

CITY OF WAYCROSS, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008**

TABLE OF CONTENTS

FINANCIAL SECTION	1
Independent Auditor's Report	2 - 3
Management's Discussion and Analysis.....	4 - 11
Basic Financial Statements:	12
Government-Wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	15
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	18
Proprietary Funds:	
Statement of Net Assets	19
Statement of Revenues, Expenses and Changes in Fund Net Assets	20
Statement of Cash Flows.....	21
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities.....	22
Notes to Basic Financial Statements	23 - 46
REQUIRED SUPPLEMENTARY INFORMATION.....	47
Combining and Individual Fund Statements and Schedules:	
General Fund-Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	48
OTHER SUPPLEMENTARY INFORMATION	49
Combining Financial Statements – Non-Major Governmental Funds:	
Combining Balance Sheet.....	50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	51
Combining Financial Statements – Internal Service Funds:	
Combining Balance Sheet.....	52
Combining Statement of Revenues, Expenses, and Changes in Fund Balances.....	53
Combining Statement of Cash Flows	54
Combining Financial Statements – Fiduciary Funds:	
Combining Statement of Fiduciary Assets and Liabilities	55

**CITY OF WAYCROSS, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008**

TABLE OF CONTENTS

ADDITIONAL SCHEDULES AND OTHER INFORMATION	56
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	57-58
Independent Auditor's Report on Special Purpose Local Option Sales and Tax Use.....	59
Schedule of Projects Constructed with Special Sales Tax Proceeds	60 - 64
Grant Schedules of Program Costs and Statement of Sources/Status of Funds	65- 67
Management Letter	68- 69
STATISTICAL SECTION	70
Schedules of-	
General Government Expenditures by Function	71
General Government Revenues by Source.....	72
Tax Revenues by Source	73
Property Tax Levies and Collections.....	74
Assessed and Estimated Actual Value of Taxable Property	75
Assessed Value by Class of Tangible Property.....	76
Property Tax Rates	77
Ratio of General Bonded Debt to Assessed Value and Bonded Debt.....	78
Ratio of Debt Service to Total General Expenditures	79
Computation of Legal Debt Margin and Direct and Overlapping Debt.....	80
Revenue Bond Coverage – Water and Sewer	81
Principal Water and Sewer Customers	82
Principal Taxpayers	83
Miscellaneous Statistics	84
Selected Water and Sewer Information	85

FINANCIAL SECTION

BYRT CPAs. LLC
Certified Public Accountants

James A. Beal IV, CPA, CFP®
Debra C. Yonz, CPA
James S. Rivers III, CPA, CFP®, CLU
Larry G. Taylor, CPA

102 Lee Avenue
Post Office Box 275
Waycross, Georgia 31502
Phone: (912) 283-8889
Fax: (912) 283-1971
E-mail: dcy@byrt.com

Independent Auditor's Report

November 18, 2008

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Waycross, Georgia as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Waycross, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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.

The financial statements of Downtown Waycross Development Authority(DWDA) have not been audited, and we were not engaged to audit the DWDA financial statements as part of our audit of the City's basic financial statements. DWDA's financial activities are included in the City's basic financial statements as a discretely presented component unit and represent 100% of the assets, net assets, and revenues of the City's aggregate discretely presented component units.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had DWDA's financial statements been audited, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units for the City of Waycross, Georgia as of June 30, 2008, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, 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

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

Georgia as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2008, 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 that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 11 and page 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 combining and individual non-major fund financial statements 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 60 through 64 along with our opinion on page 59. 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,

BYRT CPAs, LLC

BYRT CPAs, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Our discussion and analysis of the City of Waycross' financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the City's financial statements, which begin on page 13.

Financial Highlights

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

General revenues were sufficient to cover the net expenses of governmental activities other than depreciation on infrastructure assets. This clearly indicates the need for the City to locate additional funds to address infrastructure needs such as the condition of our roads and streets. The recently approved SPLOST tax will provide certain of these funds in future years. The public utilities business-type activities (water and sewer services) 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. This includes using trucks with claws to load yard trash thereby reducing crew size from two to one.

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 23-46.

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 48 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 49-55 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 \$45,755,154 as of June 30, 2008. 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	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 5,886,166	\$ 5,829,593	\$ 1,655,903	\$ 1,780,495	\$ 7,542,069	\$ 7,610,088
Capital assets	17,904,954	18,767,498	34,435,055	35,397,753	52,340,009	54,165,251
Total assets	23,791,120	24,597,091	36,090,958	37,178,248	59,882,078	61,775,339
Long-term debt outstanding	654,474	443,385	12,409,066	14,016,344	13,063,540	14,459,729
Other liabilities	826,517	691,728	236,867	252,904	1,063,384	944,632
Total liabilities	1,480,991	1,135,113	12,645,933	14,269,248	14,126,924	15,404,361
Net assets:						
Invested in capital assets,						
Net of debt	17,250,480	18,324,113	22,025,989	21,381,409	39,276,469	39,705,522
Restricted	1,870,123	2,145,852	922	726,676	1,871,045	2,872,528
Unrestricted	3,189,526	2,992,013	1,418,114	800,915	4,607,640	3,792,928
Total net assets	\$ 22,310,129	\$ 23,461,978	\$ 23,445,025	\$ 22,909,000	\$ 45,755,154	\$ 46,370,978

The largest portion of the City's net assets (86%) reflects its investment 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 decreased \$1,151,849 to \$22,310,129. A portion of the City's net assets (\$1,870,123) represents resources that are subject to external restriction on how they may be used. The unrestricted portion of net assets (\$3,189,526) may be used to meet the government's ongoing obligation to citizens and creditors.

The net assets of our business-type activities increased \$536,025 to \$23,445,025. 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	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues						
Charges for Services	\$ 1,501,457	\$ 1,565,676	\$ 7,396,724	\$ 7,297,804	\$ 8,898,181	\$ 8,863,480
Operating Grants	870,769	415,928	-	-	870,769	415,928
Capital Grants	-	17,398	-	-	-	17,398
General Revenues						
Property Taxes	2,468,371	2,413,599	-	-	2,468,371	2,413,599
Other Taxes	6,365,240	6,115,419	-	-	6,365,240	6,115,419
Grants	-	-	-	-	-	-
Investment Earnings	177,287	190,754	6,109	11,128	183,396	201,882
Other	198,208	82,705	-	-	198,208	82,705
Total Revenues	11,581,332	10,801,479	7,402,833	7,308,932	18,984,165	18,110,411
Program Expenses						
General Government	1,305,433	842,379	-	-	1,305,433	842,379
Public Safety	7,034,380	6,714,908	-	-	7,034,380	6,714,908
Public Works	3,108,442	3,139,242	-	-	3,108,442	3,139,242
Cemetery	243,758	182,565	-	-	243,758	182,565
Community Development	876,563	731,402	-	-	876,563	731,402
Interest	18,028	4,988	-	-	18,028	4,988
Public Utilities	-	-	5,432,495	5,218,625	5,432,495	5,218,625
Waste Management	-	-	1,580,890	1,569,184	1,580,890	1,569,184
Total Expenses	12,586,604	11,615,484	7,013,385	6,787,809	19,599,989	18,403,293
Excess before transfers	(1,005,272)	(814,005)	389,448	521,123	(615,824)	(292,882)
Transfers	(146,577)	(82,122)	146,577	82,122	-	-
Prior Period Adjustment	-	11,605,240	-	534,447	-	12,139,687
Increase in net assets	\$ (1,151,849)	\$ 10,709,113	\$ 536,025	\$ 1,137,692	\$ (615,824)	\$ 11,846,805

The City's total revenues increased by \$873,754 (5 percent) and the total expenses increased by \$1,196,696 (7 percent).

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

Governmental Activities

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

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

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

	Governmental Activities Total Cost		Net Cost of Services	
	2008	2007	2008	2007
General Government	\$ 1,305,433	\$ 842,379	\$ 503,263	\$ 8,919
Public Safety	7,034,380	6,714,908	6,072,526	5,890,902
Public Works	3,108,442	3,139,242	2,808,479	3,082,920
All Others	1,138,349	918,955	830,110	633,741
Totals	\$ 12,586,604	\$ 11,615,484	\$ 10,214,378	\$ 9,616,482

The net expense of operating Governmental Activities increased from \$9,616,482 to \$10,214,378. This increase of \$597,896, or 6 percent, was primarily the result of adding three new fire fighter positions and adjustments made to police officers' salaries to retain trained and qualified officers. Since fiscal year 2005, ten police officers, nine fire fighters and four public works positions have been added. An additional prison crew was added in the public works area.

General Revenues increased 5 percent, or \$406,629 from \$8,802,477 in 2007 to \$9,209,106 in 2008. Tax rates were unchanged between the years. The most significant increases came from local option sales tax collections as retail sales increased in the city.

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. Waste Management's expenses exceeded the charges for services by \$53,985 in the current year. Operational changes continue to be 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 \$759,353 in 2008. 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 \$3,413,517. Included in this total fund balance is a fund balance in the General Fund of \$1,088,543 which compares to a prior balance of \$1,018,304 in 2007. At the end of 2004, the fund balance was a deficit of \$543,236. This deficit was eliminated by closely monitoring all costs to deliver the same level of service in an efficient manner without increasing taxes or fees. The City now has a surplus to weather future economic slow downs and unanticipated events.

The revenues for the General Fund increased by six percent from the previous year while expenditures increased by \$880,079. One step in the elimination of the deficit was to reduce or maintain the number of staff positions. As the City has experienced growth primarily in the commercial sector and financial health improved, it was possible to begin to increase staffing levels. Over the last three fiscal years, ten police officers, nine firemen, a four man crew for street and drainage construction and an additional prison crew have been added.

General Fund Budgetary Highlights

Actual revenues for 2008 were less than the budgeted amount by \$212,904 or 2 percent and expenses were within the budget. The revenue budget was adversely impacted by declines in property tax collections and sales tax collections. Increases in valuations from the growth of commercial retail properties was as anticipated but these increases were offset by declines in large industrial type properties. As these decreases occurred operating expenditures were closely monitored to offset the revenue decreases. All operating areas were within budget. The total budgeted expenditures were \$10,664,344 and the total actual expenditures totaled \$10,504,037. A more detailed comparison is on page 48.

Capital Assets

At June 30, 2008, the City had \$52 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 \$1,825,241 over the last year. Additions include additional purchases of equipment/vehicles. The table below provides further analysis of these capital assets.

	Capital Assets at Year End					
	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 4,022,536	\$ 4,022,536	\$ 235,859	\$ 226,959	\$ 4,258,395	\$ 4,249,495
Construction in Progress	428,125	-	-	-	428,125	-
Buildings/Improvements	6,626,867	6,626,867	9,785,589	9,785,589	16,412,456	16,412,456
Equipment and Vehicles	5,556,746	5,314,187	5,496,790	5,630,370	11,053,536	10,944,557
Infrastructure	29,419,166	29,419,166	47,064,327	47,064,327	76,483,493	76,483,493
Accumulated Depreciation	(28,148,486)	(26,615,258)	(28,147,509)	(27,309,492)	(56,295,995)	(53,924,750)
Totals	\$ 17,904,954	\$ 18,767,498	\$ 34,435,056	\$ 35,397,753	\$ 52,340,010	\$ 54,165,251

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 \$13.03 million in bonds, notes, and capital leases outstanding versus \$14.46 million last year - a decrease of 11 percent - as shown in the following table:

	Outstanding Debt at Year End					
	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Capital Leases	\$ 619,824	\$ 443,385	\$ 294,925	\$ 99,978	\$ 914,749	\$ 543,363
Notes	-	-	12,113,641	12,901,367	12,113,641	12,901,367
Revenue Bonds	-	-	-	1,015,000	-	1,015,000
Totals	\$ 619,824	\$ 443,385	\$ 12,408,566	\$ 14,016,345	\$ 13,028,390	\$ 14,459,730

During the fiscal year ended June 30, 2008 and 2007, the financial condition of the City did not require short-term borrowings to finance governmental operations until property taxes were collected.

The additions to debt in the amount of \$532,950 were for the purchase of vehicles and equipment. The largest portion of the debt service payment during the year was related to the water and sewer operations (principal -\$1.8 million, interest - \$.34 million)

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal-year 2009 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. The rate of growth in sales taxes is anticipated to slow. A small increase in property taxes was considered in the 2009 budget. If valuation decreases of large industrial-type concerns continue, other tax rates and fees may need to be adjusted. Although not impacting the 2009 budget, the property tax valuation freeze for homeowners will dramatically impact property tax revenues in future years.

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, 2008**

	<u>Primary Government</u>			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 4,593,688	\$ 968,036	\$ 5,561,724	\$ 59,713
Investments	-	-	-	
Receivables, Net	400,876	560,674	961,550	38,710
Prepaid Assets	-	-	-	3,505
Internal Balances	(51,705)	51,705	-	
Receivables from Other Governments	892,631	-	892,631	
Inventories	50,676	56,419	107,095	
Land and Construction in Progress	4,450,661	235,858	4,686,519	277,337
Other Capital Assets, Net	13,454,293	34,199,197	47,653,490	2,809,306
Other Assets	-	19,069	19,069	
Total Assets	<u>\$ 23,791,120</u>	<u>\$ 36,090,958</u>	<u>\$ 59,882,078</u>	<u>\$ 3,188,571</u>
Liabilities				
Accounts Payable and Accrued Expenses	\$ 826,517	\$ 236,867	\$ 1,063,384	\$ 19,760
Long-Term Balances - Due Within One Year	160,566	848,057	1,008,623	
Long-Term Balances - Due in More Than One Year	493,908	11,561,009	12,054,917	731,446
Total Liabilities	<u>1,480,991</u>	<u>12,645,933</u>	<u>14,126,924</u>	<u>751,206</u>
Net Assets				
Invested in Capital Assets Net of Related Debt	17,250,480	22,025,989	39,276,469	2,355,197
Restricted for:				
Capital Projects	1,630,348	-	1,630,348	
Debt Service	-	922	922	
Community Development Projects	247,854	-	247,854	
Other Purposes	(8,079)	-	(8,079)	
Unrestricted	3,189,526	1,418,114	4,607,640	82,168
Total Net Assets	<u>22,310,129</u>	<u>23,445,025</u>	<u>45,755,154</u>	<u>2,437,365</u>
Total Liabilities and Net Assets	<u>\$ 23,791,120</u>	<u>\$ 36,090,958</u>	<u>\$ 59,882,078</u>	<u>\$ 3,188,571</u>

See accompanying notes to basic financial statements.

**CITY OF WAYCROSS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

	Net (Expenses) Revenue and Changes in Net Assets						
	Program Revenues		Primary Government				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Functions/Programs							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,305,433	\$ 802,170		\$ (503,263)		\$ (503,263)	
Public Safety	7,034,380	546,103	415,751	(6,072,526)		(6,072,526)	
Public Works	3,108,442		299,963	(2,808,479)		(2,808,479)	
Cemetery	243,758	153,184		(90,574)		(90,574)	
Community Development	876,563		155,055	(721,508)		(721,508)	
Interest on Long-Term Debt	18,028			(18,028)		(18,028)	
Total Governmental Activities	12,586,604	1,501,457	870,769	(10,214,378)	-	(10,214,378)	
Business-type Activities:							
Public Utilities-Water and Sewer	5,432,495	5,873,224			440,729	440,729	
Waste Management	1,580,890	1,523,500			(57,390)	(57,390)	
Total Business-type Activities	7,013,385	7,396,724			383,339	383,339	
Total Primary Government	\$ 19,599,989	\$ 8,898,181	\$ 870,769	\$ (10,214,378)	\$ 383,339	\$ (9,831,039)	
Downtown Development Authority	\$ 234,491	\$ 89,369	\$ 31,000			\$ (114,122)	
Total Component Units	\$ 234,491	\$ 89,369	\$ 31,000			\$ (114,122)	
General Revenues:							
Taxes:							
Property Taxes				\$ 2,468,371	\$ -	\$ 2,468,371	\$ 80,053
Franchise Taxes				1,200,882	-	1,200,882	
Public Service Taxes				838,085	-	838,085	
Local Option Sales Tax				3,441,880	-	3,441,880	
Other Taxes				884,393	-	884,393	
Unrestricted Investment Earnings				177,287	6,109	183,396	943
Miscellaneous				198,208	-	198,208	315
Total General Revenues				9,209,106	6,109	9,215,215	81,311
Transfers				(146,577)	146,577	-	-
Total General Revenues, Special Items, and Transfers				9,062,529	152,686	9,215,215	81,311
Change in Net Assets				(1,151,849)	536,025	(615,824)	(32,811)
Net Assets - Beginning				23,461,978	22,909,000	46,370,978	2,470,176
Net Assets - Ending				\$ 22,310,129	\$ 23,445,025	\$ 45,755,154	\$ 2,437,365

See accompanying notes to basic financial statements.

**CITY OF WAYCROSS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2008**

	General	SPLOST Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,090,377	\$ 1,205,964	\$ 158,966	\$ 520,285	\$ 2,975,592
Investments	-	-	-	-	-
Receivables, Net	235,226	-	-	123,112	358,338
Due From Other Funds	1,982	359,232	283,168	135,608	779,990
Receivables from Other Governments	892,631	-	-	-	892,631
Inventories	50,676	-	-	-	50,676
Land, Improvements, and Construction in Progress	-	-	-	-	-
Other Capital Assets, Net	-	-	-	-	-
Total Assets	\$ 2,270,892	\$ 1,565,196	\$ 442,134	\$ 779,005	\$ 5,057,227
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Accrued Expenses	\$ 241,843	\$ -	\$ -	\$ 2,639	\$ 244,482
Due to Other Funds	830,531	-	376,982	81,740	1,289,253
Short-Term Loan Payable	-	-	-	-	-
Deferred Revenues	109,975	-	-	-	109,975
Total Liabilities	1,182,349	-	376,982	84,379	1,643,710
Fund Balances:					
Reserved For:					
Inventory	50,676	-	-	-	50,676
Capital Projects	-	1,565,196	65,152	-	1,630,348
Debt Service	-	-	-	-	-
Public Safety	-	-	-	70,620	70,620
Community Development	-	-	-	399,129	399,129
Perpetual Care	-	-	-	224,877	224,877
Unreserved, reported in:					
General Fund	1,037,867	-	-	-	1,037,867
Total Fund Balances	1,088,543	1,565,196	65,152	694,626	3,413,517
Total Liabilities and Fund Balances	\$ 2,270,892	\$ 1,565,196	\$ 442,134	\$ 779,005	\$ 5,057,227

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, 2008**

Total Fund Balance - total governmental funds		\$ 3,413,517
 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.		
	(7,255)	
 Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		
	17,904,954	
 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.		
	109,975	
 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	1,667,889	
Capital Assets	89,822	
Accounts Payable	(267,455)	
Interfund Balances	457,557	
Capital Lease Payable	(34,650)	
Net of Amount allocated to capital assets	(89,822)	
	1,823,341	
 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		(619,824)
Compensated Absences		(314,579)
		1,823,341
 Net Assets of Governmental Activities		 \$ 22,310,129

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, 2008

	General	SPLOST Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 8,555,444	\$ -	\$ -	\$ 279,323	\$ 8,834,767
Licenses and Permits	785,842	-	-	-	785,842
Fines and Forfeitures	494,025	-	-	52,078	546,103
Charges for Services	16,328	-	-	153,184	169,512
Intergovernmental	403,026	179,565	-	159,577	742,168
Interest & Rents	130,882	30,145	2,413	13,847	177,287
Other	65,893	120,398	-	131,632	317,923
Total Revenues	10,451,440	330,108	2,413	789,641	11,573,602
EXPENDITURES					
Current:					
General Government	1,232,559	-	-	1,161	1,233,720
Public Safety	6,736,498	-	-	115,837	6,852,335
Public Works	1,795,500	-	-	-	1,795,500
Cemetery	-	-	-	228,926	228,926
Community Development	455,539	1,244	-	374,478	831,261
Capital Outlay	133,610	428,125	-	-	561,735
Debt Service	150,331	-	-	-	150,331
Total Expenditures	10,504,037	429,369	-	720,402	11,653,808
Excess (deficiency) of revenues over expenditures	(52,597)	(99,261)	2,413	69,239	(80,206)
OTHER FINANCING SOURCES (USES)					
Transfers in	94,613	-	-	84,657	179,270
Transfers out	(155,463)	-	-	(170,384)	(325,847)
Total Other Financing Sources (Uses)	(60,850)	-	-	(85,727)	(146,577)
Net Change in Fund Balances	(113,447)	(99,261)	2,413	(16,488)	(226,783)
Fund Balances at Beginning of Year	1,018,304	1,664,457	62,739	894,801	3,640,301
Prior Period Adjustment	183,686	-	-	(183,687)	(1)
Fund Balances at End of Year	\$ 1,088,543	\$ 1,565,196	\$ 65,152	\$ 694,626	\$ 3,413,517

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, 2008

Net change in fund balances - total governmental funds \$ (226,783)

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. 1,090,571

Depreciation expense (\$1,927,243) and loss on disposition(\$25,872) 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. (1,953,115)

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. (176,439)

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:

Increase in compensated absences (28,592)

Decrease in allowance for uncollectible accounts. 745

Increase in fixed assets - internal service funds (5,241)

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. (1,902)

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. 148,907

Change in net assets of governmental activities \$ (1,151,849)

See accompanying notes to basic financial statements.

**CITY OF WAYCROSS, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	Business-Type Activities - Enterprise Funds			Governmental Activities-Internal Service Funds
	Public Utilities	Waste Management	Totals	
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$ 864,672	\$ 102,442	\$ 967,114	\$ 1,618,097
Receivables, Net	440,826	119,848	560,674	49,793
Prepaid Assets	-	-	-	-
Inventories	56,419	-	56,419	-
Interfund Balances	758,605	310,058	1,068,663	1,491,062
Total Current Assets	2,120,522	532,348	2,652,870	3,158,952
Non-Current Assets:				
Restricted Assets				
Cash & Cash Equivalents	922	-	922	-
Total Non-Current Assets	922	-	922	-
Capital Assets, net of				
Accumulated Depreciation	34,266,528	168,527	34,435,055	89,822
Unamortized Bond Costs	19,069	-	19,069	-
Total Assets	\$ 36,407,041	\$ 700,875	\$ 37,107,916	\$ 3,248,774
LIABILITIES				
Current Liabilities:				
Accounts Payable & Accrued Expenses	\$ 540	\$ 31,531	\$ 32,071	\$ 267,457
Customer Deposits	199,896	4,900	204,796	-
Current Portion of Long-term debt	835,565	12,492	848,057	34,650
Interfund Balances	841,803	175,155	1,016,958	1,033,505
Total Current Liabilities	1,877,804	224,078	2,101,882	1,335,612
Current Liabilities Payable from Restricted Assets:				
Accrued Interest	-	-	-	-
Bonds Payable	-	-	-	-
Total Current Liabilities Payable from Restricted Assets	\$ -	\$ -	\$ -	\$ -
Noncurrent Liabilities:				
Revenue Bonds Payable	\$ -	\$ -	\$ -	\$ -
Revolving Loan Fund Payable	3,205,787	-	3,205,787	-
GEFA Loan Payable	8,908,354	-	8,908,354	-
Capital Lease Payable	214,647	80,278	294,925	-
Less: Current Portion	(835,565)	(12,492)	(848,057)	-
Total Noncurrent Liabilities	11,493,223	67,786	11,561,009	-
Total Liabilities	\$ 13,371,027	\$ 291,864	\$ 13,662,891	\$ 1,335,612
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	21,937,740	88,249	22,025,989	-
Restricted for:				
Capital Projects	-	-	-	-
Debt Service	922	-	922	-
Community Development Projects	-	-	-	-
Other Purposes	-	-	-	-
Unrestricted	1,097,352	320,762	1,418,114	1,913,162
Total Net Assets	\$ 23,036,014	\$ 409,011	\$ 23,445,025	\$ 1,913,162

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, 2008

	<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	\$ 4,946,169	\$ 1,523,500	\$ 6,469,669	\$ 3,310,942
Miscellaneous	927,055	-	927,055	8,818
Total Operating Revenues	5,873,224	1,523,500	7,396,724	3,319,760
Operating Expenses:				
Personal Services	-	488,049	488,049	2,988,169
Contractual Services	2,211,224	700,339	2,911,563	43,589
Supplies, Repairs, Maintenance	617,037	115,584	732,621	53,298
Other	1,155,827	190,765	1,346,592	69,335
Depreciation & Amortization	1,129,783	82,748	1,212,531	32,093
Total Operating Expenses	5,113,871	1,577,485	6,691,356	3,186,484
Income (Loss) from Operations	759,353	(53,985)	705,368	133,276
Nonoperating revenues (expenses):				
Investment Income	6,109	-	6,109	15,631
Intergovernmental	-	-	-	-
Other	-	-	-	-
Interest Expense	(318,624)	(3,405)	(322,029)	-
Total Nonoperating revenues (expenses)	(312,515)	(3,405)	(315,920)	15,631
Income (loss) before contributions & transfers	446,838	(57,390)	389,448	148,907
Capital Contributions	-	-	-	
Transfers In (Out)	146,577	-	146,577	-
Change in Net Assets	593,415	(57,390)	536,025	148,907
Net Assets at Beginning of Year	22,442,599	466,401	22,909,000	1,764,255
Net Assets at End of Year	\$ 23,036,014	\$ 409,011	\$ 23,445,025	\$ 1,913,162

See accompanying notes to basic financial statements.

CITY OF WAYCROSS, GEORGIA
STATEMENT OF CASH FLOWS
JUNE 30, 2008

	Business-Type Activities - Enterprise Funds			Governmental Activities-Internal Service Funds
	Public Utilities	Waste Management	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 5,842,493	\$ 1,513,528	\$ 7,356,021	\$ 384,000
Cash Received from Operating Grants	-	-	-	-
Cash Received from Other Funds for Services	-	-	-	2,935,552
Other Operating Cash Receipts	-	-	-	-
Cash Payments to Supplies for Goods & Services	(4,008,602)	(1,491,668)	(5,500,270)	(3,129,488)
Cash Payments to Other Funds for Services	-	-	-	-
Net Cash Provided (Used) by Operating Activities	1,833,891	21,860	1,855,751	190,064
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds	146,577	-	146,577	-
Net Cash Provided (Used) Noncapital Financing Activities	146,577	-	146,577	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(245,935)	-	(245,935)	(37,334)
Capital Grants	-	-	-	-
Proceeds from Disposition of Capital Assets	-	-	-	-
Proceeds from Capital Debt	224,208	-	224,208	37,334
Interest Paid on Debt	(318,617)	(3,404)	(322,021)	(226)
Principal Paid on Debt	(1,816,666)	(14,822)	(1,831,488)	(2,685)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,157,010)	(18,226)	(2,175,236)	(2,911)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Cash and Investments	6,109	-	6,109	15,631
Net Increase (Decrease) in Cash & Cash Investments	(170,433)	3,634	(166,799)	202,784
Cash and Cash Investments, July 1	1,036,027	98,808	1,134,835	1,415,313
Cash and Cash Investments, June 30	<u>\$ 865,594</u>	<u>\$ 102,442</u>	<u>\$ 968,036</u>	<u>\$ 1,618,097</u>
Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:				
Income (Loss) from Operations	\$ 759,353	\$ (53,985)	\$ 705,368	\$ 133,504
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	1,129,783	82,748	1,212,531	32,093
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	(30,731)	(9,972)	(40,703)	(210)
Gain(Loss) on Disposition	333	-	333	-
(Increase) Decrease in Prepaid Assets	-	-	-	(1,276)
(Increase) Decrease in Inventories	(5,741)	-	(5,741)	-
Increase (Decrease) in Interfund Payables	-	-	-	(30,360)
Increase (Decrease) in Accounts Payable	540	4,019	4,559	56,313
Increase (Decrease) in Accrued Interest	(22,203)	-	(22,203)	-
Increase (Decrease) in Customer Deposits Payable	2,557	(950)	1,607	-
(Increase) Decrease in Interfund Receivables	-	-	-	-
Net Cash Provided (Used) by Operating Activities	1,833,891	21,860	1,855,751	190,064
Reconciliation of Total Cash & Cash Investments:				
Current Assets-Cash & Cash Investments	864,672	102,442	967,114	1,618,097
Restricted Assets-Cash & Cash Investments	922	-	922	-
Total Cash & Cash Investments	\$ 865,594	\$ 102,442	\$ 968,036	\$ 1,618,097

See accompanying notes to the basic financial statements.

**CITY OF WAYCROSS, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2008**

	<u>Agency Funds</u>
Assets	
Cash	<u>\$ 120,802</u>
Total Assets	<u><u>\$ 120,802</u></u>
Liabilities	
Refundable Court Bonds	\$ 73,900
Seized Funds Held	<u>46,902</u>
Total Liabilities	<u><u>\$ 120,802</u></u>

See accompanying notes to the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF WAYCROSS, GEORGIA
INDEX TO NOTES TO BASIC FINANCIAL STATEMENTS**

<u>Note</u>	<u>Page</u>
1 Summary of Significant Accounting Policies	
A. General Statement	25
B. Reporting Entity	25 - 26
C. Basis of Presentation	26 - 27
D. Measurement Focus/Basis of Accounting	28
E. Budgetary Control.....	28 - 29
F. Cash and Investments	29
G. Encumbrances	29
H. Prepaid Items	30
I. Inventories	30
J. Interfund Receivables and Payables.....	30
K. Transactions between Funds.....	30
L. Capital Assets	30
M. Accumulated Compensated Absences.....	30 - 31
N. Use of Estimates	31
O. Non-Current Assets	31
P. Bonds Discounts/Issuance Costs	31
Q. Fund Equity.....	31 - 32
R. Capital Lease Obligations	32
2. Stewardship, Compliance and Accountability	32
3. Cash and Investments	32
4. Receivables and Payables	33
5. Capital Assets.....	34 - 35
6. Interfund Transfers	35-36
7. Interfund Receivables/Payables	36
8. Long-Term Obligations.....	37 - 39
9. Retirement Benefits	39 - 43
10. Commitments and Contingencies	43
11. Risk Management.....	43 - 44
12. Property Taxes	44
13. Joint Ventures	44-45
14. Other Post-Employment Benefits.....	45
15. Hotel/Motel Tax.....	45
16. Prior Period Adjustments.....	45-46

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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 and its component units. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of 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 Downtown Development Authority qualifies as a discretely presented component unit. Financial information of the component unit is reported in a column separate from the City's financial information to emphasize that it is legally separate from the City.

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

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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 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 was a receivable due to the city in the amount of \$18,444 from the Housing Authority. There were no other 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
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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
FOR THE YEAR ENDED JUNE 30, 2008**

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
FOR THE YEAR ENDED JUNE 30, 2008**

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, 2008, 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, 2008

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. The City's infrastructure consists of roads, curbs, and gutters, sidewalks, bridges, drainage, traffic signals, water and sewer lines and the electric distribution systems. 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. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. All reported capital assets are depreciated except for land and construction in progress. 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

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, 2008

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, 2008 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, 2008

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.

There were no funds that had expenditures in excess of appropriations for the year ended June 30, 2008.

The following funds had a deficit fund balance at June 30, 2008:

Weed & Seed Grant	\$ (8,250)
Health Ins Fund	(510,479)

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, 2008.

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, 2008. 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, 2008**

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, 2008 were as follows:

	<u>Taxes</u>	<u>Accounts Receiv.</u>	<u>Other Gov'ts</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ 207,784	\$ 27,442	\$ 892,631	\$ -	\$ 1,127,857
Non-Major				123,112	123,112
Total Governmental Activities	\$ 207,784	\$ 27,442	\$ 892,631	\$ 123,112	\$ 1,250,969
Business-Type Activities					
Public Utilities		\$ 440,826			\$ 440,826
Waste Management		119,848			119,848
Total Business-Type Activities	\$ -	\$ 560,674	\$ -	\$ -	\$ 560,674

Payables at June 30, 2008 were as follows:

	<u>Vendors</u>	<u>Salaries/ Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ -	\$ 230,779	\$ -		\$ 230,779
Non-Major	11,064				11,064
Total Governmental Activities	\$ 11,064	\$ 230,779	\$ -	\$ -	\$ 241,843
Business-Type Activities:					
Public Utilities	\$ 540	\$ -	\$ -	\$ 199,896	\$ 200,436
Waste Management	-	31,531		4,900	36,431
Total Business-Type Activities	\$ 540	\$ 31,531	\$ -	\$ 204,796	\$ 236,867

CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance July 1	Prior Period Adjustments	Additions Completions	Retirements Adjustments	Balance June 30
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 4,022,536	\$ -			\$ 4,022,536
Construction in progress	-	-	428,125	-	428,125
Total capital assets not being depreciated	\$ 4,022,536	\$ -	\$ 428,125	\$ -	\$ 4,450,661
Capital assets, being depreciated:					
Buildings	\$ 6,626,867	\$ -	\$ -		\$ 6,626,867
Equipment	1,937,697	53,000	307,424	(164,751)	2,133,370
Vehicles	3,376,490	-	355,022	(308,136)	3,423,376
Improvements	-	-			-
Infrastructure	29,419,166	-	-		29,419,166
Total capital assets being depreciated	\$ 41,360,220	\$ 53,000	\$ 662,446	\$ (472,887)	\$ 41,602,779
Less accumulated depreciation for:					
Buildings	\$ (3,098,478)		\$ (138,772)		\$ (3,237,250)
Equipment	(1,207,657)	(53,000)	(224,779)	138,879	(1,346,557)
Vehicles	(2,508,377)	-	(304,261)	308,136	(2,504,502)
Improvements	-	-			-
Infrastructure	(19,800,746)	-	(1,259,431)		(21,060,177)
Total accumulated depreciation	\$ (26,615,258)	\$ (53,000)	\$ (1,927,243)	\$ 447,015	\$ (28,148,486)
Total capital assets being depreciated, net	\$ 14,744,962	\$ -	\$ (1,264,797)	\$ (25,872)	\$ 13,454,293
Governmental activities capital assets, net	\$ 18,767,498	\$ -	\$ (836,672)	\$ (25,872)	\$ 17,904,954
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 226,959	\$ -	\$ 8,900	\$ -	\$ 235,859
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	\$ 226,959	\$ -	\$ 8,900	\$ -	\$ 235,859
Capital assets being depreciated:					
Building	\$ 9,785,589	\$ -	\$ -	\$ -	\$ 9,785,589
Equipment	4,534,264	-	12,822	(198,296)	4,348,790
Vehicles	1,096,106	-	224,208	(172,314)	1,148,000
Infrastructure	47,064,327	-	-	-	47,064,327
Total capital assets being depreciated	\$ 62,480,286	\$ -	\$ 237,030	\$ (370,610)	\$ 62,346,706
Less accumulated depreciation for:					
Building	\$ (4,630,403)	\$ -	\$ (211,271)	\$ -	\$ (4,841,674)
Equipment	(4,247,952)	-	(123,372)	197,963	(4,173,361)
Vehicles	(968,990)	-	(61,554)	172,314	(858,230)
Infrastructure	(17,462,147)	-	(812,097)	-	(18,274,244)
Total accumulated depreciation	\$ (27,309,492)	\$ -	\$ (1,208,294)	\$ 370,277	\$ (28,147,509)
Total capital assets being depreciated, net	\$ 35,170,794	\$ -	\$ (971,264)	\$ (333)	\$ 34,199,197
Business-type activities capital assets, net	\$ 35,397,753	\$ -	\$ (962,364)	\$ (333)	\$ 34,435,056

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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

Governmental activities:	
General government and administration	\$ 81,855
Public Safety	457,161
Public Works	1,340,828
Community Development	37,662
Internal Funds	32,093
Cemetery	9,737
Total depreciation expense-governmental activities	\$ 1,959,336
Business-type activities:	
Public Utilities	\$ 1,125,546
Waste Management	82,748
Total depreciation expense-business-type activities	\$ 1,208,294

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	\$ 94,613	\$ (155,463)
Nonmajor governmental:		
Cemetery Trust		(75,771)
Hotel/Motel Tax		(94,613)
Cemetery	75,771	
Misc Special Revenue	8,886	
Business-Type Activities:		
Public Utilities	146,577	
Total	\$ 325,847	\$ (325,847)

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 Special Revenue Funds to the General Fund. These transfers should be normal and recurring. This year there was also a transfer from the cemetery trust fund to the cemetery fund for capital expenditures and from the general fund to the public utilities fund to cover excess expenditures on a capital project.

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Note 7. Interfund Receivables/Payables

Interfund receivable and payable balances as of June 30, 2008 are as follows:

Fund	Due	
	From Other Funds	To Other Funds
Major Governmental Funds		
General Fund:		
Public Utilities	\$ -	\$ 100,000
SPLOST	-	-
Other Governmental Funds	882	63,000
Internal Service Funds	-	450,994
Capital Reserve	1,982	-
Waste Management	-	187,058
	<u>2,864</u>	<u>801,052</u>
SPLOST Fund:		
General Fund	-	-
Public Utilities	359,232	-
	<u>359,232</u>	<u>-</u>
Capital Reserve Fund:		
General Fund	-	1,982
Other Governmental Funds	8,250	-
Internal Service Funds	193,592	-
Public Utilities	81,326	375,000
	<u>283,168</u>	<u>376,982</u>
Non-major Governmental Funds		
General Fund	63,000	-
Other Governmental Funds	31,108	73,490
Internal Service Funds	-	-
Public Utilities	41,500	-
Capital Reserve	-	8,250
	<u>135,608</u>	<u>81,740</u>
Total Governmental Funds	\$ 780,872	\$ 1,259,774
Major Business-type Funds		
Proprietary Funds		
Public Utilities:		
General Fund	100,000	-
Internal Service Funds	283,605	236,745
SPLOST	-	359,232
Waste Management	-	123,000
Other Governmental Funds	-	41,500
Capital Reserve	375,000	81,326
	<u>758,605</u>	<u>841,803</u>
Waste Management:		
General Funds	187,058	-
Internal Service Funds	-	175,155
Public Utilities	123,000	-
	<u>310,058</u>	<u>175,155</u>
Total Proprietary Funds	\$ 1,068,663	\$ 1,016,958
Internal Service Funds		
General Fund	450,994	-
Public Utilities	236,745	283,605
Other Governmental Funds	41,500	-
Waste Management	175,155	-
Other Internal Service Funds	556,309	556,309
Capital Reserve	-	193,592
	<u>1,460,703</u>	<u>1,033,506</u>
Totals	\$ 3,310,238	\$ 3,310,238

No interfund transfers were made during the year ending June 30, 2008. All cash transfers between the funds in prior years were to cover shortfalls in funds where revenue did not

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

cover expense and there was a cash flow need. Management plans to repay amounts owed to each fund through expense reduction and increased revenue.

Note 8. Long-Term Obligations

Transactions for the year ended June 30, 2008 are summarized as follows:

Change in Outstanding Debt

	Balance July 1	Issues or Additions	Payments or Expenditures	Balance June 30	Due Within One Year
Governmental Type Activities:					
Lease Obligations Payable	443,385	308,742	(132,303)	619,824	152,359
Compensated Absences	285,987	28,591		314,578	-
Total Governmental Activities	\$ 729,372	\$ 337,333	\$ (132,303)	\$ 934,402	\$ 152,359
Business-Type Activities:					
Lease Obligations Payable	\$ 95,099		\$ (14,821)	\$ 80,278	\$ 12,492
Lease Obligations Payable	4,879	224,208	(14,440)	214,647	29,312
GEFA-98-L68WJ	1,595,290	-	(90,436)	1,504,854	94,201
W&S Revenue Bonds	1,015,000	-	(1,015,000)	-	-
SRF Loan-CW13088301	659,866	-	(114,654)	545,212	116,964
GEFA Loan-00-L36WJ	7,865,709	-	(462,209)	7,403,500	471,522
SRF Loan CWSRF 00-0020	2,024,424	-	(77,640)	1,946,784	79,996
SRF Loan CWSRF-00-001	756,078	-	(42,287)	713,791	43,570
Compensated Absences	17,092	2,679		19,771	-
Total Business-Type Activities	\$ 14,033,437	\$ 226,887	\$ (1,831,487)	\$ 12,428,837	\$ 848,057

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

There were additions to loans during the year for lease obligations obtained for the purchase of an hydraulic excavator, three Ford Rangers, Ford F-250, combo server, and seven Impalas.

Notes/Loans Payable (The following is a schedule of annual requirements for GEFA contracts 98-L68WJ, CW13088301, 00-L36WJ, #00-20 and SRF00-001.)

Year Ending June 30	Government Activities		Business Activities		Total
	Principal	Interest	Principal	Interest	
2009			806,253	293,278	1,099,531
2010			825,782	273,749	1,099,531
2011			845,827	253,704	1,099,531
2012			866,404	233,127	1,099,531
2013			823,871	212,163	1,036,034
2014-2018			4,102,023	760,658	4,862,681
2019-2023			3,388,739	238,813	3,627,552
2024-2028			455,242	26,022	481,264
	\$ -	\$ -	\$ 12,114,141	\$ 2,291,514	\$ 14,405,655

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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, 2008, the outstanding balance on this loan was \$545,212 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, 2008, the outstanding balance on this loan was \$1,504,854 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, 2008, the outstanding balance of this loan was \$713,791 and quarterly payments are \$16,124. This loan is to be repaid from revenues of the Water and Sewer System; however, the obligation to repay this loan is a general obligation of the City to which it has dedicated its general power of taxation.

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, 2008, the outstanding balance was \$7,403,500 and quarterly payments of \$154,018. This loan is to be repaid from revenues of the Water and Sewer System; however, the obligation to repay this loan is a general obligation of the City.

In June 2003, the City entered into a loan agreement (CWSRF-00-020) with the Georgia Environmental Facilities Authority for certain water and sewer projects. At June 30, 2008, the outstanding balance was \$1,946,784. Quarterly installments of \$34,376 will be made over 80 payments beginning April 1, 2007 at 3%.

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, 2008.

	<u>Government-Type Activities</u>	<u>Business-Type Activities</u>
Combo Server	\$ -	\$ 224,208
6 Impala Cars - Police	109,882	
Criminal Inv. - Impala	17,271	
3 Ford Rangers-Com.Dev.	38,829	
Knuckleboom Loader		94,245
Fire Pumper	210,000	
07 Street sweeper	124,007	
Hydraulic Excavator	142,760	
Expedition & 5 police cars	114,662	
Street Sweepers	188,994	
	<u>\$ 946,405</u>	<u>\$ 318,453</u>

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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, 2008:

<u>Year Ending June 30</u>	<u>Governmental- Type Activities</u>	<u>Business-Type Activities</u>
2009	171,783	51,277
2010	165,014	51,277
2011	111,907	51,277
2012	73,396	51,277
2013	73,396	51,277
2014-2018	80,117	72,603
Total Minimum Lease Payments	\$ 675,613	\$ 328,988
Less: Amount Representing Interest	(55,789)	(34,063)
Present Value of Future Minimum Lease Payments	\$ 619,824	\$ 294,925

Note 9. Retirement Benefits

Pension Plan-

Plan Description:

The City provides retirement benefits for substantially all of its employees under a defined benefit pension plan - 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, 2008 was \$5,966,848. Substantially all full-time City employees are eligible to participate in the system. Benefits vest after ten years of service. City employees who retire at or after age 65 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life in an amount determined based on average salary and years of service. There is also an alternative normal retirement date of age 60 with 30 years of service. Early retirement is available at age 55 with 10 years of credited service. The system also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and City ordinance.

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

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.

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

The significant actuarial assumptions used in the current valuation are:

Rate of return on investment	8.0% per year
Projected salary increases	5.5% per year
Cost of Living Adjustment	0.0% per year

The Effect of Plan Changes on the Actuarial Accrued Liability

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

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

The Funding Policy and Annual Contributions

The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in paragraph 9-10 of Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method for amortizing the initial unfunded actuarial accrued liability 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, 2008, the current plan membership includes the following categories of participants:

Retirees and beneficiaries currently receiving benefits	130
Terminated employees entitled to benefits but not yet receiving them	80
Current active employees:	
Vested	106
Nonvested	70
Total membership in the plan	<u>386</u>

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Funded Status

	<u>Number of Participants</u>	<u>Present Value of Benefits</u>
Present Value of Accrued Plan Benefits (on-going basis):		
Vested Benefits of Retired Participants and Beneficiaries currently receiving payments	130	\$ 7,999,034
Other Vested Benefits:		
Terminated Vested Participants	80	1,250,945
Active Participants	106	4,693,892
Total Present Value of Vested Benefits		\$ 13,943,871
Nonvested Benefits	70	238,608
Total Present Value of Accrued Plan Benefits	386	14,182,479
Market Value of Assets		12,745,352
Unfunded Present Value of Accrued Plan Benefits		1,437,127
Funded Percentage		89.9%
	<u>Number of Participants</u>	<u>Lump Sum Value of Benefits</u>
Present Value of Accrued Plan Benefits (Plan Termination Basis):		
Retired Participant and Beneficiaries Currently Receiving Payments	130	\$ 11,357,656
Terminated Vested Participants	80	2,578,173
Active Participants	106	8,698,405
Total Present Value of Vested Benefits		\$ 22,634,234
Nonvested Benefits		559,208
Total Present Value of Vested Benefits		23,193,442
Market Value of Assets		12,745,352
Unfunded Present Value of Accrued Plan Benefits		10,448,090
Funded Percentage		54.95%

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%
05/01/07	14,556,521	15,353,702	797,181	94.8%	5,666,291	14.1%
05/01/08	14,823,312	16,418,605	1,595,293	90.3%	5,966,848	26.7%

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Schedule of Employer Contribution

2005	515,263	92.96%
2006	333,435	98.85%
2007	477,609	94.81%
2008	610,789	90.28%

Schedule of Recommended Contribution

Retirement Benefits:		
Employees		\$ 337,669
Administrative Expenses		30,673
Total Normal Cost		\$ 368,342
Payment on Unfunded Actuarial Accrued Liability		220,135
Interest		23,492
Minimum Contribution		610,789
Normal Cost (including admin) with interest		587,297
Recommended Contribution		610,789

Actuarial Method

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

Deferred Compensation –

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

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

In accordance with current GASB pronouncements, the deferred compensation plan is no longer included in the financial statements. Plan assets are held in trust for the benefit of the plan participants and their beneficiaries, and will not be diverted for any other

CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

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 FEMA Grant, CHIP Grants, CDBG and the 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 \$70,000 for each individual claim with a \$1,000,000 lifetime maximum.

In January 1992, the City established a limited risk program for workers' compensation. The City hired Corvel Corporation as administrator for this program. The plan provides coverage for up to a maximum of \$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.

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 \$180,263 have been recorded as of June 30, 2008. Dependent coverage is funded by charges to employees. Revenues are recognized from payroll deductions and City contributions. The Claims liability of \$180,263 reported in the Health Insurance Fund at June 30, 2008 is based on the requirements of Governmental Accounting Standards Board

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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 2002-2008 were:

	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
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
06/30/07	202,604	1,069,782	1,108,862	163,524
06/30/08	163,524	1,093,535	1,076,796	180,263

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
06/30/03	\$ 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
06/30/07	15,171	224,711	239,882	-
06/30/08	-	307,430	294,138	13,292

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 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, 2008 the county paid \$18,984 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

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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 13 retirees eligible for these benefits. The annual cost of these benefits for the retirees is \$53,100. Beginning July 1, 2008, the City will implement GASB No. 43 & 45 which will account for post-retirement healthcare benefits on an "actuarial basis" during an employee's career instead of using the current "pay as you go" practice during retirement.

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 \$279,323 from the collection of the hotel/motel tax during the fiscal year ended June 30, 2008. The City disbursed \$111,729 to the Chamber of Commerce for the promotion of tourism, \$35,091 to Channel 42, and \$37,890 to others. The balance of lodging tax funds was transferred to the general fund.

Note 16. Prior Period Adjustments

The corrections were made as follows:

<u>Net Asset</u>	Balance as Previously Stated	Changes	Restated Balance 06/30/2007
General Fund	\$ 1,018,304	\$ 183,687	\$ 1,201,991
Other Government Funds	894,801	(183,687)	711,114

**CITY OF WAYCROSS, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Prior period adjustment was to correct prior year transfer of hotel/motel taxes from hotel/motel tax fund to general fund.

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, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	GAAP/Budget Basis	
Revenues:				
Taxes	\$ 9,088,784	\$ 9,088,784	\$ 8,555,444	\$ (533,340)
Licenses & Permits	818,500	818,500	785,842	(32,658)
Fines & Forfeitures	479,000	479,000	494,025	15,025
Charges for Services	16,000	16,000	16,328	328
Intergovernmental	140,000	140,000	403,026	263,026
Interest & Rents	78,320	78,320	130,882	52,562
Other	43,740	43,740	65,893	22,153
Total Revenues	<u>10,664,344</u>	<u>10,664,344</u>	<u>10,451,440</u>	<u>(212,904)</u>
Expenditures:				
Current:				
General Government	1,743,430	1,743,430	1,656,669	86,761
Public Safety	6,739,778	6,739,778	6,736,498	3,280
Public Works	1,851,434	1,851,434	1,795,500	55,934
Community Development	636,254	636,254	455,539	180,715
Capital Outlay	143,433	143,433	133,610	9,823
Debt Service	196,125	196,125	150,331	45,794
Reimbursements	(646,110)	(646,110)	(424,110)	(222,000)
Total Expenditures	<u>10,664,344</u>	<u>10,664,344</u>	<u>10,504,037</u>	<u>160,307</u>
Excess (deficiency) of revenues over expenditures	-	-	(52,597)	(52,597)
Other Financing Sources (Uses):				
Transfers In	-	-	94,613	94,613
Transfers Out	-	-	(155,463)	(155,463)
Total other financing sources (uses)	-	-	(60,850)	(60,850)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	(113,447)	(113,447)
Fund Balance at Beginning of Year			\$ 1,018,304	
Prior Period Adjustment			183,686	
Fund Balance of End of Year			<u>\$ 1,088,543</u>	

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, 2008**

Special Revenue Funds

	Community Development	Law Enforcement Block Grant	Forfeited Property	WPD Info Technology Fund	Camelby Jail	GEFA Grant-Recycle & Waste	West & Seed Grant	CH&C ODBG Grants	Hotel/Motel Tax	ODBG Newtown	FEWA GRANT	EP/Loves Project	Revolving Loan	Misc Grant Funds	Misc Fund	Camelby Trust	Special Projects	Totals
Cash	\$ 146,855	\$ -	\$ 57,752	\$ 12,587	\$ 69,247	\$ 281	\$ -	\$ 660	\$ -	\$ -	\$ 171	\$ -	\$ 127,507	\$ 8,451	\$ 4,930	\$ 91,854	\$ -	\$ 520,265
Accounts Receivable	-	-	-	-	3,415	-	-	-	-	-	-	-	119,697	-	-	-	-	123,112
Due from Other Governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	63,000	-	-	-	-	-	-	41,500	-	-	-	31,108	-	135,608
Total Assets	\$ 146,855	\$ -	\$ 57,752	\$ 12,587	\$ 135,662	\$ 281	\$ -	\$ 660	\$ -	\$ -	\$ 171	\$ 41,500	\$ 247,204	\$ 8,451	\$ 4,930	\$ 122,962	\$ -	\$ 779,005

Liabilities and Fund Balances

Liabilities																			
Accounts Payable & Accrued Expenses	\$ -	\$ -	\$ -	\$ -	\$ 2,639	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,639	
Due to Other Funds	882	-	-	-	31,108	-	8,250	-	-	-	-	41,500	-	-	-	-	-	81,740	
Total Liabilities	882	-	-	-	33,747	-	8,250	-	-	-	-	41,500	-	-	-	-	-	84,379	

Fund Balances

Reserve for Specific Purposes	146,973	-	57,752	12,587	101,915	281	(8,250)	660	-	-	171	-	247,204	8,451	4,930	122,962	-	694,626
Total Fund Balance	146,973	-	57,752	12,587	101,915	281	(8,250)	660	-	-	171	-	247,204	8,451	4,930	122,962	-	694,626
Total Liabilities & Fund Balances	\$ 146,855	\$ -	\$ 57,752	\$ 12,587	\$ 135,662	\$ 281	\$ -	\$ 660	\$ -	\$ -	\$ 171	\$ 41,500	\$ 247,204	\$ 8,451	\$ 4,930	\$ 122,962	\$ -	\$ 779,005

CITY OF WAYCROSS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

Special Revenue Funds

	Law Enforce	Community Development	Law Enforce Block Grant	Foiled Property	WPD Info Technology Fund	Cemetery	Jail	GEFA Grant Recycle & Waste	Weed & Seed Grant	CHP & CDBG Grants	Hotel/ Motel Tax	CDBG Newtown	FEMA GRANT	EB/Loans Project	Revolving Loan	Misc Grant Funds	Misc Fund	Cemetery Trust	Special Projects	Totals
Revenues																				
Taxes											279,323									279,323
Fines & Forfeitures				27,842	24,236															52,078
Charges for Services						153,184														153,184
Intergovernmental									4,522	155,055										159,577
Interest		1,753		1,231		723						124			7,558	3	154	2,241		13,887
Sale of Property				32,846																32,846
Other		45,130		535			3,900													98,786
Total Revenues	46,883			62,514	24,236	153,907	3,900		4,522	155,055	279,323	124			7,558	49,217	154	2,241		789,941
Expenditures																				
Current																				
General & Administrative												1,161								1,161
Public Safety			82	62,386	22,740		3,982		5,121				105			21,441				115,837
Public Works																				
Cemetery																				228,926
Community																				
Development	126							17		164,660	184,710					19,325	5,440			374,478
Refinements																				
Debt Service																				
Capital Outlay																				
Total Expenditures	126		82	62,386	22,740	228,926	3,982	17	5,121	164,660	184,710	1,161	105			40,766	5,440			720,402
Excess Revenues Over (Under) Expenditures	46,757		(82)	128	1,496	(75,019)	(62)	(17)	(668)	(9,605)	94,613	(1,037)	(105)		7,558	8,451	(5,286)	2,241	7	69,239
Other Financing Sources (Uses)																				
Operating Transfers In									8,203											883
Operating Transfers Out																			(75,771)	(170,394)
Total Other Financing Sources (Uses)									8,203										(75,771)	883
Excess Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	46,757		(82)	128	1,496	752	(62)	(17)	7,604	(9,605)		(1,037)	(105)		7,558	8,451	(5,286)	(73,530)	680	(16,468)
Fund Balance, July 1	99,216		82	57,624	11,091	101,163	343	17	(15,854)	10,455	183,887	1,037	276		239,646		10,216	196,492	(690)	894,801
Prior Period Adjustment																				(183,687)
Fund Balance, June 30	\$ 145,973		\$ 57,752	\$ 12,387	\$ 12,387	\$ 101,915	\$ 281	\$ -	\$ (8,250)	\$ 680	\$ -	\$ -	\$ 171	\$ -	\$ 247,204	\$ 8,451	\$ 4,930	\$ 122,962	\$ -	\$ 694,626

**CITY OF WAYCROSS, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2008**

	Health Insurance	Workers Compensation	Liability Insurance	Retirement	Payroll	Warehouse	Data Processing	City Garage	Public Building	Totals
Assets										
Current Assets										
Cash	\$ 430,374	\$ 507,132	\$ 289,364	\$ 81,765	\$ 20,497	\$ (80,313)	\$ 99,027	\$ 166,035	\$ 104,216	\$ 1,618,097
Other Current Assets	19,232	18,123	-	-	-	-	11,793	645	-	49,793
Due from Other Funds	191,620	387,896	383,168	217,250	-	80,313	19,716	131,625	79,474	1,491,062
Total Current Assets	641,226	913,151	672,532	299,015	20,497	-	130,536	298,305	183,690	3,158,952
Fixed Assets										
Equipment (Net of Accum Deprec)	-	-	-	-	-	-	34,076	51,296	4,450	89,822
Total Assets	\$ 641,226	\$ 913,151	\$ 672,532	\$ 299,015	\$ 20,497	\$ -	\$ 164,612	\$ 349,601	\$ 188,140	\$ 3,248,774
Liabilities										
Accounts Payable & Accrued Liabilities	\$ 180,263	\$ 34,222	\$ -	\$ -	\$ 13,904	\$ -	\$ 14,770	\$ 20,884	\$ 3,414	\$ 267,457
Due to Other Funds	971,442	30,604	-	-	-	-	-	31,459	0	1,033,505
Capital Lease Payable	-	-	-	-	-	-	12,241	22,409	-	34,650
Total Liabilities	1,151,705	64,826	-	-	13,904	-	27,011	74,752	3,414	1,335,612
Fund Balances	(510,479)	848,325	672,532	299,015	6,593	-	137,601	274,849	184,726	1,913,162
Total Liabilities and Fund Balances	\$ 641,226	\$ 913,151	\$ 672,532	\$ 299,015	\$ 20,497	\$ -	\$ 164,612	\$ 349,601	\$ 188,140	\$ 3,248,774

**CITY OF WAYCROSS, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008**

	Health Insurance	Workers Compensation	Liability Insurance	Retirement	Payroll	Warehouse	Data Processing	City Garage	Public Building	Totals
Operating Revenues										
Charges for Goods & Services	\$ 384,210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384,210
City Contributions	1,043,040	379,004	229,554	477,609	-	-	332,970	365,532	99,023	2,926,732
Other	-	-	8,818	-	-	-	-	-	-	8,818
Total Operating Revenues	1,427,250	379,004	238,372	477,609	-	-	332,970	365,532	99,023	3,319,760
Operating Expenses										
Personal Services	-	-	-	-	-	-	223,058	290,916	62,749	576,723
Premiums, Claims, Administration	1,342,341	394,603	196,884	-	9	-	-	-	-	1,933,837
Contractual Services	-	-	-	-	-	-	42,139	1,450	-	43,589
Supplies, Repairs, Maintenance	-	-	-	-	-	-	19,540	25,347	8,411	53,298
Operations-Other	-	-	-	-	-	-	36,809	27,033	5,267	69,109
Cost of Goods	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	17,016	10,709	4,368	32,093
Retirement Payments	-	-	-	477,609	-	-	-	-	-	477,609
Total Expenditures	1,342,341	394,603	196,884	477,609	9	-	338,562	355,455	80,795	3,186,258
Operating Income (Loss)	84,909	(15,599)	41,488	-	(9)	-	(5,592)	10,077	18,228	133,502
Nonoperating Revenues (Expenses)										
Interest Revenue	5,168	5,549	2,698	654	1,562	-	-	-	-	15,631
Interest Expense	-	-	-	-	-	-	-	(226)	-	(226)
Total Nonoperating Revenues (Expenses)	5,168	5,549	2,698	654	1,562	-	-	(226)	-	15,405
Income (Loss) Before Operating Transfers	90,077	(10,050)	44,186	654	1,553	-	(5,592)	9,851	18,228	148,907
Operating Transfers In	-	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-	-
Net Income (Loss)	90,077	(10,050)	44,186	654	1,553	-	(5,592)	9,851	18,228	148,907
Fund Balances, July 1	(600,556)	858,375	628,346	298,361	5,040	-	143,193	264,998	166,498	1,764,255
Fund Balances, June 30	\$ (510,479)	\$ 848,325	\$ 672,532	\$ 299,015	\$ 6,593	\$ -	\$ 137,601	\$ 274,849	\$ 184,726	\$ 1,913,162

**CITY OF WAYCROSS, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

	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	\$ 384,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384,000
Cash received from operating grants										
Cash received from other funds for services	1,043,040	379,004	239,372	477,609	-	-	332,971	365,533	99,023	2,995,552
Cash received from loss claim recoveries										
Other operating cash receipts										
Cash payments for supplies of goods & services	(1,325,602)	(361,656)	(196,884)	(477,609)	(9)	(30,360)	(318,615)	(343,205)	(75,548)	(3,129,488)
Cash payment for loss claims										
Cash payments to the funds for services										
Cash provided (used) by operating activities	101,438	17,348	41,488	-	(9)	(30,360)	14,356	22,328	23,475	190,084
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							(12,240)	(25,094)	-	(37,334)
Interest Expense								(226)		(226)
Principal paid on debt								(2,685)		(2,685)
Proceeds from loans							12,240	25,094		37,334
Net cash flows provided (used) by Capital & Related Financing Activities								(2,911)		(2,911)
Cash Flows From Investing Activities										
Interest Revenue	5,168	5,549	2,698	654	1,562	-	-	-	-	15,631
Net Cash Flows Provided (Used) by Investing Activities	5,168	5,549	2,698	654	1,562	-	-	-	-	15,631
Net increase (decrease) in cash & cash investments	106,606	22,897	44,186	654	1,553	(30,360)	14,356	19,417	23,475	202,784
Cash & cash investments, July 1	323,768	484,235	245,176	81,111	18,944	(49,953)	84,971	146,618	80,741	1,415,313
Cash & cash investments, June 30	430,374	507,132	289,364	81,765	20,497	(80,313)	99,027	166,035	104,216	1,618,087
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:										
Income (loss) from operations	84,909	(15,598)	41,488	-	(9)	-	(5,591)	10,077	18,228	133,504
Adjustments to reconcile net income to net cash provided by operating activities:										
Depreciation									4,368	32,093
(Increase) Decrease in Accounts Receivable	(210)						17,016	10,709	-	(210)
(Increase) Decrease in Prepaid Insurance										(1,276)
(Increase) Decrease in Due from Other Funds										(30,360)
(Increase) Decrease in Imprest Deposit										-
Increase (Decrease) in Accounts Payable	16,739	34,222	-	-	-	-	2,931	1,542	879	56,313
Total Adjustments	16,529	32,946	-	-	-	(30,360)	19,947	12,251	5,247	56,560
Net Cash Provided (Used) by Operating Activities	101,438	17,348	41,488	-	(9)	(30,360)	14,356	22,328	23,475	190,084
Reconciliation of total cash & cash investments:										
Current assets-cash & cash investments	\$ 430,374	\$ 507,132	\$ 289,364	\$ 81,765	\$ 20,497	\$ (80,313)	\$ 99,027	\$ 166,035	\$ 104,216	\$ 1,618,087

**CITY OF WAYCROSS, GEORGIA
 COMBINING STATEMENT OF FIDUCIARY ASSETS & LIABILITIES
 JUNE 30, 2008**

	<u>Police Condemnation</u>	<u>Municipal Court</u>	<u>Total Agency Funds</u>
Assets			
Cash	\$ 46,902	\$ 73,900	\$ 120,802
Total Assets	<u>\$ 46,902</u>	<u>\$ 73,900</u>	<u>\$ 120,802</u>
Liabilities			
Refundable Court Bonds		\$ 73,900	\$ 73,900
Seized Funds Held	46,902		\$ 46,902
Total Liabilities	<u>\$ 46,902</u>	<u>\$ 73,900</u>	<u>\$ 120,802</u>

ADDITIONAL SCHEDULES AND OTHER INFORMATION

BYRT CPAs, LLC

Certified Public Accountants

James A. Beal IV, CPA, CFP®
Debra C. Yonz, CPA
James S. Rivers III, CPA, CFP®, CLU
Larry G. Taylor, CPA

102 Lee Avenue
Post Office Box 275
Waycross, Georgia 31502
Phone: (912) 283-8889
Fax: (912) 283-1971
E-mail: dcy@byrt.com

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

November 18, 2008

**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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waycross, Georgia as of and for the year ended June 30, 2008, which collectively comprise the City of Waycross, Georgia's basic financial statements and have issued our report thereon dated November 18, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

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.

We noted certain matters that we reported to management in a separate letter dated November 18, 2008.

This report is intended solely for the information and use of the Mayor, 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,

BYRT CPAs, LLC
BYRT CPAs, LLC

BYRT CPAs, LLC

Certified Public Accountants

James A. Beal IV, CPA, CFP®
Debra C. Yonz, CPA
James S. Rivers III, CPA, CFP®, CLU
Larry G. Taylor, CPA

102 Lee Avenue
Post Office Box 275
Waycross, Georgia 31502
Phone: (912) 283-8889
Fax: (912) 283-1971
E-mail: dcy@byrt.com

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

November 18, 2008

**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, 2008. 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, 2008, in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

BYRT CPAs, LLC

BYRT CPAs, LLC

CITY OF WAYCROSS, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
THROUGH THE FISCAL YEAR ENDED JUNE 30, 2008

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%
Administrative	-	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, 2008

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, 2008**

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, 2008

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 - Misc. 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	21,638	(6,750)	14,888	3%
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	-	32,456	-	32,456	0%
Downtown Drainage Project	-	472,890	-	472,890	100%
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%
City Blvd Phase IV Project #850-10-0104	-	-	7,995	7,995	

CITY OF WAYCROSS, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
THROUGH THE FISCAL YEAR ENDED JUNE 30, 2008

Projects	Original Estimated Cost	Prior Year	Current Year	Total	Estimated Percentage of Completion
Milling-Plant Ave.		55,431	-	55,431	
Plant Avenue		1,488	-	1,488	
Elizabeth & Mary		39,456	-	39,456	
Dorothy & Tebeau		19,599	-	19,599	
Street Drainage Imprv. - Phase I		142,998	428,124	571,122	
Total	\$ 12,704,649	\$ 15,332,422	\$ 429,369	\$ 15,761,791	

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, 2008

Program Activity	Budgeted Costs	Paid to Date	Costs Obligated	Total Cost	Questioned Costs
H-14A-01 Rehabilitation of Private Properties	122,500	126,004	126,004	126,004	253,150
H-013-00 Downpayment/Closing Cost Assistance	110,000	106,252	106,252	106,252	(242,920)
A-21A-00 Administration	10,150	10,659	10,659	10,659	(10,230)
C-022-00 Contingencies	10,500	5	5	5	
Totals	<u>253,150</u>	<u>242,920</u>	<u>242,920</u>	<u>242,920</u>	<u>253,150</u>
					<u>(242,920)</u>
					<u>(10,230)</u>
					<u>242,920</u>
					<u>(242,920)</u>
					<u>253,150</u>

Expenditure per Financial Statements-

FYE 06/30/05	39,620
FYE 06/30/06	28,016
FYE 06/30/07	70,036
FYE 06/30/08	105,248
	<u>242,920</u>

CITY OF WAYCROSS, GEORGIA
CDBG GRANT #07p-x-148-2-3335
STATEMENT OF PROGRAM COSTS AND STATEMENT OF SOURCES/STATUS OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

Program Activity	Budgeted Costs	Paid to Date	Costs Obligated	Total Cost	Questioned Costs
S-03M-00	30,194				
					Total Program Funds Allocated to Recipient 500,000
P-001-01	50,562	50,012		50,012	
					Less: Funds Drawn Down by Recipient (54,262)
P-004-00	56,750				
					Funds Still Available to be Drawn Down 445,738
P-03M-01	336,172	3,600		3,600	
					Total Funds Drawn Down by Recipient 54,262
P-03P-02	14,090				
					Less: Funds Applied to Costs (53,612)
C-022-00	12,232				
					Total Funds Available for Disposition 650
Totals	<u>500,000</u>	<u>53,612</u>		<u>53,612</u>	
Expenditure per Financial Statements-					
FYE 06/30/08		<u>53,612</u>		<u>53,612</u>	

CITY OF WAYCROSS, GEORGIA
CHIP GRANT #06-x-148-2-2943
STATEMENT OF PROGRAM COSTS AND STATEMENT OF SOURCES/STATUS OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

Program Activity	Budgeted Costs	Paid to Date	Costs Obligated	Total Cost	Questioned Costs	Total Program Funds Allocated to Recipient
H-14A-01 Rehabilitation of Private Properties	\$ 142,590	-	-	-	\$ -	\$ 300,000
H-013-00 Downpayment /Closing Cost Assistance	120,320	6,000	-	6,000	-	(6,000)
A-21A-00 Administration	15,000	-	-	-	-	\$ 294,000
C-022-00 Contingencies	22,090	-	-	-	-	(6,000)
Totals	\$ 300,000	\$ 6,000	\$ -	\$ 6,000	\$ -	\$ 294,000

Expenditures per Financial Statements-
FYE 06/30/08

6,000
\$ 6,000

BYRT CPAs, LLC

Certified Public Accountants

James A. Beal IV, CPA, CFP®
Debra C. Yonz, CPA
James S. Rivers III, CPA, CFP®, CLU
Larry G. Taylor, CPA

102 Lee Avenue
Post Office Box 275
Waycross, Georgia 31502
Phone: (912) 283-8889
Fax: (912) 283-1971
E-mail: dcy@byrt.com

Management Letter

November 18, 2008

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, 2008, 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 November 18, 2008. This letter does not affect our report dated November 18, 2008 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:

Accounting for Post-Employment Benefits

GASB No. 43 & 45 – "Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions" require governmental employers to account for post-retirement healthcare benefits on an "actuarial basis" during an employee's career instead of using the current practice, which accounts on a "pay as you go" basis during retirement. These new rules apply to "other post-employment benefits" – not pension benefits, which include medical, prescription drug, dental, vision, life and long-term care for retirees. The implementation date is for fiscal years beginning after December 15, 2007 which would begin fiscal year July 1, 2008 for the City of Waycross. Management has obtained the appropriate actuarial valuations to determine the accounting cost amounts for fiscal year 2008.

Plan for Eliminating Interfund Receivable/Payables

Management began, during the year ending June 30, 2005, eliminating interfund receivables and payables that have occurred in the past. As of June 30, 2008, interfund receivables and payables totaled \$3,310,238 (see footnote # 7, page 36) as compared to \$4,260,909 at June 30, 2005.

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

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 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,

BYRT CPAs, LLC

BYRT CPAs, LLC

**STATISTICAL SECTION
(Unaudited)**

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

Year Ending	(1) Admini- stration	Police	Fire	Public Works	Culture/ Recreation	Improve- ments	Garage	Debt Service	Capital Outlay	Operating Transfers	Total
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
2006-07	804,957	3,709,439	2,613,791	1,658,924	-	365,806	-	113,424	357,617	108,500	9,732,458
2007-08	1,232,559	3,832,594	2,903,904	1,795,500	-	455,539	-	150,331	133,610	155,463	10,659,500

Net of Reimbursements

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

Year Ending	Total Tax Levy	Current Tax Collections	Percent of		Collection Prior Years	Total Collections	Total Collections as a Percent of Current Levy	Outstanding Delinquent Taxes
			Levy Collected	Levy Collected				
1998-99	1,936,149	1,821,667	94.1%	94.1%	63,130	1,884,797	97.3%	156,859
1999-00	1,985,094	1,846,831	93.0%	93.0%	91,194	1,938,025	97.6%	179,054
2000-01	2,007,441	1,855,095	92.4%	92.4%	99,378	1,954,473	97.4%	198,350
2001-02	2,207,403	2,088,326	94.6%	94.6%	120,636	2,208,962	100.1%	205,551
2002-03	2,023,199	1,875,880	92.7%	92.7%	90,176	1,966,056	97.2%	262,695
2003-04	2,157,469	2,097,060	97.2%	97.2%	131,139	2,228,199	103.3%	152,914
2004-05	2,257,819	2,055,820	91.1%	91.1%	67,578	2,123,398	94.0%	246,252
2005-06	2,282,322	2,010,335	88.1%	88.1%	97,313	2,199,173	96.4%	156,101
2006-07	2,282,899	2,101,860	92.0%	92.0%	89,771	2,100,106	92.0%	159,996
2007-08	2,393,623	2,152,538	89.9%	89.9%	107,443	2,259,982	94.4%	145,102

**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
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%
2006-07	254,171,399	635,428,498	40%
2007-08	270,926,543	677,316,358	40%

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

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
Residential	\$ 112,976,349	\$ 96,904,122	\$ 96,731,206	\$ 92,978,395	\$ 84,518,806	\$ 82,093,351	\$ 78,514,534	\$ 78,833,664	\$ 74,182,446	\$ 72,046,988
Historic	211,816	132,840	132,840	125,411	125,412	104,510	104,510	104,510	104,510	173,665
Commercial	124,762,905	125,691,920	121,842,075	113,535,416	110,964,113	105,510,340	105,437,291	102,908,664	95,732,942	92,465,545
Industrial	902,705	1,000,016	1,246,432	1,027,874	1,074,028	1,639,457	1,690,024	1,914,787	1,902,523	2,703,197
Personal	-	-	-	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Others	2,759	28,721	24,145	14,584	19,047	39,629	45,092	22,888	29,843	35,158
Utilities	28,689,092	30,420,455	33,092,588	42,869,064	42,865,709	36,936,617	34,812,727	37,368,013	38,680,505	38,418,072
Motor Vehicles	22,235,460	20,591,300	22,196,590	23,223,630	23,990,390	23,798,530	23,535,510	23,468,581	22,089,882	12,109,072
Mobile Homes	1,464,069	1,562,192	1,675,063	1,793,987	1,919,341	799,716	690,989	760,514	462,829	632,183
Railroad Car	-	-	-	-	-	-	-	-	-	-
(2)	\$ 291,245,155	\$ 276,331,566	\$ 276,940,939	\$ 275,568,361	\$ 265,476,846	\$ 250,922,150	\$ 244,830,677	\$ 245,381,621	\$ 233,185,480	\$ 218,583,880
Exemptions (1)	\$ (23,621,425)	\$ (13,158,455)	\$ (13,202,188)	\$ (12,964,207)	\$ (12,187,683)	\$ (11,972,104)	\$ (9,732,042)	\$ (9,091,405)	\$ (7,033,689)	\$ (2,037,993)
Total (1)	\$ 267,623,730	\$ 263,173,111	\$ 263,738,751	\$ 262,604,154	\$ 253,289,163	\$ 238,950,046	\$ 235,098,635	\$ 236,290,216	\$ 226,151,791	\$ 216,545,887

(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>
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
2006-07	10.226
2007-08	9.998

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

Year Ending	Population	Value	Gross Bonded		Ratio of Gross	
			Debt	Debt	Bonded Debt to Assessed Value	Bonded Debt per Capita
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%	-
2006-07	15,333	254,171,399	-	-	0.00%	-
2007-08	14,765	270,926,543	-	-	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
	200,005	223,944					
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%
2006-07	113,424	-	-	-	113,424	9,623,958	1.18%
2007-08	150,331	-	-	-	150,331	10,659,500	1.41%

**CITY OF WAYCROSS, GEORGIA
 COMPUTATION OF LEGAL DEBT MARGIN
 AND DIRECT AND OVERLAPPING DEBT
 JUNE 30, 2008**

Assessed Value	<u>\$ 270,926,543</u>
Debt Limit: 10% of Assessed Value	\$ 27,092,654
Less: Debt Application to Debt Limit	
General Obligation Indebtedness	<u>12,114,141</u>
Legal Debt Margin	<u><u>\$ 14,978,513</u></u>
 Direct and Overlapping Debt	
City's Direct Bonded Debt	\$ -
City's Obligation on Water and Sewer Loan	12,114,141
Bonded Debt of Other Overlapping	
Governments Assessed Against City Taxpayers	<u>-</u>
Total Direct and Overlapping Debt	<u><u>\$ 12,114,141</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>
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
2006-07	5,760,083	3,596,544	2,163,539	1.01
2007-08	5,873,224	3,984,088	1,889,136	1.72

(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
2007-2008**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
1. Ware Correctional Institute	\$ 142,689	\$ 153,485	\$ 296,174
2. Satilla Regional Medical Center	57,515	61,839	119,354
3. Flanders Provision Co.	26,204	28,088	54,292
4. Waycross Housing Authority	22,422	24,179	46,601
5. Rich Products Corp	16,879	18,046	34,925
6. Ware County Commission	17,256	18,533	35,789
7. CSX Transportation	16,080	15,472	31,552
8. Peachwood Place	14,051	15,032	29,083
9. Voith Fabrics	11,538	12,376	23,914
10. Sandy Creek Apartments	<u>11,204</u>	<u>11,994</u>	<u>23,198</u>
Total	<u><u>\$ 335,838</u></u>	<u><u>\$ 359,044</u></u>	<u><u>\$ 694,882</u></u>

**CITY OF WAYCROSS, GEORGIA
PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Assessed Value</u>	<u>Tax Levied</u>
1. CSX Corporation	\$ 10,051,452	\$ 100,494
2. Walmart Stores, Inc.	4,279,694	42,788
3. Georgia Power Company	3,659,013	36,582
4. Lowe's Home Centers, Inc.	3,263,893	32,632
5. Kolb & Wheeler & Walters	3,228,806	32,282
6. Walmart Stores East LP	3,025,382	30,248
7. Lowe's Home Centers, Inc.	2,277,164	22,767
8. The Kroger Co.	1,856,316	18,559
9. Flanders Provision Co.	1,761,159	14,129
10. Sears Roebuck & Co.	1,625,323	16,250
Total	<u>\$ 35,028,202</u>	<u>\$ 346,731</u>

**CITY OF WAYCROSS, GEORGIA
MISCELLANEOUS STATISTICS
JUNE 30, 2008**

Date of Incorporation	1,874
Form of Government	Manager
Number of Employees (Excluding Police and Fire)	
Classified	98
Area in Square Miles	11.69
Population-City	14,765
-County	35,494
Daytime Population	45,000
City of Waycross Facilities and Services	
Miles of Streets	178
Number of Street Lights	2,053
Number of Traffic Lights	21
Culture and Recreation	
Community Centers	1
Parks	17
Park Acreage	40.00
Cemeteries	3
Cemetery Acreage	140
Tennis Courts	1
Fire Protection	
Number of Stations	3
Number of Fire Personnel and Officers	57
Number of Calls Answered	930
Number of Inspections Conducted	1,445
Police Protection	
Number of Stations	1
Number of Police Personnel and Officers	71.0
Number of Patrol Units	49
Number of Law Violations:	
Physical Arrests	2,408
Traffic Violations	5,564
Sewerage System	
Miles of Sanitary Sewers	120
Miles of Storm Sewers	60
Number of Treatment Plants	1
Number of Service Connections	6,865
Daily Average Treatment in Gallons	3,000,000
Maximum Daily Capacity of Treatment Plant in Gallons	12,000,000
Water System	
Miles of Water Mains	145
Number of Service Connections	7,398
Number of Fire Hydrants	931
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, 2008**

Water Accounts Active (Estimate)	6,640
Sewer Accounts Active (Estimate)	6,128
Total Water Pumped - Gallons (Estimate)	850,404,000
Total Water Consumed - Gallons (Estimate)	731,712,300
Total Water Billed	\$ 2,502,626
Total Water Collected	\$ 2,531,852
Total Sewer Billed	\$ 2,485,516
Total Sewer Collected	\$ 2,413,227