrade to the waste water treatment plant which is now complete. Long-range plans are being developed to begin a systematic upgrade to our delivery system. It is anticipated these improvements can be funded from current operations without rate increases.

The City's Funds

As the City completed the year, its governmental funds (as presented on page 15) reported a combined fund balance of \$3,552,452. Included in this total fund balance is a fund balance in the General Fund of \$929,516 which compares to a prior balance of \$139,176 in 2005 and a deficit of \$543,236 in 2004. Management continues to closely monitor all costs to deliver the same level of service in an efficient manner. The deficits of the past have been eliminated and the City has begun to build a surplus to be able to weather future economic slow downs and unanticipated events.

The revenues for the General Fund increased by \$225,934 over the prior year and expenditures decreased slightly by \$15,103. Improved economic activity resulted in increased taxes of \$478,047. Management continues to monitor personnel and operating costs of the departments within the General Fund.

General Fund Budgetary Highlights

During 2006, the City budgeted an excess of revenue over expenses to begin to build a prudent reserve or fund balance. Actual revenues were less than the budgeted amount by \$156,228, or 2 percent; however, expenses were under budget by \$700,351. All operating areas were within budget. The total budgeted expenditures were \$9,554,760 and the total actual expenditures totaled \$8,854,409. A more detailed comparison is on page 47.

Capital Assets

At June 30, 2006, the City had \$44 million invested in a broad range of capital assets, including police and fire equipment, buildings, water and sewer lines, and a treatment plant. This amount represents a net decrease (additions and deductions) of \$891,823 over the last year. The table below provides further analysis of these capital assets.

This year upgrades to the wastewater treatment plant were completed. Other additions include additional purchases of equipment/vehicles. The upgrades to the wastewater treatment plant satisfy government regulations and provide additional capacity for future growth.

	Capital Assets at Year End					
	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Land	\$ 66,050	\$ 66,050	\$ 171,751	\$ 171,751	\$ 237,801	\$ 237,801
Construction in Progress	13,132	83,715	-	3,667,297	13,132	3,751,012
Buildings/Improvements	6,535,913	6,535,913	9,785,589	9,785,589	16,321,502	16,321,502
Equipment	4,858,660	4,306,942	3,176,466	3,176,466	8,035,126	7,483,408
Infrastructure	3,369,494	2,980,900	47,064,327	43,271,084	50,433,821	46,251,984
Accumulated Depreciation	(6,742,980)	(5,867,013)	(24,117,911)	(23,106,380)	(30,860,891)	(28,973,393)
Totals	\$ 8,100,269	\$ 8,106,507	\$ 36,080,222	\$ 36,965,807	\$ 44,180,491	\$ 45,072,314

Additional information on the City of Waycross' capital assets can be found in footnote 5 on pages 34 and 35 of this report.

Debt Administration

At year end, the City had \$15.663 million in bonds, notes, and capital leases outstanding versus \$19.377 million last year - a decrease of 19 percent - as shown in the following table:

	Outstanding Debt at Year End					
	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Capital Leases	\$ 128,129	\$ 275,268	\$ 22,752	\$ 37,408	\$ 150,881	\$ 312,676
Notes	-	2,000,000	13,531,980	14,169,481	13,531,980	16,169,481
Revenue Bonds	-	-	1,980,000	2,895,000	1,980,000	2,895,000
Totals	\$ 128,129	\$ 2,275,268	\$ 15,534,732	\$ 17,101,889	\$ 15,662,861	\$ 19,377,157

During the fiscal year ended June 30, 2005, the City borrowed \$2,000,000 to finance governmental operations until property taxes were collected. At June 30, 2005, none of these funds were being used and the entire balance was included in cash. The loan was repaid at the end of calendar 2005 and was not renewed because the improved financial condition of the City did not require borrowings to finance operations.

There were no additions to debt during the fiscal year ended June 30, 2006. The largest portion of the debt service payment during the year was related to the water and sewer operations (principal - \$1.553 million, interest - \$476,993).

Additional information on the City of Waycross' debt can be found in footnote 8 on pages 37-39 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal-year 2007 budget, tax rates and fees that will be charged for the business-type activities. One of those factors was the City's continued growth of commercial retail businesses in the area. The City believes this will continue to increase the tax revenues through property taxes and sales taxes. No increases in tax rates were considered in the 2007 budget.

The City continues to search for ways to deliver cost effective services to the citizens of Waycross. Over the past several years, garbage services and the operations of the wastewater treatment plant have been outsourced. In 2006, the operations of the delivery system for water and sewer were outsourced as professional management is used to deliver better service at a lower cost.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

**CITY OF WAYCROSS, GEORGIA
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2006**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 4,567,553	\$ 868,675	\$ 5,436,228
Investments	-	-	-
Receivables, Net	400,332	501,725	902,057
Prepaid Assets		178,140	178,140
Internal Balances	47,793	(47,793)	-
Receivables from Other Governments	548,100	-	548,100
Inventories	31,825	49,201	81,026
Land and Construction in Progress	79,182	171,751	250,933
Other Capital Assets, Net	8,021,087	35,908,471	43,929,558
Other Assets	-	33,393	33,393
Total Assets	\$ 13,695,872	\$ 37,663,563	\$ 51,359,435
Liabilities			
Accounts Payable and Accrued Expenses	\$ 814,878	\$ 357,525	\$ 1,172,403
Long-Term Balances - Due Within One Year	96,003	1,632,608	1,728,611
Long-Term Balances - Due in More Than One Year	32,126	13,902,122	13,934,248
Total Liabilities	943,007	15,892,255	16,835,262
Net Assets			
Invested in Capital Assets, Net of Related Debt	7,972,140	20,545,492	28,517,632
Restricted for:			
Capital Projects	1,894,626	-	1,894,626
Debt Service	-	629,160	629,160
Community Development Projects	235,581	-	235,581
Other Purposes	3,106	-	3,106
Unrestricted	2,647,412	596,656	3,244,068
Total Net Assets	12,752,865	21,771,308	34,524,173
Total Liabilities and Net Assets	\$ 13,695,872	\$ 37,663,563	\$ 51,359,435

See accompanying notes to basic financial statements.

**CITY OF WAYCROSS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

	Net (Expenses) Revenue and Changes in Net Assets						
	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary Government:							
Governmental Activities:							
General Government	\$ 739,539	\$ 873,128			\$ 133,589	\$ 133,589	\$ 133,589
Public Safety	6,533,670	496,735	533,941	256,993	(5,246,001)		(5,246,001)
Public Works	1,544,468				(1,544,468)		(1,544,468)
Cemetery	165,891	166,284			393	393	393
Community Development	603,405		77,013		(138,488)		(138,488)
Interest on Long-Term Debt	32,888				(32,888)		(32,888)
Total Governmental Activities	9,619,861	1,536,147	610,954	644,897	(6,827,863)	-	(6,827,863)
Business-type Activities:							
Public Utilities-Water and Sewer	5,087,638	5,797,286		143,208		852,856	852,856
Waste Management	1,571,759	1,514,191				(57,568)	(57,568)
Total Business-type Activities	6,659,397	7,311,477	-	143,208	-	795,288	795,288
Total Primary Government	\$ 16,279,258	\$ 8,847,624	\$ 610,954	\$ 788,105	\$ (6,827,863)	\$ 795,288	\$ (6,032,575)
General Revenues:							
Taxes:							
Property Taxes					\$ 2,338,524	\$ -	\$ 2,338,524
Franchise Taxes					1,105,090	-	1,105,090
Public Service Taxes					767,930	-	767,930
Local Option Sales Tax					3,189,036	-	3,189,036
Other Taxes					819,503	-	819,503
Unrestricted Investment Earnings					145,625	10,280	155,905
Miscellaneous					68,940	-	68,940
Total General Revenues					8,434,648	10,280	8,444,928
Transfers					(178,588)	178,588	-
Total General Revenues, Special Items, and Transfers					8,256,060	188,868	8,444,928
Change in Net Assets					1,428,197	984,156	2,412,353
Net Assets - Beginning					11,324,668	20,787,152	32,111,820
Net Assets - Ending					\$ 12,752,865	\$ 21,771,308	\$ 34,524,173

See accompanying notes to basic financial statements.

**CITY OF WAYCROSS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2006**

	General	SPLOST Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,468,188	\$ 1,464,759	\$ 34,944	\$ 516,559	\$ 3,484,450
Investments	-	-	-	-	-
Receivables, Net	166,680	-	-	193,372	360,052
Due From Other Funds	87,966	385,737	386,168	135,608	995,479
Receivables from Other Governments	548,100	-	-	-	548,100
Inventories	31,825	-	-	-	31,825
Land, Improvements, and Construction in Progress	-	-	-	-	-
Other Capital Assets, Net	-	-	-	-	-
Total Assets	\$ 2,302,759	\$ 1,850,496	\$ 421,112	\$ 845,539	\$ 5,419,906
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Accrued Expenses	\$ 250,386	\$ -	\$ -	\$ 26,191	\$ 276,577
Due to Other Funds	1,018,509	-	376,982	91,038	1,486,529
Short-Term Loan Payable	-	-	-	-	-
Deferred Revenues	104,348	-	-	-	104,348
Total Liabilities	1,373,243	-	376,982	117,229	1,867,454
Fund Balances:					
Reserved For:					
Inventory	31,825	-	-	-	31,825
Capital Projects	-	1,850,496	44,130	-	1,894,626
Debt Service	-	-	-	-	-
Public Safety	-	-	-	59,935	59,935
Community Development	-	-	-	396,713	396,713
Perpetual Care	-	-	-	271,662	271,662
Unreserved, reported in:					
General Fund	897,691	-	-	-	897,691
Total Fund Balances	929,516	1,850,496	44,130	728,310	3,552,452
Total Liabilities and Fund Balances	\$ 2,302,759	\$ 1,850,496	\$ 421,112	\$ 845,539	\$ 5,419,906

See accompanying notes to basic financial statements.

**CITY OF WAYCROSS, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET ASSETS
JUNE 30, 2006**

Total Fund Balance - total governmental funds	\$	3,552,452
 Amounts reported for governmental activities in the statement of net assets are different because:		
 Some billed property taxes and other receivables are unlikely to be collected by the City, they are therefore considered "uncollectible", and an allowance has been made in the statement of net assets for the estimated receivables that are considered uncollectible.		
		(7,805)
 Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		
		8,100,269
 Some property taxes and other receivables will not be collected within sixty days after the City's fiscal year ends; they are not considered as "available" revenues in the governmental funds and are instead classified as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.		
		104,348
 Internal Service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service funds are:		
Current Assets	1,131,188	
Capital Assets	41,371	
Accounts Payable	(269,997)	
Interfund Balances	538,843	
Net of Amount allocated to capital assets	(41,371)	
		1,400,034
 Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:		
Loans Payable		(128,129)
Compensated Absences		(268,304)
Net Assets of Governmental Activities	\$	12,752,865

See accompanying notes to basic financial statements.

CITY OF WAYCROSS, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	General	SPLOST Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 8,238,426	\$ -	\$ -	\$ -	\$ 8,238,426
Licenses and Permits	856,908	-	-	-	856,908
Fines and Forfeitures	453,997	-	-	42,738	496,735
Charges for Services	16,220	-	-	166,284	182,504
Intergovernmental	159,310	-	256,993	839,548	1,255,851
Interest & Rents	89,263	41,357	682	14,323	145,625
Other	37,627	-	-	31,313	68,940
Total Revenues	9,851,751	41,357	257,675	1,094,206	11,244,989
EXPENDITURES					
Current:					
General Government	713,276	-	-	-	713,276
Public Safety	6,085,796	-	-	420,886	6,506,682
Public Works	1,379,643	-	-	-	1,379,643
Cemetery	-	-	-	165,891	165,891
Community Development	538,020	-	-	88,999	627,019
Capital Outlay	-	10,141	274,327	406,261	690,729
Debt Service	137,674	-	-	-	137,674
Total Expenditures	8,854,409	10,141	274,327	1,082,037	10,220,914
Excess (deficiency) of revenues over expenditures	997,342	31,216	(16,652)	12,169	1,024,075
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	28,414	28,414
Transfers out	(207,002)	-	-	-	(207,002)
Total Other Financing Sources (Uses)	(207,002)	-	-	28,414	(178,588)
Net Change in Fund Balances	790,340	31,216	(16,652)	40,583	845,487
Fund Balances at Beginning of Year	139,176	1,819,280	60,782	687,727	2,706,965
Fund Balances at End of Year	\$ 929,516	\$ 1,850,496	\$ 44,130	\$ 728,310	\$ 3,552,452

See accompanying notes to basic financial statements.

**CITY OF WAYCROSS, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

Net change in fund balances - total governmental funds **\$ 845,487**

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

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. **845,302**

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. **(864,601)**

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. **147,139**

Some items reported in the statement of activities do not require (provide) current financial resources and, therefore, are not reported as expenditures (reduction in expenditures) in Governmental funds.

These activities consist of:

Decrease in compensated absences **4,160**
Decrease in allowance for uncollectible accounts. **7,211**

Some property tax will not be collected for several months after the city's fiscal year end; they are not considered "available" revenues in the governmental funds. **(18,343)**

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities net of amounts allocated to business-type activities and depreciation expense. **461,842**

Change in net assets of governmental activities **\$ 1,428,197**

See accompanying notes to basic financial statements.

**CITY OF WAYCROSS, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Business-Type Activities - Enterprise Funds			Governmental Activities-Internal Service Funds
	Public Utilities	Waste Management	Totals	
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$ 201,225	\$ 38,290	\$ 239,515	\$ 1,083,103
Receivables, Net	399,644	102,081	501,725	48,085
Prepaid Assets	178,140	-	178,140	-
Inventories	49,201	-	49,201	-
Interfund Balances	759,646	292,411	1,052,057	1,572,348
Total Current Assets	1,587,856	432,782	2,020,638	2,703,536
Non-Current Assets:				
Restricted Assets				
Cash & Cash Equivalents	629,160	-	629,160	-
Total Non-Current Assets	629,160	-	629,160	-
Capital Assets, net of				
Accumulated Depreciation	36,062,601	17,621	36,080,222	41,371
Unamortized Bond Costs	33,393	-	33,393	-
Total Assets	\$ 38,313,010	\$ 450,403	\$ 38,763,413	\$ 2,744,907
LIABILITIES				
Current Liabilities:				
Accounts Payable & Accrued Expenses	\$ 23,333	\$ 84,017	\$ 107,350	\$ 269,997
Customer Deposits	194,984	7,500	202,484	-
Current Portion of Long-term debt	662,101	5,507	667,608	-
Interfund Balances	924,695	175,155	1,099,850	1,033,505
Total Current Liabilities	1,805,113	272,179	2,077,292	1,303,502
Current Liabilities Payable from Restricted Assets:				
Accrued Interest	\$ 47,691	-	\$ 47,691	-
Bonds Payable	965,000	-	965,000	-
Total Current Liabilities Payable from Restricted Assets	\$ 1,012,691	\$ -	\$ 1,012,691	\$ -
Noncurrent Liabilities:				
Revenue Bonds Payable	1,980,000	-	1,980,000	-
Revolving Loan Fund Payable	3,601,033	-	3,601,033	-
GEFA Loan Payable	9,930,946	-	9,930,946	-
Capital Lease Payable	14,434	8,317	22,751	-
Less: Current Portion	(1,627,101)	(5,507)	(1,632,608)	-
Total Noncurrent Liabilities	13,899,312	2,810	13,902,122	-
Total Liabilities	16,717,116	274,989	16,992,105	1,303,502
NET ASSETS				
Invested in Capital Assets,				
Net of Related Debt	20,536,188	9,304	20,545,492	-
Restricted for:				
Capital Projects	-	-	-	-
Debt Service	629,160	-	629,160	-
Community Development Projects	-	-	-	-
Other Purposes	-	-	-	-
Unrestricted	430,546	166,110	596,656	1,441,405
Total Net Assets	\$ 21,595,894	\$ 175,414	\$ 21,771,308	\$ 1,441,405

See accompanying notes to basic financial statements.

CITY OF WAYCROSS, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities-Internal Service Funds</u>
	<u>Public Utilities</u>	<u>Waste Management</u>	<u>Totals</u>	
Operating Revenues:				
Charges for Services	\$ 5,002,692	\$ 1,514,191	\$ 6,516,883	\$ 3,496,681
Miscellaneous	794,594	-	794,594	13,303
Total Operating Revenues	<u>5,797,286</u>	<u>1,514,191</u>	<u>7,311,477</u>	<u>3,509,984</u>
Operating Expenses:				
Personal Services	790,274	514,961	1,305,235	2,713,711
Contractual Services	998,595	630,422	1,629,017	47,707
Supplies, Repairs, Maintenance	541,224	153,177	694,401	222,392
Other	1,229,660	267,609	1,497,269	66,612
Depreciation	1,006,257	5,278	1,011,535	11,366
Total Operating Expenses	<u>4,566,010</u>	<u>1,571,447</u>	<u>6,137,457</u>	<u>3,061,788</u>
Income (Loss) from Operations	<u>1,231,276</u>	<u>(57,256)</u>	<u>1,174,020</u>	<u>448,196</u>
Nonoperating revenues (expenses):				
Investment Income	9,957	323	10,280	13,646
Intergovernmental	143,208	-	143,208	-
Other	-	-	-	-
Interest Expense	(521,628)	(312)	(521,940)	-
Total Nonoperating revenues (expenses)	<u>(368,463)</u>	<u>11</u>	<u>(368,452)</u>	<u>13,646</u>
Income (loss) before contributions & transfers	<u>862,813</u>	<u>(57,245)</u>	<u>805,568</u>	<u>461,842</u>
Capital Contributions	-	-	-	
Transfers In (Out)	-	178,588	178,588	-
Change in Net Assets	<u>862,813</u>	<u>121,343</u>	<u>984,156</u>	<u>461,842</u>
Net Assets at Beginning of Year	20,733,081	54,071	20,787,152	979,563
Net Assets at End of Year	<u>\$ 21,595,894</u>	<u>\$ 175,414</u>	<u>\$ 21,771,308</u>	<u>\$ 1,441,405</u>

See accompanying notes to basic financial statements.

**CITY OF WAYCROSS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2006**

	Business-Type Activities - Enterprise Funds			Governmental Activities-Internal Service Funds
	Public Utilities	Waste Management	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 5,839,023	\$ 1,521,107	\$ 7,360,130	\$ 343,703
Cash Received from Operating Grants	-	-	-	-
Cash Received from Other Funds for Services	-	60,610	60,610	3,147,488
Other Operating Cash Receipts	-	-	-	-
Cash Payments to Supplies for Goods & Services	(3,742,573)	(1,580,160)	(5,322,733)	(3,095,522)
Cash Payments to Other Funds for Services	(12,577)	(136,508)	(149,085)	-
Net Cash Provided (Used) by Operating Activities	2,083,873	(134,951)	1,948,922	395,669
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds	-	178,588	178,588	-
Net Cash Provided (Used) Noncapital Financing Activities	-	178,588	178,588	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(125,946)	-	(125,946)	(24,428)
Capital Grants	143,208	-	143,208	-
Proceeds from Disposition of Capital Assets	-	-	-	-
Proceeds from Capital Debt	-	-	-	-
Interest Paid on Debt	(537,164)	(312)	(537,476)	-
Principal Paid on Debt	(1,561,800)	(5,358)	(1,567,158)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,081,702)	(5,670)	(2,087,372)	(24,428)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Cash and Investments	9,957	323	10,280	13,646
Net Increase (Decrease) in Cash & Cash Investments	12,128	38,290	50,418	384,887
Cash and Cash Investments, July 1	818,257	-	818,257	698,216
Cash and Cash Investments, June 30	\$ 830,385	\$ 38,290	\$ 868,675	\$ 1,083,103
Reconciliation of Income (Loss) from Operations				
to Net Cash Provided (Used) by Operating Activities:				
Income (Loss) from Operations	\$ 1,231,276	\$ (57,256)	\$ 1,174,020	\$ 448,196
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,018,290	5,277	1,023,567	11,366
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	36,329	8,966	45,295	(18,793)
(Increase) Decrease in Prepaid Assets	(178,140)	-	(178,140)	853
(Increase) Decrease in Inventories	(1,934)	-	(1,934)	-
Increase (Decrease) in Interfund Payables	(11,536)	60,610	49,074	46,826
Increase (Decrease) in Accounts Payable	(14,779)	(13,990)	(28,769)	(92,779)
Increase (Decrease) in Customer Deposits Payable	5,408	(2,050)	3,358	-
(Increase) Decrease in Interfund Receivables	(1,041)	(136,508)	(137,549)	-
Net Cash Provided (Used) by Operating Activities	\$ 2,083,873	\$ (134,951)	\$ 1,948,922	\$ 395,669
Reconciliation of Total Cash & Cash Investments:				
Current Assets-Cash & Cash Investments	201,225	38,290	239,515	1,083,103
Restricted Assets-Cash & Cash Investments	629,160	-	629,160	-
Total Cash & Cash Investments	\$ 830,385	\$ 38,290	\$ 868,675	\$ 1,083,103

See accompanying notes to the basic financial statements.

**CITY OF WAYCROSS, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2006**

	<u>Agency Funds</u>
Assets	
Cash	<u>\$ 140,023</u>
Total Assets	<u><u>\$ 140,023</u></u>
Liabilities	
Refundable Court Bonds	\$ 78,686
Seized Funds Held	<u>61,337</u>
Total Liabilities	<u><u>\$ 140,023</u></u>

See accompanying notes to the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF WAYCROSS, GEORGIA
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**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

Note 1. Summary of Significant Accounting Policies

A. General Statement

The City operates under a council/mayor form of government and provides the following services: public safety, highways and streets, public improvements, and general and administrative services. In addition, the City operates enterprise funds (water and sewer and waste management) for the incorporated and immediate surrounding areas.

The financial statements of the City of Waycross, Georgia have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principals prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled "Audits of State and Local Governmental Units", and by the Financial Accounting Standards Board (when applicable), FASB Statements and Interpretations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The City elected to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant of the government's accounting policies are described below.

B. Reporting Entity

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 Waycross. 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 Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in its own name)
- The City holds the corporate powers 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 a fiscal dependency by the organization on the City

Discretely Presented Component Units - Based on GASB criteria, the City has no entities that qualify as discretely presented component units.

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

Joint Venture and Related Organizations

Under Georgia law, the City, in conjunction with other cities and counties in the eight county Southeast Georgia area, is a member of the Southeast Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. Membership in an RDC is automatic for each municipality and county in the State. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organization structure of the RDC's. Each county and municipality in the State is required by law to pay minimum annual dues to the RDC based on population. The Board of the RDC includes elected officials from member counties and cities and nonpublic appointed members. The

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

law defines RDC's as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or organizations of an RDC beyond its resources. Complete financial statements of the Southeast Georgia Regional Development Center can be obtained from: Southeast Georgia RDC, South GA Parkway, Waycross, Georgia 31503.

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

At year-end, there were no receivables or payables between the City and these two organizations.

C. Basis of Presentation

The government-wide statements (the statement of net assets and the statement of changes in net assets) report information on all the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City maintains two fiduciary funds. These funds are not included in the government-wide financial statements. These funds are purely custodial in nature.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund -

General Fund is the main operating fund of the City. The fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are

**CITY OF WAYCROSS, GEORGIA
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FOR THE YEAR ENDED JUNE 30, 2006**

accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

SPLOST Fund -

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

Capital Reserve Fund -

The Capital Reserve Fund accounts for capital improvements (except for those financed through Proprietary Funds) which are financed from certain Federal Grants and other City Funds.

Proprietary Funds are accounted for using economic resources measurement focus and accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary funds:

Public Utilities Fund -

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

Waste Management Fund -

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
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D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liabilities are incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. The revenues susceptible to accrual are property taxes, franchise fees licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Budgetary Control

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

1. Prior to June 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. The City Commission approves, by ordinance, total budget appropriation and departmental budgets. The City Manager is authorized to transfer budget amounts between line items within any department in conjunction with the department head; however, any revisions that alter the total appropriations of any department or fund must be approved by the City Commission. Therefore, the level of budgetary responsibility is by department-level appropriations; however, for reporting purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.)
4. Unused appropriations for all of the above annually budgeted funds lapse at the end of the fiscal year.
5. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budget for the general fund is prepared on the cash and expenses/encumbrances basis. Revenues are budgeted in the year receipt is

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
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expected; and expenditures, which include encumbrances, are budgeted in the year that applicable purchase orders are expected to be issued. The budget for the Enterprise Fund is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, and certain non-operating income and expense items are not considered. Annual appropriated budgets are adopted for the special revenue funds. Annual appropriated budgets are also adopted for the following internal service funds: health insurance, liability insurance, workers compensation insurance, retirement fund, data processing fund, city garage fund and the public building fund.

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

OCGA 36-81-3(b) requires an annual balanced budget for the general fund, each special revenue fund and requires a project-length balanced budget for each capital project fund. For the year ended June 30, 2006, an annual budget was adopted for all funds.

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

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund presents a comparison of budgetary data to actual results.

The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

F. Cash and Investments

Cash of all funds, including restricted cash, but excluding the cash and investments of the confiscated special revenue funds, special local option sales tax funds, and certain grant funds are pooled into common pooled accounts to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has an equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents". Negative balances incurred in pooled cash at year-end are treated as interfund receivable of the General Fund and interfund payables of the deficit fund.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

G. Encumbrances

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

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

H. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of the fund balance is not available for the subsequent expenditures.

I. Inventories

The inventories in the Governmental and Proprietary Funds consist of supplies and are valued at weighted average cost. These inventories are recorded as expenditures as they are consumed.

J. Interfund Receivables and Payables

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

K. Transactions Between Funds

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

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statement for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of \$250,000 or more. Depreciation has been calculated on each class of depreciable property, using the straight-line method. The estimated useful lives are as follows:

Buildings	25 - 50 years
Water and Sewer System	30 - 50 years
Infrastructure	20 - 35 years
Machinery and Equipment	5 - 10 years
Improvements	20 years

The City has elected to utilize the infrastructure transition option in the implementation of GASB Statement No. 34 (GASB 34), "Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments." The City has currently begun recording new infrastructure items as they are completed. The remaining infrastructure already in place will be added in the year ending June 30, 2007.

M. Accumulated Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation that will be paid to employees upon separation from the City's service. In governmental funds, the cost of compensated absences is recognized when payments are

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

made to employees. In proprietary funds, the liability and associated costs are recognized as accrued and earned. The liability for compensated absences as of June 30, 2006 has been recorded in the government-wide statements representing the City's commitment to fund such costs from future operations.

Accumulated sick pay benefits have not been recorded as a liability because the payment of benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

N. Use of Estimates

The preparation of financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual results could differ from those estimates.

O. Non-Current Assets

Certain proceeds of Proprietary Funds' revenue bonds, as well as certain resources set aside for their repayment, are classified as non-current assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond renewal and extension" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond sinking fund" account is used to report resources set aside to fund current debt service requirements. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the City's policy to first apply restricted resources to meet that obligation.

P. Bond Discounts/Issuance Costs

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

Q. Fund Equity

Government-Wide/Proprietary Presentation

Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments and beyond the government's control.

Governmental Funds

Reserved/Unreserved Fund Balance – A reservation of fund balance indicates that a portion of the fund equity is not available for spending in the subsequent year's budget, or has been legally separated for specific purposes.

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

Designated/Undesignated Fund Balance – A designation of fund balance indicates a portion of fund equity for which the City has made tentative plans. Undesignated indicates funds available for budgeting in future periods.

R. Capital Lease Obligations

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

Note 2. Stewardship, Compliance and Accountability

By its nature as a local government, the City is subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

In accordance with the provisions of the water and sewer bond agreements, the City must maintain a sinking fund for the retirement of those bonds. At June 30, 2006, the City had maintained this fund with a balance of \$629,160.

There were no funds that had expenditures in excess of appropriations for the year ended June 30, 2006.

The following funds had a deficit fund balance at June 30, 2006:

Special Projects	\$	(690)
Health Ins Fund		(707,824)

Management plans to liquidate the above deficit fund balances through future excess revenues to be accomplished through expenditure reduction and increased revenues.

Note 3. Cash and Investments

Cash - The City maintains separate investment accounts for each fund. The City had no investments at June 30, 2006.

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. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Georgia or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at June 30, 2006. The City is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) negotiable certificate of deposits issued by any bank or trust company organized under the laws or any state of the United States and (3) any repurchase agreement organized under the laws of any state of the United States having a nationally recognized investment firm rating of A or higher. The city has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. The City normally invests only in certificates of deposits.

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

Note 4. Receivables and Payables

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

Receivables at June 30, 2006 were as follows:

	<u>Taxes</u>	<u>Accounts Receiv.</u>	<u>Other Gov'ts</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ 166,680		\$ 548,100		\$ 714,780
Non-Major				193,372	193,372
Total Governmental Activities	<u>\$ 166,680</u>	<u>\$ -</u>	<u>\$ 548,100</u>	<u>\$ 193,372</u>	<u>\$ 908,152</u>
Business-Type Activities					
Public Utilities		\$ 399,644			\$ 399,644
Waste Management		102,081			102,081
Total Business-Type Activities	<u>\$ -</u>	<u>\$ 501,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 501,725</u>

Payables at June 30, 2006 were as follows:

	<u>Vendors</u>	<u>Salaries/ Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ 64,885	\$ 185,501	\$ -		\$ 250,386
Non-Major	26,191				26,191
Total Governmental Activities	<u>\$ 91,076</u>	<u>\$ 185,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,577</u>
Business-Type Activities:					
Public Utilities	\$ 23,333	\$ -	\$ 47,691	\$ 194,984	\$ 266,008
Waste Management	52,902	31,115		7,500	91,517
Total Business-Type Activities	<u>\$ 76,235</u>	<u>\$ 31,115</u>	<u>\$ 47,691</u>	<u>\$ 202,484</u>	<u>\$ 357,525</u>

CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	Balance July 1	Additions Completions	Retirements Adjustments	Balance June 30
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 66,050			\$ 66,050
Construction in progress	83,715	10,142	(80,725)	13,132
Total capital assets not being depreciated	\$ 149,765	\$ 10,142	\$ (80,725)	\$ 79,182
Capital assets, being depreciated:				
Buildings	\$ 2,829,701	\$ -		\$ 2,829,701
Equipment	4,306,942	551,718		4,858,660
Improvements	3,706,212			3,706,212
Infrastructure	2,980,900	388,594		3,369,494
Total capital assets being depreciated	\$ 13,823,755	\$ 940,312	\$ -	\$ 14,764,067
Less accumulated depreciation for:				
Buildings	\$ (295,402)	\$ (107,668)		\$ (403,070)
Equipment	(1,774,535)	(691,185)		(2,465,720)
Improvements	(3,706,212)			(3,706,212)
Infrastructure	(90,864)	(77,114)		(167,978)
Total accumulated depreciation	\$ (5,867,013)	\$ (875,967)	\$ -	\$ (6,742,980)
Total capital assets being depreciated, net	\$ 7,956,742	\$ 64,345	\$ -	\$ 8,021,087
Governmental activities capital assets, net	\$ 8,106,507	\$ 74,487	\$ (80,725)	\$ 8,100,269
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 171,751	\$ -	\$ -	\$ 171,751
Construction in progress	3,667,397	125,846	(3,793,243)	-
Total capital assets not being depreciated	\$ 3,839,148	\$ 125,846	\$ (3,793,243)	\$ 171,751
Capital assets being depreciated:				
Building	\$ 9,785,589	\$ -	\$ -	\$ 9,785,589
Equipment	3,176,466	-	-	3,176,466
Infrastructure	43,271,084	3,793,243	-	47,064,327
Total capital assets being depreciated	\$ 56,233,139	\$ 3,793,243	\$ -	\$ 60,026,382
Less accumulated depreciation for:				
Building	\$ (4,207,556)	\$ (211,576)	\$ -	\$ (4,419,132)
Equipment	(2,992,872)	(55,857)	-	(3,048,729)
Infrastructure	(15,905,952)	(744,098)	-	(16,650,050)
Total accumulated depreciation	\$ (23,106,380)	\$ (1,011,531)	\$ -	\$ (24,117,911)
Total capital assets being depreciated, net	\$ 33,126,759	\$ 2,781,712	\$ -	\$ 35,908,471
Business-type activities capital assets, net	\$ 36,965,907	\$ 2,907,558	\$ (3,793,243)	\$ 36,080,222

**CITY OF WAYCROSS, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006**

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

Governmental activities:	
General government and administration	\$ 107,715
Public Safety	522,286
Public Works	223,681
Code Enforcement	5,114
Community Development	3,452
Internal Funds	11,366
Cemetery	2,352
Total depreciation expense-governmental activities	<u>\$ 875,966</u>
Business-type activities:	
Public Utilities	\$ 1,006,257
Waste Management	5,278
Total depreciation expense-business-type activities	<u>\$ 1,011,535</u>

Note 6. Interfund Transfers:

The following Government-Wide operating transfers were made during the year:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund		\$ (207,002)
Nonmajor governmental:		
Cemetery	28,414	
Business-Type Activities:		
Waste Management	178,588	-
Total	<u>\$ 207,002</u>	<u>\$ (207,002)</u>

The transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as operating transfers and are reported as other financial sources in the Governmental Funds and as operating transfers in the Proprietary Funds. These transfers occur principally to move revenues from the General Fund to Special Revenue Funds. These transfers should be normal and recurring. This year there was a transfer from the general fund to the waste management fund to cover the excess of expenses over revenues.

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

Note 7. Interfund Receivables/Payables

Interfund receivable and payable balances as of June 30, 2006 are as follows:

Fund	Due	
	From Other Funds	To Other Funds
Major Governmental Funds		
General Fund:		
Public Utilities	\$ 82,892	\$ 101,042
SPLOST		26,505
Other Governmental Funds	3,092	63,000
Internal Service Funds		555,551
Capital Reserve	1,982	103,000
Waste Management		169,411
	<u>87,966</u>	<u>1,018,509</u>
SPLOST Fund:		
General Fund	26,505	-
Public Utilities	359,232	-
	<u>385,737</u>	<u>-</u>
Capital Reserve Fund:		
General Fund	103,000	1,982
Other Governmental Funds	8,250	
Internal Service Funds	193,592	
Public Utilities	81,326	375,000
	<u>386,168</u>	<u>376,982</u>
Non-major Governmental Funds		
General Fund	63,000	3,092
Internal Service Funds		143,088
Public Utilities	41,500	
Capital Reserve		8,250
	<u>104,500</u>	<u>154,430</u>
Total Governmental Funds	\$ 964,371	\$ 1,549,921
Major Business-type Funds		
Proprietary Funds		
Public Utilities:		
General Fund	101,042	82,892
Internal Service Funds	283,605	142,245
SPLOST		359,232
Waste Management		123,000
Other Governmental Funds		41,500
Capital Reserve	375,000	81,326
	<u>759,647</u>	<u>830,195</u>
Waste Management:		
General Funds	169,411	
Internal Service Funds		175,155
Public Utilities	123,000	
	<u>292,411</u>	<u>175,155</u>
Total Proprietary Funds	\$ 1,052,058	\$ 1,005,350
Internal Service Funds		
General Fund	555,551	283,605
Public Utilities	142,245	
Other Governmental Funds	143,088	
Waste Management	175,155	
Capital Reserve		193,592
	<u>1,016,039</u>	<u>477,197</u>
Totals	\$ 3,032,468	\$ 3,032,468

No interfund transfers were made during the year ending June 30, 2006. Cash transfers between the funds in prior years was to cover shortfalls in funds where revenue did not cover expense. Management plans to repay amounts owed to each fund through expense reduction and increased revenue. The City has reduced interfund payables and receivables from \$4,260,909 to \$3,032,468 during the year ending June 30, 2006.

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

Note 8. Long-Term Obligations

Transactions for the year ended June 30, 2006 are summarized as follows:

	Balance July 1	Issues or Additions	Payments or Expenditures	Balance June 30	Due Within One Year
Governmental Type Activities:					
Lease Obligations Payable	275,268	-	(147,139)	128,129	96,003
Total Governmental Activities	\$ 275,268	\$ -	\$ (147,139)	\$ 128,129	\$ 96,003
Business-Type Activities:					
Lease Obligations Payable	\$ 13,675	\$ -	\$ (5,358)	\$ 8,317	\$ 5,507
Lease Obligations Payable	23,733	-	(9,298)	14,435	9,557
GEFA-98-L68WJ	1,765,462	-	(83,351)	1,682,111	86,821
W&S Revenue Bonds	2,895,000	-	(915,000)	1,980,000	965,000
SRF Loan-CW13088301	882,424	-	(110,169)	772,255	112,389
GEFA Loan-00-L36WJ	8,097,967	-	(404,148)	7,693,819	412,292
GEFA Loan-00-L35WJ	555,017	-	-	555,017	-
SRF Loan CWSRF 00-0020	2,031,658	-	-	2,031,658	-
SRF Loan CWSRF-00-001	836,953	-	(39,833)	797,120	41,042
Total Business-Type Activities	\$ 17,101,889	\$ -	\$ (1,567,157)	\$ 15,534,732	\$ 1,632,608

Change in Outstanding Debt

There were no additions to loans during the year ending June 30, 2006.

Revenue Bonds

Revenue Bonds payable at June 30, 2006, is comprised of the following individual issues:

<p>\$3,140,000 Series 1997 Water and Sewer Bonds issued on a parity with Series 1992 Bonds due in annual installments of \$25,000 to \$1,015,000 through August 1, 2007; interest at a rate of 5 ¼% annually, payable semi-annually on February 1, and August 1 of each year.</p>	<p style="text-align: center;"><u>Business-Type Activities</u></p> <p>\$ 1,980,000</p>
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Water and Sewer Revenue Bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the Water and Sewer System.

The revenue bonds are collateralized by the revenue of the Water and Sewer System and the various Special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds.

Any remaining revenues may then be used for any lawful purpose. The ordinances also contain certain provisions which require the City to maintain pledged net revenues, as defined in the ordinances for each year of at least 1.20 times the current year debt service requirements on all bonds then outstanding, including the Series 1997 Parity Bonds. The ordinances also contain a provision which among other items, restrict the issuance of additional revenue bonds unless special revenue requirements are met and the pledged

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

revenues equal or are greater than 1.20 times the average annual debt service requirements after giving effect to the issuance of the proposed additional bonds.

The Water and Sewer Bond Resolution requires the establishment of a Debt Service Reserve Account within the Water and Sewer Sinking Fund in an amount at least equal to the highest annual debt service on the bonds. However, the Resolution also authorizes the City of Waycross to obtain a surety bond in place of funding the Debt Service Reserve Account. The City has obtained a bond for this purpose.

Annual Requirements to Retire Debt Obligations:

<u>Revenue Bonds</u>	<u>Business-Type Activities</u>		
Year Ending June 30	Principal	Interest	Total
2007	965,000	103,950	1,068,950
2008	1,015,000	53,288	1,068,288
	<u>\$ 1,980,000</u>	<u>\$ 157,238</u>	<u>\$ 2,137,238</u>

Notes/Loans Payable (The following is a schedule of annual requirements for GEFA contracts 98-L68WJ, CW13088301, 00-L36WJ and SRF00-001.)

Year Ending June 30	<u>Government Activities</u>		<u>Business Activities</u>		
	Principal	Interest	Principal	Interest	Total
2007			652,544	256,500	909,044
2008			667,976	241,068	909,044
2009			683,810	225,234	909,044
2010			700,057	208,987	909,044
2011-2015			3,434,588	793,147	4,227,735
2016-2020			3,534,758	375,491	3,910,249
2021-2025			1,271,571	28,583	1,300,154
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,945,304</u>	<u>\$ 2,129,010</u>	<u>\$ 13,074,314</u>

Business-type activities:

In March 1989, the City entered into a loan program (CW13088301) with the Georgia Department of Natural Resources and the Georgia Environmental Facilities Authority for certain sewer improvements in the total amount of \$2,099,580. Repayment is over eighty (80) quarterly payments beginning April 1, 1993 at 2 percent interest. At June 30, 2006, the outstanding balance on this loan was \$772,255 and quarterly payments are \$31,749.

In October 1998, the City entered into a loan agreement (98-L68WJ) with the Georgia Environmental Facilities Authority for certain water and sewer projects for a total amount of \$2,000,000. Repayment is over eighty (80) quarterly payments beginning September 1, 2001 at 4.1 percent. At June 30, 2006, the outstanding balance on this loan was \$1,682,111 and quarterly payments are \$38,616.

In August 2000, the City entered into a loan program (CWSRF 00-001) with the Georgia Department of Natural Resources and the Georgia Environmental Facilities Authority for certain sewer improvements for a total amount of \$935,467. Repayment is over 78 quarterly payments at 3 percent beginning September 1, 2002. At June 30, 2006, the outstanding balance of this loan was \$797,120 and quarterly payments are \$16,124. This

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

loan is to be repaid from revenues of the Water and Sewer System; however, the obligation to repay this loan is a general obligation of the City to which it has dedicated its general power of taxation.

In September 2000, the City entered into a loan agreement (2000-L36WJ) with the Georgia Environmental Facilities Authority for sewer improvements for a total amount of \$9,815,000. Repayment is over 80 quarterly payments beginning October 1, 2002 at 2 percent. At June 30, 2006, the outstanding balance was \$7,693,819 and quarterly payments of \$140,722. This loan is to be repaid from revenues of the Water and Sewer System; however, the obligation to repay this loan is a general obligation of the City. An additional drawdown of \$555,017 was received in fiscal year 2005. Payments on this additional loan amount will commence when approval of construction is received from EPA. As of this date, an amortization schedule was not yet available.

In June 2003, the City entered into a loan agreement (CWSRF-00-020) with the Georgia Environmental Facilities Authority for certain water and sewer projects. At June 30, 2006, \$2,031,568 had been drawn down. Quarterly installments of \$38,336 will be made over 80 payments. Payments will commence when approval of construction is received from EPA. As of this date, an amortization schedule was not yet available.

Capital Leases

The City has entered into various lease agreements as lessee to finance various equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is a summary of equipment leased under capital lease agreements by the City as of June 30, 2006.

	Government-Type Activities	Business-Type Activities
Fire Truck	\$ 209,831	
2005 Shuttle Van	17,480	
Nine Police Cars	146,262	
SUV Command Vehicle	22,587	
Three Trucks		44,588
Street Sweepers	188,994	
	\$ 585,154	\$ 44,588

The following is a schedule of the future minimum lease payments required under these capital leases and the present value of the net minimum lease payments at June 30, 2006:

Year Ending June 30	Governmental- Type Activities	Business-Type Activities
2007	98,188	15,501
2008	32,386	7,750
Total Minimum Lease Payments	\$ 130,574	\$ 23,251
Less: Amount Representing Interest	(2,444)	(499)
Present Value of Future Minimum Lease Payments	\$ 128,130	\$ 22,752

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

Note 9. Retirement Benefits

Pension Plan-

Plan Description:

The City contributes to the Joint Georgia Municipal Employees Benefit System, an agent multiple – employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. GMEBS issues a stand-alone financial statement that can be obtained from the Georgia Municipal Association, 201 Pryor Street, S.W., Atlanta, Georgia 30303.

The City's payroll for employees covered by the System for the year ended May 1, 2006 was \$4,714,712. Substantially all full-time City employees are eligible to participate in the system. Benefits vest after ten years of service. City employees who retire at or after the age 65 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life in an amount determined based on average salary and years of service. There is also an alternative normal retirement date of age 60 with 30 years of service. Early retirement is available at age 55 with 10 years of credited service. The system also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and City ordinance.

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

The Significant Actuarial Assumptions

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

The significant actuarial assumptions used in the current valuation are:

Rate of return on investment	8.0% per year
Projected salary increases for inflation	5.0% per year
Merit or seniority	.5% per year
Post retirement benefit increases	Not Applicable

The Effect of Plan Changes on the Actuarial Accrued Liability

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

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

The Funding Policy and Annual Contributions

The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in paragraph 9-10 of Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

period, and related method for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

The Effect of Plan Changes on Recommended Contributions

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

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

Current Plan Membership

As of May 1, 2006, the current plan membership includes the following categories of participants:

Retirees and beneficiaries currently receiving benefits	128
Terminated employees entitled to benefits but not yet receiving them	79
Current active employees:	
Vested	107
Nonvested	49
Total membership in the plan	363

Funded Status

	Number of Participants	Present Value of Benefits
Present Value of Accrued Plan Benefits (on-going basis):		
Vested Benefits of Retired Participants and Beneficiaries currently receiving payments	128	\$ 7,570,759
Other Vested Benefits:		
Terminated Vested Participants	79	1,087,403
Active Participants	107	3,798,550
Total Present Value of Vested Benefits		\$ 12,456,712
Nonvested Benefits	49	214,106
Total Present Value of Accrued Plan Benefits	363	12,670,818
Market Value of Assets		12,741,646
Unfunded Present Value of Accrued Plan Benefits		(70,828)
Funded Percentage		100.6%

	Number of Participants	Lump Sum Value of Benefits
Present Value of Accrued Plan Benefits (Plan Termination Basis):		
Retired Participant and Beneficiaries Currently Receiving Payments	128	\$ 9,980,684
Terminated Vested Participants	79	2,222,459
Active Participants	107	7,190,893
Total Present Value of Vested Benefits		\$ 19,394,036
Nonvested Benefits		419,031
Total Present Value of Vested Benefits		19,813,067
Market Value of Assets		12,741,646
Unfunded Present Value of Accrued Plan Benefits		7,071,421
Funded Percentage		64.3%

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

Schedule of Funding Progress: (Required Supplementary Information) (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a/c)
05/01/04	13,037,832	14,398,813	1,360,981	90.6%	5,793,410	23.5%
05/01/05	13,578,753	14,607,704	1,028,951	92.9%	5,573,559	18.5%
05/01/06	14,122,964	14,287,598	164,634	98.9%	4,714,712	3.5%

Schedule of Employer Contribution

Fiscal Year	Annual Required Contribution	Percentage Contributed
1997	\$ 288,525	100%
1998	325,399	100%
1999	262,353	100%
2000	298,417	100%
2001	430,681	100%
2002	443,572	100%
2003	561,587	100%
2004	593,628	100%
2005	515,263	100%
2006	333,435	100%

Schedule of Recommended Contribution

Retirement Benefits:	
Employees	\$ 269,644
Administrative Expenses	29,379
Total Normal Cost	\$ 299,023
Payment on Unfunded Actuarial Accrued Liability	22,718
Interest	12,824
Minimum Contribution	333,435
Normal Cost (including admin) with interest	320,611
Recommended Contribution	333,435

Actuarial Method

**Actuarial Cost Method
Actuarial Value of Assets**

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

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

Deferred Compensation –

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

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

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

Note 10. Commitments and Contingencies

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

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

Note 11. Risk Management

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

The City established a limited risk management program for health insurance in July 1991. The plan provides coverage for up to a maximum of \$65,000 for each individual claim with a \$1,000,000 lifetime maximum.

In January 1992, the City established a limited risk program for workers' compensation. The City hired Crawford and Company as administrator for this program. The plan provides coverage for up to a maximum of \$300,000 for each worker's compensation claim. The City purchases commercial insurance for these claims in excess of coverage provided by these funds and for all other insignificant risks of loss. Settled claims in the past three years have not exceeded the commercial coverages.

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

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

Self-Insurance

The City maintains the Health Insurance Fund to account for the City's employee health care coverage, which is self-insured by the City. The City has established an internal service fund to account for its self-insurance program. The purpose of this fund is to pay medical insurance claims of the City employees and their covered dependents and minimize the total costs of annual insurance to the municipality. The private insurance carrier determines premium payments to be made by the City. Annual claims are paid from accumulated premium payments, and claims exceeding accumulated premium payments are paid by the private insurance carrier. Estimated claims incurred, but not reported, of \$202,604 have been recorded as of June 30, 2006. Dependent coverage is funded by charges to employees. Revenues are recognized from payroll deductions and City contributions. The Claims liability of \$202,604 reported in the Health Insurance Fund at June 30, 2006 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amount in fiscal years 2000-2006 were:

	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
06/30/00	\$ 193,237	\$ 981,310	\$ 1,098,066	\$ 76,481
06/30/01	76,481	1,104,276	1,138,552	42,205
06/30/02	42,205	1,481,258	1,484,784	38,679
06/30/03	38,679	1,492,540	1,528,008	3,211
06/30/04	3,211	1,172,537	1,166,397	9,351
06/30/05	9,351	1,743,171	1,469,037	283,485
06/30/06	283,485	1,154,420	1,235,301	202,604

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

	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
06/30/02	\$ 23,609	\$ 108,163	\$ 121,502	\$ 10,270
06/30/03	10,270	312,226	298,881	23,615
06/30/04	23,615	148,137	162,613	9,139
06/30/05	9,139	240,899	221,809	28,229
06/30/06	28,229	216,774	229,832	15,171

Note 12. Property Taxes

Property taxes attach as enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before November 15. The City's taxes are billed and collected by the Ware County Tax Commissioner. City property tax revenues are

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

recognized when levied. An allowance is established for delinquent taxes to the extent that the taxes are not collectible.

Note 13. Joint Ventures/Related Organizations

Under Georgia law, the City, in conjunction with other cities and counties in the eight county Southeastern Georgia area, is a member of the Southeast Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2006 the county paid \$18,945 in such dues.

Membership in an RDC is automatic for each municipality and county in the State. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organization structure of the RDC's. Each county and municipality in the State is required by law to pay minimum annual dues to the RDC based on population. The Board of the RDC includes elected officials from member counties and cities and nonpublic appointed members. The law defines RDC's as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources. Complete financial statements of the Southeast Georgia Regional Development Center can be obtained from: Southeast Georgia RDC, South Georgia Parkway, Waycross, Georgia 31503.

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

Note 14. Other Post-Employment Benefits

In addition to pension benefits described in Note 8, the City provides post-employment benefit options for health care and life insurance to eligible retirees, terminated employees and their dependents. The benefits are provided in accordance with the City Ordinances and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility include: years of service, employee age, and retirement plan. The City funds the benefits on a pay-as-you-go basis. There are currently 14 retirees eligible for these benefits. The annual cost of these benefits for the retirees is \$95,139.

Note 15. Hotel/Motel Tax

The City is required to disburse funds received from the collection of hotel/motel taxes pursuant to OCGA 48-13-51. The tax rate is 5% and is levied on a monthly basis. The City received \$249,058 from the collection of the hotel/motel tax during the fiscal year ended June 30, 2006. The City disbursed \$99,623 to the Chamber of Commerce for the promotion of tourism, \$35,395 to Channel 42, and \$32,500 to others. The balance of lodging tax funds on hand at the end of the year was \$81,540.

REQUIRED SUPPLEMENTARY INFORMATION

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

- **Budgetary comparison – General Fund**

CITY OF WAYCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET & ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	GAAP/Budget Basis	
Revenues:				
Taxes	\$ 8,426,149	\$ 8,426,149	\$ 8,238,426	\$ (187,723)
Licenses & Permits	905,271	905,271	856,908	(48,363)
Fines & Forfeitures	365,716	365,716	453,997	88,281
Charges for Services	28,800	28,800	16,220	(12,580)
Intergovernmental	178,453	178,453	159,310	(19,143)
Interest & Rents	64,250	64,250	89,263	25,013
Other	39,340	39,340	37,627	(1,713)
Total Revenues	10,007,979	10,007,979	9,851,751	(156,228)
Expenditures:				
Current:				
General Government	1,699,867	1,680,760	1,454,872	225,888
Public Safety	6,445,366	6,491,372	6,085,796	405,576
Public Works	1,499,679	1,491,470	1,379,643	111,827
Community Development	658,779	640,089	538,020	102,069
Capital Outlay	-	-	-	-
Debt Service	154,631	154,631	137,674	16,957
Reimbursements	(903,562)	(903,562)	(741,596)	(161,966)
Total Expenditures	9,554,760	9,554,760	8,854,409	700,351
Excess (deficiency) of revenues over expenditures	453,219	453,219	997,342	544,123
Other Financing Sources (Uses):				
Proceeds from long-term financing	-	-	-	-
Transfers Out	(207,002)	(207,002)	(207,002)	-
Total other financing sources (uses)	(207,002)	(207,002)	(207,002)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	246,217	246,217	790,340	544,123
Fund Balance at Beginning of Year			139,176	
Fund Balance of End of Year			\$ 929,516	

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- **Combining statements – nonmajor governmental funds**
- **Combining statements – internal service funds**
- **Combining statements – fiduciary funds**

**CITY OF WAYCROSS, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

Special Revenue Funds

	Law Enforce	Community Development	Law Enforce Block Grant	Forfeited Property	WPD Info Technology Fund	Carrelley	Jail	GEFA Grant - Recycle & Waste	West & Seed Grant	CHP Grant 2009	CEWA GRANT	CDBG Newtown PHI	ERPLowes Project	Reaching Loan	CDBG Newtown PHI	Chilrist Park	Carrelley Trust	Special Projects	Totals	
Assets																				
Cash	\$ 147,916	\$ 82	\$ 52,223	\$ 7,153	\$ 55,336	\$ 477	\$ 12,985	\$ -	\$ -	\$ 2,747	\$ -	\$ 61,653	\$ -	\$ 11,764	\$ 161,153	\$ -	\$ -	\$ 516,559		
Accounts Receivable	-	-	-	-	6,069	-	17,667	-	-	-	-	170,336	-	-	-	-	-	(600)	169,372	
Due from Other Governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Due from Other Funds	-	-	-	-	63,000	-	-	-	-	-	-	41,500	-	-	-	-	31,108	-	135,608	
Total Assets	\$ 147,916	\$ 82	\$ 52,223	\$ 7,153	\$ 124,395	\$ 477	\$ 12,985	\$ -	\$ -	\$ 2,747	\$ -	\$ 231,979	\$ 41,500	\$ 11,764	\$ 192,266	\$ (600)	\$ -	\$ 845,539		
Liabilities and Fund Balances																				
Liabilities																				
Accounts Payable & Accrued Expenses	\$ -	\$ -	\$ -	\$ -	\$ 6,803	\$ -	\$ 1,721	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,191	
Due to Other Funds	882	-	-	-	38,196	-	8,250	-	-	-	-	41,500	-	-	-	-	-	-	91,038	
Total Liabilities	882	-	-	-	44,999	-	9,971	-	-	-	-	41,500	-	-	-	-	-	-	117,229	
Fund Balances																				
Reserved for Specific Purposes	147,034	82	52,223	7,153	79,336	477	3,024	-	-	-	-	231,979	-	11,764	192,266	(600)	-	728,310		
Total Fund Balance	147,034	82	52,223	7,153	79,336	477	3,024	-	-	-	-	231,979	-	11,764	192,266	(600)	-	728,310		
Total Liabilities & Fund Balances	\$ 147,916	\$ 82	\$ 52,223	\$ 7,153	\$ 124,395	\$ 477	\$ 12,985	\$ -	\$ -	\$ 2,747	\$ -	\$ 231,979	\$ 41,500	\$ 11,764	\$ 192,266	\$ (600)	\$ -	\$ 845,539		

**CITY OF WAYCROSS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

Special Revenue Funds																			
	Law Enforcement Block Grant	WFD Info Technology Fund	Community Development	Forfeited Property	Cemetery	Jail	GEFA Grant Recycle & Waste	Weed & Seed Grant	CHIP Grant 2009	GEVA GRANT	CDBG Newtown	FEMA GRANT	EIP/Lowes Project	Revolving Loan	CDBG Newtown PHH	Glitchist Park	Cemetery Trust	Special Projects	Totals
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines & Forfeitures	-	17,315	25,423	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42,738
Charges for Services	-	-	-	166,284	-	-	-	-	-	-	-	-	-	-	-	-	-	-	166,284
Intergovernmental	12,962	-	-	-	17,667	-	17,667	282,000	28,016	16,088	-	63,591	-	-	31,330	-	-	387,904	839,544
Interest	1,447	2,103	-	562	-	-	-	-	-	-	321	-	-	6,775	-	211	2,884	-	14,332
Sale of Property	8,132	10,569	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,703
Other	4,025	-	-	-	-	568	-	-	-	-	-	7,969	-	-	-	-	-	-	12,562
Total Revenues	13,604	30,017	25,423	166,866	17,667	568	17,667	282,000	28,016	16,088	321	71,570	-	6,775	31,330	211	2,884	387,904	1,094,200
Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General & Administrative	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	31,860	26,705	-	-	94	-	274,539	-	16,088	-	71,570	-	-	-	-	-	-	420,886
Public Works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemetery	-	-	-	165,891	-	-	-	-	-	-	-	-	-	-	-	-	-	-	165,891
Community	4,197	12,962	-	-	-	-	-	-	28,016	-	14,022	-	-	357	28,297	-	-	-	87,851
Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-	-	-	-	1,148	-	-	-	-	-	-	-	1,148
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	17,667	-	-	-	-	-	-	-	-	-	-	-	17,667
Total Expenditures	4,197	12,962	26,705	165,891	17,667	94	17,667	274,539	28,016	16,088	15,170	71,570	-	357	28,297	-	-	388,594	406,266
Excess Revenues Over (Under) Expenditures	9,407	(1,873)	(1,282)	975	474	-	(14,849)	7,461	-	-	(14,849)	-	-	6,418	3,033	211	2,884	(690)	12,166
Other Financing Sources (Uses)	-	-	-	28,414	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,414
Operating Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	28,414	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,414
Excess Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	9,407	(1,873)	(1,282)	29,389	474	-	(14,849)	7,461	-	-	(14,849)	-	-	6,418	3,033	211	2,884	(690)	40,585
Fund Balance, July 1	137,627	82	54,036	8,435	50,007	3	(4,437)	-	-	-	15,386	-	-	225,561	32	11,553	180,362	-	687,72
Fund Balance, June 30	\$ 147,034	\$ 82	\$ 52,223	\$ 7,153	\$ 79,386	\$ 477	\$ -	\$ 3,024	\$ -	\$ -	\$ 537	\$ -	\$ -	\$ 231,979	\$ 3,065	\$ 11,764	\$ 192,266	\$ (690)	\$ 728,311

**CITY OF WAYCROSS, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2006**

	Health Insurance	Workers Compensation	Liability Insurance	Retirement	Payroll	Warehouse	Data Processing	City Garage	Public Building	Totals
Assets										
Current Assets										
Cash	\$ 172,664	\$ 453,108	\$ 188,892	\$ 62,303	\$ 13,281	\$ (54,023)	\$ 37,609	\$ 145,900	\$ 63,369	\$ 1,083,103
Accounts Receivable	18,793	16,847	-	-	-	-	12,445	-	-	48,085
Due from Other Funds	274,765	387,897	383,168	217,250	-	54,365	36,716	138,713	79,474	1,572,348
Total Current Assets	466,222	857,852	572,060	279,553	13,281	342	86,770	284,613	142,843	2,703,536
Fixed Assets										
Equipment (Net of Accum Deprec)	-	-	-	-	-	-	9,994	21,679	9,698	41,371
Total Assets	\$ 466,222	\$ 857,852	\$ 572,060	\$ 279,553	\$ 13,281	\$ 342	\$ 96,764	\$ 306,292	\$ 152,541	\$ 2,744,907
Liabilities										
Accounts Payable & Accrued Liabilities	\$ 202,604	\$ 15,171	\$ -	\$ -	\$ 10,988	\$ 342	\$ 13,839	\$ 25,133	\$ 1,920	\$ 269,997
Due to Other Funds	971,442	30,604	-	-	-	-	-	31,459	-	1,033,505
Total Liabilities	1,174,046	45,775	-	-	10,988	342	13,839	56,592	1,920	1,303,502
Fund Balances	(707,824)	812,077	572,060	279,553	2,293	-	82,925	249,700	150,621	1,441,405
Total Liabilities and Fund Balances	\$ 466,222	\$ 857,852	\$ 572,060	\$ 279,553	\$ 13,281	\$ 342	\$ 96,764	\$ 306,292	\$ 152,541	\$ 2,744,907

**CITY OF WAYCROSS, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006**

	Health Insurance	Workers Compensation	Liability Insurance	Retirement	Payroll	Warehouse	Data Processing	City Garage	Public Building	Totals
Operating Revenues										
Charges for Goods & Services	\$ 362,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 362,496
City Contributions	930,705	366,997	228,541	608,301	-	-	341,475	551,571	106,595	3,134,185
Other	-	-	13,303	-	-	-	-	-	-	13,303
Total Operating Revenues	1,293,201	366,997	241,844	608,301	-	-	341,475	551,571	106,595	3,509,984
Operating Expenses										
Personal Services	-	-	-	-	-	-	213,808	259,613	58,468	531,889
Premiums, Claims, Administration	1,175,652	341,800	148,507	-	-	-	-	-	-	1,665,959
Contractual Services	-	-	-	-	-	-	45,207	2,500	-	47,707
Supplies, Repairs, Maintenance	-	-	-	-	-	-	14,922	193,925	13,545	222,392
Operations-Other	-	-	-	-	-	-	38,057	23,666	4,889	66,612
Cost of Goods	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	4,738	2,749	3,879	11,366
Retirement Payments	-	-	-	515,863	-	-	-	-	-	515,863
Total Expenditures	1,175,652	341,800	148,507	515,863	-	-	316,732	482,453	80,781	3,061,788
Operating Income (Loss)	117,549	25,197	93,337	92,438	-	-	24,743	69,118	25,814	448,196
Nonoperating Revenues (Expenses)										
Interest Revenue	1,456	6,517	1,822	1,558	2,293	-	-	-	-	13,646
Interest Expense	-	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	1,456	6,517	1,822	1,558	2,293	-	-	-	-	13,646
Income (Loss) Before Operating Transfers	119,005	31,714	95,159	93,996	2,293	-	24,743	69,118	25,814	461,842
Operating Transfers In	-	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-	-
Net Income (Loss)	119,005	31,714	95,159	93,996	2,293	-	24,743	69,118	25,814	461,842
Fund Balances, July 1	(826,829)	780,363	476,901	185,557	-	-	58,182	180,582	124,807	979,563
Fund Balances, June 30	\$ (707,824)	\$ 812,077	\$ 572,060	\$ 279,553	\$ 2,293	\$ -	\$ 82,925	\$ 249,700	\$ 150,621	\$ 1,441,405

**CITY OF WAYCROSS, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

	Health Insurance	Workers Compensation	Liability Insurance	Retirement	Payroll	Warehouse	Data Processing	City Garage	Public Building	Totals
Cash Flows from Operating Activities:										
Cash received from customers	\$ 343,703	\$ -	-	-	-	-	-	-	\$ -	\$ 343,703
Cash received from operating grants	-	-	-	-	-	-	-	-	-	-
Cash received from other funds for services	930,705	366,897	241,844	608,301	-	-	341,475	551,571	106,595	3,147,488
Cash received from loss claim recoveries	-	-	-	-	-	-	-	-	-	-
Other operating cash receipts	-	-	-	-	-	-	-	-	-	-
Cash payments for supplies of goods & services	(1,192,836)	(299,690)	(147,347)	(539,563)	(886)	(21,878)	(314,355)	(481,854)	(97,113)	(3,085,522)
Cash payment for loss claims	-	-	-	-	-	-	-	-	-	-
Cash payments to the funds for services	-	-	-	-	-	-	-	-	-	-
Net cash provided (used) by operating activities	81,572	67,307	94,497	68,738	(886)	(21,878)	27,120	69,717	9,482	395,669
Cash Flows From Noncapital Financing Activities:										
Operating Transfer in (Out)	-	-	-	-	-	-	-	-	-	-
Net cash flows provided (used) by Noncapital Financing Activities	-	-	-	-	-	-	-	-	-	-
Cash Flows From Capital and Related Financing Activities										
Payments related to acquisition of capital assets	-	-	-	-	-	-	-	(24,428)	-	(24,428)
Interest expense	-	-	-	-	-	-	-	-	-	-
Net cash flows provided (used) by Capital & Related Financing Activities	-	-	-	-	-	-	-	(24,428)	-	(24,428)
Cash Flows From Investing Activities										
Interest Revenue	1,456	6,517	1,822	1,558	2,293	-	-	-	-	13,646
Net Cash Flows Provided (Used) by Investing Activities	1,456	6,517	1,822	1,558	2,293	-	-	-	-	13,646
Net increase (decrease) in cash & cash investments	83,028	73,824	96,319	70,296	1,407	(21,878)	27,120	45,289	9,482	384,887
Cash & cash investments, July 1	89,636	379,284	92,573	(7,993)	11,874	(32,145)	10,489	100,611	53,887	698,216
Cash & cash investments, June 30	\$ 172,664	\$ 453,108	\$ 188,892	\$ 62,303	\$ 13,281	\$ (54,023)	\$ 37,609	\$ 145,900	\$ 63,369	\$ 1,083,103
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:										
Income (loss) from operations	117,549	25,197	93,337	92,438	-	-	24,743	69,118	25,814	445,196
Adjustments to reconcile net income to net cash provided by operating activities:										
Depreciation	-	-	-	-	-	-	4,738	2,749	3,879	11,366
(Increase) Decrease in Accounts Receivable	(18,793)	-	-	-	-	-	-	-	-	(18,793)
(Increase) Decrease in Prepaid Insurance	-	(2,632)	-	-	-	-	3,485	-	-	853
(Increase) Decrease in Due from Other Funds	63,697	57,800	1,160	(23,700)	-	(19,541)	(7,808)	(9,077)	(15,705)	46,826
(Increase) Decrease in Imprest Deposit	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable	(80,881)	(13,058)	-	-	(886)	(2,337)	1,962	6,927	(4,506)	(92,779)
Total Adjustments	(35,977)	42,110	1,160	(23,700)	(886)	(21,878)	2,377	599	(16,332)	(52,527)
Net Cash Provided (Used) by Operating Activities	81,572	67,307	94,497	68,738	(886)	(21,878)	27,120	69,717	9,482	395,669
Reconciliation of total cash & cash investments:										
Current assets-cash & cash investments	\$ 172,664	\$ 453,108	\$ 188,892	\$ 62,303	\$ 13,281	\$ (54,023)	\$ 37,609	\$ 145,900	\$ 63,369	\$ 1,083,103

**CITY OF WAYCROSS, GEORGIA
 COMBINING STATEMENT OF FIDUCIARY ASSETS & LIABILITIES
 JUNE 30, 2006**

	<u>Police Condemnation</u>	<u>Municipal Court</u>	<u>Total Agency Funds</u>
Assets			
Cash	\$ 61,337	\$ 78,686	\$ 140,023
Total Assets	<u>\$ 61,337</u>	<u>\$ 78,686</u>	<u>\$ 140,023</u>
Liabilities			
Refundable Court Bonds		\$ 78,686	\$ 78,686
Seized Funds Held	61,337		\$ 61,337
Total Liabilities	<u>\$ 61,337</u>	<u>\$ 78,686</u>	<u>\$ 140,023</u>

SINGLE AUDIT

Beal, Yonz, Rivers & Taylor, LLC

Certified Public Accountants

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Independent Auditor's 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

December 1, 2006

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waycross, Georgia as of and for the year ended June 30, 2006, which collectively comprise the City of Waycross, Georgia's basic financial statements and have issued our report thereon dated December 1, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Waycross, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements caused by errors and fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated December 1, 2006.

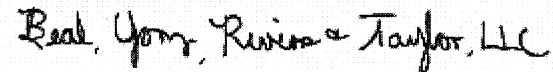
To the Honorable Mayor and
Members of the City Commission
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waycross, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express 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.

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

Respectfully submitted,



BEAL, YONZ, RIVERS & TAYLOR, LLC

Beal, Yonz, Rivers & Taylor, LLC

Certified Public Accountants

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Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

December 1, 2006

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

Compliance

We have audited the compliance of the City of Waycross, Georgia with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. City of Waycross, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Waycross, Georgia's management. Our responsibility is to express an opinion on City of Waycross, Georgia's compliance based on our audit.

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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about City of Waycross, 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. Our audit does not provide a legal determination of City of Waycross, Georgia's compliance with those requirements.

In our opinion, City of Waycross, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

To the Honorable Mayor and
Members of the City Commission
Page 2

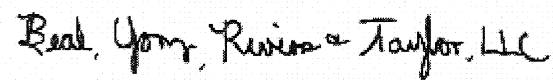
Internal Control over Compliance

The management of City of Waycross, Georgia, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Waycross, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Respectfully submitted,



BEAL, YONZ, RIVERS & TAYLOR, LLC

**CITY OF WAYCROSS, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

A. Summary of Auditor's results

1. The auditor's report expresses an unqualified opinion of the financial statements of the City of Waycross.
2. No material reportable weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Waycross which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. No material reportable weaknesses were identified during the audit of internal control over the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the City of Waycross expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 for the City of Waycross are reportable in Part D in this schedule.
7. The programs tested as major programs included:

	<u>CFDA Number</u>
U. S. Department of Justice - Weed & Seed Program	16.595

8. The threshold for distinguishing Types A and B Programs was \$300,000.
9. The City of Waycross was determined to be a low-risk auditee.

B. Findings – Financial Statements Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None Reported

D. Current Year – Other Findings

None

**CITY OF WAYCROSS, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006**

Reportable Conditions

None

**CITY OF WAYCROSS, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

Grantor/Pass Through Grantor U.S. Department of Housing and Urban Development	Program Title	Contract Number	CFDA No.	Award Amount	Disbursements/ Expenditures
State of Georgia- Dept. of Comm. Affairs	Community Home Investment Program	04m-x-148-2-2909	14.239	253,150 \$	28,016 **
	Subtotal - Community Home Investment Program 14.239				<u>28,016</u>
State of Georgia- Dept. of Comm. Affairs	Community Home Block Grant	01b-x-148-2-2577	14.219	709,006 \$	14,077
State of Georgia- Dept. of Comm. Affairs	Community Development Block Grant - Multi-Activity	3b-x-148-2-2866	14.219	477,152	28,297 **
State of Georgia- Dept. of Comm. Affairs	Community Development Block Grant - Public Fac & Improvements	03q-x-148-2-2906	14.219	400,000	<u>164,025 **</u>
	Subtotal - Community Development Block Grant-CFDA 14.219				<u>206,399</u>
	Total U.S. Department of Housing and Urban Development				<u>234,415</u>
Federal Emergency Management Agency	Assistance to Firefighters Grant	EMW-2003-FG-08565	97.044	63,651 \$	63,581 **
U.S. Department of Justice	Local Law Enforcement Block Grant	2005DJBX0223	16.592	21,544 \$	12,962 **
	Weed and Seed Programs	2005WSQ50028	16.595	450,000	<u>274,539 **#</u>
	Total U.S. Department of Justice				<u>287,501</u>
	Total Expenditures of Federal Awards				<u>585,497</u>

*-Type A Program

**-Type B Program

#-Major Program

Note A - Significant Accounting Principles

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City's Federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

See accompanying notes to schedule of expenditures of federal awards.

ADDITIONAL SCHEDULES AND OTHER INFORMATION

Beal, Yonz, Rivers & Taylor, LLC

Certified Public Accountants

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Independent Auditor's Report on the Schedule of Projects Constructed With Special Purpose Local Option Sales Tax Proceeds

December 1, 2006

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

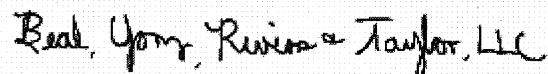
We have audited the accompanying Schedule of Projects Constructed with Special Purpose Local Option Sales Tax for the City of Waycross, Georgia for the year ended June 30, 2006. This schedule is the responsibility of the City of Waycross, Georgia's management. Our responsibility is to express an opinion on the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax 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 Schedule of Projects Constructed with Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Projects Constructed with Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121, was prepared on the accrual basis of accounting as described in Note 1, and is not intended to be a complete presentation of the City of Waycross, Georgia's revenues and expenditures.

In our opinion, the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost and the current and prior year expenditures for each project in the City of Waycross, Georgia's resolution or ordinance calling for the tax for the year ended June 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,



BEAL, YONZ, RIVERS & TAYLOR, LLC

CITY OF WAYCROSS, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
THROUGH THE FISCAL YEAR ENDED JUNE 30, 2006

Projects	Original Estimated Cost	Prior Year	Current Year	Total	Estimated Percentage of Completion
PR-8530-32 (299) Streets # 4	\$ 914,931	\$ 914,931	\$ -	\$ 914,931	100%
PR-8530-38 (299) Streets # 5	1,012,635	1,012,635	-	1,012,635	100%
PR-8530-37 (299) Streets # 6	1,153,080	1,153,401	-	1,153,401	100%
PR-8530-40 (299) Elizabeth and Seminole	103,350	103,350	-	103,350	100%
PR-8520-18 (299) Streets # 7	1,240,571	1,387,968	-	1,387,968	100%
PR-8520-18 (299) Streets # 3	34,661	34,661	-	34,661	100%
Hill & Williams	153,600	96,027	-	96,027	100%
PR-8531-010-01 Streets # 8	900,931	830,451	-	830,451	100%
PR-8530-42 (299) Streets # 9	1,302,458	1,308,197	-	1,308,197	100%
PR-8351-010-01 Storm Drain Improvements Riverside	153,600	162,100	-	162,100	100%
Adm inistrative	-	113,790	-	113,790	100%
U.S. 1 Drainage	585,280	640,327	-	640,327	100%
Hazzard Hill Drainage	141,235	145,299	-	145,299	100%
Quartermen Street Drainage	79,720	164,713	-	164,713	100%

CITY OF WAYCROSS, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
THROUGH THE FISCAL YEAR ENDED JUNE 30, 2006

Projects	Original Estimated Cost	Prior Year	Current Year	Total	Estimated Percentage of Completion
Milling Street Drainage	34,657	34,657	-	34,657	100%
Central Ave. & City Blvd. Drainage	551,405	623,291	-	623,291	100%
Roberts Street Drainage	-	1,566	-	1,566	100%
City Boulevard Mini Mall	-	5,888	-	5,888	100%
Upchurch Street	-	520	-	520	100%
Miscellaneous	-	285	-	285	100%
Suwanee Street Canal	-	1,735	-	1,735	100%
Painting and Striping Streets	-	178,481	-	178,481	100%
Miscellaneous	-	6,976	-	6,976	100%
Kroger Evaluation	-	2,328	-	2,328	100%
Dorothy Street	-	4,200	-	4,200	100%
Corridor Z and Bennett Road	-	300	-	300	100%
Uvalda Street	-	9,358	-	9,358	100%
Beacon Hill	-	44,408	-	44,408	100%
Northwood Terrace	-	23,078	-	23,078	100%
PR-6610-061-00 Contract # 11A	966,708	1,082,951	-	1,082,951	100%
PR-8351-025-01 Contract # 10	1,199,857	1,363,237	-	1,363,237	100%
PR-8351-033-01					

CITY OF WAYCROSS, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
THROUGH THE FISCAL YEAR ENDED JUNE 30, 2006

Projects	Original Estimated Cost	Prior Year	Current Year	Total	Estimated Percentage of Completion
Central Avenue Drainage	-	10,541	-	10,541	100%
City Boulevard Phase II, IV	-	139,664	-	139,664	100%
38 Connector Widening	-	524,340	-	524,340	100%
PR-8351-036-01 Bazemore Park	-	23,775	-	23,775	100%
Drainage Ditch Project	-	52,559	-	52,559	100%
PR-8531-023-01 U.S. 1 Drainage - Baldwin Rental	-	43,225	-	43,225	100%
Aerial Mapping	-	6,252	-	6,252	100%
Senate Street Miscellaneous	-	350	-	350	100%
Shawnee Drive, Andrea Drive and Knight Avenue	-	3,736	-	3,736	100%
Lee Avenue	-	14,718	-	14,718	100%
Riverside, Dorothy, & Darling	-	7,600	-	7,600	100%
Haines Street Improvements	-	5,598	-	5,598	100%
Painting and Striping Streets	-	23,639	-	23,639	100%
Riverside Drive - Drainage	-	29,650	-	29,650	100%
Milling - Carswell Avenue	-	20,000	-	20,000	100%
City Blvd. - Lamar Johnson Project	-	21,008	-	21,008	100%

CITY OF WAYCROSS, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
THROUGH THE FISCAL YEAR ENDED JUNE 30, 2006

Projects	Original Estimated Cost	Prior Year	Current Year	Total	Estimated Percentage of Completion
Central Avenue & St. Mary's St. Repairs	-	5,962	-	5,962	100%
Traffic Light - Waycross College	-	6,000	-	6,000	100%
Painting and Striping Streets	-	123,968	-	123,968	100%
Materials - Miscellaneous Street Repair Jobs	-	128,513	-	128,513	100%
Portable Sewer Video Camera, Custom Built Trailer and Honda Generator	-	30,000	-	30,000	100%
Oakland Cemetery	-	5,467	-	5,467	100%
Railroad Relocation Project	835,000	14,888	-	14,888	0%
City Boulevard Improvement Project - Phase II RP-8351-038-01	589,501	689,375	-	689,375	100%
GIS Mapping Project	-	5,145	-	5,145	100%
PR-6610-061-00 Contract 11B	751,469	644,798	-	644,798	100%
City Boulevard Phase IV Project No. 8351-047-01	-	2,600	10,142	12,742	0%
Downtown Drainage Project	-	472,890	-	472,890	100%
Street Improvement Project- Newtown Phase II (City Match)	-	10,000	-	10,000	100%
Water & Sewer Improvements State Health Lab	-	35,248	-	35,248	100%
Milling - Church Street	-	7,000	-	7,000	100%
PR-8530-65 (Contract C35064-03-000-0) Carswell Avenue	-	390	-	390	0%
Road Projects	-	476,836	-	476,836	100%
Total	\$ 12,704,649	\$ 15,036,844	\$ 10,142	\$ 15,046,986	

**CITY OF WAYCROSS, GEORGIA
 CHIP GRANT #04m-x-148-2-2909
 STATEMENT OF PROGRAM COSTS AND STATEMENT OF SOURCES/STATUS OF FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006**

Program Activity	Budgeted Costs	Paid to Date	Costs Obligated	Total Cost	Questioned Costs
H-14A-01 Rehabilitation of Private Properties	122,500	14,500		14,500	253,150
H-013-00 Downpayment/Closing Cost Assistance	110,000	50,636		50,636	(67,636)
A-21A-00 Administration	10,150	2,500		2,500	185,514
C-022-00 Contingencies	10,500				
Totals	253,150	67,636		67,636	
				Total Program Funds Allocated to Recipient	
				Less: Funds Drawn Down by Recipient	
				Funds Still Available to be Drawn Down	
				Total Funds Drawn Down by Recipient	67,636
				Less: Funds Applied to Costs	(67,636)
				Total Funds Available for Disposition	

Expenditure per Financial Statements-

FYE 06/30/05	39,620
FYE 06/30/06	28,016
	<u>67,636</u>

CITY OF WAYCROSS, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT #03q-x-148-2-2906
STATEMENT OF PROGRAM COSTS AND STATEMENT OF SOURCES/STATUS OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Program/Activity	Budgeted Costs	Paid to Date	Costs Obligated	Total Cost	Questioned Costs	Total Program Funds Allocated to Recipient
E-17B-00						
Public Facilities & Improvements	\$ 376,000	\$ 376,000	\$ -	\$ 376,000	\$ -	\$ 400,000
E-21A-00						(400,000)
Administration	24,000	24,000	-	24,000	-	
Totals	\$ 400,000	\$ 400,000	\$ -	\$ 400,000	\$ -	\$ -
Less: Funds Drawn Down by Recipient Funds Still Available to be Drawn Down						
Total Funds Drawn Down by Recipient Less: Funds Applied to Costs Total Funds Available for Disposition						
Expenditures per Financial Statements-						
FYE 06/30/04	\$ -					\$ 400,000
FYE 06/30/05	235,975					(400,000)
FYE 06/30/06	164,025					\$ -
	\$ 400,000					\$ -

CITY OF WAYCROSS, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT #3b-x-148-2-2866
STATEMENT OF PROGRAM COSTS AND STATEMENT OF SOURCES/STATUS OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Program Activity	Budgeted Costs	Paid to Date	Costs Obligated	Total Cost	Questioned Costs	Total Program Funds Allocated to Recipient
H-001-02						
Acquisition of Property	\$ 1,800	\$ 1,800	\$ -	\$ 1,800	\$ -	\$ 477,152
P-03k-01						(449,433)
Street Improvements	131,428	123,571	-	123,571	-	Less: Funds Drawn Down by Recipient
P-03J-01						Funds Still Available to be Drawn Down
Water Facilities	24,691	24,691	-	24,691	-	Total Funds Drawn Down by Recipient
P-03K-02						Less: Funds Applied to Costs
Flood and Drainage Facilities	80,424	80,424	-	80,424	-	Total Funds Available for Disposition
H-0004-00						\$ 3,065
Clearance	5,200	4,526	-	4,526	-	
H-14A-02						
Reconstruction of Private Properties	140,904	134,842	-	134,842	-	
P-03J-02						
Sewer Facilities	51,314	51,314	-	51,314	-	
A-21A-00						
Administration	33,401	25,200	-	25,200	-	
C-022-00						
Contingencies	7,990	-	-	-	-	
Totals	\$ 477,152	\$ 446,368	\$ -	\$ 446,368	\$ -	

Expenditures per Financial Statements-

FYE 06/30/04	\$ 32,258
FYE 06/30/05	385,813
FYE 06/30/06	28,297
	<u>\$ 446,368</u>

**CITY OF WAYCROSS, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT #01b-x-148-2-2577
STATEMENT OF PROGRAM COSTS AND STATEMENT OF SOURCES/STATUS OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

Program Activity	Budgeted Costs	Paid to Date	Costs Obligated	Total Cost	Questioned Costs	Total Program Funds Allocated to Recipient
H-001-00 Acquisition of Property	\$ 3,000	\$ 3,000	\$ -	\$ 3,000	\$ -	\$ 709,006
P-03k-01 Street Improvements	147,610	147,610	-	147,610	-	(709,006)
P-03j-01 Water Facilities	36,022	36,022	-	36,022	-	\$ -
P-03k-02 Flood and Drainage Facilities	159,337	159,337	-	159,337	-	\$ 709,006
H-0004-00 Clearance	18,500	18,981	-	18,981	-	(707,913)
H-14A-01 Rehabilitation of Private Properties	-	-	-	-	-	1,093
H-14A-02 Reconstruction of Private Properties	252,902	253,022	-	253,022	-	
P-03f-00 Park	42,005	41,884	-	41,884	-	
A-21A-00 Administration	49,630	48,057	-	48,057	-	
C-022-00 Contingencies	-	-	-	-	-	
Totals	\$ 709,006	\$ 707,913	\$ -	\$ 707,913	\$ -	

Items paid by City, not included in Qtrly Reports
Totals to date per Financial Statements

\$ 11,142
\$ 719,055

Expenditures per Financial Statements-

FYE 06/30/01	\$ 3,162
FYE 06/30/02	58,115
FYE 06/30/03	428,690
FYE 06/30/04	173,547
FYE 06/30/05	41,464
FYE 06/30/06	14,077
	<u>\$ 719,055</u>

Beal, Yonz, Rivers & Taylor, LLC

Certified Public Accountants

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Management Letter

December 1, 2006

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

In planning and performing our audit of the financial statements of the City of Waycross for the year ended June 30, 2006, we considered the City's internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the City's internal control structure in our report dated December 1, 2006. This letter does not affect our report dated December 1, 2006 on the financial statements of the City of Waycross.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Fixed Asset Inventory

The City has completed the inventory of fixed assets and now maintains a listing of these assets reflecting current year additions and deletions. The reporting model required by GASB No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" was implemented by the city in their financial statements for the fiscal year ended June 30, 2003. There were special transition provisions relating to the reporting of general infrastructure assets. Infrastructure is defined as a form of capital asset that has a relatively long life and is stationary in nature, such as roads and bridges. The City has been given until June 30, 2007 to report major general infrastructure assets retroactively. We recommend that the City begin gathering data needed to determine the cost of its infrastructure.

Plan for Eliminating Interfund Receivable/Payables

Management began, during the year ending June 30, 2006, eliminating interfund receivables and payables that have occurred in the past. As of June 30, 2006, interfund receivables and payables totaled \$3,032,468 (see footnote # 7, page 36) as compared to \$4,260,909 at June 30, 2005.

To the Honorable Mayor and

Schedule of Federal Awards

A schedule of federal awards should be maintained, recording the amounts received and the amounts spent. This will assist the auditors with determining compliance with the requirements of the Single Audit – OMB Circular A-133. This will also assist city personnel with ensuring that expenditures are made in accordance with award program guidelines. The City has hired an individual to be responsible for all federal and related grants to ensure that expenditures are made in accordance with award program guidelines.

The City is now recording these grants and their respective bank accounts in funds on the City's books.

Returned Checks

Checks that are returned by the bank –not sufficient funds – are posted to the City's general ledger in an asset account. When the checks are redeposited they are not always removed from this account. The general ledger account (#505-11-1950) Returned Checks Reim. needs to be reconciled on a monthly basis to the returned checks on-hand that have not been collected at the end of each month.

Collections & Write-off of Accounts Receivable – Water/Sewer & Waste Management

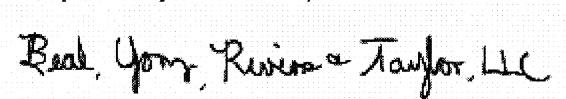
We recommend that a formal written policy be developed for the collection and write-off of past due accounts for water and sewer and waste management accounts receivable. The City has established an allowance for uncollectible accounts for their past-due amounts in water & sewer and waste management funds. We recommend that the City also develop a written policy for establishing an allowance account.

In accomplishing this, the City needs to review the aging for past-due accounts and provide an additional appropriate provision for uncollectible accounts when there is an increase in past due accounts in relation to total customer receivables. Account aging and trends are important tools in evaluation of collectibility of accounts. We recommend that a periodic review (at least quarterly) be made to determine the adequacy of the allowance for doubtful accounts. In evaluating the allowance, consideration should be given to the impact of such factors as the economic environment, credit conditions, account mix, and change in credit practices.

We wish to thank the City Management and other staff for their support and assistance during our audit. Maintaining the quality of internal accounting controls requires a constant monitoring of current procedures to make appropriate adjustments for changing circumstances. We believe that the adoption of our recommendations would strengthen the internal controls of the City of Waycross and improve operating efficiency.

This report is intended solely for the information and use of the management of the City Commission, management and others within the City's organization and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Beal, Yonz, Rivers and Taylor, LLC

**STATISTICAL SECTION
(Unaudited)**

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

Year Ending	(1) Administration	Police	Fire	Public Works	Culture/ Recreation	Improvements	Garage	Debt Service	Capital Outlay	Operating Transfers	Total
1996-97	\$ 611,016	\$ 2,814,668	\$ 1,580,933	\$ 1,524,340	\$ -	\$ 140,608	\$ 245,348	\$ -	\$ 69,045	\$ 258,670	\$ 7,244,628
1997-98	627,561	2,833,818	1,705,200	1,586,535	-	145,563	227,777	-	84,020	231,898	7,442,372
1998-99	614,812	2,921,020	1,788,954	1,627,391	-	130,442	249,000	-	127,170	192,703	7,651,492
1999-00	788,839	2,894,133	1,899,659	1,639,900	-	179,854	272,790	-	96,872	281,065	8,053,112
2000-01	729,944	3,411,612	2,080,838	1,613,485	89,590	411,454	-	221,679	268,713	143,591	8,970,906
2001-02	924,991	3,248,982	2,175,217	1,837,616	237,155	426,576	-	236,296	515,325	157,859	9,760,017
2002-03	506,748	3,224,503	2,137,638	1,842,105	209,870	443,235	-	192,476	-	16,931	8,573,506
2003-04	497,377	3,430,901	2,189,829	1,516,705	98,487	423,762	-	186,043	97,723	58,910	8,499,737
2004-05	930,182	3,110,685	2,378,271	1,320,200	120,478	537,124	-	201,659	270,913	73,893	8,943,405
2005-06	713,276	3,393,505	2,498,425	1,303,025	-	538,020	-	180,027	235,296	207,002	9,068,576

Net of Reimbursements

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

Year Ending	Taxes	Licenses and Permits	Fines and Forfeitures	Charges for Service	Sale of City Property	Other	Inter-		Total
							Governmental Revenue	Revenue	
1996-97	\$ 5,864,833	\$ 618,304	\$ 481,094	\$ 3,920	\$ 22,852	\$ 77,810	\$ 20,261	\$	\$ 7,089,074
1997-98	5,995,689	614,917	557,520	3,270	15,385	62,524	-		7,249,305
1998-99	6,551,387	614,442	621,716	3,260	7,165	63,682	-		7,861,652
1999-00	6,792,831	662,502	493,715	4,418	-	54,205	-		8,007,671
2000-01	6,769,724	726,575	526,365	27,456	22,192	88,893	257,314		8,418,519
2001-02	6,979,471	779,864	627,954	54,102	30,252	79,470	302,607		8,853,720
2002-03	7,021,640	670,631	366,243	23,420	-	81,357	197,714		8,361,005
2003-04	7,562,525	805,228	414,039	20,165	-	116,253	177,907		9,096,117
2004-05	8,040,572	790,256	396,280	18,886	-	179,377	200,446		9,625,817
2005-06	8,238,426	856,908	453,997	16,220	-	126,890	159,310		9,851,751

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

Year Ending	Total Taxes	Property Taxes	Franchise Taxes	Sales Taxes	Revenues and Other Taxes
1996-97	\$ 5,864,833	\$ 1,669,220	\$ 894,492	\$ 2,287,479	\$ 1,013,642
1997-98	5,995,689	1,777,595	891,172	2,244,824	1,082,098
1998-99	6,551,387	2,164,440	925,386	2,343,059	1,118,502
1999-00	6,792,831	2,346,578	889,736	2,422,324	1,134,193
2000-01	6,769,724	2,304,731	993,299	2,497,452	974,242
2001-02	6,979,471	2,495,853	956,817	2,483,729	1,043,072
2002-03	7,021,640	2,436,541	945,803	2,510,344	1,128,952
2003-04	7,562,525	2,440,906	1,007,808	2,703,157	1,410,654
2004-05	8,040,572	2,472,486	980,474	3,015,924	1,571,688
2005-06	8,238,426	2,338,524	1,105,090	3,189,036	1,605,776

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

Year Ending	Total Tax		Current Tax		Percent of		Collection		Total Collections	Total Collections		Outstanding Delinquent Taxes
	Levy	\$	Collections	\$	Levy Collected	Prior Years	Years	as a Percent of Current Levy		as a Percent of Current Levy		
1996-97	\$	1,424,315	\$	1,338,531	94.0%	\$	58,669	\$	1,397,200	98.1%	\$	126,374
1997-98		1,551,528		1,504,486	97.0%		73,669		1,578,155	101.7%		136,639
1998-99		1,936,149		1,821,667	94.1%		63,130		1,884,797	97.3%		156,859
1999-00		1,985,094		1,846,831	93.0%		91,194		1,938,025	97.6%		179,054
2000-01		2,007,441		1,855,095	92.4%		99,378		1,954,473	97.4%		198,350
2001-02		2,207,403		2,088,326	94.6%		120,636		2,208,962	100.1%		205,551
2002-03		2,023,199		1,875,880	92.7%		90,176		1,966,056	97.2%		262,695
2003-04		2,157,469		2,097,060	97.2%		131,139		2,228,199	103.3%		152,914
2004-05		2,257,819		2,055,820	91.1%		67,578		2,123,398	94.0%		246,252
2005-06		2,282,322		2,101,860	92.0%		97,313		2,199,173	96.4%		156,101

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

Year Ending	Assessed Value	Appraised Value	Percent of Appraised Value
1996-97	\$ 172,643,868	\$ 431,609,670	40%
1997-98	189,141,316	472,583,290	40%
1998-99	203,804,632	509,511,580	40%
1999-00	203,599,080	508,997,700	40%
2000-01	212,053,561	530,133,903	40%
2001-02	210,829,272	527,073,055	40%
2002-03	228,394,589	570,986,472	40%
2003-04	239,560,327	598,900,818	40%
2004-05	250,548,919	626,372,298	40%
2005-06	253,067,188	632,667,970	40%

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

	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
Residential	\$ 96,731,206	\$ 92,978,395	\$ 84,518,806	\$ 82,093,351	\$ 78,514,534	\$ 78,833,664	\$ 74,182,446	\$ 72,046,988	\$ 66,767,417	\$ 63,166,791
Historic	132,840	125,411	125,412	104,510	104,510	104,510	104,510	173,665	-	-
Commercial	121,842,075	113,535,416	110,964,113	105,510,340	105,437,291	102,908,664	95,732,942	92,465,545	87,490,469	74,779,408
Industrial	1,246,432	1,027,874	1,074,028	1,639,457	1,690,024	1,914,787	1,902,523	2,703,197	2,289,181	2,040,846
Personal	-	-	-	-	-	-	-	-	-	-
Others	24,145	(3)	19,047	(3)	45,092	(3)	(3)	(3)	(3)	(3)
Utilities	33,092,588	42,869,064	42,865,709	36,936,617	34,812,727	37,368,013	38,680,505	38,418,072	33,526,482	33,526,482
Motor Vehicles	22,196,590	23,223,630	23,990,390	23,798,530	23,535,510	23,468,581	22,089,882	12,109,072	22,732,006	22,803,058
Mobile Homes	1,675,063	1,793,987	1,919,341	799,716	690,989	760,514	462,829	632,183	653,696	560,266
Railroad Car	-	-	-	-	-	-	-	-	-	-
(2)	\$ 276,940,939	\$ 275,568,361	\$ 265,476,846	\$ 250,922,150	\$ 244,830,677	\$ 245,381,621	\$ 233,185,480	\$ 218,583,880	\$ 213,495,099	\$ 196,932,083
Exemptions (1)	\$ (13,202,188)	\$ (12,964,207)	\$ (12,187,683)	\$ (11,972,104)	\$ (9,732,042)	\$ (9,091,405)	\$ (7,033,689)	\$ (2,037,993)	\$ (968,081)	\$ (924,891)
Total (1)	\$ 263,738,751	\$ 262,604,154	\$ 253,289,163	\$ 238,950,046	\$ 235,098,635	\$ 236,290,216	\$ 226,151,791	\$ 216,545,887	\$ 212,527,018	\$ 196,007,192

(1) All amounts are shown at 40% estimated actual value.

(2) Current railroad equipment valuation is omitted because City does not levy tax.

(3) Information not available to split assessed property value between commercial and personal.

**CITY OF WAYCROSS, GEORGIA
PROPERTY TAX RATES
LAST TEN YEARS**

<u>Year Ending</u>	<u>City</u>
1996-97	8.25
1997-98	8.25
1998-99	9.50
1999-00	9.75
2000-01	9.37
2001-02	10.37
2002-03	10.27
2003-04	10.27
2004-05	10.27
2005-06	10.266

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

Year Ending	Population	Value	Gross Bonded Debt	Ratio of Gross	
				Bonded Debt to Assessed Value	Gross Bonded Debt per Capita
1996-97	16,410	\$ 172,643,868	-	0.00%	-
1997-98	16,410	189,141,316	-	0.00%	-
1998-99	16,410	203,804,632	-	0.00%	-
1999-00	17,000	203,599,080	-	0.00%	-
2000-01	15,333	212,053,561	-	0.00%	-
2001-02	15,333	210,829,272	-	0.00%	-
2002-03	15,333	228,394,589	-	0.00%	-
2003-04	15,333	239,560,327	-	0.00%	-
2004-05	15,333	250,548,919	-	0.00%	-
2005-06	15,333	253,068,188	-	0.00%	-

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

Year Ending	Capitalized Leases & Equipment Financing Principal & Interest	Principal	Interest	Total Debt Service	Total General Expenditures	Percent of Debt Service to General Expenditures
1996-97	\$ 291,670	-	-	\$ 291,670	\$ 7,244,628	4.03%
1997-98	252,428	-	-	252,428	7,442,372	3.39%
1998-99	200,005	-	-	200,005	7,651,492	2.61%
1999-00	223,944	-	-	223,944	8,053,112	2.78%
2000-01	221,679	-	-	221,679	8,970,906	2.47%
2001-02	236,296	-	-	236,296	9,602,158	2.46%
2002-03	192,476	-	-	192,476	8,556,575	2.25%
2003-04	186,043	-	-	186,043	8,440,827	2.20%
2004-05	201,659	-	-	201,659	8,869,512	2.27%
2005-06	180,027	-	-	180,027	8,854,409	2.03%

**CITY OF WAYCROSS, GEORGIA
 COMPUTATION OF LEGAL DEBT MARGIN
 AND DIRECT AND OVERLAPPING DEBT
 JUNE 30, 2006**

Assessed Value	<u>\$ 253,068,188</u>
Debt Limit: 10% of Assessed Value	\$ 25,306,819
Less: Debt Application to Debt Limit	
General Obligation Indebtedness	<u>15,511,980</u>
Legal Debt Margin	<u><u>\$ 9,794,839</u></u>
Direct and Overlapping Debt	
City's Direct Bonded Debt	\$ -
City's Obligation on Water and Sewer Loan	15,511,980
Bonded Debt of Other Overlapping	
Governments Assessed Against City Taxpayers	<u>-</u>
Total Direct and Overlapping Debt	<u><u>\$ 15,511,980</u></u>

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

<u>Year Ending</u>	<u>Gross Revenue</u>	<u>Expense (1)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Coverage (2)</u>
1996-97	\$ 3,581,922	\$ 2,374,683	\$ 1,207,239	1.49
1997-98	3,797,716	2,569,682	1,228,034	1.31
1998-99	3,815,847	2,628,608	1,187,239	1.20
1999-00	4,285,280	2,589,520	1,695,760	1.73
2000-01	3,921,273	3,103,289	817,984	0.79
2001-02	4,152,225	3,062,904	1,089,321	0.56
2002-03	5,384,151	3,381,461	2,002,690	0.68
2003-04	5,499,290	3,184,932	2,314,358	1.17
2004-05	5,740,818	3,611,739	2,129,079	1.08
2005-06	5,797,286	3,547,720	2,249,566	1.14

(1) Net of depreciation and bond interest.

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

**CITY OF WAYCROSS, GEORGIA
PRINCIPAL WATER AND SEWER CUSTOMERS
2005-2006**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
1. Ware Correctional Institute	\$ 139,575	\$ 150,130	\$ 289,705
2. Satilla Regional Medical Center	59,452	63,925	123,377
3. CSX Transportation	30,686	54,085	84,771
4. Waycross Housing Authority	20,760	29,614	50,374
5. Flanders Provision	19,871	21,269	41,140
6. Baptist Village	-	30,821	30,821
7. Ware County Board of Education	10,120	18,664	28,784
8. Sandy Creek Apartments	13,548	14,519	28,067
9. Ware County Commission	12,205	13,094	25,299
10. Rich Seapak	10,190	10,843	21,033
Total	<u>\$ 316,407</u>	<u>\$ 406,964</u>	<u>\$ 723,371</u>

**CITY OF WAYCROSS, GEORGIA
PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Assessed Value</u>	<u>Tax Levied</u>
1. CSX Corporation	\$ 18,693,575	\$ 191,161
2. Bellsouth Telecommunications	5,472,884	55,966
3. Walmart Stores, Inc.	4,279,694	43,764
4. Georgia Power Company	3,677,725	37,608
5. Lowe's Home Centers, Inc.	3,263,893	33,377
6. Kolb & Wheeler & Walters	3,228,806	33,018
7. Walmart Stores East LP	3,067,912	31,372
8. Lowe's Home Centers, Inc.	2,370,816	24,244
9. Flanders Provision Co.	1,910,025	17,488
10. Kroger Company	1,856,316	18,983
Total	<u>\$ 47,821,646</u>	<u>\$ 486,981</u>

**CITY OF WAYCROSS, GEORGIA
MISCELLANEOUS STATISTICS
JUNE 30, 2006**

Date of Incorporation	1,874
Form of Government	Manager
Number of Employees (Excluding Police and Fire)	
Classified	120
Exempt	7
Area in Square Miles	14
Population	15,333
City of Waycross Facilities and Services	
Miles of Streets	170
Number of Street Lights	1,909
Number of Traffic Lights	23
Culture and Recreation	
Community Centers	1
Parks	15
Park Acreage	36.25
Golf Courses	-
Swimming Pools	-
Tennis Courts	1
Fire Protection	
Number of Stations	3
Number of Fire Personnel and Officers	46
Number of Calls Answered	866
Number of Inspections Conducted	235
Police Protection	
Number of Stations	1
Number of Police Personnel and Officers	64.5
Number of Patrol Units	37
Number of Law Violations:	
Physical Arrests	1,918
Traffic Violations	4,683
Sewerage System	
Miles of Sanitary Sewers	120
Miles of Storm Sewers	60
Number of Treatment Plants	1
Number of Service Connections	6,337
Daily Average Treatment in Gallons	4,000,000
Maximum Daily Capacity of Treatment Plant in Gallons	12,000,000
Water System	
Miles of Water Mains	145
Number of Service Connections	7,545
Number of Fire Hydrants	902
Daily Average Consumption in Gallons	2,300,000
Maximum Daily Capacity of Plant in Gallons	3,400,000
Facilities and Services Not Included in the Reporting Entity:	
Hospitals:	
Number of Hospitals	1
Number of Beds	181

**CITY OF WAYCROSS, GEORGIA
SELECTED WATER AND SEWER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006**

Water Accounts Active (Estimate)	6,696
Sewer Accounts Active (Estimate)	6,201
Total Water Pumped - Gallons (Estimate)	917,646,000
Total Water Consumed - Gallons (Estimate)	776,500,296
Total Water Billed	\$ 2,491,478
Total Water Collected	\$ 2,513,684
Total Sewer Billed	\$ 2,567,657
Total Sewer Collected	\$ 2,490,319