

CITY OF WASHINGTON, GEORGIA

Annual Financial Report

For the year ended December 31, 2014

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CITY OF WASHINGTON, GEORGIA
ANNUAL FINANCIAL REPORT
For the year ended December 31, 2014

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Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Washington, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, Georgia, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Washington, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2015, on our consideration of the City of Washington, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Washington, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
June 25, 2015

City of Washington



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MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Washington management is proud to present this narrative discussion and analysis of the City of Washington's financial performance, making available an overview of the activities for the year ended December 31, 2014. This report is drafted annually to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Washington. As required by the Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis affords comparisons with the previous fiscal year.

Financial Highlights

- The City of Washington's assets exceeded its liabilities at December 31, 2014 by \$16,320,791 (*net position*). Of this amount, \$3,072,675 is reported as unrestricted net position. This is an increase of \$923,537 from the previous year for unrestricted. Total net position decreased by \$2,543,711 from the previous year due mostly to prior period adjustments.
- As of December 31, 2014, The City of Washington's governmental funds reported combined ending fund balances of \$1,210,548. Approximately 54%, or \$656,814, is reported as restricted. Approximately 32%, or \$381,441, is reported as assigned. Information about the City of Washington's Policy on Fund Balance can be found in Note 2R in the *Notes to the Financial Statements* beginning on page 37.

More detailed information regarding these activities and funds begins on page 14.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to the City of Washington's basic financial statements. The City of Washington's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

Government-wide Financial Statements (Reporting the City as a whole). The focus of the government-wide financial statements is on the overall financial position and activities of the City of Washington and is designed to provide a broad overview of the City's financial activities in a manner similar to a private business enterprise.

The City's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These two statements report information about the City of Washington using the accrual basis of accounting, which is similar to the accounting used by non-public businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the **Statement of Net Position** (pages 14-15) is to report all of the assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net position*. While the purpose of City Government is not to accumulate net position, as this amount increases it can indicate the strength of the City's financial position as a whole. When this amount decreases it can indicate a weakening of the City's financial position.

The **Statement of Activities** (page 16) presents the revenues and expenses of the City. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position*. The Statement of Activities primary focus is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through user fees, special revenues, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, we divide the City of Washington into three types of activities:

- **Governmental activities** – Most of the City's basic services are reported under this category which includes: judicial, public safety, public works, and general administration. Taxes such as real property, sales, insurance premium and intangible finance most of these services.
- **Business-type or Enterprise activities** – The City charges fees to customers to assist in recovering the cost for providing certain services. The City's water and sewer system, electric system, solid waste services, and internet telecommunications system are reported in this category.
- **Discretely Presented Component Unit** – A component unit is a legally separate organization for which the elected officials of the City can be financially accountable. The Downtown Development Authority of Washington, Georgia, although legally separate, functions for all practical purposes as a department of the City of Washington and has been included as an integral part of the government.

The City's government-wide financial statements are presented on pages 14-16.

Fund Financial Statements (Reporting the City's Major Funds).

The focus of fund financial statements is directed at specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 61. The City's funds are divided into two broad categories: governmental and proprietary. They use different prescribed accounting methodologies.

- **Governmental Funds** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these 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 so doing, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided following each statement.

The City of Washington maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered a major governmental fund. Data from the other governmental 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 on pages 61-64 of this report.

The City of Washington adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been included for the General Fund to show the final result of actual revenues and expenditures as compared to the initial projections.

The City's basic governmental fund financial statements are presented on pages 17-22 of this report.

- **Proprietary Funds** – When the City charges customers for the services it provides, whether to outside customers or internally to departments of the City, these services are generally reported in proprietary funds. The City maintains one type of proprietary funds: Enterprise Funds. These proprietary funds are prepared using the same accrual basis of accounting as the government-wide financial statements.

Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Washington uses enterprise funds to account for its Water and Sewer, Electric, Solid Waste, and Internet Telecommunications functions.

The City's proprietary fund financial statements are presented on pages 23-26.

Notes to the 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 27-60 of this report.

Other Supplementary Information.

Other supplementary information includes combining financial statements for non-major governmental and proprietary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 18 and 20) which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statements but as deferred inflows of resources on the fund statements.
- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for this fiscal year is summarized as follows based on the information included in the government-wide financial statements (see pages 14-16):

City of Washington Net Position Fiscal Years 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 1,568,139	\$ 2,187,788	\$ 3,828,439	\$ 7,092,636	\$ 5,396,578	\$ 9,280,424
Capital assets	6,353,774	6,563,726	16,568,377	16,363,071	22,922,151	22,926,797
Other noncurrent assets	0	0	500,092	486,215	500,092	486,215
Total assets	<u>7,921,913</u>	<u>8,751,514</u>	<u>20,896,908</u>	<u>23,941,922</u>	<u>28,818,821</u>	<u>32,693,436</u>
Current liabilities	459,943	956,945	1,630,508	1,960,085	2,090,451	2,917,030
Noncurrent liabilities	727,869	811,828	9,679,710	10,100,076	10,407,579	10,911,904
Total liabilities	<u>1,187,812</u>	<u>1,768,773</u>	<u>11,310,218</u>	<u>12,060,161</u>	<u>12,498,030</u>	<u>13,828,934</u>
Net position:						
Net investment in						
capital assets	5,516,961	5,653,343	6,313,199	5,814,437	11,830,160	11,467,780
Restricted	656,814	787,864	761,142	4,459,720	1,417,956	5,247,584
Unrestricted	560,326	541,534	2,512,349	1,607,604	3,072,675	2,149,138
Total net position	<u>\$ 6,734,101</u>	<u>\$ 6,982,741</u>	<u>\$ 9,586,690</u>	<u>\$ 11,881,761</u>	<u>\$ 16,320,791</u>	<u>\$ 18,864,502</u>

Net position may serve over time as a useful indicator of a government's financial position. Assets for the City of Washington exceeded liabilities by \$16,320,791 at the close of 2014. Approximately 72% of the City of Washington's net position is reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire them. This is up 11% from 61% at December 31, 2013. The City uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in 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. Restricted net position comprises 9% of total net position. This amount represents resources that are subject to external restrictions or enabling legislation on how they may be used. Unrestricted net position makes up the remaining 19%.

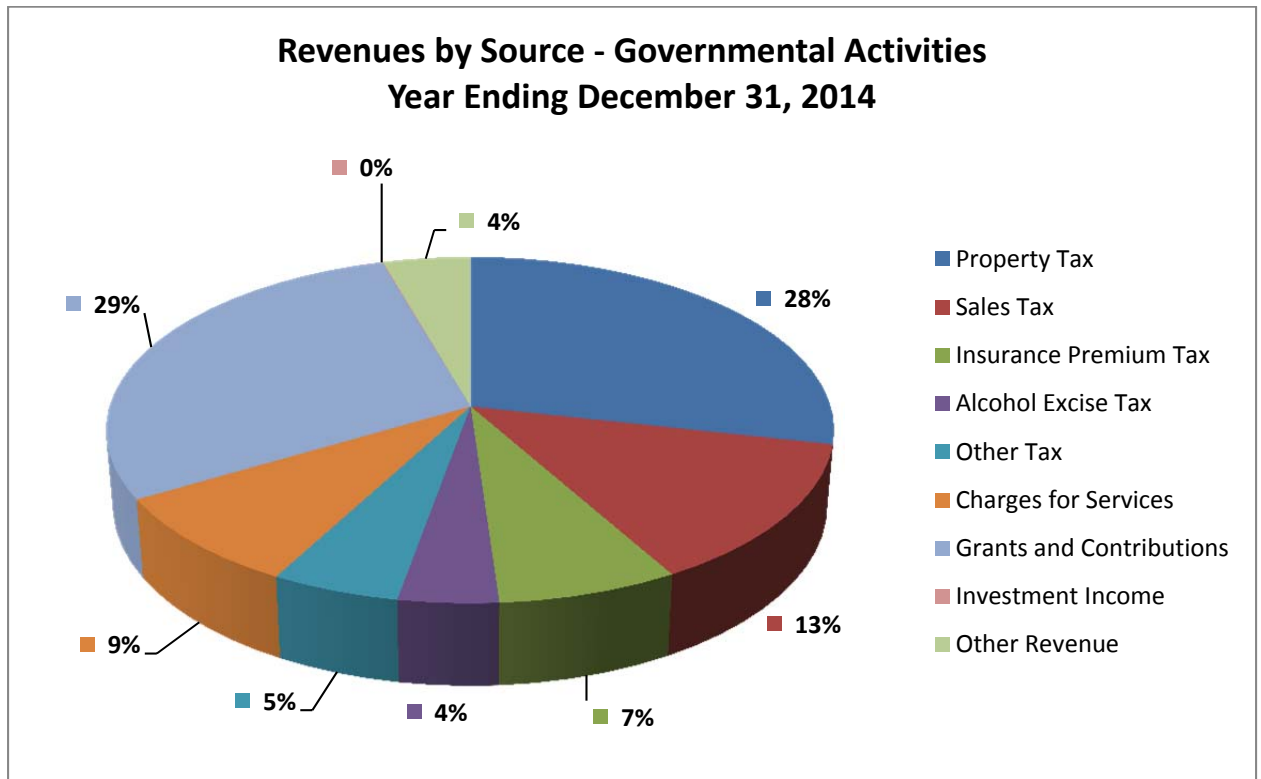
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Washington's net position changed during the year.

**City of Washington
Changes in Net Position
Fiscal Years 2014 and 2013**

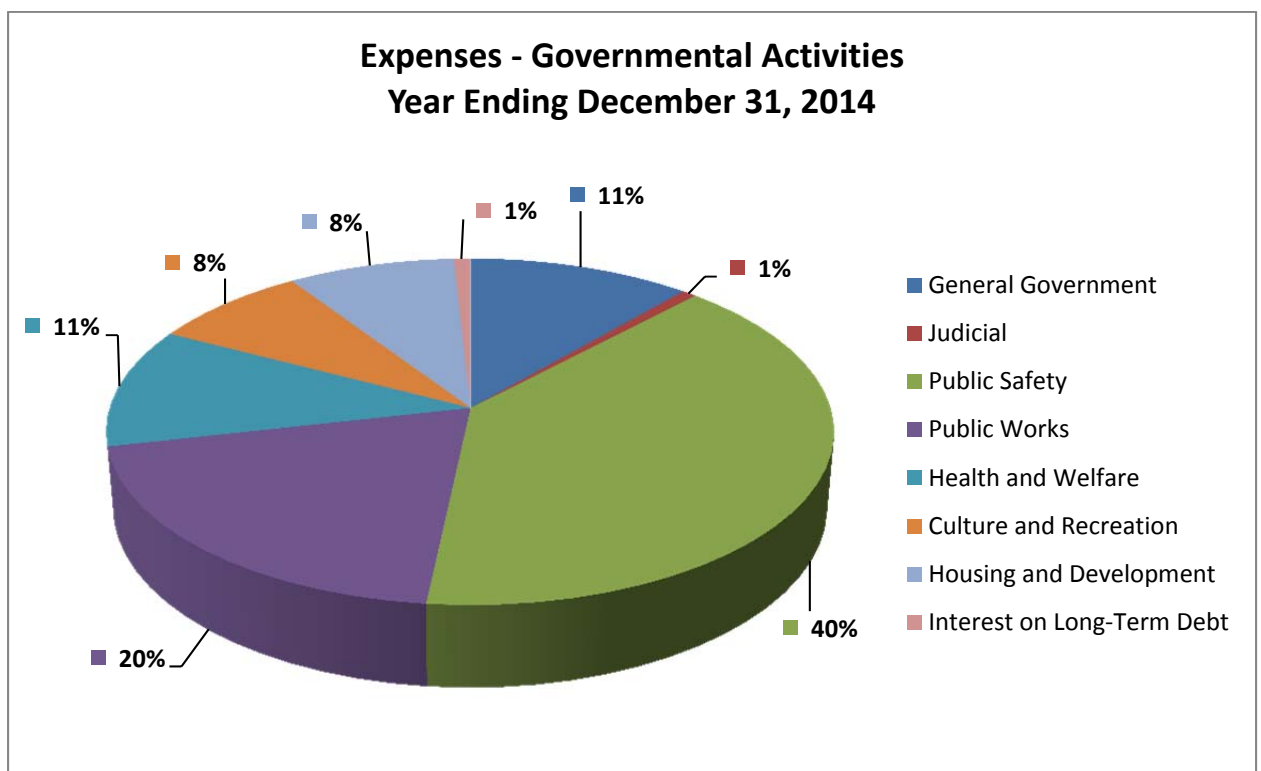
	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 271,155	\$ 480,733	\$ 14,401,342	\$ 13,869,574	\$ 14,672,497	\$ 14,350,307
Operating grants and contributions	239,804	35,692	1,424,862	0	1,664,666	35,692
Capital grants and contributions	671,476	812,842	277,441	0	948,917	812,842
General revenues:						
Property tax	894,149	1,265,477	0	0	894,149	1,265,477
Sales tax	418,388	315,625	0	0	418,388	315,625
Insurance premium tax	222,966	0	0	0	222,966	-
Alcohol excise tax	123,061	0	0	0	123,061	-
Other taxes	158,163	431,076	0	0	158,163	431,076
Interest & investment earnings	1,719	750	72,538	117,319	74,257	118,069
Other revenue	139,355	130,230	37,985	0	177,340	130,230
Total revenues	3,140,236	3,472,425	16,214,168	13,986,893	19,354,404	17,459,318
Expenses						
General government	570,962	557,509	0	0	570,962	557,509
Judicial	37,131	8,441	0	0	37,131	8,441
Public Safety	2,001,932	2,422,331	0	0	2,001,932	2,422,331
Public Works	997,780	932,278	0	0	997,780	932,278
Health and Welfare	565,552	299,796	0	0	565,552	299,796
Culture and Recreation	404,246	432,283	0	0	404,246	432,283
Housing and Development	428,152	642,835	0	0	428,152	642,835
Interest on long-term debt	42,840	53,623	0	0	42,840	53,623
Water and Sewer	0	0	2,652,887	2,454,822	2,652,887	2,454,822
Electric	0	0	10,104,971	9,489,639	10,104,971	9,489,639
Solid Waste	0	0	562,794	557,205	562,794	557,205
Internet Telecommunications	0	0	60,203	97,239	60,203	97,239
Total expenses	5,048,595	5,349,096	13,380,855	12,598,905	18,429,450	17,948,001
Increase (decrease) in net position before transfers	(1,908,359)	(1,876,671)	2,833,313	1,387,988	924,954	(488,683)
Transfers	1,813,855	2,251,302	(1,813,855)	(2,251,302)	0	0
Increase (decrease) in net position	(94,504)	374,631	1,019,458	(863,314)	924,954	(488,683)
Net position - beginning (original)	6,982,741	6,608,110	11,881,761	12,916,016	18,864,502	19,524,126
Prior period adjustments	(154,136)	0	(3,314,529)	(170,941)	(3,468,665)	(170,941)
Net position - beginning (restated)	6,828,605	6,608,110	8,567,232	12,745,075	15,395,837	19,353,185
Net position - ending	\$ 6,734,101	\$ 6,982,741	\$ 9,586,690	\$ 11,881,761	\$ 16,320,791	\$ 18,864,502

Governmental Activities –

The following chart illustrates revenues of the governmental activities for the fiscal year:



The following chart illustrates the expenses of the governmental activities for the fiscal year:



Business-Type Activities –

Business-type activities increased the City of Washington's net position by \$1,019,458, or 8.5%. This increase is due to a large increase in net position in the Electric Fund that was offset partially by a large decrease in net position in the Water and Sewer Fund.

Financial Analysis of the City's Funds

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

Governmental Funds. The main focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of unrestricted resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

- 1) As the City completed this fiscal year, its governmental funds reported a combined ending fund balance of \$1,210,548. Of this amount, \$343,551 (28%) has been assigned for the 2015 budget.

The General Fund is the chief operating fund of the City. At the end of the current year, fund balance of the General Fund was \$311,635. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 0% of total fund balance in the General Fund. Unassigned fund balance represents 0% of total General Fund expenditures, while total fund balance represents approximately 6% of that same amount. The City ended the year realizing an increase in the overall fund balance in the General Fund by \$170,993, or approximately 164%. The City increased unassigned fund balance in the General Fund by \$37,995.

General Fund Budget Highlights

The original budget for the General Fund was amended by various appropriations approved after the beginning of the fiscal year. Budgeted revenues in total increased over the original budgeted amount. Some unbudgeted expenditures occurred which were completely offset by either unbudgeted revenue or by a decrease in budgeted expenditures. There were also some amendments made to transfer revenues and expenses between departments due to government structure changes.

Proprietary Funds. The City of Washington’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the City’s four proprietary funds totaled as follows:

▪ Water and Sewer	\$	254,452
▪ Electric	\$	1,585,737
▪ Solid Waste	\$	147,014
▪ Internet Telecommunications	\$	525,146

The Water and Sewer Fund decreased net position by \$1,352,641. The decrease is due to a significant transfer of funds to the Electric Fund. The Electric Fund increased net position by \$2,284,603. The increase is due to a transfer in from Water and Sewer Fund and a decreased use of net position. The Solid Waste Fund increased net position by approximately \$100,384. The increase is due to transfers in from the General Fund. The Internet Telecommunications Fund decreased net position by \$12,888. The decrease is due to a decrease in revenue from no longer providing internet services to customers.

Capital Assets and Debt Administration

Capital Assets. The City of Washington has invested \$22,922,151 in capital assets (net of accumulated depreciation) compared to \$22,926,798 in the previous year. This represents an increase of 0.02%. Approximately 72% of this investment is related to business-type activities and includes infrastructure, land, buildings, and equipment and vehicles. Capital assets held by the City at year-end are summarized as follows:

**City of Washington
Capital Assets (net of accumulated depreciation)
Fiscal Years 2014 and 2013**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 699,597	\$ 706,992	\$ 203,190	\$ 203,190	\$ 902,787	\$ 910,182
Historical treasures	81,718	81,718	0	0	81,718	81,718
Construction in progress	0	0	3,700	9,235,697	3,700	9,235,697
Buildings and improvements	3,906,042	3,971,542	726,825	726,825	4,632,867	4,698,367
Equipment and vehicles	2,353,863	2,467,534	1,821,997	1,712,586	4,175,860	4,180,120
Infrastructure	3,838,524	3,824,573	24,331,446	14,660,384	28,169,970	18,484,957
Total	10,879,744	11,052,359	27,087,158	26,538,682	37,966,902	37,591,041
Accumulated Depreciation	(4,525,970)	(4,488,633)	(10,518,781)	(10,175,610)	(15,044,751)	(14,664,243)
Net Capital Assets	<u>\$ 6,353,774</u>	<u>\$ 6,563,726</u>	<u>\$ 16,568,377</u>	<u>\$ 16,363,072</u>	<u>\$ 22,922,151</u>	<u>\$ 22,926,798</u>

Major capital asset expenditures during the current fiscal year for governmental activities included the following:

- Road projects funded by LMIG
- A generator for disaster relief funded by grant money
- A track loader for public works to alleviate the rental fees of one
- New heat pump at City Hall to replace one that quit working

Major capital asset expenditures during the current year for business-type activities included the following:

- Tractor with bucket for Water and Sewer department
- Completion of upgrades to water treatment plants
- Yard lights for new subdivision
- Engine rebuild on Kubota for Sanitation

Additional information on the City of Washington's capital assets can be found in Note 7 on pages 44-45 of this report.

Debt/Capital Leases. On December 31, 2014, the City of Washington had a total debt balance outstanding for governmental activities in the amount of \$836,813, as compared to \$896,874 the previous year. The City of Washington's outstanding debt for governmental activities has decreased by \$60,061 during the course of the year. On December 31, 2014, the City of Washington had a total debt balance outstanding for business-type activities in the amount of \$10,255,178, as compared to \$10,548,634 the previous year. The City of Washington's outstanding debt for business-type activities has decreased by \$293,456 during the course of the year.

Additional information on the City's long-term debt can be found in Note 9 on pages 46-49 of this report.

Economic Condition and Outlook

The City of Washington has struggled to maintain healthy fund reserves and will work to continue to provide services to the citizenry. Moving forward the City will continue to face challenges as a result of slow economic growth. Housing starts and retail sales related to residential and commercial construction continue to be a major concern of the City Council. These and many key factors were considered in preparation of the budget for 2015 that position the City of Washington to meet those challenges:

- Continued increased reliance on residential taxes as an overall part of the tax base
- Flattening recovery in citywide retail sales
- Increased reliance on Special Purpose Local Option Sales Tax to cover Water and Sewer debt service
- State Legislatures imposing limits to home rule through property tax and property assessment reform
- Continued volatility in the housing market and cost of fuel & energy
- The City of Washington's unemployment rate remaining near record levels as is the case in most of Georgia
- Need for additional personnel, and funds for personnel development and training
- Rising cost of healthcare and other insurance benefits

Contacting the City

This financial report is designed to provide City citizens, taxpayers, customers, and creditors with a general overview of the City of Washington's finances and to demonstrate the City's high level of accountability for the revenue it receives and the services it provides. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Administration

City of Washington
ATTN: City Administrator
P.O. Box 9
Washington, Georgia 30673

Website

<http://www.cityofwashingtonga.gov>

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BASIC FINANCIAL STATEMENTS

CITY OF WASHINGTON, GEORGIA
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 838,366	\$ 76,875	\$ 915,241	\$ 1,312
Investments	223,120	164,824	387,944	2,305
Restricted assets				
Cash and cash equivalents	4,771	313,103	317,874	0
Investments	0	688,724	688,724	0
Receivables (net)				
Accounts	58,558	1,744,817	1,803,375	0
Intergovernmental	76,738	415,419	492,157	0
Taxes	210,434	0	210,434	0
Internal balances	3,839	(3,839)	0	0
Inventories	0	402,409	402,409	0
Prepays	152,313	26,107	178,420	0
Total current assets	1,568,139	3,828,439	5,396,578	3,617
Noncurrent assets				
Investment in joint venture	0	500,092	500,092	0
Capital assets				
Non-depreciable	781,315	206,890	988,205	0
Depreciable (net)	5,572,459	16,361,487	21,933,946	0
Total noncurrent assets	6,353,774	17,068,469	23,422,243	0
Total assets	7,921,913	20,896,908	28,818,821	3,617
LIABILITIES				
Current liabilities				
Accounts payable	224,805	663,395	888,200	0
Accrued salaries and payroll liabilities	45,518	22,119	67,637	0
Compensated absences	46,876	36,718	83,594	0
Accrued interest payable	0	8,329	8,329	0
Customer deposits payable	0	83,794	83,794	0
Unearned revenue	33,800	0	33,800	0
Capital leases payable	6,379	0	6,379	0
Notes payable	102,565	348,559	451,124	0
Liabilities payable from restricted assets				
Customer deposits payable	0	240,685	240,685	0
Notes payable	0	226,909	226,909	0
Total current liabilities	459,943	1,630,508	2,090,451	0
Noncurrent liabilities				
Capital leases payable	10,522	0	10,522	0
Notes payable	717,347	9,679,710	10,397,057	0
Total noncurrent liabilities	727,869	9,679,710	10,407,579	0
Total liabilities	1,187,812	11,310,218	12,498,030	0

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

CITY OF WASHINGTON, GEORGIA
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
NET POSITION				
Net investment in capital assets	\$ 5,516,961	\$ 6,313,199	\$ 11,830,160	\$ 0
Restricted for:				
MEAG Generation Trust	0	534,233	534,233	0
Public Safety	4,795	0	4,795	0
Public Works	217,295	0	217,295	0
Culture and Recreation	50,689	0	50,689	0
Capital Outlay	384,035	0	384,035	0
Debt Service	0	226,909	226,909	0
Unrestricted	560,326	2,512,349	3,072,675	3,617
Total net position	<u>\$ 6,734,101</u>	<u>\$ 9,586,690</u>	<u>\$ 16,320,791</u>	<u>\$ 3,617</u>

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

CITY OF WASHINGTON, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended December 31, 2014

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General Government	\$ 570,962	\$ 30,508	\$ 0	\$ 0	\$ (540,454)
Judicial	37,131	0	0	0	(37,131)
Public Safety	2,001,932	177,322	215,468	145,800	(1,463,342)
Public Works	997,780	33,614	4,882	447,196	(512,088)
Health and Welfare	565,552	4,866	0	0	(560,686)
Culture and Recreation	404,246	24,845	4,274	22,700	(352,427)
Housing and Development	428,152	0	15,180	55,780	(357,192)
Interest on long-term debt	42,840	0	0	0	(42,840)
Total governmental activities	<u>5,048,595</u>	<u>271,155</u>	<u>239,804</u>	<u>671,476</u>	<u>(3,866,160)</u>
Business-type activities					
Water and Sewer	2,652,887	3,059,164	0	277,441	683,718
Electric	10,104,971	10,804,446	1,424,862	0	2,124,337
Solid Waste	562,794	523,011	0	0	(39,783)
Internet Telecommunications	60,203	14,721	0	0	(45,482)
Total business-type activities	<u>13,380,855</u>	<u>14,401,342</u>	<u>1,424,862</u>	<u>277,441</u>	<u>2,722,790</u>
Total primary government	<u>18,429,450</u>	<u>14,672,497</u>	<u>1,664,666</u>	<u>948,917</u>	<u>(1,143,370)</u>
Component Unit					
Downtown Development Authority					
Housing and Development	450	0	1,556	0	1,106
Primary Government					
	Governmental Activities	Business-Type Activities	Total	Component Unit	
Change in net position					
Net (expense) revenue	\$ (3,866,160)	\$ 2,722,790	\$ (1,143,370)	\$ 1,106	
General revenues					
Taxes					
Property	894,149	0	894,149	0	
Sales	418,388	0	418,388	0	
Insurance premium	222,966	0	222,966	0	
Alcohol Excise	123,061	0	123,061	0	
Franchise	101,950	0	101,950	0	
Occupational	50,604	0	50,604	0	
Other	5,609	0	5,609	0	
Interest and investment earnings	1,719	72,538	74,257	0	
Gain on sale of assets	600	0	600	0	
Other	138,755	37,985	176,740	0	
Transfers	1,813,855	(1,813,855)	0	0	
Total general revenues and transfers	<u>3,771,656</u>	<u>(1,703,332)</u>	<u>2,068,324</u>	<u>0</u>	
Change in net position	<u>(94,504)</u>	<u>1,019,458</u>	<u>924,954</u>	<u>1,106</u>	
Net position - beginning (original)	6,982,741	11,881,761	18,864,502	2,511	
Prior period adjustments	(154,136)	(3,314,529)	(3,468,665)	0	
Net position - beginning (restated)	<u>6,828,605</u>	<u>8,567,232</u>	<u>15,395,837</u>	<u>2,511</u>	
Net position - ending	<u>\$ 6,734,101</u>	<u>\$ 9,586,690</u>	<u>\$ 16,320,791</u>	<u>\$ 3,617</u>	

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

CITY OF WASHINGTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 231,201	\$ 607,165	\$ 838,366
Investments	3,180	219,940	223,120
Restricted cash and cash equivalents	4,771	0	4,771
Receivables (net)			
Accounts	57,827	731	58,558
Intergovernmental	21,099	55,639	76,738
Taxes	198,835	11,599	210,434
Due from other funds	0	5,484	5,484
Prepaid items	152,313	0	152,313
Total assets	\$ 669,226	\$ 900,558	\$ 1,569,784
LIABILITIES			
Accounts payable	\$ 224,805	\$ 0	\$ 224,805
Accrued salaries and payroll liabilities	45,518	0	45,518
Due to other funds	0	1,645	1,645
Unearned revenue	33,800	0	33,800
Total liabilities	304,123	1,645	305,768
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	53,468	0	53,468
FUND BALANCES			
Nonspendable			
Prepaid items	152,313	0	152,313
Contractually required to be maintained intact	0	19,980	19,980
Restricted	4,771	652,043	656,814
Assigned	154,551	226,890	381,441
Total fund balances	311,635	898,913	1,210,548
Total liabilities, deferred inflows of resources, and fund balances	\$ 669,226	\$ 900,558	\$ 1,569,784

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

**CITY OF WASHINGTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
December 31, 2014**

Total fund balances - total governmental funds \$ 1,210,548

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

Some assets are not financial resources and therefore are not reported in the funds.

These are:

Capital assets, net of accumulated depreciation	6,353,774
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Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the funds.

These are:

Property taxes	53,468
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These are:

Compensated absences	\$ (46,876)	
Capital leases payable	(16,901)	
Notes payable	(819,912)	(883,689)

Net position of governmental activities	\$ 6,734,101
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The accompanying notes are an integral part of these financial statements.

CITY OF WASHINGTON, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended December 31, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
REVENUES			
Taxes	\$ 1,774,087	\$ 124,553	\$ 1,898,640
Licenses and permits	37,782	0	37,782
Fines, fees and forfeitures	104,444	4,795	109,239
Charges for services	53,923	64,915	118,838
Intergovernmental	311,079	478,923	790,002
Interest	783	1,563	2,346
Contributions	2,945	0	2,945
Other	138,755	0	138,755
Total revenues	<u>2,423,798</u>	<u>674,749</u>	<u>3,098,547</u>
EXPENDITURES			
Current			
General Government	579,525	0	579,525
Judicial	37,131	0	37,131
Public Safety	1,573,397	318,309	1,891,706
Public Works	957,724	0	957,724
Health and Welfare	487,558	0	487,558
Culture and Recreation	394,870	263	395,133
Housing and Development	230,478	187,229	417,707
Debt service	557,926	0	557,926
Total expenditures	<u>4,818,609</u>	<u>505,801</u>	<u>5,324,410</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,394,811)</u>	<u>168,948</u>	<u>(2,225,863)</u>
Other financing sources (uses)			
Transfers in	2,469,024	242,304	2,711,328
Transfers out	(382,336)	(515,137)	(897,473)
Sale of capital assets	37,600	6,873	44,473
Issuance of notes payable	441,516	0	441,516
Total other financing sources (uses)	<u>2,565,804</u>	<u>(265,960)</u>	<u>2,299,844</u>
Net change in fund balance	<u>170,993</u>	<u>(97,012)</u>	<u>73,981</u>
Fund balances, January 1 (original)	104,302	928,491	1,032,793
Prior period adjustments	36,340	67,434	103,774
Fund balances, January 1 (restated)	<u>140,642</u>	<u>995,925</u>	<u>1,136,567</u>
Fund balances, December 31	<u><u>\$ 311,635</u></u>	<u><u>\$ 898,913</u></u>	<u><u>\$ 1,210,548</u></u>

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

**CITY OF WASHINGTON, GEORGIA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2014**

Net change in fund balances - total governmental funds \$ 73,981

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 76,427	
Depreciation	<u>(277,496)</u>	(201,069)

In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.

Cost of assets disposed	(372,042)	
Related accumulated depreciation	<u>240,159</u>	(131,883)

Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 123,000

The proceeds of debt issuance, net of premiums, discounts and issuance costs provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.

Debt proceeds	(441,516)	
Debt principal payments	<u>515,086</u>	73,570

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable deferred revenue		(81,912)
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Compensated absences		<u>49,809</u>
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Change in net position of governmental activities		<u><u>\$ (94,504)</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF WASHINGTON, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the year ended December 31, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,611,336	\$ 1,809,307	\$ 1,774,087	\$ (35,220)
Licenses and permits	30,950	36,950	37,782	832
Fines, fees and forfeitures	0	89,530	104,444	14,914
Charges for services	105,850	107,950	53,923	(54,027)
Intergovernmental	287,592	343,969	311,079	(32,890)
Interest	655	655	783	128
Contributions	700	700	2,945	2,245
Other	523,113	576,479	138,755	(437,724)
Total revenues	2,560,196	2,965,540	2,423,798	(541,742)
EXPENDITURES				
Current				
General Government				
Executive Administration	273,903	311,618	311,613	5
City Hall Annex	12,810	12,810	11,768	1,042
General Government Buildings	318,605	310,930	256,144	54,786
Judicial				
Municipal Court	11,305	37,305	37,131	174
Public Safety				
Police	865,000	651,016	651,014	2
Fire	811,015	817,010	815,583	1,427
Animal Control	112,500	106,500	106,500	0
Emergency Management	300	300	300	0
Public Works				
Highways and Streets	819,385	815,985	815,949	36
Street Lighting	123,000	131,900	131,877	23
Cemetery	23,505	11,005	9,898	1,107
Health and Welfare				
Community Services	163,425	399,425	398,717	708
Community Center	103,230	88,880	88,841	39
Culture and Recreation				
Libraries	65,013	65,013	65,013	0
Callaway Plantation	94,385	57,385	56,417	968
Museum	67,015	53,915	53,855	60
Historic Properties	51,270	51,770	50,402	1,368
Park Areas	110,750	110,750	110,414	336
Booker Park Pool	57,415	58,815	58,769	46
Housing and Development				
Planning and Zoning	81,905	79,105	79,023	82
Economic Development and Assistance	0	9,549	9,544	5
Community Development and Housing	68,617	73,617	72,032	1,585
Mainstreet Division	33,715	69,955	69,879	76
Debt Service				
Principal	556,711	512,711	515,087	(2,376)
Interest	47,741	45,741	42,839	2,902
Total expenditures	4,872,520	4,883,010	4,818,609	64,401
Excess (deficiency) of revenues over expenditures	(2,312,324)	(1,917,470)	(2,394,811)	(477,341)

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

CITY OF WASHINGTON, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the year ended December 31, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
Other financing sources (uses)				
Transfers in	\$ 1,940,156	\$ 1,608,802	\$ 2,469,024	\$ 860,222
Transfers out	(281,984)	(382,484)	(382,336)	148
Sale of capital assets	200,000	237,000	37,600	(199,400)
Issuance of notes payable	421,852	421,852	441,516	19,664
Total other financing sources (uses)	<u>2,280,024</u>	<u>1,885,170</u>	<u>2,565,804</u>	<u>680,634</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(32,300)</u>	<u>(32,300)</u>	<u>170,993</u>	<u>203,293</u>
Fund balances, January 1 (original)	32,300	32,300	104,302	72,002
Prior period adjustments	<u>0</u>	<u>0</u>	<u>36,340</u>	<u>36,340</u>
Fund balances, January 1 (original)	<u>32,300</u>	<u>32,300</u>	<u>140,642</u>	<u>108,342</u>
Fund balances, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 311,635</u></u>	<u><u>\$ 311,635</u></u>

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

CITY OF WASHINGTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2014

	Business-Type Activities			Totals
	Water and Sewer	Electric	Nonmajor Enterprise Funds	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 0	\$ 76,875	\$ 0	\$ 76,875
Investments	0	164,824	0	164,824
Restricted assets				
Cash and cash equivalents	88,807	224,296	0	313,103
Investments	154,491	534,233	0	688,724
Receivables (net)				
Accounts	387,897	1,266,955	89,965	1,744,817
Intergovernmental	118,419	297,000	0	415,419
Due from other funds	0	216,106	94,856	310,962
Inventories	160,286	242,123	0	402,409
Prepaid items	5,832	17,411	2,864	26,107
Total current assets	915,732	3,039,823	187,685	4,143,240
Noncurrent assets				
Investment in joint venture	0	0	500,092	500,092
Capital assets				
Non-depreciable	198,410	8,480	0	206,890
Depreciable (net)	14,790,057	1,439,698	131,732	16,361,487
Total noncurrent assets	14,988,467	1,448,178	631,824	17,068,469
Total assets	15,904,199	4,488,001	819,509	21,211,709
LIABILITIES				
Current liabilities				
Accounts payable	97,706	565,689	0	663,395
Accrued salaries and payroll liabilities	5,039	9,590	7,490	22,119
Compensated absences	8,653	19,938	8,127	36,718
Due to other funds	214,461	100,340	0	314,801
Accrued interest payable	8,329	0	0	8,329
Customer deposits payable	83,794	0	0	83,794
Notes payable	348,559	0	0	348,559
Liabilities payable from restricted liabilities				
Customer deposits payable	16,389	224,296	0	240,685
Notes payable	226,909	0	0	226,909
Total current liabilities	1,009,839	919,853	15,617	1,945,309
Noncurrent liabilities				
Notes payable	9,679,710	0	0	9,679,710
Total liabilities	10,689,549	919,853	15,617	11,625,019
NET POSITION				
Net investment in capital assets	\$ 4,733,289	\$ 1,448,178	\$ 131,732	\$ 6,313,199
Restricted for MEAG Generation Trust	0	534,233	0	534,233
Restricted for Debt Service	226,909	0	0	226,909
Unrestricted	254,452	1,585,737	672,160	2,512,349
Total net position	\$ 5,214,650	\$ 3,568,148	\$ 803,892	\$ 9,586,690

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

CITY OF WASHINGTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended December 31, 2014

	Business-Type Activities			Totals
	Water and Sewer	Electric	Nonmajor Enterprise Funds	
OPERATING REVENUES				
Charges for sales and services	\$ 3,059,164	\$ 10,804,446	\$ 537,732	\$ 14,401,342
Other	3,999	33,851	135	37,985
Total operating revenues	<u>3,063,163</u>	<u>10,838,297</u>	<u>537,867</u>	<u>14,439,327</u>
OPERATING EXPENSES				
Costs of sales and services	1,964,143	9,380,136	235,506	11,579,785
Personal services	384,110	644,733	344,518	1,373,361
Depreciation	238,596	80,102	42,973	361,671
Total operating expenses	<u>2,586,849</u>	<u>10,104,971</u>	<u>622,997</u>	<u>13,314,817</u>
Operating income (loss)	<u>476,314</u>	<u>733,326</u>	<u>(85,130)</u>	<u>1,124,510</u>
Non-operating revenues (expenses)				
Intergovernmental revenue	277,441	1,424,862	0	1,702,303
Interest and investment earnings	847	36,970	34,721	72,538
Interest expense	(66,038)	0	0	(66,038)
Total non-operating revenues (expenses)	<u>212,250</u>	<u>1,461,832</u>	<u>34,721</u>	<u>1,708,803</u>
Net income (loss) before transfers	<u>688,564</u>	<u>2,195,158</u>	<u>(50,409)</u>	<u>2,833,313</u>
Transfers in (out)				
Transfers in	515,137	2,558,469	140,032	3,213,638
Transfers out	(2,556,342)	(2,469,024)	(2,127)	(5,027,493)
Total transfers in (out)	<u>(2,041,205)</u>	<u>89,445</u>	<u>137,905</u>	<u>(1,813,855)</u>
Change in net position	<u>(1,352,641)</u>	<u>2,284,603</u>	<u>87,496</u>	<u>1,019,458</u>
Net position, January 1 (original)	6,376,845	4,786,941	717,975	11,881,761
Prior period adjustments	190,446	(3,503,396)	(1,579)	(3,314,529)
Net position, January 1 (restated)	<u>6,567,291</u>	<u>1,283,545</u>	<u>716,396</u>	<u>8,567,232</u>
Net position, December 31	<u>\$ 5,214,650</u>	<u>\$ 3,568,148</u>	<u>\$ 803,892</u>	<u>\$ 9,586,690</u>

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

CITY OF WASHINGTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2014

	Business-Type Activities			Totals
	Water and Sewer	Electric	Nonmajor Enterprise Funds	
Cash flows from operating activities:				
Receipts from customers	\$ 3,093,385	\$ 10,793,035	\$ 538,930	\$ 14,425,350
Payments to suppliers	(1,934,579)	(9,821,407)	(251,814)	(12,007,800)
Payments to employees	(386,000)	(651,842)	(345,044)	(1,382,886)
Other receipts	3,999	33,851	135	37,985
Net cash provided (used) by operating activities	<u>776,805</u>	<u>353,637</u>	<u>(57,793)</u>	<u>1,072,649</u>
Cash flows from non-capital financing activities:				
Receipts from other funds	1,684,239	2,558,469	140,032	4,382,740
Payments to other funds	(2,556,342)	(4,187,903)	(96,983)	(6,841,228)
Receipts from other governments	0	1,470,862	0	1,470,862
Net cash provided (used) by non-capital financing activities	<u>(872,103)</u>	<u>(158,572)</u>	<u>43,049</u>	<u>(987,626)</u>
Cash flows from capital and related financing activities:				
Receipts from other funds	515,137	0	0	515,137
Receipts from other governments	381,581	0	0	381,581
Payments for acquisitions of capital assets	(527,013)	(33,864)	(6,100)	(566,977)
Payment of prior year capital related payables	(34,506)	0	0	(34,506)
Proceeds - promissory notes	154,563	0	0	154,563
Principal payments - promissory notes	(448,019)	0	0	(448,019)
Interest paid	(67,119)	0	0	(67,119)
Net cash provided (used) by capital and related financing activities	<u>(25,376)</u>	<u>(33,864)</u>	<u>(6,100)</u>	<u>(65,340)</u>
Cash flows from investing activities				
Interest and investment earnings received	847	36,970	34,721	72,538
Proceeds from maturity of investments	154,028	494,000	0	648,028
Purchase of investments	(154,491)	(525,054)	(13,877)	(693,422)
Net cash provided (used) by investing activities	<u>384</u>	<u>5,916</u>	<u>20,844</u>	<u>27,144</u>
Net increase (decrease) in cash and cash equivalents	(120,290)	167,117	0	46,827
Cash and cash equivalents, January 1	<u>209,097</u>	<u>134,054</u>	<u>0</u>	<u>343,151</u>
Cash and cash equivalents, December 31	<u>\$ 88,807</u>	<u>\$ 301,171</u>	<u>\$ 0</u>	<u>\$ 389,978</u>

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

CITY OF WASHINGTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2014

	Business-Type Activities			Totals
	Water and Sewer	Electric	Nonmajor Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 476,314	\$ 733,326	\$ (85,130)	\$ 1,124,510
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	238,596	80,102	42,973	361,671
(Increase) decrease in accounts receivable	34,221	(13,941)	1,198	21,478
(Increase) decrease in inventories	12,607	7,603	0	20,210
(Increase) decrease in prepaid items	(413)	382	217	186
Increase (decrease) in accounts payable	17,370	(449,256)	(16,525)	(448,411)
Increase (decrease) in accrued payroll liabilities	(1,890)	(7,109)	(526)	(9,525)
Increase (decrease) in customer deposits	0	2,530	0	2,530
Total adjustments	300,491	(379,689)	27,337	(51,861)
Net cash provided (used) by operating activities	<u>\$ 776,805</u>	<u>\$ 353,637</u>	<u>\$ (57,793)</u>	<u>\$ 1,072,649</u>
Cash and cash equivalents reconciliation				
Cash and cash equivalents	\$ 0	\$ 76,875	\$ 0	\$ 76,875
Restricted assets				
Cash and cash equivalents	88,807	224,296	0	313,103
	<u>\$ 88,807</u>	<u>\$ 301,171</u>	<u>\$ 0</u>	<u>\$ 389,978</u>

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

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

1. Description of Government Unit

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

2. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Downtown Development Authority of Washington, Georgia

The Downtown Development Authority of Washington, Georgia was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members, who are appointed by the Mayor and Council. The Downtown Development Authority provides for the vitalization of the downtown area of the City of Washington. In many respects, the Authority functions similar to a City department through regular participation in department director meetings, accounting, payroll, etc. The Authority is included in the reporting entity due to the nature and significance of its relationship with the City of Washington.

The Downtown Development Authority of Washington, Georgia is reported in a separate column to emphasize that it is legally separate from the City. Separate financial statements of the component unit can be obtained from the Downtown Development Authority, P.O. Box 9, Washington, Georgia 30673.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the government has one discretely presented component unit. While the Downtown Development Authority is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

Electric Enterprise Fund - This fund accounts for user fees and expenses for the electric services provided to the citizens of the City.

Water and Sewer Enterprise Fund - This fund accounts for the operation and maintenance of the City's water and sewer services.

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditures for specific purposes.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by the proprietary funds).

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Governmental Fund Types, continued

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

Proprietary Fund Types

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Component Units

The Downtown Development Authority of Washington, Georgia is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Revenues and Expenditures/Expenses

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Certain indirect costs have been included as part of program expenses reported for the various functional activities.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Expenditures/Expenses, continued

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. The principal operating revenues of the City's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

G. Budgets and Budgetary Accounting

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

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

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

H. Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

I. Property Taxes

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

Property taxes are administered based on the following calendar:

Property Tax Year	2014
Levy Date	November 1, 2014
Collection Period	November 15, 2014 - December 31, 2014
Due Date	December 29, 2014

J. Intergovernmental Receivables

Receivables for state and federal grants are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

K. Inventories

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

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

L. Prepaid Items

Certain payments made to vendors that will benefit periods beyond December 31, 2014 are recorded as prepaid items. Prepaid items in the governmental funds are accounted for using the consumption method.

M. Capital Assets

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

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

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

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Building and Improvements	12-40
Vehicles	5-20
Machinery & Equipment	7-15
Electric Plant Systems	30

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

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

N. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

O. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

P. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

Q. Restricted Assets and Restricted Net Position

Restricted assets represent certain resources restricted by funding source or required to be set aside for the repayment of debt. They are maintained in a separate bank account and their use is limited.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of restricted net position.

R. Fund Balances – Governmental Funds

The City of Washington implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2012. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Washington's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution, which shall refer to the original resolution by its number, title, and date of original adoption. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 90 days of fiscal year-end.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

R. Fund Balances – Governmental Funds, continued

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City’s adopted policy, amounts may be assigned by the City Administrator, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year’s budget shall constitute assignments and are documented by adoption of the City’s annual operating budget. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that should report positive amounts this category of fund balance.

S. Long-Term Obligations

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

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

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

T. Compensation for Future Absences

It is the City's policy to permit employees to accumulate up to 160 hours of earned but unused vacation benefits which will be paid to the employees upon separation from City service. Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide and proprietary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

U. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned. According to State of Georgia law OCGA 50-17-59, all deposits must be secured by certain statutory obligations in an amount equal to 110% of uninsured deposits.

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 of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of any corporation of the United States government, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City does not have a formal investment policy that would further limit its investment choices. Investments are reported at fair value.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

3. Deposit and Investment Risk (continued)

Concentration of Credit Risk

The City does not have a formal policy on the amount the City may invest in any one issuer.

Foreign Currency Risk

The City has no investments denominated in a foreign currency.

The City is a participant in the Municipal Electric Authority of Georgia (MEAG). The MEAG board approves an annual system budget from which MEAG bills its participants. At the end of the year, adjustments are made by MEAG to each participant's billings to agree with actual cost. Whenever MEAG recovers funds from the City in excess of its actual costs to serve the City, the City may elect to have their funds deposited in MEAG's Voluntary Flexible Operating Account or Generation Trust Account fund in lieu of receiving a refund. The voluntary stabilization fund is used to reduce future costs of the City at its discretion while also earning interest. The City is authorized to direct MEAG to retain or use the discretionary funds. The generation trust account is used to offset the City's share of future MEAG generation projects.

The Municipal Competitive Trust accounts are held in the Intermediate, Intermediate Extended Maturity, and Short-term Portfolios; these portfolios are not rated. At December 31, 2014, the average weighted maturity of the Intermediate, Intermediate Extended Maturity, and Short-term Portfolios were 24.5, 60.9, and 3.07 months, respectively. At December 31, 2014, the City's balances in the Voluntary Flexible Operating Accounts were \$164,824, and in the Generation Trust Account was \$534,233.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

3. Deposit and Investment Risk (continued)

Investments at December 31, 2014 consist of the following:

Major Funds

General Fund		
Certificates of deposit	\$	3,180
Enterprise funds		
Water and Sewer Fund		
Certificates of deposit		154,491
Electric Fund		
MEAG Competitive Trust		853,548
Nonmajor Funds		
Governmental		
Certificates of Deposit		<u>219,940</u>
Total primary government	<u>\$</u>	<u>1,231,159</u>

4. Accounts Receivable

Net accounts receivable at December 31, 2014 consist of the following:

Major Funds

General Fund		\$ 115,924	
Less: Allowance for Uncollectibles	<u>(58,097)</u>	\$	57,827
Enterprise Funds			
Water and Sewer Fund		589,235	
Less: Allowance for Uncollectibles	<u>(201,338)</u>		387,897
Electric Fund		1,888,774	
Less: Allowance for Uncollectibles	<u>(621,819)</u>		1,266,955
Nonmajor Funds			
Capital Projects Funds			
CDBG/CHIP Grant Fund			731
Enterprise Funds			
Solid Waste Fund		95,038	
Less: Allowance for Uncollectibles	<u>(30,127)</u>		64,911
Internet Telecommunications Fund		25,900	
Less: Allowance for Uncollectibles	<u>(846)</u>		<u>25,054</u>
Total primary government		<u>\$</u>	<u>1,803,375</u>

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

5. Intergovernmental Receivables

Intergovernmental receivables at December 31, 2014 consist of the following:

Major Funds		
General Fund		
Wilkes County	\$	21,099
Water and Sewer Enterprise Fund		
Georgia Environmental Finance Authority		118,419
Electric Enterprise Fund		
Municipal Electric Authority of Georgia		297,000
Nonmajor Funds		
SPLOST Capital Projects Fund		
Wilkes County		<u>55,639</u>
Total Primary Government	\$	<u><u>492,157</u></u>

6. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of December 31, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric	Water and Sewer	\$ 214,461
	Nonmajor Governmental	1,645
Nonmajor Governmental	Electric	5,484
Nonmajor Enterprise	Electric	<u>94,856</u>
Subtotal		<u><u>\$ 316,446</u></u>

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

The balance reported as Due to/Due from represent loans between the borrower fund and the lender fund. All balances are expected to be repaid within one year.

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

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

6. Interfund Receivables, Payables, and Transfers (continued)

A summary of interfund transfers is as follows:

<u>Transfer out Fund</u>	<u>Transfer in Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 242,304
	Nonmajor Enterprise	140,032
Water and Sewer	Electric	2,556,342
Electric	General	2,469,024
Nonmajor Governmental	Water and Sewer	515,137
Nonmajor Enterprise	Electric	<u>2,127</u>
Total		<u>\$ 5,924,966</u>

Interfund transfers were used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

7. Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2014 was as follows:

	<u>Balance 12/31/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2014</u>
Governmental activities				
Non-depreciable assets				
Land	\$ 706,992	\$ 0	\$ (7,395)	\$ 699,597
Historical treasures	81,718	0	0	81,718
Total non-depreciable assets	<u>788,710</u>	<u>0</u>	<u>(7,395)</u>	<u>781,315</u>
Depreciable assets				
Buildings and improvements	3,971,542	0	(65,500)	3,906,042
Equipment and vehicles	2,467,534	185,476	(299,147)	2,353,863
Infrastructure	3,824,573	13,951	0	3,838,524
Total depreciable assets	<u>10,263,649</u>	<u>199,427</u>	<u>(364,647)</u>	<u>10,098,429</u>
Accumulated depreciation				
Buildings and improvements	(2,256,715)	(35,710)	65,500	(2,226,925)
Equipment and vehicles	(1,436,688)	(135,757)	174,659	(1,397,786)
Infrastructure	(795,230)	(106,029)	0	(901,259)
Total accumulated depreciation	<u>(4,488,633)</u>	<u>(277,496)</u>	<u>240,159</u>	<u>(4,525,970)</u>
Total depreciable assets, net	<u>5,775,016</u>	<u>(78,069)</u>	<u>(124,488)</u>	<u>5,572,459</u>
Governmental activities capital assets, net	<u>\$ 6,563,726</u>	<u>\$ (78,069)</u>	<u>\$ (131,883)</u>	<u>\$ 6,353,774</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 203,190	\$ 0	\$ 0	\$ 203,190
Construction in progress	9,235,697	3,700	(9,235,697)	3,700
Total non-depreciable assets	<u>9,438,887</u>	<u>3,700</u>	<u>(9,235,697)</u>	<u>206,890</u>
Depreciable assets				
Buildings	726,825	0	0	726,825
Machinery and equipment	1,007,541	127,911	0	1,135,452
Vehicles	705,045	0	(18,500)	686,545
Infrastructure	14,660,384	9,671,062	0	24,331,446
Total depreciable assets	<u>17,099,795</u>	<u>9,798,973</u>	<u>(18,500)</u>	<u>26,880,268</u>
Accumulated depreciation				
Buildings	(526,655)	(1,150)	0	(527,805)
Machinery and equipment	(667,133)	(69,261)	0	(736,394)
Vehicles	(568,583)	(33,455)	18,500	(583,538)
Infrastructure	(8,413,239)	(257,805)	0	(8,671,044)
Total accumulated depreciation	<u>(10,175,610)</u>	<u>(361,671)</u>	<u>18,500</u>	<u>(10,518,781)</u>
Total depreciable assets, net	<u>6,924,185</u>	<u>9,437,302</u>	<u>0</u>	<u>16,361,487</u>
Business-type activities capital assets, net	<u>\$ 16,363,072</u>	<u>\$ 9,441,002</u>	<u>\$ (9,235,697)</u>	<u>\$ 16,568,377</u>

Corrections to asset types have been made in the governmental activities to adjust beginning balances. The adjustments did not change beginning total cost or total accumulated depreciation.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

7. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 5,468
Public Safety	94,406
Public Works	75,738
Health and Welfare	77,994
Culture and Recreation	9,065
Housing and Development	14,825
	<hr/>
Total depreciation expense for governmental activities	<u><u>\$ 277,496</u></u>

Business-type activities

Water and Sewer Enterprise Fund	\$ 238,596
Electric Enterprise Fund	80,102
Nonmajor Enterprise Funds	
Solid Waste Enterprise Fund	15,725
Internet Telecommunications Enterprise Fund	27,248
	<hr/>
Total depreciation expense for business-type activities	<u><u>\$ 361,671</u></u>

8. Capital and Operating Lease Agreements

The City has entered into a lease-purchase agreement to finance the purchase of equipment. The terms of the agreement meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balance of the lease at December 31, 2014 is \$16,901 for governmental activities. The total of assets leased under the capital lease is equipment in the amount of \$29,318 for governmental activities. The equipment has a fifteen year estimated useful life. \$977 was included in depreciation expense for the year ended December 31, 2014.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

8. Capital and Operating Lease Agreements (continued)

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of December 31, 2014:

Year Ending December 31,	Governmental Activities
2015	\$ 6,822
2016	6,822
2017	3,979
Total minimum lease payments	17,623
Less amounts representing interest	(722)
Present value of minimum lease payments	\$ 16,901

The City's lease agreements, other than such agreements described above, are relatively minor commitments (generally for office machines) and are in compliance with state law.

9. Long-Term Debt

Governmental Activities

Notes Payable

Note payable to Farmers State Bank in the original amount of \$1,500,000, bearing interest at 3.94%. The balance of the note was \$819,912 at December 31, 2014. The note calls for 180 monthly payments of \$11,093 beginning January 20, 2007 and matures December 20, 2021. The purpose of the note was to finance renovation of the Pope Center.

Note payable to Farmers & Merchants Bank in the original amount of \$422,016, bearing interest at 3.25%. The balance of the note was \$0 at December 31, 2014. The note calls for 12 monthly payments of \$4,511 beginning January 31, 2014 and matures December 31, 2014. The purpose of the note was to finance renovation of the Pope Center.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

9. Long-Term Debt (continued)

Governmental Activities, continued

Notes Payable, continued

Annual debt service requirements for notes payable are as follows:

Year Ending December 31,	Principal	Interest	Total
2015	\$ 102,565	\$ 30,556	\$ 133,121
2016	106,660	26,461	133,121
2017	111,078	22,043	133,121
2018	115,597	17,524	133,121
2019	120,300	12,821	133,121
2020-2021	263,712	10,785	274,497
Totals	<u>\$ 819,912</u>	<u>\$ 120,190</u>	<u>\$ 940,102</u>

Business-Type Activities

Notes Payable

Note payable to Georgia Environmental Facilities Authority in the original amount of \$789,731, bearing interest at 3.94%. The balance of the note was \$471,262 at December 31, 2014. The note calls for quarterly payments of principal and interest of \$14,313 and matures October 2024. The purpose of the note was for construction of sewer rehabilitation.

Note payable to Georgia Environmental Facilities Authority in the original amount of \$1,599,998, bearing interest at 4.06%. The balance of the note was \$1,057,466 at December 31, 2014. The note calls for monthly payments of principal and interest of \$9,746 and matures February 1, 2027. The purpose of the note was to finance improvements to the Water and Sewer system.

Note payable to Georgia Environmental Facilities Authority in the original amount of \$7,446,275, bearing zero interest. The balance of the note was \$8,671,450 at December 31, 2014. The note calls for monthly payments of \$37,539 beginning January 31, 2014 and matures December 31, 2053. The purpose of the note was to finance improvements to the Water and Sewer system.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

9. Long-Term Debt (continued)

Business-Type Activities, continued

Notes Payable, continued

Note payable to Farmers & Merchants Bank in the original amount of \$55,000, bearing interest at 3.09%. The balance of the note was \$55,000 at December 31, 2014. The note calls for 60 monthly payments of \$992 beginning January 15, 2015 and matures December 15, 2019. The purpose of the note was to purchase equipment.

Annual debt service requirements for notes payable are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 575,468	\$ 61,102	\$ 636,570
2016	580,464	56,106	636,570
2017	585,711	50,859	636,570
2018	591,130	45,440	636,570
2019	596,779	39,791	636,570
2020-2024	3,012,563	110,746	3,123,309
2025-2029	2,398,588	4,102	2,402,690
2030-2034	1,914,475	0	1,914,475
Totals	<u>\$ 10,255,178</u>	<u>\$ 368,146</u>	<u>\$ 10,623,324</u>

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

9. Long-Term Debt (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for year ended December 31, 2014:

	<u>Balance 12/31/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/2014</u>	<u>Due Within One Year</u>
Governmental Activities					
Capital leases payable	\$ 0	\$ 19,500	\$ (2,599)	\$ 16,901	\$ 6,379
Notes payable	910,383	422,016	(512,487)	819,912	102,565
Compensated absences	96,685	46,876	(96,685)	46,876	46,876
Total Governmental Activities	<u>\$ 1,007,068</u>	<u>\$ 488,392</u>	<u>\$ (611,771)</u>	<u>\$ 883,689</u>	<u>\$ 155,820</u>
Business-type Activities					
Notes payable	\$ 10,548,634	\$ 154,563	\$ (448,019)	\$ 10,255,178	\$ 575,468
Compensated absences	49,086	36,718	(49,086)	36,718	36,718
Total Business-type Activities	<u>\$ 10,597,720</u>	<u>\$ 191,281</u>	<u>\$ (497,105)</u>	<u>\$ 10,291,896</u>	<u>\$ 612,186</u>

Compensated absences are liquidated by those funds that have salary and wage expenditures. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund. The total interest incurred and charged to expense for the year ended December 31, 2014 was \$42,839 for governmental activities and \$66,038 for business-type activities.

10. Changes in Beginning Balances

Governmental Activities

A prior period adjustment has been made to correct the balance of taxes receivable at December 31, 2013. This adjustment decreased beginning net position by \$257,910.

General Fund

A prior period adjustment has been made to correct the balance of taxes receivable at December 31, 2013. This adjustment increased beginning fund balance by \$25,708.

A prior period adjustment has been made to correct the balance of prepaid items at December 31, 2013. This adjustment increased beginning fund balance by \$10,632.

The net effect of these adjustments was to increase beginning fund balance in the General Fund by \$36,340.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

10. Changes in Beginning Balances (continued)

Governmental Activities, continued

Callaway Plantation Furnishings Special Revenue Fund

A prior period adjustment has been made to correct the balance of inventories at December 31, 2013. This adjustment decreased beginning fund balance by \$7,963.

TSLOST Discretionary Special Revenue Fund

A prior period adjustment has been made to correct the balance of taxes receivable at December 31, 2013. This adjustment increased beginning fund balance by \$11,560.

CDBG/CHIP Capital Projects Fund

A prior period adjustment has been made to correct the balance of intergovernmental receivable at December 31, 2013. This adjustment increased beginning fund balance by \$28,993.

A prior period adjustment has been made to correct the balance of accounts payable at December 31, 2013. This adjustment increased beginning fund balance by \$34,844.

The net effect of these adjustments was to increase beginning fund balance in the CDBG/CHIP Capital Projects Fund by \$63,837.

The net effect of these adjustments was to decrease beginning net position in the Governmental Activities by \$154,136.

Business-Type Activities

Water and Sewer Enterprise Fund

A prior period adjustment has been made to correct the balance of intergovernmental receivable at December 31, 2013. This adjustment increased beginning net position by \$222,559.

A prior period adjustment has been made to correct the balance of prepaid items at December 31, 2013. This adjustment increased beginning net position by \$2,393.

A prior period adjustment has been made to correct the balance of retainages payable at December 31, 2013. This adjustment decreased beginning net position by \$34,506.

The net effect of these adjustments was to increase beginning net position in the Water and Sewer Enterprise Fund by \$190,446.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

10. Changes in Beginning Balances (continued)

Business-Type Activities, continued

Electric Enterprise Fund

A prior period adjustment has been made to correct the balance of prepaid items at December 31, 2013. This adjustment decreased beginning net position by \$4,047.

A prior period adjustment has been made to correct the balance of investments at December 31, 2013. This adjustment decreased beginning net position by \$3,499,349.

The net effect of these adjustments was to decrease beginning net position in the Electric Enterprise Fund by \$3,503,396.

Solid Waste Enterprise Fund

A prior period adjustment has been made to correct the balance of prepaid items at December 31, 2013. This adjustment decreased beginning net position by \$1,579.

The net effect of these adjustments was to increase beginning net position in the Business-Type Activities by \$3,314,529.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

11. Restricted, Committed, and Assigned Fund Balances

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds for fiscal year ended December 31, 2014:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:			
Public Safety			
Law enforcement facilities, equipment, and operations	\$ 0	\$ 4,795	\$ 4,795
Public Works			
Transportation improvements	0	217,295	217,295
Culture and Recreation			
Revolving loan fund	2,518	0	2,518
Gilmer House	2,253	0	2,253
Historical properties	0	7,366	7,366
Callaway Plantation	0	38,552	38,552
Capital Projects	0	384,035	384,035
	<u>\$ 4,771</u>	<u>\$ 652,043</u>	<u>\$ 656,814</u>
Assigned for:			
Public Safety			
Emergency 911 system operations	\$ 0	\$ 5,484	\$ 5,484
Public Works			
Cemetery care	0	539	539
Culture and Recreation			
Callaway Plantation operations	0	2,275	2,275
Callaway Plantation furnishings	0	23,500	23,500
Housing and Development			
Economic development	0	5,334	5,334
Capital Projects	0	758	758
Subsequent Budget	154,551	189,000	343,551
	<u>\$ 154,551</u>	<u>\$ 226,890</u>	<u>\$ 381,441</u>

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

12. Risk Management

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

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

13. Pension Plan

The City contributes and participates in an agent multiple-employer plan. The plan's assets may be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan. See Note 2 – Summary of Significant Accounting Policies for basis of accounting and reporting of investments.

Plan Description and Contribution Information

The City contributes to the Georgia Municipal Employees Benefit System Retirement Fund (GMEBSRF), an agent multiple-employer defined benefit plan that acts as a common investment and administrative agent for municipalities in the State. The plan is administered by the Georgia Municipal Association (GMA) and provides pension benefits, death and disability benefits, which were established and may be amended by City Council Ordinance and change of contract with GMA. All full-time City employees are eligible to participate in GMEBSRF. For employees, pension benefits are fully vested after 10 years in the Plan. For elected officials, vesting is immediate. An employee may retire at age 65 with 5 years of service. Elected officials and Municipal legal officers may retire at age 65. An employee may elect early retirement at age 55 provided he/she has a minimum of 10 years total credited service. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street SW, Atlanta, Georgia 30303.

Current membership in the plan is as follows:

Retirees and beneficiaries currently receiving benefits	40
Terminated vested participants entitled to but not receiving benefits	38
Active participants	75
Total number of participants	<u>153</u>

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

13. Pension Plan (continued)

Plan Description and Contribution Information, continued

Funding Policy. The contribution requirements of the City are established and may be amended by City Council. Plan members are not allowed to make contributions to this plan. The City is required to contribute at an actuarially determined rate. The current rate is 9.20% of annual covered payroll. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy. Costs of administering the plan are financed through contributions and earnings.

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of July 1, 2014. Significant actuarial assumptions used in the valuation include:

Net Investment Rate of Return	7.75%
Projected salary increases	3.50% plus age and service based merit increases
Cost of Living Adjustments	2.50% for benefits earned before January 1, 2015; 0.00% thereafter
Life expectancy before and after retirement (Group Annuity Reserving Unisex table)	1994

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The actuarial value of assets was determined by taking the sum of the actuarial value at beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value. The unfunded actuarially accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period varies for the bases, with a net effective amortization period of 10 years. The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the net pension obligations.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

13. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation, continued

The City's annual pension cost and net pension obligations for the current year were as follows:

Annual pension cost	\$ 268,878
Contributions made	<u>(268,878)</u>
Increase (decrease) in net pension obligation	0
Net pension obligation - beginning of year	<u>0</u>
Net pension obligation - end of year	<u><u>\$ 0</u></u>

Historical Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the pension plan is presented.

Schedule of Employer Contributions			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2009	156,306	100%	0
12/31/2010	297,185	100%	0
12/31/2011	178,538	100%	0
12/31/2012	190,445	100%	0
12/31/2013	271,890	100%	0
12/31/2014	268,878	100%	0

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

13. Pension Plan (continued)

Historical Trend Information, continued

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll** (c)	AAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2009	\$3,509,860	\$4,491,996	\$982,136	78.14%	\$2,303,526	42.64%
7/1/2010	4,677,314	4,708,907	31,593	99.33%	2,391,243	1.32%
7/1/2011	5,087,214	5,255,566	168,352	96.80%	2,381,454	7.07%
7/1/2012	5,343,455	6,085,236	741,781	87.81%	2,720,790	27.26%
7/1/2013	5,642,299	6,216,055	573,756	90.77%	2,871,467	19.98%
7/1/2014	6,075,470	6,297,002	221,532	96.48%	2,230,206	9.93%

** Payroll of participants whose attained age is less than the assumed retirement age

14. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the Central Savannah River Area, is a member of the CSRA Regional Commission (CSRARC) and is required to pay annual dues thereto. During the year ended December 31, 2014, the City paid \$XXX in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RCs in Georgia. The RC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the CSRARC financial statements can be obtained from the Central Savannah River Area Regional Commission, 3023 Riverwatch Parkway, Suite A, Augusta, Georgia 30907.

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

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

14. Joint Ventures (continued)

The Authority has a five member board consisting of the Wilkes County Chairman, the City of Washington Mayor, the President of the Chamber of Commerce, one appointee by the County Chairman and one appointee by the City Mayor. The member governments are contingently liable for the debts of the Authority. At December 31, 2014, the outstanding debt of the Authority was approximately \$196,197. The Authority was current on all debts as of December 31, 2014. The City has a contingency liability of \$98,099 as of December 31, 2014. A copy of the Authority financial statements can be obtained from the Washington-Wilkes Payroll Development Authority, 23 Court Street, Washington, Georgia 30673.

15. Joint Ventures With Equity Interest

The City and other members of MEAG's telecommunication project created Georgia Public Web (a Georgia not for profit corporation) to provide internet and telecommunication services to customers in Georgia. On August 1, 2000, the City signed a 50 year commitment to contribute, on a monthly basis, a proportionate share of the difference between GPW's budgeted costs and revenues. The City's proportionate share is 1.93%. For the year ended December 31, 2014, the City's cost was \$25,628 in services obtained from GPW and the City's share of profits was \$34,721. A copy of the Georgia Public Web financial statements can be obtained from Georgia Public Web, 1470 Riveredge Parkway, Atlanta, Georgia 30328.

16. Related Organizations

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

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

16. Related Organizations (Continued)

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

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

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

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

For the year ended December 31, 2014, Payment in Lieu of Taxes paid to the City was \$5,299.

17. Revolving Loan Fund

During the year ended December 31, 2007, Fitzpatrick, LLC began making repayments in accordance with the RFP Loan Agreement, which was signed December 30, 2002. The original principal amount due to the City was \$250,000. Principal and interest are due in 240 equal consecutive monthly installments of \$1,130. No payments are being made and the funds from the repayment of this loan are maintained in a separate bank account. A Revolving Loan Fund (RLF) has been established. The RLF follows the guidelines regulated by the Georgia Department of Community Affairs. The Company is currently in bankruptcy and the entire balance of the loan is considered uncollectible. An allowance has been established for the full amount of the receivable. The activity from 2014 is summarized as follows:

Beginning Balance	\$ 2,513
Plus interest earned	<u>5</u>
Ending Balance	<u><u>\$ 2,518</u></u>

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

18. Commitments and Contingencies

Commitments

The City has entered into Power Sales Contracts with the Municipal Electric Authority of Georgia (MEAG). The contracts require the City to purchase from MEAG all of the City's bulk power supply, other than power supplied by Federally-owned generation projects. MEAG is authorized to establish rates and charges so as to produce revenues sufficient to cover its costs. The City's payment obligations are general obligations to the payment of which the City's full faith and credit and taxing powers are pledged. The City purchased bulk power totaling \$8,330,186 from MEAG during the year ended December 31, 2014. The City's future minimum payment obligations to the Authority will be based on the Authority's costs and the City's yearly demand for bulk power supply. At December 31, 2014, the outstanding debt of MEAG was approximately \$5.84 billion. The City of Washington's guarantee varies by individual MEAG project and totals \$53,897,851.

The City has adopted the provisions of a Municipal Competitive Trust agreement between the City and MEAG. MEAG established the Trust for the mutual benefit of MEAG and its wholesale customers who elect to become participants. The Trust was created to provide a means to mitigate the expected differential between "after deregulation" market rates for power and the associated costs of generating that power.

The Trust created four types of accounts that are held by MEAG in the name of the City. The flexible operating trust account includes funds that are available to the City for operating costs and rate stabilization. As of December 31, 2014, the balance in this account was \$164,824. This amount is included in unrestricted investments in the Electric Fund. The generation trust account is used to offset the City's share of future MEAG generation projects. As of December 31, 2014, the balance in this account was \$534,233. This amount is included in restricted investments in the Electric Fund.

The two additional accounts created were the credit support operating and the reserve funded debt account. The funds in the credit support operating account are restricted for use to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs. The funds in the reserve funded debt account can only be applied to charges related to MEAG's bond obligations. The balances of these accounts at December 31, 2014, were \$2,706 and \$2,425,325, respectively. Due to the restricted nature of these funds, neither is shown in the Electric Fund.

CITY OF WASHINGTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

18. Commitments and Contingencies (continued)

Contingencies

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

Based on the advice of the city attorney, there are no measurable, material claims outstanding against the City at December 31, 2014.

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

COMBINING STATEMENTS

Nonmajor Governmental Funds

**CITY OF WASHINGTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014**

	<u>Special Revenue</u>				
	<u>Confiscated Assets</u>	<u>E-911</u>	<u>Urban Redevelopment</u>	<u>Callaway Plantation Operating</u>	<u>Callaway Plantation Furnishings</u>
ASSETS					
Cash and cash equivalents	\$ 4,795	\$ 0	\$ 6,979	\$ 0	\$ 23,500
Investments	0	0	0	2,275	0
Receivables					
Accounts	0	0	0	0	0
Intergovernmental	0	0	0	0	0
Taxes	0	0	0	0	0
Due from other funds	0	5,484	0	0	0
Total assets	<u>\$ 4,795</u>	<u>\$ 5,484</u>	<u>\$ 6,979</u>	<u>\$ 2,275</u>	<u>\$ 23,500</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to other funds	\$ 0	\$ 0	\$ 1,645	\$ 0	\$ 0
Fund balances					
Nonspendable					
Contractually required to be maintained intact	0	0	0	0	0
Restricted	4,795	0	0	0	0
Assigned	0	5,484	5,334	2,275	23,500
Total fund balances	<u>4,795</u>	<u>5,484</u>	<u>5,334</u>	<u>2,275</u>	<u>23,500</u>
Total liabilities and fund balances	<u>\$ 4,795</u>	<u>\$ 5,484</u>	<u>\$ 6,979</u>	<u>\$ 2,275</u>	<u>\$ 23,500</u>

Special Revenue	Capital Projects		Permanent			Total Nonmajor Governmental Funds
TSPLOST Discretionary	SPLOST	CDBG/CHIP Grant	Cemetery Perpetual Care	Historical Properties Commission Trust	Callaway Charitable Trust Endowment Principal	
\$ 205,696	\$ 328,396	\$ 27	\$ 0	\$ 0	\$ 37,772	\$ 607,165
0	0	0	189,539	17,356	10,770	219,940
0	0	731	0	0	0	731
0	55,639	0	0	0	0	55,639
11,599	0	0	0	0	0	11,599
0	0	0	0	0	0	5,484
<u>\$ 217,295</u>	<u>\$ 384,035</u>	<u>\$ 758</u>	<u>\$ 189,539</u>	<u>\$ 17,356</u>	<u>\$ 48,542</u>	<u>\$ 900,558</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,645</u>
0	0	0	0	9,990	9,990	19,980
217,295	384,035	0	0	7,366	38,552	652,043
0	0	758	189,539	0	0	226,890
<u>217,295</u>	<u>384,035</u>	<u>758</u>	<u>189,539</u>	<u>17,356</u>	<u>48,542</u>	<u>898,913</u>
<u>\$ 217,295</u>	<u>\$ 384,035</u>	<u>\$ 758</u>	<u>\$ 189,539</u>	<u>\$ 17,356</u>	<u>\$ 48,542</u>	<u>\$ 900,558</u>

CITY OF WASHINGTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2014

	Special Revenue				
	Confiscated Assets	E-911	Urban Redevelopment	Callaway Plantation Operating	Callaway Plantation Furnishings
REVENUES					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fines, fees, and forfeitures	4,795	0	0	0	0
Charges for services	0	64,915	0	0	0
Intergovernmental	0	110,390	0	0	0
Interest	0	0	0	7	0
Total revenues	<u>4,795</u>	<u>175,305</u>	<u>0</u>	<u>7</u>	<u>0</u>
EXPENDITURES					
Current					
Public Safety	0	318,309	0	0	0
Culture and Recreation	0	0	0	0	263
Housing and Development	0	0	13,333	0	0
Total expenditures	<u>0</u>	<u>318,309</u>	<u>13,333</u>	<u>0</u>	<u>263</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,795</u>	<u>(143,004)</u>	<u>(13,333)</u>	<u>7</u>	<u>(263)</u>
Other financing sources (uses)					
Transfers in	0	119,011	11,976	0	0
Transfers out	0	0	0	0	0
Sale of capital assets	0	0	6,873	0	0
Total other financing sources (uses)	<u>0</u>	<u>119,011</u>	<u>18,849</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>4,795</u>	<u>(23,993)</u>	<u>5,516</u>	<u>7</u>	<u>(263)</u>
Fund balances, January 1 (original)	0	29,477	(182)	2,268	31,726
Prior period adjustments	0	0	0	0	(7,963)
Fund balances, January 1 (restated)	<u>0</u>	<u>29,477</u>	<u>(182)</u>	<u>2,268</u>	<u>23,763</u>
Fund balances, December 31	<u>\$ 4,795</u>	<u>\$ 5,484</u>	<u>\$ 5,334</u>	<u>\$ 2,275</u>	<u>\$ 23,500</u>

Special Revenue	Capital Projects		Permanent			Total Nonmajor Governmental Funds
TSPLOST Discretionary	SPLOST	CDBG/CHIP Grant	Cemetery Perpetual Care	Historical Properties Commission Trust	Callaway Charitable Trust Endowment Principal	
\$ 124,553	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 124,553
0	0	0	0	0	0	4,795
0	0	0	0	0	0	64,915
0	306,666	61,867	0	0	0	478,923
182	631	0	567	68	108	1,563
<u>124,735</u>	<u>307,297</u>	<u>61,867</u>	<u>567</u>	<u>68</u>	<u>108</u>	<u>674,749</u>
0	0	0	0	0	0	318,309
0	0	0	0	0	0	263
0	0	173,896	0	0	0	187,229
<u>0</u>	<u>0</u>	<u>173,896</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>505,801</u>
<u>124,735</u>	<u>307,297</u>	<u>(112,029)</u>	<u>567</u>	<u>68</u>	<u>108</u>	<u>168,948</u>
0	0	111,312	0	0	5	242,304
0	(515,137)	0	0	0	0	(515,137)
0	0	0	0	0	0	6,873
<u>0</u>	<u>(515,137)</u>	<u>111,312</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>(265,960)</u>
<u>124,735</u>	<u>(207,840)</u>	<u>(717)</u>	<u>567</u>	<u>68</u>	<u>113</u>	<u>(97,012)</u>
81,000	591,875	(62,362)	188,972	17,288	48,429	928,491
11,560	0	63,837	0	0	0	67,434
<u>92,560</u>	<u>591,875</u>	<u>1,475</u>	<u>188,972</u>	<u>17,288</u>	<u>48,429</u>	<u>995,925</u>
<u>\$ 217,295</u>	<u>\$ 384,035</u>	<u>\$ 758</u>	<u>\$ 189,539</u>	<u>\$ 17,356</u>	<u>\$ 48,542</u>	<u>\$ 898,913</u>

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COMBINING STATEMENTS

Nonmajor Enterprise Funds

CITY OF WASHINGTON, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2014

	Business-Type Activities		Total Nonmajor Enterprise Funds
	Solid Waste	Internet Telecommunications	
ASSETS			
Current assets			
Accounts receivable (net)	\$ 64,911	\$ 25,054	\$ 89,965
Due from other funds	94,856	0	94,856
Prepaid items	2,864	0	2,864
Total current assets	<u>162,631</u>	<u>25,054</u>	<u>187,685</u>
Noncurrent assets			
Investment in joint venture	0	500,092	500,092
Capital assets			
Depreciable (net)	124,425	7,307	131,732
Total noncurrent assets	<u>124,425</u>	<u>507,399</u>	<u>631,824</u>
Total assets	<u>287,056</u>	<u>532,453</u>	<u>819,509</u>
LIABILITIES			
Current liabilities			
Accrued salaries and payroll liabilities	7,490	0	7,490
Compensated absences	8,127	0	8,127
Total liabilities	<u>15,617</u>	<u>0</u>	<u>15,617</u>
NET POSITION			
Net investment in capital assets	124,425	7,307	131,732
Unrestricted	147,014	525,146	672,160
Total net position	<u>\$ 271,439</u>	<u>\$ 532,453</u>	<u>\$ 803,892</u>

CITY OF WASHINGTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the year ended December 31, 2014

	<u>Business-Type Activities</u>		<u>Total Nonmajor Enterprise Funds</u>
	<u>Solid Waste</u>	<u>Internet Telecommunications</u>	
OPERATING REVENUES			
Charges for sales and services	\$ 523,011	\$ 14,721	\$ 537,732
Other	135	0	135
Total operating revenues	<u>523,146</u>	<u>14,721</u>	<u>537,867</u>
OPERATING EXPENSES			
Costs of sales and services	202,551	32,955	235,506
Personal services	344,518	0	344,518
Depreciation	15,725	27,248	42,973
Total operating expenses	<u>562,794</u>	<u>60,203</u>	<u>622,997</u>
Operating income (loss)	(39,648)	(45,482)	(85,130)
Non-operating revenues (expenses)			
Interest and investment earnings	0	34,721	34,721
Net income (loss) before transfers	<u>(39,648)</u>	<u>(10,761)</u>	<u>(50,409)</u>
Transfers in (out)			
Transfers in	140,032	0	140,032
Transfers out	0	(2,127)	(2,127)
Total transfers in (out)	<u>140,032</u>	<u>(2,127)</u>	<u>137,905</u>
Change in net position	<u>100,384</u>	<u>(12,888)</u>	<u>87,496</u>
Net position, January 1 (original)	172,634	545,341	717,975
Prior period adjustments	(1,579)	0	(1,579)
Net position, January 1 (restated)	<u>171,055</u>	<u>545,341</u>	<u>716,396</u>
Net position, December 31	<u>\$ 271,439</u>	<u>\$ 532,453</u>	<u>\$ 803,892</u>

CITY OF WASHINGTON, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the year ended December 31, 2014

	Business-Type Activities		Total Nonmajor Enterprise Funds
	Solid Waste	Internet Telecommunications	
Cash flows from operating activities:			
Receipts from customers	\$ 522,668	\$ 16,262	\$ 538,930
Payments to suppliers	(216,835)	(34,979)	(251,814)
Payments to employees	(345,044)	0	(345,044)
Other receipts	135	0	135
Net cash provided (used) by operating activities	<u>(39,076)</u>	<u>(18,717)</u>	<u>(57,793)</u>
Cash flows from non-capital financing activities:			
Receipts from other funds	140,032	0	140,032
Payments to other funds	(94,856)	(2,127)	(96,983)
Net cash provided (used) by non-capital financing activities	<u>45,176</u>	<u>(2,127)</u>	<u>43,049</u>
Cash flows from capital and related financing activities:			
Payments for acquisitions of capital assets	(6,100)	0	(6,100)
Cash flows from investing activities			
Interest and investment earnings received	0	34,721	34,721
Purchase of investments	0	(13,877)	(13,877)
Net cash provided (used) by investing activities	<u>0</u>	<u>20,844</u>	<u>20,844</u>
Net increase (decrease) in cash and cash equivalents	0	0	0
Cash and cash equivalents, January 1	<u>0</u>	<u>0</u>	<u>0</u>
Cash and cash equivalents, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (39,648)	\$ (45,482)	\$ (85,130)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	15,725	27,248	42,973
(Increase) decrease in accounts receivable	(343)	1,541	1,198
(Increase) decrease in prepaid items	217	0	217
Increase (decrease) in accounts payable	(14,501)	(2,024)	(16,525)
Increase (decrease) in accrued payroll liabilities	(526)	0	(526)
Total adjustments	<u>572</u>	<u>26,765</u>	<u>27,337</u>
Net cash provided (used) by operating activities	<u>\$ (39,076)</u>	<u>\$ (18,717)</u>	<u>\$ (57,793)</u>

GENERAL FUND

The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

**CITY OF WASHINGTON, GEORGIA
GENERAL FUND
BALANCE SHEET
December 31, 2014**

ASSETS

Cash and cash equivalents	\$	231,201
Investments		3,180
Restricted cash and cash equivalents		4,771
Receivables (net)		
Accounts		57,827
Intergovernmental		21,099
Taxes		198,835
Prepaid items		<u>152,313</u>
Total assets	\$	<u><u>669,226</u></u>

LIABILITIES

Accounts payable	\$	224,805
Accrued salaries and payroll liabilities		45,518
Unearned revenue		<u>33,800</u>
Total liabilities		<u><u>304,123</u></u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes		<u>53,468</u>
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FUND BALANCES

Nonspendable		
Prepaid items		152,313
Restricted		4,771
Assigned		<u>154,551</u>

Total fund balances		<u><u>311,635</u></u>
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Total liabilities, deferred inflows of resources and fund balances	\$	<u><u>669,226</u></u>
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**CITY OF WASHINGTON, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2014**

REVENUES

Taxes	\$ 1,774,087
Licenses and permits	37,782
Fines, fees and forfeitures	104,444
Charges for services	53,923
Intergovernmental	311,079
Interest	783
Contributions	2,945
Other	138,755
Total revenues	2,423,798

EXPENDITURES

Current	
General Government	579,525
Judicial	37,131
Public Safety	1,573,397
Public Works	957,724
Health and Welfare	487,558
Culture and Recreation	394,870
Housing and Development	230,478
Debt Service	557,926
Total expenditures	4,818,609

Excess (deficiency) of revenues over (under) expenditures (2,394,811)

Other financing sources (uses)

Transfers in (out)	
E-911 Special Revenue Fund	(119,011)
Urban Redevelopment Special Revenue Fund	(11,976)
CDBG/CHIP Grant Capital Projects Fund	(111,312)
Callaway Charitable Trust Endowment Principal Permanent Fund	(5)
Electric Enterprise Fund	2,469,024
Solid Waste Enterprise Fund	(140,032)
Sale of capital assets	37,600
Issuance of notes payable	441,516
Total other financing sources (uses)	2,565,804

Excess (deficiency) of revenues and other financing sources
over (under) expenditures and other financing uses 170,993

Fund balances, January 1 (original) 104,302

Prior period adjustments 36,340

Fund balances, January 1 (restated) 140,642

Fund balances, December 31 **\$ 311,635**

CITY OF WASHINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes			
General property taxes			
Real and personal tax	\$ 791,715	\$ 791,906	\$ 191
Motor vehicle tax	123,280	123,281	1
Mobile home tax	5,770	5,706	(64)
Cost, penalties and interest	55,168	55,169	1
Total general property taxes	975,933	976,062	129
Local option sales tax	320,000	293,835	(26,165)
Insurance premium tax	222,966	222,966	0
Intangibles tax	4,500	3,577	(923)
Real estate transfer tax	1,100	264	(836)
Franchise tax	109,400	101,950	(7,450)
Beer and wine tax	123,060	123,061	1
Occupational tax	50,580	50,604	24
Energy excise tax	1,768	1,768	0
Total taxes	<u>1,809,307</u>	<u>1,774,087</u>	<u>(35,220)</u>
Licenses and permits			
Alcohol licenses	31,600	30,450	(1,150)
Building permits	5,350	7,332	1,982
Total licenses and permits	<u>36,950</u>	<u>37,782</u>	<u>832</u>
Fines, fees and forfeitures	<u>89,530</u>	<u>104,444</u>	<u>14,914</u>
Charges for Services			
Recreation fees	38,945	24,795	(14,150)
Cemetery charges	1,800	5,160	3,360
Other charges for services	67,205	23,968	(43,237)
Total charges for services	<u>107,950</u>	<u>53,923</u>	<u>(54,027)</u>
Intergovernmental	<u>343,969</u>	<u>311,079</u>	<u>(32,890)</u>
Interest	<u>655</u>	<u>783</u>	<u>128</u>
Contributions	<u>700</u>	<u>2,945</u>	<u>2,245</u>
Other			
Rental Income	95,549	89,054	(6,495)
Miscellaneous	480,930	49,701	(431,229)
Total other	<u>576,479</u>	<u>138,755</u>	<u>(437,724)</u>
Total revenues	<u>\$ 2,965,540</u>	<u>\$ 2,423,798</u>	<u>\$ (541,742)</u>

**CITY OF WASHINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Current			
General Government			
Executive Administration			
Personal services	\$ 162,793	\$ 160,724	\$ 2,069
Contract services	107,385	103,900	3,485
Materials and supplies	14,175	10,777	3,398
Capital outlay	4,565	12,207	(7,642)
Payments to others	22,700	24,005	(1,305)
Total Executive Administration	<u>311,618</u>	<u>311,613</u>	<u>5</u>
City Hall Annex			
Personal services	5,600	5,432	168
Contract services	1,710	1,014	696
Materials and supplies	5,500	5,322	178
Total City Hall Annex	<u>12,810</u>	<u>11,768</u>	<u>1,042</u>
General Government Buildings			
Personal services	270,670	229,990	40,680
Contract services	19,460	13,032	6,428
Materials and supplies	20,800	13,122	7,678
Total General Government Buildings	<u>310,930</u>	<u>256,144</u>	<u>54,786</u>
Total General Government	<u>635,358</u>	<u>579,525</u>	<u>55,833</u>
Judicial			
Municipal Court			
Personal services	11,221	10,327	894
Contract services	22,683	22,662	21
Materials and supplies	355	351	4
Payments to others	3,046	3,791	(745)
Total Municipal Court	<u>37,305</u>	<u>37,131</u>	<u>174</u>
Public Safety			
Police			
Personal services	494,035	491,433	2,602
Contract services	98,981	102,243	(3,262)
Materials and supplies	41,475	41,259	216
Payments to others	16,525	16,079	446
Total Police	<u>651,016</u>	<u>651,014</u>	<u>2</u>

CITY OF WASHINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Public Safety (continued)			
Fire			
Personal services	\$ 649,030	\$ 649,199	\$ (169)
Contract services	99,785	65,686	34,099
Materials and supplies	68,195	79,001	(10,806)
Capital outlay	0	21,697	(21,697)
Total Fire	<u>817,010</u>	<u>815,583</u>	<u>1,427</u>
Animal Control			
Contract services	24,000	22,500	1,500
Payments to others	82,500	84,000	(1,500)
Total Animal Control	<u>106,500</u>	<u>106,500</u>	<u>0</u>
Emergency Management			
Payments to others	300	300	0
Total Public Safety	<u>1,574,826</u>	<u>1,573,397</u>	<u>1,429</u>
Public Works			
Highways and Streets			
Personal services	397,535	384,848	12,687
Contract services	184,150	261,707	(77,557)
Materials and supplies	154,300	140,076	14,224
Capital outlay	80,000	29,318	50,682
Total Highways and Streets	<u>815,985</u>	<u>815,949</u>	<u>36</u>
Street Lighting			
Payments to others	131,900	131,877	23
Cemetery			
Personal services	7,205	5,743	1,462
Contract services	25	70	(45)
Materials and supplies	800	1,110	(310)
Capital outlay	2,975	2,975	0
Total Cemetery	<u>11,005</u>	<u>9,898</u>	<u>1,107</u>
Total Public Works	<u>958,890</u>	<u>957,724</u>	<u>1,166</u>
Health and Welfare			
Community Services			
Contract services	276,000	272,566	3,434
Payments to others	123,425	126,151	(2,726)
Total Community Services	<u>399,425</u>	<u>398,717</u>	<u>708</u>

CITY OF WASHINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Health and Welfare (continued)			
Community Center			
Personal services	\$ 36,720	\$ 45,523	\$ (8,803)
Contract services	37,510	23,326	14,184
Materials and supplies	9,650	19,992	(10,342)
Capital outlay	5,000	0	5,000
Total Community Center	<u>88,880</u>	<u>88,841</u>	<u>39</u>
Total Health and Welfare	<u>488,305</u>	<u>487,558</u>	<u>747</u>
Culture and Recreation			
Libraries			
Payments to others	65,013	65,013	0
Callaway Plantation			
Personal services	25,880	28,535	(2,655)
Contract services	14,405	14,221	184
Materials and supplies	17,100	13,661	3,439
Total Callaway Plantation	<u>57,385</u>	<u>56,417</u>	<u>968</u>
Museum			
Personal services	27,790	40,426	(12,636)
Contract services	15,925	7,297	8,628
Materials and supplies	10,200	6,132	4,068
Total Museum	<u>53,915</u>	<u>53,855</u>	<u>60</u>
Historic Properties			
Personal services	47,125	47,582	(457)
Contract services	3,645	2,279	1,366
Materials and supplies	500	541	(41)
Payments to others	500	0	500
Total Historic Properties	<u>51,770</u>	<u>50,402</u>	<u>1,368</u>
Park Areas			
Payments to others	110,750	110,414	336
Booker Park Pool			
Personal services	46,250	48,315	(2,065)
Contract services	1,565	2,323	(758)
Materials and supplies	11,000	8,131	2,869
Total Booker Park Pool	<u>58,815</u>	<u>58,769</u>	<u>46</u>
Total Culture & Recreation	<u>397,648</u>	<u>394,870</u>	<u>2,778</u>

**CITY OF WASHINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Housing and Development			
Planning and Zoning			
Personal services	\$ 65,455	\$ 69,484	\$ (4,029)
Contract services	9,650	7,058	2,592
Materials and supplies	4,000	2,481	1,519
Total Planning and Zoning	<u>79,105</u>	<u>79,023</u>	<u>82</u>
Economic Development and Assistance			
Personal services	9,264	9,261	3
Contract services	285	283	2
Total Economic Development and Assistance	<u>9,549</u>	<u>9,544</u>	<u>5</u>
Community Development and Housing			
Personal services	48,975	50,892	(1,917)
Contract services	6,050	5,338	712
Materials and supplies	4,500	4,601	(101)
Payments to others	14,092	11,201	2,891
Total Community Development and Housing	<u>73,617</u>	<u>72,032</u>	<u>1,585</u>
Mainstreet Division			
Personal services	15,500	27,775	(12,275)
Contract services	16,900	7,489	9,411
Materials and supplies	1,250	813	437
Capital outlay	2,000	0	2,000
Payments to others	34,305	33,802	503
Total Mainstreet Division	<u>69,955</u>	<u>69,879</u>	<u>76</u>
Total Housing and Development	<u>232,226</u>	<u>230,478</u>	<u>1,748</u>
Total Current	<u>4,324,558</u>	<u>4,260,683</u>	<u>63,875</u>
Debt Service			
Principal	512,711	515,087	(2,376)
Interest	45,741	42,839	2,902
Total Debt Service	<u>558,452</u>	<u>557,926</u>	<u>526</u>
Total Expenditures	<u>\$ 4,883,010</u>	<u>\$ 4,818,609</u>	<u>\$ 64,401</u>

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Confiscated Assets Fund – This fund is used to account for the cash or property received from drug confiscations restricted for law enforcement.

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

Urban Redevelopment Fund – This fund is used to account for receipts and disbursements of Urban Redevelopment activity.

Callaway Plantation Operating Trust Fund – This fund is used to account for receipts and disbursements of monies collected from operating the Callaway Plantation Tourism Center.

Callaway Plantation Furnishings Trust Fund – This fund is used to account for receipts and disbursements of funds collected for maintaining the furnishings of the Callaway Plantation Tourism Center.

TSPLOST Discretionary Fund – This fund is used to account for TSPLOST funds received from the Georgia Financing Authority.

CITY OF WASHINGTON, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
BALANCE SHEET
December 31, 2014

ASSETS

Cash and cash equivalents	\$ 4,795
	<hr/>
Total assets	\$ 4,795
	<hr/> <hr/>

LIABILITIES

FUND BALANCES

Restricted	\$ 4,795
	<hr/>
Total liabilities and fund balances	\$ 4,795
	<hr/> <hr/>

**CITY OF WASHINGTON, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014**

	Final Budget	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 4,700	\$ 4,795	\$ 95
Total revenues	<u>4,700</u>	<u>4,795</u>	<u>95</u>
EXPENDITURES			
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	4,700	4,795	95
Other financing sources (uses) Contingency	<u>(4,700)</u>	<u>0</u>	<u>4,700</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	4,795	4,795
Fund balance, January 1	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 4,795</u></u>	<u><u>\$ 4,795</u></u>

CITY OF WASHINGTON, GEORGIA
E-911 SPECIAL REVENUE FUND
BALANCE SHEET
December 31, 2014

ASSETS

Due from other funds \$ 5,484

Total assets \$ 5,484

LIABILITIES

FUND BALANCES

Assigned \$ 5,484

Total liabilities and fund balances \$ 5,484

CITY OF WASHINGTON, GEORGIA
E-911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014

	Final Budget	Actual	Variance
REVENUES			
Charges for services	\$ 81,500	\$ 64,915	\$ (16,585)
Intergovernmental	205,565	110,390	(95,175)
Total revenue	287,065	175,305	(111,760)
EXPENDITURES			
Current			
Public Safety			
Personal services	261,330	246,889	14,441
Contract services	34,600	56,571	(21,971)
Materials and supplies	6,500	4,619	1,881
Capital outlay	17,000	10,230	6,770
Total expenditures	319,430	318,309	1,121
Excess (deficiency) of revenues over (under) expenditures	(32,365)	(143,004)	(110,639)
Other financing sources (uses)			
Transfers in (out)			
General Fund	32,365	119,011	86,646
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(23,993)	(23,993)
Fund balance, January 1	0	29,477	29,477
Fund balances, December 31	\$ 0	\$ 5,484	\$ 5,484

CITY OF WASHINGTON, GEORGIA
URBAN REDEVELOPMENT SPECIAL REVENUE FUND
BALANCE SHEET
December 31, 2014

ASSETS

Cash and cash equivalents	\$ 6,979
	<hr/>
Total assets	\$ 6,979
	<hr/> <hr/>

LIABILITIES

Due to other funds	\$ 1,645
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FUND BALANCES

Assigned	5,334
	<hr/>
Total liabilities and fund balances	\$ 6,979
	<hr/> <hr/>

CITY OF WASHINGTON, GEORGIA
URBAN REDEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Total revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXPENDITURES			
Current			
Housing and Development			
Personal services	15,269	11,443	3,826
Contract services	<u>25,000</u>	<u>1,890</u>	<u>23,110</u>
Total expenditures	<u>40,269</u>	<u>13,333</u>	<u>26,936</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,269)</u>	<u>(13,333)</u>	<u>26,936</u>
Other financing sources (uses)			
Transfers in (out)			
General Fund	40,269	11,976	(28,293)
Sale of capital assets	<u>0</u>	<u>6,873</u>	<u>6,873</u>
Total other financing sources (uses)	<u>40,269</u>	<u>18,849</u>	<u>(21,420)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	5,516	5,516
Fund balance, January 1	<u>0</u>	<u>(182)</u>	<u>(182)</u>
Fund balances, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 5,334</u></u>	<u><u>\$ 5,334</u></u>

CITY OF WASHINGTON, GEORGIA
CALLAWAY PLANTATION OPERATING TRUST SPECIAL REVENUE FUND
BALANCE SHEET
December 31, 2014

ASSETS

Investments	\$ 2,275
	<hr/>
Total assets	\$ 2,275
	<hr/> <hr/>

LIABILITIES

FUND BALANCES

Assigned	\$ 2,275
	<hr/>
Total liabilities and fund balances	\$ 2,275
	<hr/> <hr/>

**CITY OF WASHINGTON, GEORGIA
CALLAWAY PLANTATION OPERATING TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 50	\$ 7	\$ (43)
Total revenues	<u>50</u>	<u>7</u>	<u>(43)</u>
EXPENDITURES			
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	50	7	(43)
Other financing sources (uses) Contingency	<u>(50)</u>	<u>0</u>	<u>50</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	7	7
Fund balance, January 1	<u>0</u>	<u>2,268</u>	<u>2,268</u>
Fund balances, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 2,275</u></u>	<u><u>\$ 2,275</u></u>

CITY OF WASHINGTON, GEORGIA
CALLAWAY PLANTATION FURNISHINGS TRUST SPECIAL REVENUE FUND
BALANCE SHEET
December 31, 2014

ASSETS

Cash and cash equivalents	\$ 23,500
	<u>23,500</u>
Total assets	\$ 23,500
	<u><u>23,500</u></u>

LIABILITIES

FUND BALANCES

Assigned	\$ 23,500
	<u>23,500</u>
Total liabilities and fund balances	\$ 23,500
	<u><u>23,500</u></u>

CITY OF WASHINGTON, GEORGIA
CALLAWAY PLANTATION FURNISHINGS TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Total revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXPENDITURES			
Current			
Culture and Recreation			
Contract services	<u>5,000</u>	<u>263</u>	<u>4,737</u>
Total expenditures	<u>5,000</u>	<u>263</u>	<u>4,737</u>
Excess (deficiency) of revenues over (under) expenditures	(5,000)	(263)	4,737
Other financing sources (uses)			
Transfers in	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>(263)</u>	<u>(263)</u>
Fund balances, January 1 (original)	0	31,726	31,726
Prior period adjustments	<u>0</u>	<u>(7,963)</u>	<u>(7,963)</u>
Fund balances, January 1 (restated)	<u>0</u>	<u>23,763</u>	<u>23,763</u>
Fund balances, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 23,500</u></u>	<u><u>\$ 23,500</u></u>

CITY OF WASHINGTON, GEORGIA
TSPLOST DISCRETIONARY SPECIAL REVENUE FUND
BALANCE SHEET
December 31, 2014

ASSETS

Cash and cash equivalents	\$ 205,696
Taxes receivable	<u>11,599</u>
Total assets	<u><u>\$ 217,295</u></u>

LIABILITIES

FUND BALANCES

Restricted	<u>\$ 217,295</u>
Total liabilities and fund balances	<u><u>\$ 217,295</u></u>

CITY OF WASHINGTON, GEORGIA
TSPLOST DISCRETIONARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 0	\$ 124,553	\$ 124,553
Interest	0	182	182
Total revenue	<u>0</u>	<u>124,735</u>	<u>124,735</u>
EXPENDITURES			
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>124,735</u>	<u>124,735</u>
Fund balances, January 1 (original)	0	81,000	81,000
Prior period adjustments	<u>0</u>	<u>11,560</u>	<u>11,560</u>
Fund balances, January 1 (restated)	<u>0</u>	<u>92,560</u>	<u>92,560</u>
Fund balances, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 217,295</u></u>	<u><u>\$ 217,295</u></u>

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CAPITAL PROJECTS FUNDS

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

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

CDBG/CHIP Grant Fund – This fund is used to account for CDBG grant activity.

CITY OF WASHINGTON, GEORGIA
SPLOST CAPITAL PROJECTS FUND
BALANCE SHEET
December 31, 2014

ASSETS

Cash and cash equivalents	\$ 328,396
Intergovernmental receivable	<u>55,639</u>
Total assets	<u><u>\$ 384,035</u></u>

LIABILITIES

FUND BALANCES

Restricted	<u>\$ 384,035</u>
Total liabilities and fund balances	<u><u>\$ 384,035</u></u>

**CITY OF WASHINGTON, GEORGIA
 SPLOST CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2014**

REVENUES	
Intergovernmental	\$ 306,666
Interest	<u>631</u>
Total revenues	<u>307,297</u>
 EXPENDITURES	
Total expenditures	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	307,297
Other financing sources (uses)	
Transfers in (out)	
Water and Sewer Enterprise Fund	<u>(515,137)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(207,840)
Fund balances, January 1	<u>591,875</u>
Fund balances, December 31	<u><u>\$ 384,035</u></u>

CITY OF WASHINGTON, GEORGIA
CDBG/CHIP GRANT CAPITAL PROJECTS FUND
BALANCE SHEET
December 31, 2014

ASSETS

Cash and cash equivalents	\$ 27
Accounts receivable	<u>731</u>
Total assets	<u><u>\$ 758</u></u>

LIABILITIES

FUND BALANCES

Assigned	<u>\$ 758</u>
Total liabilities and fund balances	<u><u>\$ 758</u></u>

**CITY OF WASHINGTON, GEORGIA
CDBG/CHIP GRANT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2014**

REVENUES	
Intergovernmental	\$ 61,867
Total revenues	<u>61,867</u>
EXPENDITURES	
Capital outlay	
Housing and Development	
Community Development and Housing	173,896
Total expenditures	<u>173,896</u>
Excess (deficiency) of revenues over (under) expenditures	(112,029)
Other financing sources (uses)	
Transfers in (out)	
General Fund	<u>111,312</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(717)</u>
Fund balances, January 1 (original)	(62,362)
Prior period adjustments	<u>63,837</u>
Fund balances, January 1 (restated)	<u>1,475</u>
Fund balances, December 31	<u><u>\$ 758</u></u>

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PERMANENT FUNDS

Debt service funds are used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

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

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

Callaway Charitable Trust Endowment Principal Fund – This fund is used to account for the principal originally donated for the Callaway Charitable Endowment Trust. The principal must be maintained intact and invested.

CITY OF WASHINGTON, GEORGIA
CEMETERY PERPETUAL CARE PERMANENT FUND
BALANCE SHEET
December 31, 2014

ASSETS

Investments	\$ 189,539
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Total assets	\$ 189,539
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LIABILITIES

FUND BALANCES

Assigned	\$ 189,539
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Total liabilities and fund balances	\$ 189,539
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**CITY OF WASHINGTON, GEORGIA
 CEMETERY PERPETUAL CARE PERMANENT FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2014**

REVENUES	
Interest	<u>\$ 567</u>
Total revenues	<u>567</u>
 EXPENDITURES	
Total expenditures	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	567
Fund balances, January 1	<u>188,972</u>
Fund balances, December 31	<u><u>\$ 189,539</u></u>

CITY OF WASHINGTON, GEORGIA
HISTORICAL PROPERTIES COMMISSION TRUST PERMANENT FUND
BALANCE SHEET
December 31, 2014

ASSETS

Investments	\$ 17,356
	<hr/>
Total assets	\$ 17,356
	<hr/> <hr/>

LIABILITIES

FUND BALANCES

Nonspendable	
Contractually required to be maintained intact	\$ 9,990
Restricted	7,366
	<hr/>
Total liabilities and fund balances	\$ 17,356
	<hr/> <hr/>

**CITY OF WASHINGTON, GEORGIA
HISTORICAL PROPERTIES COMMISSION TRUST PERMANENT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2014**

REVENUES	
Interest	<u>\$ 68</u>
Total revenues	<u>68</u>
 EXPENDITURES	
Total expenditures	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	68
Fund balances, January 1	<u>17,288</u>
Fund balances, December 31	<u><u>\$ 17,356</u></u>

**CITY OF WASHINGTON, GEORGIA
CALLAWAY CHARITABLE TRUST ENDOWMENT PRINCIPAL
PERMANENT FUND
BALANCE SHEET
December 31, 2014**

ASSETS

Cash and cash equivalents	\$ 37,772
Investments	<u>10,770</u>
Total assets	<u><u>\$ 48,542</u></u>

LIABILITIES

FUND BALANCES

Nonspendable	
Contractually required to be maintained intact	\$ 9,990
Assigned	<u>38,552</u>
Total liabilities and fund balances	<u><u>\$ 48,542</u></u>

**CITY OF WASHINGTON, GEORGIA
 CALLAWAY CHARITABLE TRUST ENDOWMENT PRINCIPAL
 PERMANENT FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2014**

REVENUES	
Interest	<u>\$ 108</u>
Total revenues	<u>108</u>
 EXPENDITURES	
Total expenditures	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	108
Other financing sources (uses)	
Transfers in (out)	
General Fund	<u>5</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	113
Fund balances, January 1	<u>48,429</u>
Fund balances, December 31	<u><u>\$ 48,542</u></u>

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Water and Sewer Fund – This fund is used to account for the operation and maintenance of the City's water and sewer services.

Electric Fund – This fund is used to account for user fees and expenses for the electric services provided to the citizens of the City.

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

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

CITY OF WASHINGTON, GEORGIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF NET POSITION
December 31, 2014

ASSETS

Current assets

Restricted assets	
Cash and cash equivalents	\$ 88,807
Investments	154,491
Receivables (net)	
Accounts	387,897
Intergovernmental	118,419
Inventories	160,286
Prepaid items	5,832
	<hr/>
Total current assets	915,732

Capital assets

Land	194,710
Construction in progress	3,700
Buildings	57,481
Infrastructure	21,874,095
Machinery and equipment	337,119
Vehicles	105,422
Accumulated depreciation	(7,584,060)
	<hr/>
Total capital assets (net of accumulated depreciation)	14,988,467

Total assets	<hr/> 15,904,199 <hr/>
---------------------	-------------------------------

CITY OF WASHINGTON, GEORGIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF NET POSITION
December 31, 2014

LIABILITIES

Current liabilities

Accounts payable	97,706
Accrued salaries and payroll liabilities	5,039
Compensated absences	8,653
Due to other funds	214,461
Accrued interest payable	8,329
Customer deposits payable	83,794
Notes payable	348,559
Current liabilities payable from restricted assets	
Customer deposits payable	16,389
Notes payable	226,909
	1,009,839
 Total current liabilities	 1,009,839

Long-term liabilities

Notes payable	9,679,710
	9,679,710
 Total liabilities	 10,689,549

NET POSITION

Net investment in capital assets	4,733,289
Restricted for Debt Service	226,909
Unrestricted	254,452
	5,214,650
 Total net position	 \$ 5,214,650

**CITY OF WASHINGTON, GEORGIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the year ended December 31, 2014**

OPERATING REVENUES

Charges for sales and services	
Water sales	\$ 1,534,690
Sewer sales	1,366,760
Tap fees	12,448
Other	145,266
Other	3,999
Total operating revenues	<u>3,063,163</u>

OPERATING EXPENSES

Costs of sales and services	1,964,143
Personal services	384,110
Depreciation	238,596
Total operating expenses	<u>2,586,849</u>

Operating income (loss)	<u>476,314</u>
-------------------------	----------------

Non-operating revenues (expenses)

Intergovernmental revenue	277,441
Interest and investment earnings	847
Interest expense	(66,038)
Total non-operating revenues (expenses)	<u>212,250</u>

Net income (loss) before transfers	<u>688,564</u>
------------------------------------	----------------

Transfers in (out)

SPLOST Capital Projects Fund	515,137
Electric Enterprise Fund	(2,556,342)
Total transfers	<u>(2,041,205)</u>

Change in net position	<u>(1,352,641)</u>
------------------------	--------------------

Net position, January 1 (original)	6,376,845
------------------------------------	-----------

Prior period adjustments	190,446
	<u>190,446</u>

Net position, January 1 (restated)	<u>6,567,291</u>
------------------------------------	------------------

Net position, December 31	<u><u>\$ 5,214,650</u></u>
----------------------------------	----------------------------

CITY OF WASHINGTON, GEORGIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended December 31, 2014

Cash flows from operating activities:	
Receipts from customers	\$ 3,093,385
Payments to suppliers	(1,934,579)
Payments to employees	(386,000)
Other receipts	3,999
	<hr/>
Net cash provided (used) by operating activities	776,805
	<hr/>
Cash flows from non-capital financing activities:	
Receipts from other funds	1,684,239
Payments to other funds	(2,556,342)
	<hr/>
Net cash provided (used) by non-capital financing activities	(872,103)
	<hr/>
Cash flows from capital and related financing activities:	
Receipts from other funds	515,137
Receipts from other governments	381,581
Payments for acquisitions of capital assets	(527,013)
Payment of prior year capital related payables	(34,506)
Proceeds - promissory notes	154,563
Principal payments - promissory notes	(448,019)
Interest paid	(67,119)
	<hr/>
Net cash provided (used) by capital and related financing activities	(25,376)
	<hr/>
Cash flows from investing activities:	
Interest and investment earnings received	847
Proceeds from maturity of investments	154,028
Purchase of investments	(154,491)
	<hr/>
Net cash provided (used) by investing activities	384
	<hr/>
Net increase (decrease) in cash and cash equivalents	(120,290)
Cash and cash equivalents, January 1	209,097
	<hr/>
Cash and cash equivalents, December 31	\$ 88,807
	<hr/> <hr/>

CITY OF WASHINGTON, GEORGIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended December 31, 2014

Reconciliation of operating income (loss) to net cash

provided (used) by operating activities:

Operating income (loss)	<u>\$ 476,314</u>
-------------------------	-------------------

Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:

Depreciation expense	238,596
(Increase) decrease in accounts receivable	34,221
(Increase) decrease in inventories	12,607
(Increase) decrease in prepaid items	(413)
Increase (decrease) in accounts payable	17,370
Increase (decrease) in accrued payroll liabilities	<u>(1,890)</u>

Total adjustments	<u>300,491</u>
-------------------	----------------

Net cash provided (used) by operating activities	<u><u>\$ 776,805</u></u>
--	--------------------------

**CITY OF WASHINGTON, GEORGIA
ELECTRIC ENTERPRISE FUND
STATEMENT OF NET POSITION
December 31, 2014**

ASSETS

Current assets

Cash and cash equivalents	\$ 76,875
Investments	164,824
Receivables (net)	
Accounts	1,266,955
Intergovernmental	297,000
Due from other funds	216,106
Inventories	242,123
Prepaid items	17,411
	<hr/>
Total current assets	2,281,294

Restricted assets

MEAG Generation Trust	
Investments	534,233
Customer deposits	
Cash and cash equivalents	224,296
	<hr/>
Total restricted assets	758,529

Capital assets

Land	8,480
Buildings	494,044
Infrastructure	2,457,351
Machinery and equipment	220,917
Vehicles	344,528
Accumulated depreciation	(2,077,142)
	<hr/>
Total capital assets (net of accumulated depreciation)	1,448,178

Total assets	<hr/> 4,488,001 <hr/>
---------------------	------------------------------

LIABILITIES

Current liabilities

Accounts payable	565,689
Accrued salaries and payroll liabilities	9,590
Compensated absences	19,938
Due to other funds	100,340
Current liabilities payable from restricted assets	
Customer deposits payable	224,296
	<hr/>

Total liabilities	<hr/> 919,853 <hr/>
--------------------------	----------------------------

NET POSITION

Net investment in capital assets	1,448,178
Restricted for MEAG Generation Trust	534,233
Unrestricted	1,585,737
	<hr/>
Total net position	<hr/> \$ 3,568,148 <hr/>

**CITY OF WASHINGTON, GEORGIA
ELECTRIC ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the year ended December 31, 2014**

OPERATING REVENUES

Charges for sales and services	
Electric sales	\$ 10,804,446
Other	33,851
	<hr/>
Total operating revenues	10,838,297
	<hr/>

OPERATING EXPENSES

Costs of sales and services	9,380,136
Personal services	644,733
Depreciation	80,102
	<hr/>
Total operating expenses	10,104,971
	<hr/>

Operating income (loss)	<hr/> 733,326 <hr/>
-------------------------	----------------------------

Non-operating revenues (expenses)

Intergovernmental revenues	1,424,862
Interest and investment earnings	36,970
	<hr/>
Total non-operating revenues (expenses)	1,461,832
	<hr/>

Net income (loss) before transfers	<hr/> 2,195,158 <hr/>
------------------------------------	------------------------------

Transfers in (out)

General Fund	(2,469,024)
Water and Sewer Enterprise Fund	2,556,342
Internet Telecommunications Enterprise Fund	2,127
	<hr/>

Total transfers	89,445
	<hr/>

Change in net position	<hr/> 2,284,603 <hr/>
------------------------	------------------------------

Net position, January 1 (original)	4,786,941
------------------------------------	-----------

Prior period adjustments	<hr/> (3,503,396) <hr/>
--------------------------	--------------------------------

Net position, January 1 (restated)	<hr/> 1,283,545 <hr/>
------------------------------------	------------------------------

Net position, December 31	<hr/> \$ 3,568,148 <hr/>
----------------------------------	---------------------------------

**CITY OF WASHINGTON, GEORGIA
ELECTRIC ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended December 31, 2014**

Cash flows from operating activities:	
Receipts from customers	\$ 10,793,035
Payments to suppliers	(9,821,407)
Payments to employees	(651,842)
Other receipts	<u>33,851</u>
Net cash provided (used) by operating activities	<u>353,637</u>
Cash flows from non-capital financing activities:	
Receipts from other funds	2,558,469
Payments to other funds	(4,187,903)
Receipts from other governments	<u>1,470,862</u>
Net cash provided (used) by non-capital financing activities	<u>(158,572)</u>
Cash flows from capital and related financing activities:	
Payments for acquisitions of capital assets	<u>(33,864)</u>
Net cash provided (used) by capital and related financing activities	<u>(33,864)</u>
Cash flows from investing activities:	
Interest and investment earnings received	36,970
Proceeds from maturity of investments	494,000
Purchase of investments	<u>(525,054)</u>
Net cash provided (used) by investing activities	<u>5,916</u>
Net increase (decrease) in cash and cash equivalents	167,117
Cash and cash equivalents, January 1	<u>134,054</u>
Cash and cash equivalents, December 31	<u><u>\$ 301,171</u></u>

CITY OF WASHINGTON, GEORGIA
ELECTRIC ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended December 31, 2014

Reconciliation of operating income (loss) to net cash

provided (used) by operating activities:

Operating income (loss)	<u>\$ 733,326</u>
-------------------------	-------------------

Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:

Depreciation expense	80,102
(Increase) decrease in accounts receivable	(13,941)
(Increase) decrease in inventories	7,603
(Increase) decrease in prepaid items	382
Increase (decrease) in accounts payable	(449,256)
Increase (decrease) in accrued payroll liabilities	(7,109)
Increase (decrease) in customer deposits	<u>2,530</u>

Total adjustments	<u>(379,689)</u>
-------------------	------------------

Net cash provided (used) by operating activities	<u><u>\$ 353,637</u></u>
--	--------------------------

Cash and cash equivalents reconciliation

Cash and cash equivalents	\$ 76,875
Restricted cash and cash equivalents	<u>224,296</u>

Total cash and cash equivalents	<u><u>\$ 301,171</u></u>
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**CITY OF WASHINGTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
STATEMENT OF NET POSITION
December 31, 2014**

ASSETS

Current assets

Accounts receivable	\$ 64,911
Due from other funds	94,856
Prepaid items	2,864
	<hr/>
Total current assets	162,631
	<hr/>

Capital assets

Buildings	175,300
Machinery and equipment	57,705
Vehicles	236,595
Accumulated depreciation	(345,175)
	<hr/>
Total capital assets (net of accumulated depreciation)	124,425
	<hr/>

Total assets

287,056

LIABILITIES

Current liabilities

Accrued salaries and payroll liabilities	7,490
Compensated absences	8,127
	<hr/>

Total liabilities

15,617

NET POSITION

Net investment in capital assets	124,425
Unrestricted	147,014
	<hr/>
Total net position	\$ 271,439
	<hr/> <hr/>

**CITY OF WASHINGTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the year ended December 31, 2014**

OPERATING REVENUES

Charges for sales and services	
Sanitation fees	\$ 523,011
Other	135
	523,146
Total operating revenues	523,146

OPERATING EXPENSES

Costs of sales and services	202,551
Personal services	344,518
Depreciation	15,725
	562,794
Total operating expenses	562,794

Operating income (loss)	(39,648)
-------------------------	----------

Transfers in (out)	
General Fund	140,032
	140,032

Change in net position	100,384
	100,384

Net position, January 1 (original)	172,634
------------------------------------	---------

Prior period adjustments	(1,579)
	(1,579)

Net position, January 1 (restated)	171,055
	171,055

Net position, December 31	\$ 271,439
	271,439

**CITY OF WASHINGTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended December 31, 2014**

Cash flows from operating activities:	
Receipts from customers	\$ 522,668
Payments to suppliers	(216,835)
Payments to employees	(345,044)
Other receipts	<u>135</u>
Net cash provided (used) by operating activities	<u>(39,076)</u>
Cash flows from non-capital financing activities:	
Receipts from other funds	140,032
Payments to other funds	<u>(94,856)</u>
Net cash provided (used) by non-capital financing activities	<u>45,176</u>
Cash flows from capital and related financing activities:	
Payments for acquisitions of capital assets	<u>(6,100)</u>
Net cash provided (used) by capital and related financing activities	<u>(6,100)</u>
Net increase (decrease) in cash	0
Cash and cash equivalents, January 1	<u>0</u>
Cash and cash equivalents, December 31	<u><u>\$ 0</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (39,648)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	15,725
(Increase) decrease in accounts receivable	(343)
(Increase) decrease in prepaid items	217
Increase (decrease) in accounts payable	(14,501)
Increase (decrease) in accrued payroll liabilities	<u>(526)</u>
Total adjustments	<u>572</u>
Net cash provided (used) by operating activities	<u><u>\$ (39,076)</u></u>

CITY OF WASHINGTON, GEORGIA
INTERNET TELECOMMUNICATIONS ENTERPRISE FUND
STATEMENT OF NET POSITION
December 31, 2014

ASSETS

Current assets

Accounts receivable	\$ <u>25,054</u>
---------------------	------------------

Noncurrent assets

Investment in joint venture	<u>500,092</u>
-----------------------------	----------------

Capital assets

Machinery and equipment	519,711
-------------------------	---------

Accumulated depreciation	<u>(512,404)</u>
--------------------------	------------------

Total capital assets (net of accumulated depreciation)	<u>7,307</u>
--	--------------

Total assets	<u>532,453</u>
---------------------	-----------------------

LIABILITIES

NET POSITION

Net investment in capital assets	7,307
----------------------------------	-------

Unrestricted	<u>525,146</u>
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Total net position	<u>\$ 532,453</u>
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CITY OF WASHINGTON, GEORGIA
INTERNET TELECOMMUNICATIONS ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the year ended December 31, 2014

OPERATING REVENUES	
Charges for sales and services	
Telecommunications charges	\$ 14,721
Total operating revenues	<u>14,721</u>
OPERATING EXPENSES	
Costs of sales and services	32,955
Depreciation	<u>27,248</u>
Total operating expenses	<u>60,203</u>
Operating income (loss)	(45,482)
Non-operating revenues (expenses)	
Interest and investment earnings	<u>34,721</u>
Net income (loss) before transfers	(10,761)
Transfers in (out)	
Electric Enterprise Fund	<u>(2,127)</u>
Change in net position	(12,888)
Net position, January 1	<u>545,341</u>
Net position, December 31	<u><u>\$ 532,453</u></u>

CITY OF WASHINGTON, GEORGIA
INTERNET TELECOMMUNICATIONS ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended December 31, 2014

Cash flows from operating activities:	
Receipts from customers	\$ 16,262
Payments to suppliers	<u>(34,979)</u>
Net cash provided (used) by operating activities	<u>(18,717)</u>
Cash flows from non-capital financing activities:	
Payments to other funds	<u>(2,127)</u>
Cash flows from investing activities:	
Interest and investment earnings received	34,721
Purchase of investments	<u>(13,877)</u>
Net cash provided (used) by investing activities	<u>20,844</u>
Net increase (decrease) in cash and cash equivalents	0
Cash and cash equivalents, January 1	<u>0</u>
Cash and cash equivalents, December 31	<u><u>\$ 0</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (45,482)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	27,248
(Increase) decrease in accounts receivable	1,541
Increase (decrease) in accounts payable	<u>(2,024)</u>
Total adjustments	<u>26,765</u>
Net cash provided (used) by operating activities	<u><u>\$ (18,717)</u></u>

OTHER REPORTING SECTION

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

Honorable Mayor and
Members of the City Council
City of Washington, Georgia

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Washington, Georgia's basic financial statements and have issued our report thereon dated June 25, 2015.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

Comment 14-1

Condition: The 2013 financial statements were restated for errors and incorrectly reported amounts in the Governmental Activities, General Fund, Callaway Plantation Furnishings Trust Fund, TSPLOST Discretionary Fund, CDBG/CHIP Grant Fund, Water and Sewer Fund, Electric Fund, and Solid Waste Fund.

Criteria: Generally accepted accounting principles require that assets and liabilities be properly calculated and recorded.

Effect: Failure to properly apply generally accepted accounting principles led to financial statements that were materially misstated.

Comment 14-1, continued

Recommendation: Management should review their year-end procedures for recording assets and liabilities.

Management Response: Management concurs with this finding. City staff will review all year-end balances to ensure they are properly calculated and recorded. This action was taken immediately upon receipt of the comment from our auditors.

Comment 14-2

Condition: While performing audit procedures on water and sewer inventory, we noted incorrect pricing data on the inventory listing.

Criteria: Generally accepted accounting principles require that assets be properly calculated and recorded.

Effect: Failure to properly apply generally accepted accounting principles may lead to materially misstated financial statements.

Recommendation: Management should review and update inventory item costs to reflect accurate values.

Management Response: Management concurs with this finding. City staff will review and update inventory item costs to reflect accurate values. This action was taken immediately upon receipt of the comment from our auditors.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

Comment 14-3

Condition: While performing audit procedures on utility billing adjustments, we noted 12 of 20 (60%) adjustments did not have evidence of approval on the supporting documentation. All adjustments reviewed during audit procedures appeared appropriate.

Criteria: Proper segregation of duties requires that the duties of authorizing and recording adjustments to utility billing accounts be performed by different employees.

Effect: Failure to properly segregate the duties of authorizing and recording adjustments to utility billing accounts exposes the City to a greater risk of loss due to fraud.

Recommendation: In order to provide adequate segregation of duties, someone other than the person recording the adjustments should review and document approval of the adjustments.

Management Response: Management concurs with this finding. The City will segregate duties of the utility billing adjustment process. This action was taken immediately upon receipt of the comment from our auditors.

Comment 14-4

Condition: While performing audit procedures on journal entries, we noted that journal entries did not have evidence of approval. All journal entries reviewed during audit procedures appeared appropriate.

Criteria: Proper segregation of duties requires that the duties of authorizing and recording adjustments to the general ledger be performed by different employees.

Comment 14-4, continued

Effect: Failure to properly segregate the duties of authorizing and recording adjustments to the general ledger exposes the City to a greater risk of loss due to fraud.

Recommendation: In order to provide adequate segregation of duties, someone other than the person recording the adjustments should review and document approval of the adjustments.

Management Response: Management concurs with this finding. The City will segregate duties of the journal entry process. This action was taken immediately upon receipt of the comment from our auditors.

Comment 14-5

Condition: While performing audit procedures on traffic citations, we noted that there is a lack of segregation of duties. The clerk receives the citations, enters the citations into the court software, and accepts payments.

Criteria: Proper internal controls require adequate segregation of duties in the receipting process.

Effect: Failure to maintain adequate segregation of duties subjects the assets of the City to greater risk of misappropriation.

Recommendation: To ensure that sufficient internal controls are in place, the duties of recording and receipting should be performed by different employees.

Management Response: Management concurs with this finding. The City will segregate duties of the receipting process. This action was taken immediately upon receipt of the comment from our auditors.

Comment 14-6

Condition: While performing audit procedures on traffic citations, we noted that the City does not have supporting documentation available for citation books issued to officers during the portion of the year when the police department existed.

Criteria: Adequate internal control requires adequate supporting documentation for citation books issued to officers.

Effect: Failure to maintain adequate supporting documentation for citation books issued to officers exposes the City to a greater risk of loss due to fraud.

Recommendation: In order to maintain adequate internal control over traffic citations, a log of citation books issued to officers should be maintained.

Management Response: Management concurs with this finding. The City no longer has a police department. Citations are now issued by the County Sheriff's Department and Georgia State Patrol. The County and State are able to provide a listing of citations submitted to the City for reconciling receipts.

Compliance and Other Matters

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

City of Washington, Georgia's Responses to Findings

The City of Washington, Georgia's responses to the findings identified in our audit are described previously. The City of Washington, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
June 25, 2015

STATE REPORTING SECTION

This section contains additional reports required by the State of Georgia.

CITY OF WASHINGTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the year ended December 31, 2014

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<u>2011 SPLOST</u>					
Water and Sewer Improvements	<u>\$ 2,025,960</u>	<u>\$ 2,025,960</u>	<u>\$ 568,743</u>	<u>\$ 515,137</u>	<u>\$ 1,083,880</u>

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax.
 Actual costs that are in excess of these amounts have been financed through alternative funds.