CITY OF SANDERSVILLE, GEORGIA

Annual Financial Report
For the Year Ended
December 31, 2016

City of Sandersville, Georgia
Annual Financial Report
For The Year Ended December 31, 2016

TABLE OF CONTENTS

Financial Section

Independent Auditor's Report 1-2

Management's Discussion and Analysis (Unaudited) 3-12

Basic Financial Statements

Government-wide Financial Statements:
Statement of Net Position 13
Statement of Activities 14

Fund Financial Statements:

Governmental Funds:
Balance Sheet 15
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position 16
Statement of Revenues, Expenditures and Changes in Fund Balances 17
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities 18

Proprietary Funds:
Statement of Net Position 19
Statement of Revenues, Expenses, and Changes in Fund Net Position 20
Statement of Cash Flows 21-22

Notes to the Basic Financial Statements 23-49

Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – *General Fund* 50
Required Supplmentary Information – Pension Plan 51

Supplemental Information:

Combining and Individual Fund Statements and Schedules:

Governmental Funds:

Nonmajor Governmental Funds:
Combining Balance Sheet – By Fund Type 52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – By Fund Type 53

Major *General Fund*:
Comparative Balance Sheet 54
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances 55
Schedule of Revenues – Budget and Actual 56
Schedule of Expenditures – Budget and Actual 57-60

Nonmajor Special Revenue Funds:
Combining Balance Sheet 61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 62

Special Revenue Funds:
Hotel-Motel Tax Fund
Comparative Balance Sheet 63
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual 64
Confiscated Assets Fund
Comparative Balance Sheet 65
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual 66
TE Grant Fund
Comparative Balance Sheet 67
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual 68

Major Capital Projects Fund
T-SPLOST Fund
Comparative Balance Sheet 69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 70
2013 SPLOST Fund
Comparative Balance Sheet 71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 72

Nonmajor Capital Projects Funds:
Combining Balance Sheet 73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 74
2009 SPLOST Fund
Comparative Balance Sheet 75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 76
CDBG 2012 Fund
Comparative Balance Sheet 77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 78
CHIP 2009 Fund
Comparative Balance Sheet 79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 80
CHIP 2013 Fund
Comparative Balance Sheet 81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 82

CHIP 2014 Fund
Comparative Balance Sheet....83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances....84

Proprietary Funds

Enterprise Funds:
Major Enterprise Funds
Water and Sewer Fund
Comparative Statement of Net Position....85
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position....86
Comparative Statement of Cash Flows....87-88

Electrical Fund
Comparative Statement of Net Position....89
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position....90
Comparative Statement of Cash Flows....91-92

Telecom Fund
Comparative Statement of Net Position....93
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position....94
Comparative Statement of Cash Flows....95-96

Solid Waste Fund
Comparative Statement of Net Position....97
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position....98
Comparative Statement of Cash Flows....99-100

Additional Supplementary Information

Schedule of Special Purpose Local Option Sales Tax....101
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*....102-103
Schedule of Findings and Questioned Costs....104

WRIGHT & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
130 NORTH HARRIS STREET • POST OFFICE BOX 1014
SANDERSVILLE, GEORGIA 31082

CLYDE K. WRIGHT, CPA
BRIAN K. WRIGHT, CPA

TELEPHONE (478) 552-6146
FACSIMILE (478) 552-6158

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Sandersville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sandersville, Georgia, as of and for the year ended December 31, 2016, 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. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes 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, based on our audit, 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sandersville, Georgia, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 12 and 50 - 51 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 Sandersville, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated June 28, 2017 on our consideration of the City of Sandersville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sandersville, Georgia's internal control over financial reporting and compliance.

Wright & Wright, P.C.

June 28, 2017
Sandersville, Georgia

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Sandersville, Georgia (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2016. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures follow this section.

Financial Highlights

- The City's assets exceeded its liabilities by $30,562,746 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
  (1) Net investment in capital assets, of $16,192,695 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net position of $2,366,196 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $12,003,855 represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of $1,616,051 this year. This compares to the prior year ending fund balance of $1,306,487 showing an increase of $309,564 during the current year. Unassigned fund balance of -$81,750 at December 31, 2016 shows a $64,975 decrease from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was -$66,594 or -1.5% of total General Fund expenditures, as compared to 0.3% at December 31, 2015.
- Overall, the City continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available and feasible.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position.* This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities, which* reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, judicial, public safety, public works, health and welfare, culture and recreation and housing and development. Business-type activities include the water and sewer systems, electrical system, sanitation and telecom.

The government-wide financial statements are presented on pages 13 & 14 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 15 - 18 of this report.

Individual fund information for nonmajor governmental funds is found in a later section of this report.

The *Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary funds are classified as enterprise funds. These enterprise funds essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for these funds. The basic enterprise fund financial statements are presented on pages 19 – 22 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 23 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the City's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund. Also included are notes to the RSI.

Supplementary Information

Combining statements for nonmajor governmental funds and budgetary comparison schedules for the nonmajor special revenue and debt service funds can be found in the supplementary information.

Note that because of some reclassifications in this fiscal year from last fiscal year, it is difficult to explain some comparisons.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is $30,562,746 as compared to $29,529,202 at December 31, 2015. The following table provides a summary of the City's net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Total		Percentage
	2016	2015	2016	2015	2016	2015	of Total
Assets:							
Current assets	$ 1,866,985	$ 1,616,077	$ 14,524,424	$ 14,017,232	$ 16,391,409	$ 15,633,309	44%
Capital assets	8,734,597	8,928,536	11,390,675	10,040,886	20,125,272	18,969,422	55%
Deferred outflows	505,764	174,712	-	-	505,764	174,912	1%
Total assets	11,107,346	10,719,325	25,915,099	24,058,118	37,022,445	34,777,643	100%
Liabilities:							
Current liabilities	247,856	307,078	674,904	623,453	922,760	930,531	14%
Long-term liabilities	1,904,373	1,427,664	3,623,467	2,796,498	5,527,840	4,224,162	86%
Deferred Inflows	9,099	93,548	-	-	9,099	93,548	0%
Total liabilities	2,161,328	1,828,290	4,298,371	3,419,951	6,459,699	5,248,241	100%
Net position:							
Net investment in capital assets	8,734,597	8,928,536	7,458,098	6,988,302	16,192,695	15,916,838	53%
Restricted	1,697,801	1,323,262	668,395	633,678	2,366,196	1,956,940	8%
Unrestricted	(1,486,380)	(1,360,763)	13,490,235	13,016,188	12,003,855	11,655,424	39%
Total net position	$ 8,946,018	$ 8,891,035	$ 21,616,728	$ 20,638,168	$ 30,562,746	$ 29,529,202	100%

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 7.5 to 1 as compared to 5.3 to 1 at December 31, 2015. The current ratio for business-type activities is 21.5 to 1 as compared to 22.5 to 1 at December 31, 2015.

The City reported positive balances in net position for both governmental and business-type activities. Net position increased $54,983 or 0.6% for governmental activities, and increased $93,753or 0.5% for business-type activities. The City's overall financial position increased by $148,736 during fiscal year 2016.

Note that approximately 97.6% of the governmental activities' net position is tied up in capital. The City uses these capital assets to provide services to its citizens. However, in business type activities, the City has spent approximately 34.5% of its net position on capital. Capital assets in the business-type activities provide utility services, but they also generate revenues for this fund. 53.0% of the City's total net position is included in capital assets. The following is a summary of changes in net position:

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program:						
Charges for services & fines	$ 474,140	$ 365,085	$ 16,110,943	$ 14,515,832	16,585,083	$ 14,880,917
Operating grants	1,113,280	294,869	216,709	-	1,329,989	294,869
Capital grants	283,629	563,524	-	-	283,629	563,524
General:						
Taxes	3,551,769	4,137,380	-	-	3,551,769	4,137,380
Other	29,904	20,543	113,240	99,595	143,144	120,138
Total revenues	5,452,722	5,381,401	16,440,892	14,615,427	21,893,614	19,996,828
Program Expenses:						
General government	980,102	1,091,819	-	-	980,102	1,091,819
Judicial	103,552	115,162	-	-	103,552	115,162
Public safety	2,481,317	2,464,643	-	-	2,481,317	2,464,643
Public works	1,114,206	1,216,257	-	-	1,114,206	1,216,257
Health and welfare/2014 ceme	35,150	35,150	-	-	35,150	35,150
Culture and recreation	46,497	48,352	-	-	46,497	48,352
Housing and devel.	801,026	402,853	-	-	801,026	402,853
Interest	-	-	-	-	-	-
Water and sewer	-	-	1,769,377	1,759,603	1,769,377	1,759,603
Electrical	-	-	13,428,810	12,781,926	13,428,810	12,781,926
Telecommunications	-	-	162,304	177,243	162,304	177,243
Solid waste	-	-	822,537	792,122	822,537	792,122
Total expenses	5,561,850	5,374,236	16,183,028	15,510,894	21,744,878	20,885,130
Revenues over (under) expenses	(109,128)	7,165	257,864	(895,467)	148,736	(888,302)
Transfers in (out)	164,111	85,382	(164,111)	(85,382)	-	-
Net changes in net position	54,983	92,547	93,753	(980,849)	148,736	(888,302)
Beginning net position	8,891,035	10,230,253	20,638,167	21,619,016	29,529,202	31,849,269
Prior period adjustment	-	(1,431,765)	884,808	-	884,808	(1,431,765)
Net position, beginning as restated	8,891,035	8,798,488	21,522,975	21,619,016	30,414,010	30,417,504
Ending net position	$ 8,946,018	$ 8,891,035	$ 21,616,728	$ 20,638,167	$ 30,562,746	$ 29,529,202

GOVERNMENTAL REVENUES

The City is heavily reliant on property taxes and sales taxes to support governmental operations and capital. Property taxes provided 17.5% of the City's total governmental revenues as compared to 17.0% in fiscal year 2015. Sales taxes make up 14.1% of the City's total governmental revenues as compared to 15.5% in fiscal year 2015.

Capital grant type revenue for the public works function in the amount of $283,629 is included in 2013 SPLOST.

User charges and fines revenue source totaled $474,140 and operating grants totaled $1,113,280. Note that program revenues cover 33.6% of governmental operating expenses. If the capital grant revenue referenced above were excluded from program revenue, program revenue would only cover 28.8% of governmental operating expenses. This means that the government's taxpayers and the City's other general governmental revenues fund 71.2% of the governmental activities.

GOVERNMENTAL FUNCTIONAL EXPENSES

The public safety and the public works functions make up 64.6% of the total governmental activities expenses as compared to 68.5% in fiscal year 2015. General government totals $980,102 and the housing and development costs were $801,026.

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrates the financial burden that was placed on the City's taxpayers by each of these functions.

Governmental Activities

	Total Cost of Services	%	Net Cost of Services	%
General government	$ 980,102	17.6%	$ (808,171)	21.9%
Judicial	103,552	1.9%	(103,552)	2.8%
Public safety	2,481,316	44.6%	(2,178,907)	59.0%
Public works	1,114,206	20.0%	(435,570)	11.8%
Health and welfare	35,150	0.6%	(29,150)	0.8%
Culture and recreation	46,497	0.8%	(46,497)	1.3%
Housing and development	801,026	14.3%	(88,953)	2.4%
Interest	-	0.0%	-	0.0%
Total	$ 5,561,849	100.0%	$ (3,690,800)	100.0%

Public safety totals 59.0% of the net cost of services and general government totals 21.9% of these costs.

BUSINESS-TYPE ACTIVITIES

Overall Analysis – For all enterprise funds, total operating revenues increased $1,595,111 or 11.0%. Operating expenses increased $681,859 or 4.4%. In total, the operating income increased $913,252. The total increase in the operating income relates primarily to increases in the water & sewer fund, telecom fund, and solid waste fund. The electric fund experienced an operating loss of -$293,516 relating to electricity purchased in the electric fund that has increased from $9,689,076 in 2014 to $11,142,207 in 2015 and remains high at $11,759,298 in fiscal year 2016.

The operating income (loss) for each utility was as follows:

	Amount
Electric	$ (293,516)
Water and sewer	232,268
Telecom	5,802
Solid waste	102,650

The following includes an analysis of the fiscal year 2016 financial activities for each utility.

Electric Utility – The operating loss of $293,516 in fiscal year 2016 compares to an operating loss of $1,162,087 in fiscal year 2015. The operating loss continues to be a result of the increase in the expense to purchase electricity that has increased by 21.4% since 2014.

The fiscal year 2016 operating revenues increased $1,515,455 or 13.04% over fiscal year 2015. Operating expenses also increased $646,884 or 5.1%. The cost of power purchased increased $617,091 over the prior year.

Water and Sewerage System Utility – The operating income of $232,268 in fiscal year 2016 is an increase of 21.5% from the operating income of $191,339 in fiscal year 2015. Fiscal year 2016 operating revenues increased $59,672 or 3.3% from fiscal year 2015. Operating expenses increased $18,743 or 1.1%. Purchased services decreased $149,312 from the prior year or 54.2% while materials and supplies increased $125,077 or 72.5%. Of the total transfer out of $206,861 to the general fund, $200,000 is intended to recover administration costs provided by the general fund.

Telecom - The operating income of $5,802 in fiscal year 2016 increased from the operating income of $3,241 in fiscal year 2015 by $2,561, or 79.0%. The fiscal year 2016 operating revenues decreased $12,378 or 6.9% from fiscal year 2015. Operating expenses decreased $14,939 or 8.4%. Purchased services decreased from $51,605 in fiscal year 2015 to $36,304 in fiscal year 2016 for a decrease of 29.7%.

Solid Waste - The fiscal year 2016 operating income of $102,650 increased by 1.2% , or $1,191 over fiscal year 2015. The fiscal year 2016 operating revenues increased $32,362 or 3.6% from fiscal year 2015. Operating expenses increased $31,171 or 4.0% from fiscal year 2015. Purchased services decreased $17,960 or 2.7%.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $1,616,051 as compared to the 2015 fiscal year amount of $1,306,487. Of this year-end total, -$81,750 is unassigned indicating availability for continuing City service requirements. Fund balance includes $534,689 restricted for capital outlay, $246,000 restricted for downtown development, $549,098 restricted for transportation improvements, $301,379 restricted for hotel-motel tax purposes and $2,307 restricted for public safety. Fund balance includes assets not available for spending of $64,328, of which $52,112 is tied up in inventory. The total ending fund balances of governmental funds show an increase of $309,564, or 23.7% over the prior year.

Major Governmental Funds

General Fund - The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased $13,888, or 5.4% in fiscal year 2016. In fiscal year 2015, the fund balance decreased $313,237.

Total revenues increased $3,532 or .08% more than fiscal year 2015.

Local option sales taxes decreased $65,340 or 7.8% due to state laws affecting sales tax collections. Charges for services were down from $59,366 to $57,033. Fines increased $1,988 or 1.6%.

Total expenditures decreased $226,759 or 4.8% from fiscal year 2015.

The general government function decreased $72,676 or 8.1% from fiscal year 2015.

The expenditures for most other functions were approximately equal to the fiscal year 2015 amount except for public safety which decreased by $30,796, or 1.3% and public works which decreased by $95,761 or 8.8% resulting from changes in personnel.

The general fund's ending unassigned fund balance of -$66,594 represents decreased of $79,837 from the December 31, 2015 balance of $13,243. This balance is considered inadequate, representing the equivalent of -1.5% of annual expenditures, as compared to 0.3% last year.

2013 SPLOST Fund - This fund accounts for the cost of capital improvement projects in the City that are financed with the 2013 Special Purpose Local Option Sales Tax revenues including:

- The purchase of a fire proof filing system in administration
- The purchase of public safety vehicles and equipment
- Upgrades to the fire station building, fire training facility, and fire equipment
- Reflective signage in the street department
- AMR equipment in the electric department
- Economic development facilities

In fiscal year 2016, this fund reported $283,629 in revenues and $189,295 in expenditures leaving a fund balance of $534,689.

The Proprietary Funds

The proprietary funds' statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Therefore, additional analysis is not necessary.

Budgetary Highlights

The General Fund – During fiscal year 2016, the City Council did amend the general fund budget. The revenue budget was amended downward by $2,468. This was primarily due to a decrease in Federal grant funding from FEMA in the amount of $11,198. As a result, the City recognized $2,468 less than anticipated total revenues. Also in fiscal year 2016, the City experienced decreases in sales tax collections of $53,094 and, the total selective tax revenue collected was $36,170 below the budgeted amount.

The expenditure budget was amended upward $63,479. This was primarily related to liability damages in the police department and capital outlay increases to provide for the development of a disc golf park.

On the expenditure side, the general government function was under spent by $12,040 with administration making all efforts to minimize spending. In total, the public safety budget was underspent by $22,489, primarily in the fire department that was underspent by $13,799.

In total, the City expended 99.3 % of the final general fund budget.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2016, was $8,734,597 and $11,390,766 respectively. This was a decrease in net investment in governmental activities of 2.17% and an increase of 13.4% for business-type activities. See Note 3-D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

Capital Assets

	Governmental Activities		Business Activities		Total	
	2016	2015	2016	2015	2016	2015
Non-depreciable assets:						
Land	$ 960,416	$ 960,416	$ 222,257	$ 222,257	$ 1,182,673	$ 1,182,673
Construction in progress	480,959	413,260	1,379,232	276,524	1,860,191	689,784
Total non-depreciable assets:	1,441,375	1,373,676	1,601,489	498,781	3,042,864	1,872,457
Depreciable assets:						
Buildings	4,363,724	4,230,774	472,360	472,360	4,836,084	4,703,134
Equipment	5,127,396	5,023,856	4,376,352	4,318,186	9,503,748	9,342,042
Software	240,410	240,410	-	-	240,410	240,410
Infrastructure	2,790,678	2,790,678	23,255,334	22,758,244	26,046,012	25,548,922
Total depreciable assets	12,522,208	12,285,718	28,104,046	27,548,790	40,626,254	39,834,508
Less accumulated depreciation	5,228,986	4,730,858	18,314,860	18,006,685	23,543,846	22,737,543
Book value - depreciable assets	7,293,222	7,554,860	9,789,186	9,542,105	17,082,408	17,096,965
Percentage depreciated	42%	39%	65%	65%	58%	57%
Book value - all assets	$ 8,734,597	$ 8,928,536	$ 11,390,675	$ 10,040,886	$20,125,272	$18,969,422

At December 31, 2016, the depreciable capital assets for governmental activities were 42% depreciated. This compares to 39% at the December 31, 2015. This comparison indicates that the City is replacing its assets at the same rate as they are depreciating which is a positive indicator.

With the City's business type activities, 65% of the asset values were depreciated at December 31, 2016, which equals the same percentage as of December 31, 2015.

Long-term Debt

At the end of this fiscal year, the City reported $3,932,577 of outstanding long-term debt, including $3,859,612 in GEFA loans and $72,965 in the GMA equipment lease pool. During the year, the City retired $256,086 or 8.4% of the beginning outstanding business-type activities debt. The following are the changes in the GEFA loans during 2016.

	Outstanding 1/1/2016	Additions	Reductions	Outstanding 12/31/2016
Business-Type Activities				
GEFA loan - DW00-023	453,287	-	38,365	414,922
GEFA loan - 2002-L22WS	1,488,652	-	147,375	1,341,277
GEFA loan - 2010-L06WJ	1,014,959	-	47,625	967,334
GEFA loan - CW15003	-	1,136,079	-	1,136,079
GMA Loan - 9910003183	95,686	-	22,721	72,965
Total Business-Type Activities	$ 3,052,584	$ 1,136,079	$ 256,086	$ 3,932,577

See Note 3-F for additional information about the City's long-term debt.

Economic Conditions Affecting the City

Sandersville, like many other cities, experienced the impact of the economic recession in 2008 with declining general fund revenues particularly in Local Option Sales Tax (LOST), which decreased 33% from $1,286,080 in 2008 to $862,637 in 2009. LOST revenue collections have not returned to the 2008 level but did improve somewhat reaching $920,396 in 2014. However, these taxes declined again in 2015 to $832,246 and again in 2016 to $762,749 for a decrease over the two years of $153,490, reducing our collections lower than during the recession. This continued decrease is directly a result of the continued elimination of sales tax on energy used in manufacturing as required by Georgia HB 386. Sandersville is home to several large consumers of electricity including the Kaolin industry, Trojan Battery, Duraline/ Polypipe and Meltblown. When the sales tax (LOST and SPLOST) is removed from those utility bills, the impact on the City's income and the ability to provide adequate levels of service to our citizens in greatly impacted. The gross property tax digest for the City of Sandersville which has declined three of the previous four years, increased in 2016 from $223,676,339 in 2015 to $229,269,506 in 2016. To address the decrease in the digest and ad valorem tax revenues in previous years, the City Council has adopted a millage rate increase in three of these four years increasing the historically low rate from three mills in 2010 to 4.825 mills in 2016. Other revenue concerns for the City include franchise taxes and insurance premium taxes, both of which decreased significantly in the economic downturn and have not recovered to 2009 levels. The city received $1,273,876 in franchise taxes in 2009, $1,094,092 in 2015 and $1,114,241 in 2016; however insurance premium taxes which had decreased from $340,643 in 2009 to $294,536 in 2012, has increased in 2016 to $368,992 back equivalent to 2009 collections.

As the decrease in our local unemployment rate indicates at 6.6%, down from 15.4% in 2010, the City has experienced marked improvements in the local economy in recent years with the return of new retail and the expansion of local industry including Trojan Battery, Duraline/ Polypipe and Meltblown. As a result, the financial condition of the Water/ Sewer Fund, Telecom Fund and Solid Waste Collection Fund have experience significant improvements in recent years and are all self-supporting. However, we continue to remain extremely concerned about the performance of the Electric Fund where the operating income experienced a loss of $1,448,738 in 2012, $882,287 in 2013, $435,984 in 2014 and $1,162,087 in 2015. In FY 2016, this operating loss was reduced to $293,516 primarily as a result of the City reducing expenses and increasing revenue by eliminating winter rates and continuing summer rates throughout the year. These losses experienced in recent years is directly related to the increase in the cost to purchase power and the City's excess power capacity and contractual obligation to purchase 15MW of Project One Power Sales Contract and to make premium payments associated with this contract. In fiscal year 2016, the City's obligation for this 15MW of Project 1 and for the premium payments were $4,915,239 and $568,012 respectively.

While the City budgets expenses conservatively and monitors budgets closely to absorb the impact of declining revenues Sandersville officials continue to have concerns regarding the impact of Federal and State budget cuts and legislation that impacts local governments. Georgia HB 386 eliminated sales tax and ad valorem tax on vehicles and replaced it with a one-time title tax. This legislation also eliminated sales tax on energy used in manufacturing, agriculture and mining. In July 2016, the Transportation Funding Act of 2016 (Georgia HB 170) began restricting local governments from collecting local

sales taxes on the sale of motor fuels above $3.00 per gallon. While lower prices at the gas pump are good for the economy and the individual households, these lower prices translate into lower sales tax collections for the City.

In March 2013, the voters of Washington County approved a referendum to continue the collection of the 1% sales tax, which provides the necessary revenue for capital projects, many of which could not be funded without these SPLOST funds. The 2013 SPLOST will provide the City with an estimated $1.3 million in funding for these capital projects for FY 2017 - FY 2022. During this period the City will continue to invest in infrastructure while funding a scheduled preventative maintenance program for vehicles, facilities and equipment. With the continued support of tax revenue for equipment and training our Police and Fire Departments will maintain State Certification and a Class 3 ISO rating, both of which have reduced our risk and prepared us to better serve and protect the citizens of our City. In FY 2017, the 2013 Special Purpose Local Option Sales Tax (SPLOST) will fund the scheduled replacement of police vehicles and conversions in the amount of $92,129, make repairs to the Fire Station roof in the amount of $29,500, replace equipment in the City shop for $24,000, replace a flatbed dump truck for $ 54,000 and provide for retroreflective signs at a cost of $6,000 in the street department, replace a John Deere tractor for Parks and Cemeteries in the amount of $10,000 and complete the program to retrofit electric meters to radio read in the amount of $20,000 in the Electric Fund. In the Telecom Fund, in FY 2017 SPLOST will fund the replacement of a pickup truck and provide for the replacement of the City's telephone system with a VOIP system at an estimated cost of $30,000. Capital projects in the Electric Fund for FY 2017 include $210,000 for underground services for the East Haynes Street improvement project that is part of the City's Downtown Master Plan.

Our City leadership has been proactive in financing major upgrades to infrastructure that provide quality water and sewer resources and improved transportation throughout the City. In FY 2015, the City submitted an application to the USDA for funding in the amount of $12.1 million to retire and consolidate current water and sewer debt and to finance an additional $9.1 million for new water and sewer expansions and upgrades. In FY 2017, $1,271,850 in USDA funds will be used to upgrade the Wastewater Treatment Plant, with $1,760,000 provided to rehab the South Water Treatment Plant and an additional $2,121,382 to provide upgrades to the Davisboro lift station and lines that feed this station. The sewer system supporting West Church Street, W. Haynes Street and Cook Street will be replaced at an estimated cost of $800,081. The remaining $3,065,353 will fund the extension of water and sewer services to unserved areas inside and adjacent to the City, creating new revenue sources.

In 2012, the voters of Sandersville, Washington County and other local governments in the Central Savannah Regional Area approved a regional 1% transportation SPLOST in which 75% of the funding will be used for a pre-determined list of priority projects in the region while the remaining 25% will be provided to the local governments in the region as discretionary funds to be used on their individual transportation projects. The City established a Transportation Fund in the FY 2013 budget to account for the receipt and disbursement of these funds as well as LMIG (Local Maintenance and Improvement Grant) funds from the Georgia Department of Transportation. In FY 2016 LMIG and TSPLOST funds in the amount of $55,340 provided an additional 70 public parking places in downtown Sandersville. In FY 2017 LMIG and TSPLOST funds in the amount of $562,412 will help fund a Downtown Master Plan to include a park, green space, parking and street rehabilitation all of which will improve the quality of life for our citizens and visitors while promoting economic development in downtown Sandersville.

Contacting the City's Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Administrator at 141 West Hayes Street, Sandersville, Georgia, 31082 or call 478-552-2525.

City of Sandersville, Georgia
Statement of Net Position
December 31, 2016

	Primary Government			Downtown Development Authority Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents (Note 3A)	$ 1,617,358	$ 4,285,181	$ 5,902,539	$ 5,590
Cash in Georgia Fund I	-	8,227,306	8,227,306	-
Investments	-	5,831	5,831	-
Receivables:				
Accounts	57,869	1,336,914	1,394,783	-
Taxes	5,654	-	5,654	-
Intergovernmental	122,573	-	122,573	-
Internal balances	(797)	797	-	-
Inventories	52,112	658,141	710,253	-
Prepaid expenses	12,216	10,254	22,470	-
Total Current Assets	1,866,985	14,524,424	16,391,409	5,590
Noncurrent Assets				
Capital assets (Note 3D)				
Nondepreciable	960,416	222,257	1,182,673	-
Construction in progress	480,959	1,379,232	1,860,191	-
Depreciable, net	7,293,222	9,789,186	17,082,408	-
Total Noncurrent Assets	8,734,597	11,390,675	20,125,272	-
Deferred outflows of resources				
Difference between expected and actual	505,764	-	505,764	
Total Assets	11,107,346	25,915,099	37,022,445	5,590
Liabilities				
Current Liabilities				
Accounts payable	1,856	24,982	26,838	-
Sales taxes payable	-	28,102	28,102	-
Customer deposits	-	312,710	312,710	-
Unearned revenue	246,000	-	246,000	-
Notes payable, current portion	-	309,110	309,110	-
Total Current Liabilities	247,856	674,904	922,760	-
Long-term Liabilities: (net of current portion) (Note 3G)				
Notes payable	-	3,623,467	3,623,467	-
Net pension liability	1,904,373	-	1,904,373	-
Total Liabilities	2,152,229	4,298,371	6,450,600	-
Deferred inflows of resources:				
Change in pension assumptions	9,099	-	9,099	-
Difference between projected and actual	-	-	-	-
Total Liabilities and deferred inflows of resources	2,161,328	4,298,371	6,459,699	-
Net Position				
Net investment in capital assets (Note 3I)	8,734,597	7,458,098	16,192,695	-
Restricted for inventory	52,112	658,141	710,253	-
Restricted for prepaid expenses	12,216	10,254	22,470	-
Restricted for housing and development	547,379	-	547,379	-
Restricted for capital outlay	534,689	-	534,689	-
Restricted for public safety	2,307	-	2,307	-
Restricted for transportation	549,098	-	549,098	-
Unrestricted	(1,486,380)	13,490,235	12,003,855	5,590
Total Position	$ 8,946,018	$ 21,616,728	$ 30,562,746	$ 5,590

See accompanying notes to the basic financial statements

City of Sandersville, Georgia
Statement of Activities
For the Year Ended December 31, 2016

Function/Program	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Primary Government								
Governmental Activities								
General government	$ 980,102	$ 157,931	$ 14,000	$ -	$ (808,171)	$ -	$ (808,171)	$ -
Judicial	103,552	-	-	-	(103,552)	-	(103,552)	-
Public safety	2,481,317	179,029	123,380	-	(2,178,908)	-	(2,178,908)	-
Public works	1,114,206	3,200	391,807	283,629	(435,570)	-	(435,570)	-
Health and welfare	35,150	-	6,000	-	(29,150)	-	(29,150)	-
Culture and recreation	46,497	-	-	-	(46,497)	-	(46,497)	-
Housing and development	801,026	133,980	578,093	-	(88,953)	-	(88,953)	-
Interest	-	-	-	-	-	-	-	-
Total Governmental Activities	5,561,850	474,140	1,113,280	283,629	(3,690,801)	-	(3,690,801)	-
Business-type Activities:								
Water and sewerage	1,769,377	1,885,522	216,709	-	-	332,654	332,654	-
Electrical	13,428,810	13,135,294	-	-	-	(293,516)	(293,516)	-
Telecom	162,304	168,106	-	-	-	5,802	5,802	-
Solid waste	822,537	922,221	-	-	-	99,684	99,684	-
Total Business-type Activities:	16,183,028	16,110,943	216,709	-	-	144,624	144,624	-
Total - Primary Government	$ 21,744,878	$ 16,585,083	$ 1,329,989	$ 283,629	$ (3,690,801)	144,624	(3,546,177)	-
Component Unit								
Downtown Development Authority	$ 11,946	$ 4,045	$ 6,795	$ -	$ -	-	-	(1,106)
		General Revenues						
		Property taxes levied for general government purposes			954,723	-	954,723	-
		Sales tax			766,906	-	766,906	-
		Insurance premium tax			368,992	-	368,992	-
		Franchise tax,			1,114,241	-	1,114,241	-
		Alcohol tax			150,938	-	150,938	-
		Other taxes			195,969		195,969	
		Financial institutions tax			-	-	-	-
		Gain on disposition of capital assets			-	-	-	-
		Investment earnings (loss)			-	102,007	102,007	10
		Miscellaneous			29,904	11,233	41,137	-
		Total General Revenues			3,581,673	113,240	3,694,913	10
		Transfers			164,111	(164,111)	-	-
		Total General Revenues and Transfers			3,745,784	(50,871)	3,694,913	10
		Change in Net Position			54,983	93,753	148,736	(1,096)
		Net Position Beginning of Year			8,891,035	20,638,167	29,529,202	6,686
		Prior period adjustment			-	884,808	884,808	-
		Net Position Beginning of Year, as adjusted			8,891,035	21,522,975	30,414,010	6,686
		Net Position End of Year			$ 8,946,018	$ 21,616,728	$ 30,562,746	$ 5,590

See accompanying notes to the basic financial statements

City of Sandersville, Georgia
Balance Sheet
Governmental Funds
December 31, 2016

	General	TSPLOST Fund	2013 SPLOST	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 280,803	$ 533,810	$ 503,646	$ 299,099	$ 1,617,358
Receivables:					
Accounts	57,869	-	-	-	57,869
Taxes	-	-	-	5,654	5,654
Intergovernmental	76,242	15,288	31,043	-	122,573
Interfund	15,156	-	-	-	15,156
Inventories	52,112	-	-	-	52,112
Prepaid expenses	12,216	-	-	-	12,216
Total Assets	$ 494,398	$ 549,098	$ 534,689	$ 304,753	$ 1,882,938
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 789	$ -	$ -	$ 1,067	$ 1,856
Accrued expenditures	-	-	-	-	-
Interfund payable	797	-	-	15,156	15,953
Unearned revenue	246,000	-	-	-	246,000
Total Liabilities	247,586	-	-	16,223	263,809
Deferred Inflows of Resources					
- Property Taxes	3,078	-	-	-	3,078
Total Liabilities and Deferred Inflows of Resources	250,664	-	-	16,223	266,887
Fund Balances					
Nonspendable					
Inventory	52,112	-	-	-	52,112
Prepaid expenses	12,216	-	-	-	12,216
Restricted	246,000	549,098	534,689	303,686	1,633,473
Unassigned	(66,594)	-	-	(15,156)	(81,750)
Total Fund Balances	243,734	549,098	534,689	288,530	1,616,051
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 494,398	$ 549,098	$ 534,689	$ 304,753	$ 1,882,938

See accompanying notes to the basic financial statements

City of Sandersville, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2016

Total Governmental Fund Balances		$ 1,616,051
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		
Cost of capital assets	$ 13,963,583	
Less accumulated depreciation	(5,228,986)	8,734,597
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Accounts receivable, net of allowance for doubtful accounts of $0		3,078
Net pension liability		(1,904,373)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore are not reported in the funds		496,665
Net Position of Governmental Activities		$ 8,946,018

See accompanying notes to the basic financial statements

City of Sandersville, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General	TSPLOST Fund	2013 SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 3,551,204	$ 153,525	$ -	$ 29,824	$ 3,734,553
Licenses and permits	157,931	-	-	-	157,931
Intergovernmental	289,279	232,128	283,629	542,504	1,347,540
Charges for services	57,033	-	-	-	57,033
Fines and forfeitures	125,196	-	-	-	125,196
Investment earnings	-	-	-	-	-
Miscellaneous	29,852	-	-	52	29,904
Total Revenues	4,210,495	385,653	283,629	572,380	5,452,157
Expenditures					
Current:					
General government	819,883	-	-	-	819,883
Judicial	103,552	-	-	-	103,552
Public safety	2,265,744	-	-	2,689	2,268,433
Public works	997,308	-	1,960	-	999,268
Health and welfare	35,150	-	-	-	35,150
Culture and recreation	46,497	-	-	-	46,497
Housing and development	215,307	-	12,527	573,167	801,001
Capital Outlay	-	80,342	174,808	20,520	275,670
Debt Service:					
Interest	-	-	-	-	-
Total Expenditures	4,483,441	80,342	189,295	596,376	5,349,454
Excess (Deficiency) of Revenues Over (Under) Expenditures	(272,946)	305,311	94,334	(23,996)	102,703
Other Financing Sources (Uses)					
Proceeds from the disposition of capital assets	-	-	-	-	-
Transfers in	281,053	-	-	21,995	303,048
Transfers (out)	(21,995)	(59,192)	-	(15,000)	(96,187)
Total Other Financing Sources (Uses)	259,058	(59,192)	-	6,995	206,861
Net Change in Fund Balances	(13,888)	246,119	94,334	(17,001)	309,564
Fund Balances Beginning of Year	257,622	302,979	440,355	305,531	1,306,487
Fund Balances End of Year	$ 243,734	$ 549,098	$ 534,689	$ 288,530	$ 1,616,051

See accompanying notes to the basic financial statements

City of Sandersville, Georgia
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2016

Net Changes In Fund Balances - Total Governmental Funds		$ 309,564
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded the capitalized capital outlay in the current period.		
Depreciation expense	$ (522,720)	
Capital outlay	328,781	(193,939)
The book value of capital assets sold are reported on the government-wide statement of activities but not reported in the governmental fund's operating statement less book value of traded-in asset capitalized.		-
Capital assets received as contributions on the government-wide statement of activities but not reported on the governmental fund type operating statement.		-
Cost of benefits earned net of employee contribution		(61,207)
Property tax revenues in the government-wide statement of activities do not provide current financial resources are not reported as revenues in the governmental fund operating statement.		
Liability @ 12/31/15	$ (2,512)	
Liability @ 12/31/16	3,077	565
Change In Net Position of Governmental Activities		$ 54,983

See accompanying notes to the basic financial statements

City of Sandersville, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-type Activities - Enterprise Funds				
	Water & Sewerage System	Electrical	Telecom	Solid Waste	Total
Assets					
Current Assets					
Cash and cash equivalents	$ 1,565,345	$ 2,062,400	$ 457,820	$ 199,616	$ 4,285,181
Cash in Georgia Fund I	686,789	7,540,517	-	-	8,227,306
Investments	-	5,831	-	-	5,831
Receivables					
Accounts	176,675	1,051,569	24,673	83,997	1,336,914
Interfund	119,977	154,422	797	-	275,196
Prepaid expenses	2,090	7,039	375	750	10,254
Inventory	166,745	482,936	8,460	-	658,141
Total Current Assets	2,717,621	11,304,714	492,125	284,363	14,798,823
Noncurrent Assets					
Capital assets					
Nondepreciable	168,636	53,621	-	-	222,257
Depreciable, net	7,718,543	1,627,610	269,931	173,102	9,789,186
Construction in progress	1,379,232	-	-	-	1,379,232
Total Noncurrent Assets	9,266,411	1,681,231	269,931	173,102	11,390,675
Total Assets	11,984,032	12,985,945	762,056	457,465	26,189,498
Liabilities					
Current Liabilities					
Accounts payable	156	23,529	-	1,297	24,982
Accrued expenses payable	-	-	-	-	-
Current portion of notes payable	285,607	-	-	23,503	309,110
Sales tax payable	-	28,102	-	-	28,102
Customer deposits	6,763	305,897	50	-	312,710
Interfund payable	-	119,977	-	5,549	125,526
Total Current Liabilities	292,526	477,505	50	30,349	800,430
Long-Term Liabilities (net of current portion)					
Due to electrical fund	-	-	148,873	-	148,873
Notes payable	3,574,005	-	-	49,462	3,623,467
Total Liabilities	3,866,531	477,505	148,923	79,811	4,572,770
Net Position					
Net investment in capital assets	5,406,799	1,681,231	269,931	100,137	7,458,098
Restricted					
Inventory	166,745	482,936	8,460	-	658,141
Prepaid expenses	2,090	7,039	375	750	10,254
Unrestricted	2,541,867	10,337,234	334,367	276,767	13,490,235
Total Net Position	$ 8,117,501	$ 12,508,440	$ 613,133	$ 377,654	$ 21,616,728

See accompanying notes to the basic financial statements

City of Sandersville, Georgia
Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds				
	Water & Sewerage System	Electrical	Telecom	Solid Waste	Total
Operating Revenues					
Charges for services	$ 1,873,491	$ 13,059,945	$ 151,413	$ 895,221	$ 15,980,070
Miscellaneous	11,831	75,349	16,693	27,000	130,873
Total Operating Revenues	1,885,322	13,135,294	168,106	922,221	16,110,943
Operating Expenses					
Personal services - salaries	444,683	433,169	50,178	85,367	1,013,397
Personal services - benefits	166,780	132,636	17,629	28,028	345,073
Electricity purchased	-	11,759,298	-	-	11,759,298
Franchise fees	-	515,955	7,503	-	523,458
Purchased services	126,164	252,995	36,304	652,034	1,067,497
Materials and supplies	297,482	165,336	1,012	15,883	479,713
Miscellaneous	109,500	20,099	7,061	10,384	147,044
Depreciation	508,445	149,322	42,617	27,875	728,259
Total Operating Expenses	1,653,054	13,428,810	162,304	819,571	16,063,739
Operating Income (Loss)	232,268	(293,516)	5,802	102,650	47,204
Non-Operating Revenues (Expenses)					
Interest expense	(116,323)	-	-	(2,966)	(119,289)
Change in fair market value of investments	-	11,233	-	-	11,233
GEFA Grant	216,709	-	-	-	216,709
Interest and dividend income	2,660	99,347	-	-	102,007
Total Non-Operating Revenues (Expenses)	103,046	110,580	-	(2,966)	210,660
Income (Loss) Before Contributions and Transfers In (Out)	335,314	(182,936)	5,802	99,684	257,864
Contributions	-	42,750	-	-	42,750
Transfers In	-	-	-	-	-
Transfers Out	(206,861)	-	-	-	(206,861)
Change in Net Position	128,453	(140,186)	5,802	99,684	93,753
Net Position Beginning of Year	7,989,048	11,763,818	607,331	277,970	20,638,167
Prior Period Adjustment	-	884,808	-	-	884,808
Net Position Beginning of Year, as restated	7,989,048	12,648,626	607,331	277,970	21,522,975
Net Position End of Year	$ 8,117,501	$ 12,508,440	$ 613,133	$ 377,654	$ 21,616,728

See accompanying notes to the basic financial statements

City of Sandersville, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds				
	Water & Sewerage System	Electrical	Telecom	Solid Waste	Total
Cash Flows from Operating Activities					
Cash received from customers	$ 1,884,918	$ 13,009,138	$ 172,348	$ 947,831	$ 16,014,235
Cash payments for personal services	(611,463)	(565,805)	(67,807)	(113,395)	(1,358,470)
Cash payments for goods and services	(550,718)	(12,721,277)	(52,255)	(677,754)	(14,002,004)
Other cash receipts (payments)	1,107,309	(1,107,309)	-	-	-
Net Cash Provided by (Used in) Operating Activities	1,830,046	(1,385,253)	52,286	156,682	653,761
Cash Flows from Noncapital Financing Activities					
Operating grants received	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(206,861)	-	-	-	(206,861)
Net Cash Provided by (Used in) Noncapital Financing Activities	(206,861)	-	-	-	(206,861)
Cash Flows from Capital and Related Financing Activities					
Capital grants	216,709	-	-	-	216,709
Principal paid on notes and leases	(233,365)	-	-	(22,721)	(256,086)
Interest paid on notes and leases	(116,323)	-	-	(2,966)	(119,289)
Proceeds from notes payable	1,136,079	-	-	-	1,136,079
Payments for capital acquisitions	(1,996,655)	(38,643)	-	-	(2,035,298)
Net Cash (Used in) Capital and Related Financing Activities	(993,555)	(38,643)	-	(25,687)	(1,057,885)
Cash Flows from Investing Activities					
Net purchase of investments	-	6,890,646	-	-	6,890,646
Interest and dividend income	2,660	99,347			102,007
Investment earnings	-	11,233	-	-	11,233
Net Cash Provided by (Used in) Investing Activities	2,660	7,001,226	-	-	7,003,886
Net Increase (Decrease) in Cash and Cash Equivalents	632,290	5,577,330	52,286	130,995	6,392,901
Cash and Cash Equivalents Beginning of Year	1,619,844	4,025,587	405,534	68,622	6,119,586
Cash and Cash Equivalents End of Year	$ 2,252,134	$ 9,602,917	$ 457,820	$ 199,616	$ 12,512,487
Cash and Cash Equivalents	$ 1,565,345	$ 2,062,400	$ 457,820	$ 199,616	$ 4,285,181
Cash in Georgia Fund I	686,789	7,540,517	-	-	8,227,306
Total	$ 2,252,134	$ 9,602,917	$ 457,820	$ 199,616	$ 12,512,487

City of Saudersville, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds				
	Water & Sewerage System	Electrical	Telecom	Solid Waste	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	$ 232,268	$ (293,516)	$ 5,802	$ 102,650	$ 47,204
Adjustments					
Depreciation	508,445	149,322	42,617	27,875	728,259
Loss on sale of capital assets	-	-	-	-	-
(Increase) Decrease in Assets					
Accounts receivable	10,891	(126,156)	4,242	25,610	(85,413)
Inventory	(21,027)	(3,436)	-	-	(24,463)
Prepaid expenses	(2,090)	(7,039)	(375)	(750)	(10,254)
Interfund receivable	1,107,309	-	-	-	1,107,309
Increase (Decrease) in Liabilities					
Accounts payable	(6,465)	(18,717)	-	1,297	(23,885)
Accrued expenses	-	-	-	-	-
Sales tax payable	-	(7,085)	-	-	(7,085)
Interfund payable	-	(1,107,309)	-	-	(1,107,309)
Customer deposits payable	715	28,683	-	-	29,398
Net Cash Provided by (Used in) Operating Activities	$ 1,830,046	$ (1,385,253)	$ 52,286	$ 156,682	$ 653,761

See accompanying notes to the basic financial statements

Index

Summary of Significant Accounting Policies 1
Reporting Entity 1-A
Basis of Presentation 1-B
Measurement Focus 1-C
Basis of Accounting 1-D
Assets, Liabilities, and Fund Equity 1-E
Cash, Cash Equivalents and Investments 1-E-1
Receivables 1-E-2
Interfund Balances 1-E-3
Consumable Inventories 1-E-4
Capital Assets 1-E-5
Accrued Liabilities and Long-term Obligations 1-E-6
Fund Equity 1-E-7
Bond Premiums, Discounts, Issuance Costs and Bond Refunding Gains and Losses 1-E-8
Operating Revenues and Expenses 1-E-9
Contributions of Capital 1-E-10
Interfund Activity 1-E-11
Estimates 1-E-12
Comparative Data 1-E-13
Implementation of New GASB Standards 1-E-14

Stewardship, Compliance, and Accountability 2
Budgetary Information 2-A
Excess of Expenditures over Appropriations 2-B

Detailed Notes on All Funds 3
Deposits 3-A
Receivables 3-B
Property Taxes 3-C
Capital Assets 3-D
Interfund Balances 3-E
Long-Term Debt 3-F
Pensions 3-G
Defined Contribution Plan 3-H
Fund Equity 3-I

Other Notes 4
Risk Management 4-A
Contingent Liabilities 4-B
Joint Ventures 4-C
Hotel/motel Taxes 4-D
Commitments 4-E

The City of Sandersville, Georgia (the "City") was incorporated in 1890. The City operates under a council-mayor form of government and provides the following services: public safety, highways and streets, culture and recreation, public improvements, sanitation, and general and administrative services. In addition, the City operates a public utility (water and wastewater, electric, solid waste and telecom).

Note 1 - Summary of Significant Accounting Policies

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

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The following separate entity is the discretely presented component unit of the City.

The City of Sandersville Downtown Development Authority (Development Authority) – The Development Authority is a public body, corporate and politic, and was created upon the adoption and approval of the Development Authorities Law of the State of Georgia. More specifically, the Development Authority was created by a resolution of the City Council of Sandersville on April 12, 2001, to promote the development of the downtown area of the City. The Mayor and City Council appoint all members of the Development Authority and one member of the City Council also serves as a member. A separately issued financial report is available for the Development Authority and is available at 141 West Haynes Street, Sandersville, Georgia, 31082.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the City's general revenues, from business-type activities, generally financed in whole or in part with charges to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City at year-end.

Note 1 - Summary of Significant Accounting Policies (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted.*

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

The seven major individual funds, the general fund, the 2013 SPLOST fund, the TSPLOST fund, the water and sewer system fund, the electric fund, the telecom fund and the solid waste fund are reported in separate columns.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

> ***Governmental Funds*** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following is the City's major governmental fund:
>
> > ***The General Fund*** – The general fund should be used to account for and report all financial resources not accounted for and reported in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of State of Georgia.
> >
> > ***2013 SPLOST Fund*** - This fund accounts for the cost of certain improvements to the following projects in the City that are financed with the 2013 Special Purpose Local Option Sales Tax (SPLOST) revenues (i.e., the City's share) including the purchase of public safety (police and fire) vehicles and equipment, the completion of a Fire training complex, and Fire Station improvements, the purchase of non-reflective street signs in the public works street department, and AMR (automated meter reading) equipment for the Electric Department.
> >
> > ***TSPLOST Fund*** - This fund accounts for the receipt and disbursement of Transportation Investment Act funds generated from a regional 1% sales tax to fund transportation on projects by priority and for the receipt and disbursement of LMIG, Local Maintenance and Improvement Grant, funds from the Georgia Department of Transportation. Projects financed by this fund in FY 2016 include the development of the City's downtown master plan and East Haynes Street improvement project.

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The City's four proprietary funds are classified as major enterprise funds.

The Water and Sewer System Fund –This fund is used for the operation of the City's water and sewerage system which renders services to the residents and businesses located within the City.

The Electric Fund –This fund is used for the operation of the City's electrical system which renders services to the residents and businesses located within the City.

The Telecom Fund –This fund is used for the operation of the City's non-voice telecommunications including internet access for the residents and businesses located within the City.

The Solid Waste Fund –This fund is used for the operation of the City's solid waste collection and disposal services for the residents and businesses located within the City.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. The proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within sixty days of year-end.

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 3C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within sixty days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, investment earnings and federal and state grants.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities, and Fund Equity

1-E-1 Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled utility charges are accrued as receivables and revenue at December 31, 2015.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-4 Consumable Inventories

On the government-wide financial statements and in the enterprise fund financial, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed.

1-E-5 Prepaid Items

For prepaid expenditures in the government-wide and fund financial statements, the County reports the expenditures during the benefiting period.

1-E-6 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the government fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise fund's statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of fifteen hundred dollars within an estimated life of two years or more. The City began capitalizing its infrastructure in December 2002. The City capitalizes their infrastructure retroactively to 1980. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by enterprise funds is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Asset Class	Estimated Lives
Buildings and improvements	30-40 Years
Infrastructure	40-50 Years
Land improvements	8-20 Years
Machinery and equipment	5-25 Years

1-E-7 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the these funds Capital leases are recognized as a liability in the governmental fund financial statements when due.

1-E-8 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the approval of a motion. Only, the City also may modify or rescind the commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. By motion, the City Council has authorized the City Administrator to assign fund balances.

- ***Unassigned*** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds. Currently, the City only reports unassigned fund balance.

Net Position Flow Assumptions – In order to report net position as a restricted – net position and an unrestricted – net position in the government-wide and proprietary fund financial statements, the City has established a flow assumption policy. It is the City's policy to use restricted – net position first before using unrestricted – net position.

Fund Balance Flow Assumptions – It is the City's policy to consider restricted fund balance to have been used 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, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net position - Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

1-E-9 Bond Premiums, Discounts, Issuance Costs and Bond Refunding Gains and Losses

On the government-wide statement of net position and the proprietary fund type statement of net position, debt premiums and discounts are netted against the debt payable. On the government-wide and proprietary fund type statement of activities, debt premiums and discounts, are deferred and amortized over the life of the using the effective interest method.

Note 1 - Summary of Significant Accounting Policies (Continued)

Debt refunding gains and losses are reported as deferred inflows or outflows of resources on the statements of net position. These gains and losses are deferred and amortized over the shorter of the life of the refunding debt (new debt) and the refunded debt (the old debt).

1-E-10 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services. Operating expenses are necessary costs incurred to provide the water and sewerage services. All other revenues and expenses are classified as non-operating and include interest expense, operating grants, gains and the losses on the disposition of capital assets and earnings or losses on investments.

1-E-11 Contributions of Capital

Contributions of capital reported in proprietary fund financial statements and the government-wide financial statements arise from outside contributions of capital assets (e.g. developers), and grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-12 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and the after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

1-E-13 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

1-E-14 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

In calendar year 2013, the City implemented the following GASB Statement:

Statement No. 65, *Items Previously Reported as Assets and Liabilities* clarifies the use of deferred inflows of resources to ensure consistency in financial reporting. This statement also requires certain items which were previously reported as liabilities to be reported as deferred inflows of resources. As a result of implementing this statement, the City changed the classification of certain liabilities to deferred inflows of resources.

Note 2 – Stewardship, Compliance, and Accountability

2-A Budgetary Information – The City adopts an annual operating budget for the general fund, each special revenue and all enterprise funds. The City also adopts a project length budget for all capital projects funds.

All budgets are adopted on a basis consistent with GAAP, except the SPLOST capital projects fund, which is adopted on a project length basis, rather than an annual basis.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. The City Administrator may transfer appropriations between line items within a department. Any change in total to a fund or departmental appropriation within a fund requires approval of the Mayor and City Council, as a budget amendment. The 2016 budget was amended.

All unexpended annual appropriations lapse at year-end.

2-B Excess of Expenditures over Appropriations

The following departments had expenditures in excess of departmental appropriations:

General fund:		
Police Department	$ 1,512	– Due to reclassification of a grant.
Parks and Cemetery	56,286	– Engineering fees.

These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

Note 3 - Detailed Notes on All Funds

3-A Deposits

Custodial Credit Risk – Deposits – The custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered.

The City's bank balances of deposits as of December 31, 2016, are entirely insured or collateralized with securities held by the City's agent in the City's name.

State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

Investments – The fair value of investments of the City is as follows at December 31, 2016:

Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on a $1.00 per share value. The fair value of the City's position in the pool is the same as the value of pool shares ($1 per share value). The regulatory oversight agency for Georgia Fund 1 is the Georgia Office of the State Treasurer.

Funds included in this Pool are not required to be collateralized.

Note 3 - Detailed Notes on All Funds (Continued)

The fair value of the City's position in the pool approximates the value of the City's pool shares. Credit risk, value, and interest risk at December 31, 2016 are as follows:

Credit Risk	Value	Interest Risk
AAAf rated	$ 8,227,306	43 day WAM

The City classifies its investments in Georgia Fund I as cash and cash equivalents.

3-B Receivables

Receivables at December 31, 2016, consisted of taxes, accounts (billings for user charges), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability. At December 31, 2016, allowances for uncollectables were reported as follows:

General fund (fines)	$ 337,993
Water and sewer fund (charges for services)	69,994
Electric fund (charges for services)	469,490
Solid Waste (charges for services)	35,650
Telecom (charges for services)	250,852

3-C. Property Taxes

The City Council levied property taxes on October 19, 2015. Property taxes attach as an enforceable lien on property as of May 15, 2016. Property taxes were billed on January 4, 2016 and were payable on March 31, 2016.

The City is subject to tax abatements granted by the Development Authority of Washington County for the purpose of economic development and revitalization of employment in the area.

For the year ended December 31, 2016, the City had the following property tax abatement:

- Trojan Battery has a 100% property tax abatement on the first $10,000,000 of personal property. The abatement began in 2013 and expires in 2020. The total property tax reduction totaled $19,312 for 2016.

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2016, was as follows:

	Beginning Balance 01/01/2016	Additions	Deductions	Ending Balance 12/31/2016
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 960,416	$ -	$ -	$ 960,416
Construction in progress	413,260	167,085	(99,386)	480,959
Total capital assets not being depreciated	1,373,676	167,085	(99,386)	1,441,375
Other capital assets:				
Buildings	4,230,774	132,950	-	4,363,724
Equipment	5,023,856	170,882	(67,342)	5,127,396
Software	240,410	-	-	240,410
Infrastructure	2,790,678	-	-	2,790,678
Total other capital assets	12,285,718	303,832	(67,342)	12,522,208
Total capital assets	13,659,394	470,917	(166,728)	13,963,583
Accumulated depreciation:				
Buildings	1,427,330	116,499	-	1,543,829
Equipment	2,775,214	300,958	(24,592)	3,051,580
Software	104,792	35,845	-	140,637
Infrastructure	423,522	69,418	-	492,940
Total accumulated depreciation	4,730,858	522,720	(24,592)	5,228,986
Governmental activities capital assets, net	$ 8,928,536	$ (51,803)	$ (142,136)	$ 8,734,597

Governmental activities depreciation expense:

General government	$ 141,857
Public safety	207,106
Public works	162,021
Culture and recreation	2,150
Cemetery	9,562
Housing and development	24
Total governmental activities depreciation expense	$ 522,720

Note 3 - Detailed Notes on All Funds (Continued)

Capital asset activity for business-type activities for the year ended December 31, 2016, was as follows:

	Beginning Balance 01/01/2016	Additions	Deductions	Ending Balance 12/31/2016
Business type acrtivities:				
Nondepreciable capital assets				
Land	$ 222,257	$ -	$ -	$ 222,257
Construction in progress	276,524	1,357,850	(255,142)	$ 1,379,232
Total nondepreciable capital assets	498,781	1,357,850	(255,142)	1,601,489
Other capital assets:				
Buildings	472,360	-	-	472,360
Machinery and equipment	4,318,186	547,985	(489,819)	4,376,352
Infrastructure	22,758,244	497,090	-	23,255,334
Total other capital assets	27,548,790	1,045,075	(489,819)	28,104,046
Total capital assets	28,047,571	2,402,925	(744,961)	29,705,535
Accumulated depreciation:				
Buildings	310,697	9,032	-	319,729
Machinery and equipment	2,316,497	207,807	(420,084)	2,104,220
Infrastructure	15,379,491	511,420	-	15,890,911
Total accumulated depreciation	18,006,685	728,259	(420,084)	18,314,860
Business-type activities capital assets, net	$ 10,040,886	$ 1,674,666	$ (324,877)	$ 11,390,675

3-E Interfund Balances

Interfund Receivables/Payables – The following are interfund balances between funds:

	Payable from:						
Receivable to:	General	CHIP 2014	CDBG 2012	Electrical	Tele-commun.	Solid Waste	Total
General	$ -	$ 14,033	$ 1,123	$ -	$ -	$ -	$ 15,156
2009 SPLOST	-	-	-	-	-	-	-
Water and sewer	-	-	-	119,977	-	-	119,977
Electrical	-	-	-	-	148,873	5,549	154,422
Telcommunications	797	-	-	-	-	-	797
Total	$ 797	$ 14,033	$ 1,123	$ 119,977	$ 148,873	$ 5,549	$ 290,352

Interfund balances at December 31, 2016, consisted of interfund loans between funds for cash flow purposes and for other budgeted purposes.

Note 3 - Detailed Notes on All Funds (Continued)

Interfund Transfers – Interfund transfers for the year ended December 31, 2016, consisted of the following:

	Transfers from:					
Transfers to:	General	Nonmajor Governmental	TSPLOST	Water & Sewer	Electrical	Total
General	$ -	$ 15,000	59,192	$ 206,861	$ -	$ 281,053
Nonmajor Governmental	21,995	-	-	-	-	21,995
TSPLOST	-	-	-	-	-	-
Water and sewer	-	-	-	-	-	-
Electric	-	-	-	-	-	-
Total	$ 21,995	$ 15,000	$ 59,192	$ 206,861	$ -	$ 303,048

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations and to return money to the fund from which it was originally provided once a project is completed.

All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

3-F Long-term Debt

At December 31, 2016, the City has four loans outstanding with the Georgia Environmental Finance Authority (GEFA).

GEFA Loan — DW00023 – In October 2006, the City borrowed $758,724 at an interest rate of 3% for water distribution system upgrades. Quarterly principal and interest payments are $12,884 with a final maturity date of January 1, 2026.

Annual debt service requirements to amortize this loan as of December 31, 2016 follow:

Year	Principal	Interest	Total
2017	$ 39,530	$ 12,005	$ 51,535
2018	40,728	10,807	51,535
2019	41,964	9,571	51,535
2020	43,237	8,298	51,535
2021	44,510	7,025	51,535
2022 - 2026	204,953	14,247	219,200
Total	$ 414,922	$ 61,953	$ 476,875

GEFA Loan — 2002-L22WS - In February 2006, the City borrowed $2,650,913 at an interest rate of 4.35% for water distribution system upgrades. Monthly principal and interest payments are $17,436 with a final maturity date of July 1, 2024.

Annual debt service requirements to amortize this loan as of December 31, 2016 follow:

Year	Principal	Interest	Total
2017	$ 153,951	$ 55,282	$ 209,233
2018	160,770	48,463	209,233
2019	167,904	41,329	209,233
2020	175,339	33,894	209,233
2021	183,144	26,089	209,233
2022 - 2024	500,169	28,917	529,086
Total	$ 1,341,277	$ 233,974	$ 1,575,251

GEFA Loan — 2010L06WJ – In November 2011, the City borrowed $1,195,000 at an interest rate of 3.81% for water distribution system upgrades. Monthly principal and interest payments are $7,122 with a final maturity date of November 1, 2031.

Annual debt service requirements to amortize this loan as of December 31, 2016 follow:

Year	Principal	Interest	Total
2017	$ 49,471	$ 35,997	$ 85,468
2018	51,389	34,079	85,468
2019	53,382	32,086	85,468
2020	55,451	30,017	85,468
2021-2025	311,225	116,120	427,345
2026-2030	376,422	50,923	427,345
2031	69,994	1,228	71,222
Total	$ 967,334	$ 300,450	$ 1,267,784

GEFA Loan — CW15003 – In February 2016, the City borrowed $1,258,180 at an interest rate of 1.03% for sewer system upgrades. As of December 31, 2016, the City had drawn $1,136,079 on this loan. Monthly principal and interest payments are $5,803 with a final maturity date of March 1, 2035.

Annual debt service requirements to amortize this loan as of December 31, 2016 follow

Year	Principal	Interest	Total
2017	$ 42,655	$ 9,573	$ 52,228
2018	57,387	1,250	58,637
2019	57,981	11,656	69,637
2020	58,581	11,056	69,637
2021	59,187	10,450	69,637
2022 - 2026	305,253	42,932	348,185
2027 - 2031	321,378	26,806	348,184
2032 - 2035	233,657	9,264	242,921
Total	$ 1,136,079	$ 122,987	$ 1,259,066

Georgia Municipal Association – In October 2014, the City borrowed $117,650 at an interest rate of 3.40% for the lease purchase of a 2014 Brush Hawg G-2224C Grapple Loader for the Solid Waste Fund. Payments are made in the amount of $6,422 quarterly with a final maturity date of October 13, 2019.

Annual debt service requirements to amortize this loan as of December 31, 2016 follow:

Year	Principal	Interest	Total
2017	23,503	2,183	25,686
2018	24,312	1,374	25,686
2019	25,150	536	25,686
Total	$ 72,965	$ 4,093	$ 77,058

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2016:

	Outstanding 01/01/2016	Additions	Reductions	Outstanding 12/31/2016	Amounts Due in One Year	Long-term Portion
Business-Type Activities						
GEFA loan - DW00-023	$ 453,287	$ -	$ 38,365	$ 414,922	$ 39,530	$ 375,392
GEFA loan - 2002-L22WS	1,488,652	-	147,375	1,341,277	153,951	1,187,326
GEFA loan - 2010-L06WJ	1,014,959	-	47,625	967,334	49,471	917,863
GEFA loan - CW15003	-	1,136,079	-	1,136,079	42,655	1,093,424
GMA Loan - 9910003183	95,686	-	22,721	72,965	23,503	49,462
Total Business-Type Activities	$3,052,584	$ 1,136,079	$ 256,086	$3,932,577	$ 309,110	$ 3,623,467

The City's GEFA loans payable are being repaid from the City's water and sewerage fund. The City's Georgia Municipal Association loan is being repaid from the solid waste fund.

3-G Pension

Plan Description - The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), a defined benefit plan, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. GMEBS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The plan, adopted by a City Council Ordinance, established the benefit provisions and has the authority to amend these provisions through City ordinance. GMEBS issues a publicly available financial report that includes financial statements and required supplementary Information for the City. That report may be obtained by writing to:

Georgia Municipal Employees Benefit System
201 Pryor Street SW
Atlanta, Georgia 30303-3606
404/688-0472

All full-time City employees (i.e., 30 hours per week) with one year of service are eligible to participate in the plan with benefits vesting after 5 years of service. The plans provide either:

- Normal retirement benefit, whereas the employee retires at age 65 with five years of service
- Early retirement benefit, whereas the employee may retire at age 55 or older with ten years of service

Note 3 - Detailed Notes on All Funds (Continued)

Employees who retire at or after age sixty-five with five years of credited service or after age fifty-five with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 to 1.75 percent of their average monthly earnings as defined in the plan for each year of credit service. The system also provides death and disability benefits.

Membership in the plan is as follows:

Retired participants and beneficiaries	64
Vested former participants	23
Active employees	82
Active elected officials	4
Total membership	173

Funding Policy – The obligations to contribute for both the City and its employees are established by the City council through ordinance. City employees are not required to contribute to GMEBS. The City is required to contribute 100% of the amounts necessary to fund the System using the actuarial basis specified by statute. The current contribution rate is 9.57% of annual covered payroll.

Annual Pension Cost - For 2016, the City's annual pension cost of $330,361 for GMEBS was equal to the City's required and actual contributions.

Note 3 - Detailed Notes on All Funds (Continued)

Actuarial Valuation Information – The City's actuarial valuation information is as follows:

Remaining Amortization Period	Varies for the Bases with a Net Effect Amortization Period of Ten Years
Asset Valuation Method	See Note Below
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Projected Salary Increases	3.25%, plus age and service based merit increases
Cost of Living Adjustments	0.00%
Actuarial Value of Assets	See Note Below

Note: Sum of the actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, with various adjustments.

Changes in the Net Pension Liability

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (a) - (b)
Balances at March 31, 2015*	$ 7,060,382	$ 5,632,718	$ 1,427,664
Changes for the year:			
Service Cost	127,807	-	127,807
Interest	532,346	-	532,346
Differences between expected and actual experience	128,906	-	128,906
Contributions - employer	-	306,982	(306,982)
Contributions - employee	-	-	-
Net investment income	-	17,302	(17,302)
Benefit payments, including refunds of employee contributions	(382,805)	(382,805)	-
Administrative expense	-	(11,934)	11,934
Other	-	-	-
Net changes	406,254	(70,455)	476,709
Balances at March 31, 2016**	$ 7,466,636	$ 5,562,263	$ 1,904,373

* *Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2015 are used to measure TPL as of March 31, 2015. The balances as of March 31, 2015 constitute measurements of the NPL for the fiscal year ending December 31, 2015.*

***Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2016 are used to measure TPL as of March 31, 2016. The balances as of March 31, 2016 constitute measurements of the NPL for the fiscal year ending December 31, 2016.*

****The numbers shown in the table above are based on the March 31, 2016 measurement date which would make them applicable to the fiscal year ending December 31, 2016.*

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
$ 2,880,261	$ 1,904,373	$ 1,092,552

Pension Expense for the Year Ended December 31, 2016

Service cost	$ 127,807
Interest on TPL	532,346
Employee contribution	-
Administrative expenses	11,934
Expected return on assets	(433,135)
Expensed portion of current year period differences between expected and actual experience in TPL	25,782
Expensed portion of current year period assumption changes	-
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investments earnings	83,165
Current year recognition of deferred inflows and outflows established in prior years	20,291
Total expense	$ 368,190

Deferred Outflows/Inflows of Resources related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 234,158	$ -
Changes of assumptions	-	(9,099)
Net difference between projected and actual earnings on pension plan investments	271,606	-
Total	$ 505,764	$ (9,099)

****The numbers shown in the tables above are based on the March 31, 2016 measurement date which would make them applicable to the fiscal year ending December 31, 2016.*

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

Projected Recognition of Deferred Outflows/(Inflows)

	Year Established	Outstanding Balance at January 1, 2016	Amount Recognized During FYE December 31, 2016	Outstanding Balance at December 31, 2016
Fiscal Year Outflows:				
Demographic	2015	$ 174,712	$ 43,678	$ 131,034
Demographic	2016	128,906	25,782	103,124
Demographic	2016	415,833	83,165	332,668
Total outflows		719,451	152,625	566,826
Fiscal Year Inflows:				
Investment	2015	(81,416)	(20,354)	(61,062)
Assumption Change	2015	(12,132)	(3,033)	(9,099)
Total inflows		(93,548)	(23,387)	(70,161)
Total		$ 625,903	$ 129,238	$ 496,665

Deferred Outflows/(Inflows) Recognized in Future Years

	2017	2018	2019	2020	2021
Fiscal Year Outflows:					
Demographic 2015	$ 43,678	$ 43,678	$ 43,678	$ -	$ -
Demographic 2016	25,781	25,781	25,781	25,781	-
Investment 2016	83,167	83,167	83,167	83,167	-
Total outflows	152,626	152,626	152,626	108,948	-
Fiscal Year Inflows:					
Investment	$ (20,354)	$ (20,354)	$ (20,354)	$ -	$ -
Assumption Change	(3,033)	(3,033)	(3,033)	-	-
Total inflows	(23,387)	(23,387)	(23,387)	-	-
Total	$ 129,239	$ 129,239	$ 129,239	$ 108,948	$ -

*Schedule of Changes in the Net Pension Liability and Related Ratios**

	2016	2015
Total Pension Liability		
Service cost	$ 127,807	$ 119,816
Interest	532,346	496,859
Difference between expected and actual experience	128,906	218,391
Changes of assumptions	-	(15,167)
Changes of benefit terms	-	-
Benefit payments, including refunds of employee contributions	(382,805)	(341,205)
Net change in total pension liability	406,254	478,694
Total pension liability, beginning	7,060,382	6,581,688
Total pension liability, ending (a)	7,466,636	7,060,382
Plan Fiduciary Net Position:		
Contributions - employer	306,982	334,711
Contributions - employee	-	-
Net investment income	17,302	500,215
Benefit payments, including refunds of employee contributions	(382,805)	(341,205)
Administrative expense	(11,934)	(10,926)
Other	-	-
Net change in fiduciary net position	(70,455)	482,795
Plan fiduciary net position, beginning	5,632,718	5,149,923
Plan fiduciary net position, ending (b)	5,562,263	5,632,718
Net pension liability, ending (a) - (b)	$ 1,904,373	$ 1,427,664
Plan's fiduciary net position as a % of the total pension liability	74.49%	79.78%
Covered-employee payroll	$ 3,396,739	$ 3,239,785
Net pension liability as a % of covered-employee payroll	56.06%	44.07%
Actuarially determined contribution**	-	$ 303,927
Contributions in relation to the actuarially determined contribution**	-	$ 278,600
Contribution deficiency (excess)**	-	$ 25,327
Contributions as a % of covered-employee payroll**	-	8.60%

* *Historical information prior to implementation of GASB 67/68 is not required*

** *2016 information will be determined after fiscal year end and will be included in the 2017 valuation report*

Accounting Policies

Valuation Date	The actuarially determined contribution rate was determined as of 7/1/16, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending 12/31/17.
Methods and assumptions used to determine contribution rates: Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and 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 end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Investment Rate or Return	7.75%
Projected Salary Increases	3.25 % plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	Normal Retirement Age Employees: 65 with 5 years of service Officials: 65 Early Retirement Age– 55 with 10 years of service
Net Investment Return	7.75% - On-going basis on long-term expected rate of return on pension plan investments. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Cash	0%	
	100%	

Actuarial Valuation History

Changes in Methods and Assumptions

There were no changes in methods or assumptions from the prior valuation.

Benefit Changes

There were no changes in plan features since the last valuation.

3-H. Defined Contribution Plan

The City has a defined contribution pension plan for all full-time employees, including elected officials, the Municipal Court Judge and the City Solicitor. Employees are eligible to participate in the plan immediately upon employment. Covered employees may contribute up to 25% of their base salary and, after 12 months employment, the City matches 50% of the employee's contribution up to 3% of their annual salary. The City's contribution for each employee (and the interest allocated to the employee's account) immediately vest upon entry into the plan. Employee contributions to the plan were $75,318 and the City contributed $36,375 in FY 2016.

The City's defined contribution plan, City of Sandersville Defined Contribution Plan, was authorized by the City Council by adoption of an ordinance and is administered by the Newport Group through the Georgia Municipal Association. The City Council originally established the contribution requirements and has the authority to amend those requirements as it they appropriate.

3-I. Fund Equity

- *Nonspendable* – The following fund balances are nonspendable because they are not in spendable form:

General Fund:	
Inventories	$ 52,112
Prepaid expenses	12,216
	$ 64,328

- *Restricted* – The following fund balances are legally restricted to specified purposes:

General Fund	
Economic Development	$ 246,000
Nonmajor Governmental Funds:	
Capital projects	$ -
Public safety	2,307
Transportation	-
Economic Development	301,379
Total	$ 303,686
Major Capital Projects Funds:	
Capital projects - TSPLOST	$ 549,098
Capital projects - 2013 SPLOST	534,689
Total	$ 1,083,787
Nonmajor Special Revenue Fund:	
Housing and development	$ 1,633,473

- *Unassigned* – The following fund balances include the General Fund unassigned amount of $(66,594):

Unassigned	$ (81,750)

Net Investment in Capital Assets

Net investment in capital assets on the government-wide statement of net position as of December 31, 2016 are as follows:

Net investment in capital assets:	Governmental Activities	Business Type Activities
Cost of capital assets	$ 13,963,583	$ 29,705,535
Less accumulated depreciation	5,228,986	18,314,860
Book value	8,734,597	11,390,675
Less capital related debt	-	3,932,577
Net investment in capital assets	$ 8,734,597	$ 7,458,098

Note 4 - Other Notes

4-A. 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. The City has joined with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for its property and liability insurance. The City manages its risk of potential loss from injuries to employees by participating in the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools. There have been no significant reductions in insurance coverage during the current year.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is to allow the pools' agents and attorneys to represent them in investigation, settlement discussions and all levels of litigation arising out of any claim made against them within the scope of loss protection provided by the funds.

The funds are to defend and protect the members of the funds against any liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The Funds are to pay all costs assessed to its members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

Settled claims in the last three years have not exceeded coverage. The City also provides health insurance coverage for its employees through the Georgia Municipal Employees Benefit System (GMEBS).

4-B. Contingent Liabilities

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

Note 4 - Other Notes (Continued)

During the course of normal operations of the City, various claims and lawsuits arise. In the opinion of management, after consultation with legal counsel, the potential loss on all claims and lawsuits should not impair the City's financial position.

4-C. Joint Ventures

Under Georgia law, the City, in conjunction with other municipalities and counties in the middle Georgia area, is a member of the Central Savannah River Area Regional Development Center (RDC). Membership in the RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes representation from each county and municipality of the area, as well as representatives from the private sector and other governmental entities. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements for the RDC are available from:

Central Savannah River Area Regional Development Center
3626 Walton Way Ext, Suite 300
Augusta, GA 30909

4-D. Hotel/Motel Taxes

The City levies a 3% lodging tax. A summary of the transactions in the hotel/motel tax fund for the year ended December 31, 2016 follows:

Fund balance, December 31, 2015	$ 310,033
Add hotel/motel taxes and misc.	29,875
Less:	
Expenditures	23,530
Transfers to general fund	15,000
Fund balance, December 31, 2016	$ 301,379

Expenditures of $23,530 (79% of current year's receipts) were for promotion of tourism as required by OCGA 48-13-51. This complies with the expenditure requirements of OCGA 48-13-51.

4-E. Contract Commitment

The City has a commitment for contracts with the following organization.

Municipal Electric Authority of Georgia – The City has contracted for a period not to exceed 50 years, to purchase all of its electric power from the Municipal Electric Authority of Georgia (MEAG). MEAG agrees to provide the generating capacity necessary for reliable and economical power for the City's needs.

MEAG has issued bonds for the purpose of building generation, transmission, and telecommunications facilities. Each participant, such as the City, is contingently liable for their pro rata share of the bonds as a power purchase cost until they are retired. The City's contingent contractual obligation varies by individual MEAG project and totals approximately $50,978,845 at December 31, 2016. The contingent obligations are general obligations of the City and the City to which the City's full faith, credit and taxing powers are pledged.

Note 4 - Other Notes (Continued)

In 2007 the City purchased an additional interest in MEAG's power sales contract from the City of College Park. Through an Inter-participant contract, in addition to premium payments to College Park in the amount of $41.7 million, the City purchased 15 MW of College Park's Project One Power Sales Contract. In fiscal year 2016, the City paid $568,012 in premium payments leaving a remaining balance of $40,460,447. Also in fiscal year 2016, the City paid $7,385,659 in Project One cost.

On April 12, 1999 the City adopted the provisions of a Municipal Competitive Trust agreement with MEAG. Under the agreement, MEAG established the Trust for the mutual benefit of MEAG and its wholesale customers (the participating Cities). The Trust was created to provide a means of accumulating funds to mitigate the expected differential between market rates for power and the associated costs of generating that power after the anticipated deregulation of the electric industry. The Trust provides for three types of accounts that are held by the trustee in the name of the City.

The flexible operating trust accounts includes funds that are available for withdrawal at the discretion of the City. This account had a zero balance at December 31, 2016. The two additional accounts created were the credit support operating trust account and the reserve funded debt trust account. The funds in the credit support operating trust account can only be used to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs. There was a zero balance in this account as of December 31, 2016. The funds in the reserve funded debt trust account can only be used for charges related to MEAG's bond obligations. The balance in these account at December 31, 2016 was $550,354. Due to the restrictions on the use of these two accounts, they are not presented on the comparative statement of net position.

Credits from the Municipal Competitive Trust for Power Supply Year 2016. In accordance with the First Amendment of the Municipal Competitive Trust, MEAG Power withdrew funds from the credit support operation account and the reserve funded debt account on behalf of the Participants for the purpose of lowering the annual generation charges for the period of January 1, 2009 through December 31, 2018. The annual amount for the City for 2016 was $457,726.

In accordance with the Second Amendment of the Municipal Competitive Trust, effective August 10, 2009, MEAG Power amended the restrictions and broadened the circumstances under which a Participant may withdraw funds from the New Generation Trust, which was established earlier in 2009 to provide for the future funding of the construction of new power generation facilities, including, but not limited to the Plant Vogtle expansion project. The voluntary funding of the New Generation Trust by Participants will improve the overall credit rating of MEAG Power in the municipal bond market, both now and in the future. The Generation Trust Account balance at December 31, 2016 was $5,831.

Note 5 – Prior Period Adjustment

During 2016, management determined that certain trust funds held by MEAG that were thought to be unavailable for withdrawal by the City were in fact available to the City and should be recorded as an asset of the City. Historically, these funds had only been disclosed in the footnotes to the financial statements. Accordingly, beginning net position for the Business Type Activities was restated as follows:

	Business Type Activities
Net Position, as originally reported	$ 20,638,167
MEAG Trust Funds	884,808
Beginning Net Position, as restated	$ 21,522,975

Note 6 – Subsequent Events

The City performed an evaluation of subsequent events through June 28, 2017, the date upon which the City's financial statements were available for issue. The City has not evaluated subsequent events after this date. No substantial events were identified that would have required a change to the financial statements or note disclosures in the notes to the financial statements.

City of Sandersville, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	$ 3,609,879	$ 3,609,879	$ 3,551,204	$ (58,675)
Licenses and permits	175,402	175,402	157,931	(17,471)
Intergovernmental	307,256	302,212	289,279	(12,933)
Charges for services	58,300	58,300	57,033	(1,267)
Fines and forfeitures	136,500	136,500	125,196	(11,304)
Miscellaneous	5,453	8,029	29,852	21,823
Total Revenues	4,292,790	4,290,322	4,210,495	(79,828)
Expenditures				
Current:				
General government	810,210	831,923	819,883	12,040
Municipal Court	115,470	115,470	103,552	11,918
Public safety	2,249,457	2,288,233	2,265,744	22,489
Public works	959,461	978,799	997,308	(18,509)
Health and welfare	35,150	35,150	35,150	-
Culture and recreation	46,897	46,897	46,497	400
Housing and development	285,674	269,326	215,307	54,019
Debt Service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	4,502,319	4,565,798	4,483,441	82,357
Excess (Deficiency) of Revenues Over (Under) Expenditures	(209,529)	(275,476)	(272,946)	2,530
Other Financing Sources (Uses)				
Proceeds from the disposition of capital assets	-	-	-	-
Transfers in	215,000	215,000	281,053	66,053
Transfers out	-	-	(21,995)	(21,995)
Total Other Financing Sources (Uses)	215,000	215,000	259,058	44,058
Net Change in Fund Balances	$ 5,471	$ (60,476)	(13,888)	$ 46,588
Fund Balances Beginning of Year			257,622	
Fund Balances End of Year			$ 243,734	

City of Sandersville, Georgia
Retirement Plan
Required Supplementary Information
December 31, 2016

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (c) (b - a)	Funded Ratio (a/b)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll [(b - a)(d)]
January 1, 2008	$ 3,769,249	$ 4,556,793	$ 787,544	82.7%	$ 2,640,057	29.8%
January 1, 2009	2,603,834	4,624,043	2,020,209	56.3%	2,854,980	70.8%
January 1, 2010	3,616,557	4,873,436	1,256,879	74.2%	2,756,160	45.6%
January 1, 2011	4,011,869	5,151,149	1,139,280	77.9%	2,879,144	39.6%
January 1, 2012	4,336,629	5,410,628	1,073,999	80.2%	2,969,345	36.2%
January 1, 2013	4,643,341	5,647,508	1,004,167	82.2%	2,909,241	34.5%
January 1, 2014	5,007,855	5,870,160	862,305	85.3%	2,928,145	29.4%
January 1, 2015	5,403,354	6,227,907	824,553	86.8%	3,239,785	25.5%
January 1, 2016	5,714,088	6,595,903	881,815	86.6%	3,396,739	26.0%

See notes to the basic financial statements for actuarial assumptions used in the above calculations.

City of Sandersville, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds - By Fund Type
December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	$ 299,099	$ -	$ 299,099
Receivables:			
Sales taxes	-	-	-
Hotel/motel taxes	5,654	-	5,654
Intergovernmental	-	-	-
Total Assets	$ 304,753	$ -	$ 304,753
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 1,067	$ -	$ 1,067
Interfund payable	-	15,156	15,156
Unearned revenue	-	-	-
Total Liabilities	1,067	15,156	16,223
Fund Balances			
Restricted	303,686	-	303,686
Unassigned (deficit)	-	(15,156)	(15,156)
Total Fund Balances	303,686	(15,156)	288,530
Total Liabilities and Fund Balances	$ 304,753	$ -	$ 304,753

City of Sandersville, Georgia

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds - By Fund Type

For the Year Ended December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:			
Hotel/motel taxes	$ 29,824	$ -	$ 29,824
Sales taxes	-	-	-
Intergovernmental	-	542,504	542,504
Fines and forfeitures	-	-	-
Investment earnings	-	-	-
Miscellaneous	52	-	52
Total Revenues	29,876	542,504	572,380
Expenditures			
Current:			
Public safety	2,689	-	2,689
Public works	-	-	-
Health and welfare	-	-	-
Housing and development	23,530	549,637	573,167
Capital Outlay	-	20,520	20,520
Total Expenditures	26,219	570,157	596,376
Excess of Revenues Over Expenditures	3,657	(27,653)	(23,996)
Other Financing Sources (Uses)			
Transfers in	21,101	894	21,995
Transfers (out)	(15,000)	-	(15,000)
Total Other Financing Sources (Uses)	6,101	894	6,995
Net Change in Fund Balances	9,758	(26,759)	(17,001)
Fund Balances (Deficits) Beginning of Year	293,928	11,603	305,531
Fund Balances End of Year	$ 303,686	$ (15,156)	$ 288,530

City of Sandersville, Georgia
General Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 280,803	$ 172,691
Receivables (net, where applicable):		
Property taxes	-	-
Sales taxes	-	-
Accounts	57,869	87,552
Interfund	15,156	30,104
Intergovernmental	76,242	72,084
Inventories	52,112	44,379
Prepaid expenses	12,216	54,788
Total Assets	$ 494,398	$ 461,598
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	$ 789	$ 667
Accrued expenditures	-	-
Unearned revenue	246,000	200,000
Interfund payable	797	797
Total Liabilities	247,586	201,464
Deferred Inflows of Resources		
- Property Taxes	3,078	2,512
Total Liabilities and Deferred Inflows of Resources	250,664	203,976
Fund Balances		
Restricted	246,000	200,000
Nonspendable	64,328	44,379
Unassigned	(66,594)	13,243
Total Fund Balances	243,734	257,622
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 494,398	$ 461,598

City of Sandersville, Georgia
General Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2016 and 2015

	2016	2015
Revenues		
Taxes	$ 3,551,204	$ 3,528,589
Licenses and permits	157,931	180,430
Intergovernmental	289,279	294,869
Charges for services	57,033	59,366
Fines and forfeitures	125,196	123,208
Miscellaneous	29,852	20,501
Total Revenues	4,210,495	4,206,963
Expenditures		
Current:		
General government	819,883	892,559
Municipal Court	103,552	115,162
Public safety	2,265,744	2,296,540
Public works	997,308	1,093,069
Health and welfare	35,150	35,150
Culture and recreation	46,497	50,914
Housing and development	215,307	226,806
Debt Service:		
Interest and fiscal charges	-	-
Total Expenditures	4,483,441	4,710,200
Deficiency of Revenues (Under) Expenditures	(272,946)	(503,237)
Other Financing Sources (Uses)		
Proceeds from the disposition of capital assets	-	-
Transfers in	281,053	190,000
Transfers out	(21,995)	-
Total Other Financing Sources (Uses)	259,058	190,000
Net Change in Fund Balances	(13,888)	(313,237)
Fund Balances Beginning of Year	257,622	570,859
Fund Balances End of Year	$ 243,734	$ 257,622

City of Sandersville, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Real and personal property taxes				
General property tax - current	$ 951,694	$ 951,694	$ 916,399	$ (35,295)
General property tax - delinquent	-	-	-	-
Motor vehicle property tax - current	64,402	64,402	87,019	22,617
Motor vehicle title adv tax	104,000	104,000	93,464	(10,536)
Mobile home - personal property	4,469	4,469	4,080	(389)
Public utility taxes	34,167	34,167	37,759	3,592
Real estate transfer taxes	1,400	1,400	1,520	120
Intangible taxes	4,500	4,500	5,270	770
Other	-	-	-	-
Penalties and interest on taxes	8,000	8,000	4,616	(3,384)
Total real and personal property taxes	1,172,632	1,172,632	1,150,127	(22,505)
Selective taxes:				
Sales tax	820,000	820,000	766,906	(53,094)
Franchise tax	1,126,595	1,126,595	1,114,241	(12,354)
Alcoholic beverage tax	150,000	150,000	150,938	938
Insurance premium tax	340,652	340,652	368,992	28,340
Total selective taxes	2,437,247	2,437,247	2,401,077	(36,170)
Licenses and permits:				
Alcoholic beverages	23,000	23,000	23,325	325
General business license	31,500	31,500	32,177	677
General business license - insurance	13,650	13,650	15,900	2,250
Financial institutions	45,007	45,007	46,125	1,118
Building structure and equipment permit	50,000	50,000	23,833	(26,167)
Permits	4,550	4,550	4,020	(530)
Other	7,345	7,345	12,031	4,686
Business license penalties	350	350	520	170
Total licenses and permits:	175,402	175,402	157,931	(17,471)
Intergovernmental				
Police grants	-	-	9,373	9,373
FEMA/GEMA emergency grant funds	11,198	-	-	-
Governor's Office of Highway safety grant	10,000	10,000	8,153	(1,847)
Forestry Commission grant	-	5,000	5,000	-
Forest land protection grant	-	1,154	1,154	-
GMA health grant	8,000	8,000	6,000	(2,000)
GMA safety liability grant	8,000	8,000	14,000	6,000
County reimbursement - public safety	21,855	21,855	22,474	619
County reimbursement - animal control	96,278	96,278	83,380	(12,898)
County development authority	146,160	146,160	133,980	(12,180)
Board of Regents	-	-	-	-
Housing authority - payments in lieu of taxes	5,765	5,765	5,765	-
Total intergovernmental	307,256	302,212	289,279	(12,933)
Fines and forfeitures:				
Court fines	136,500	136,500	125,196	(11,304)
Charges for services:				
General government	-	-	-	-
Animal control	7,200	7,200	4,336	(2,864)
Public safety	48,700	48,700	49,497	797
Sale of cemetery lots	2,400	2,400	3,200	800
Total charges for services:	58,300	58,300	57,033	(1,267)
Miscellaneous:				
Miscellaneous	5,453	8,029	29,852	21,823
Total revenues	4,292,790	4,290,322	4,210,495	(79,828)
Other financing sources:				
Transfers in	215,000	215,000	281,053	66,053
Proceeds from the disposition of capital assets	-	-	-	-
Total revenues and other financing sources	$ 4,507,790	$ 4,505,322	$ 4,491,548	$ (13,775)

City of Sandersville, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
General government				
Governing body:				
Personal services	$ 70,968	$ 70,968	$ 74,323	$ (3,355)
Purchased services	49,168	49,168	44,902	4,266
Supplies	1,200	1,200	524	676
Miscellaneous	1,026	1,026	606	420
Total governing body	122,362	122,362	120,355	2,007
General administration				
Personal services	545,629	554,629	551,632	2,997
Purchased services	119,047	131,760	126,346	5,414
Supplies	13,200	13,200	11,679	1,521
Miscellaneous	1,000	1,000	1,457	(457)
Capital Outlays	550	550	-	550
Total general administration	679,426	701,139	691,114	10,025
General administration fees:				
Miscellaneous	8,422	8,422	8,414	8
Total general government	810,210	831,923	819,883	12,040
Municipal court				
Personal services	75,002	75,002	62,700	12,302
Purchased services	11,597	11,597	9,320	2,277
Supplies	500	500	198	302
Miscellaneous	28,371	28,371	31,334	(2,963)
Total municipal court	115,470	115,470	103,552	11,918
Public safety:				
Police:				
Personal services	1,210,714	1,210,714	1,188,769	21,945
Purchased services	119,853	147,659	153,608	(5,949)
Supplies	61,200	63,777	72,156	(8,379)
Miscellaneous	2,200	2,200	1,517	683
Capital outlay	500	8,893	18,705	(9,812)
Total police	1,394,467	1,433,243	1,434,755	(1,512)
Total carried forward	2,320,147	2,380,636	2,358,190	22,446

City of Sandersville, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Total carried forward	$ 2,320,147	$ 2,380,636	$ 2,358,190	$ 22,446
Fire:				
Personal services	520,171	520,171	510,472	9,699
Purchased services	36,508	36,508	38,898	(2,390)
Supplies	19,200	19,200	17,393	1,807
Miscellaneous	6,100	6,100	1,417	4,683
Capital outlay	-	-	-	-
Total fire	581,979	581,979	568,180	13,799
Animal control:				
Personal services	122,374	122,374	122,542	(168)
Purchased services	14,417	14,417	9,781	4,636
Supplies	6,900	6,900	4,234	2,666
Miscellaneous	300	300	732	(432)
Capital outlay	3,500	3,500	-	3,500
Total animal control	147,491	147,491	137,289	10,202
EMA/E-911 Fee	125,520	125,520	125,520	-
Total public safety	2,249,457	2,288,233	2,265,744	22,489
Public works:				
Public works - operations:				
Personal services	96,380	96,380	90,148	6,232
Purchased services	15,266	15,266	12,955	2,311
Supplies	4,600	4,600	2,957	1,643
Miscellaneous	700	700	178	522
Total - public works - operations	116,946	116,946	106,238	10,708
Street department				
Personal services	455,701	455,701	453,681	2,020
Purchased services	51,105	51,105	47,681	3,424
Supplies	78,700	78,700	61,759	16,941
Miscellaneous	3,270	3,270	913	2,357
Street repairs	15,000	15,000	14,545	455
Total street department	603,776	603,776	578,579	25,197
Total carried forward	3,895,859	3,956,348	3,873,996	82,352

City of Sandersville, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Total brought forward	$ 3,895,859	$ 3,956,348	$ 3,873,996	$ 82,352
Fleet maintenance				
Personal services	50,856	50,856	53,716	(2,860)
Purchased services	6,884	6,884	4,669	2,215
Supplies	7,790	7,790	5,773	2,017
Miscellaneous	500	500	-	500
Capital Outlays	-	-	-	-
Total fleet maintenance	66,030	66,030	64,158	1,872
Parks and Cemetery				
Personal services	141,708	141,708	134,906	6,802
Purchased services	19,201	19,201	18,316	885
Supplies	11,300	11,300	17,630	(6,330)
Capital outlay	-	19,338	77,156	(57,818)
Miscellaneous	500	500	325	175
Total parks and cemetery	172,709	192,047	248,333	(56,286)
Total public works	959,461	978,799	997,308	(18,509)
Health and welfare				
Payments for senior center	35,150	35,150	35,150	-
Culture and recreation				
Parks:				
Payments to DAR	1,710	1,710	1,710	-
Forestry and nursery:				
Payments to Tree City	1,000	1,000	600	400
Libraries:				
Payment to Rosa M. Tarbutton Library	44,187	44,187	44,187	-
Total culture and recreation	46,897	46,897	46,497	400
Total carried forward	4,216,645	4,296,472	4,268,134	28,338

City of Sandersville, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Total carried forward	4,216,645	4,296,472	4,268,134	28,338
Housing and development:				
Planning and zoning				
Personal services	113,225	113,225	108,955	4,270
Purchased services	29,783	29,783	17,999	11,784
Supplies	3,900	3,900	2,674	1,226
Capital outlay	-	-	-	-
Miscellaneous	226	226	27	199
Total planning and zoning	147,134	147,134	129,655	17,479
Economic development and assistance				
UGA Archway	7,500	7,500	7,500	-
Historical society	15,000	15,180	15,180	-
Industrial park	36,540	36,540	-	36,540
Downtown development authority	6,000	6,000	6,000	-
Downtown tourism	-	-	-	-
Public facilities authority	24,500	7,972	7,972	-
Payment to WACO airport	19,000	19,000	19,000	-
Payment to WACO chamber of commerce	30,000	30,000	30,000	-
Total economic development and assistance	138,540	122,192	85,652	36,540
Total housing and development	285,674	269,326	215,307	54,019
Debt Service:				
Interest and fiscal charges	-	-	-	-
Total Debt Service	-	-	-	-
Total Expenditures	4,502,319	4,565,798	4,483,441	82,357
Other financing Uses:				
Transfers out	-	-	21,995	(21,995)
Total Expenditures and Transfers	$ 4,502,319	$ 4,565,798	$ 4,505,436	$ 60,362

City of Sandersville, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Hotel-Motel Tax	Confiscated Assets	TE Grant	Total Nonmajor Special Revenue Funds
Assets				
Cash and cash equivalents	$ 295,725	$ 3,374	$ -	$ 299,099
Taxes receivable	5,654	-	-	5,654
Total Assets	$ 301,379	$ 3,374	$ -	$ 304,753
Liabilities				
Account payables	-	1,067	-	1,067
Fund Balances				
Restricted	$ 301,379	$ 2,307	-	$ 303,686
Unassigned (deficit)	-	-	$ -	$ -
Total Liabilities and Fund Balances	$ 301,379	$ 3,374	$ -	$ 304,753

City of Sandersville, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016

	Hotel-Motel Tax	Confiscated Assets	TE Grant	Total Nonmajor Special Revenue Funds
Revenues				
Taxes	$ 29,824	$ -	$ -	$ 29,824
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous	52	-	-	52
Total Revenues	29,876	-	-	29,876
Expenditures				
Current:				
Public safety	-	2,689	-	2,689
Housing and development	23,530	-	-	23,530
Capital Outlay	-	-	-	-
Total Expenditures	23,530	2,689	-	26,219
Excess of Revenues Over Expenditures	6,346	(2,689)	-	3,657
Other Financing Sources (Uses)				
Transfers in	-	-	21,101	21,101
Transfers (out)	(15,000)	-	-	(15,000)
Net Change in Fund Balances	(8,654)	(2,689)	21,101	9,758
Fund Balances Beginning of Year	310,033	4,996	(21,101)	293,928
Fund Balances End of Year	$ 301,379	$ 2,307	$ -	$ 303,686

City of Sandersville, Georgia
Comparative Balance Sheet
Hotel/Motel Tax Fund
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 295,725	$ 304,193
Hotel/motel taxes receivable	5,654	5,840
Total Assets	$ 301,379	$ 310,033
Fund Balances		
Restricted for housing and development	$ 301,379	$ 310,033

City of Sandersville, Georgia
Schedule of Revenues and Changes in Fund Balances - Budget and Actual
Hotel/Motel Tax Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues:					
Hotel/motel taxes	$ 35,695	$ 35,695	$ 29,824	$ (5,871)	$ 34,321
Miscellaneous	-	-	52	52	39
Total Revenues	35,695	35,695	29,876	(5,819)	34,360
Expenditures					
Current:					
Housing and development	12,765	30,566	23,530	7,036	28,387
Excess of Revenues Over Expenditures	22,930	5,129	6,346	1,217	5,973
Other Financing (Uses)					
Transfers out	(15,000)	(15,000)	(15,000)	-	(40,000)
Net Change in Fund Balances	$ 7,930	$ (9,871)	(8,654)	$ 1,217	(34,027)
Fund Balances Beginning of Year			310,033		344,060
Fund Balances End of Year			$ 301,379		$ 310,033

City of Sandersville, Georgia
Comparative Balance Sheet
Confiscated Assets Fund
December 31, 2016

	2016	2015
Assets		
Cash and cash equivalents	$ 3,374	$ 4,996
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 1,067	$ -
Fund Balances		
Restricted for public safety	2,307	4,996
Total Liabilities and Fund Balances	$ 3,374	$ 4,996

City of Sandersville, Georgia
Schedule of Revenues and Changes in Fund Balances - Budget and Actual
Confiscated Assets Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues:					
Fines and forfeitures	$ 1,500	$ -	$ -	$ -	$ 2,081
Miscellaneous	-	-	-	-	-
Total Revenues	1,500	-	-	-	2,081
Expenditures					
Current:					
Public Safety	700	2,689	2,689	-	4,173
Capital Outlay	-	-	-	-	-
Total Expenditures	700	2,689	2,689	-	4,173
Excess (Deficiency) of Revenues Over (Under) Expenditures	800	(2,689)	(2,689)	-	(2,092)
Other Financing Uses					
Transfers Out	-	-	-	-	-
Net Change in Fund Balances	$ 800	$ (2,689)	(2,689)	$ -	(2,092)
Fund Balances Beginning of Year			4,996		7,088
Fund Balances End of Year			$ 2,307		$ 4,996

City of Sandersville, Georgia
Comparative Balance Sheet
TE Grant Fund
December 31, 2016 and 2015

	2016	2015
Liability		
Interfund payable	$ -	$ 21,101
Fund Balances		
Unassigned (deficit)	$ -	$ (21,101)

City of Sandersville, Georgia
Schedule of Revenues and Changes in Fund Balances - Budget and Actual
TE Grant Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues:					
Intergovernmental	$ -	$ -	$ -	$ -	$ 140,374
Expenditures					
Capital Outlay	-	-	-	-	5,656
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	134,718
Other Financing Sources					
Transfers in (out)	-	-	21,101	21,101	-
Net Change in Fund Balances	$ -	$ -	21,101	$ 21,101	134,718
Fund Balances Beginning of Year			(21,101)		(155,819)
Fund Balances End of Year			$ -		$ (21,101)

City of Sandersville, Georgia
Comparative Balance Sheet
T-SPLOST Fund
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 533,810	$ 356,649
Intergovernmental receivable	15,288	14,683
Total Assets	$ 549,098	$ 371,332
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ -
Unearned revenue	-	68,353
Total Liabilities	-	68,353
Fund Balances		
Restricted for transportation	549,098	302,979
Total Fund Balances	549,098	302,979
Total Liabilities and Fund Balances	$ 549,098	$ 371,332

City of Sandersville, Georgia
Schedule of Revenues and Changes in Fund Balances - Budget and Actual
T-SPLOST Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016	2015
Revenues:		
Sales Tax	$ 153,525	$ 158,479
Intergovernmental revenue	232,128	68,815
Total Revenues	385,653	227,294
Expenditures		
Public works	-	-
Capital Outlays	80,342	-
Total Expenditures	80,342	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	305,311	227,294
Other Financing Sources		
Transfers out	(59,192)	-
Fund Balances Beginning of Year	302,979	75,685
Fund Balances End of Year	$ 549,098	$ 302,979

City of Sandersville, Georgia
Comparative Balance Sheet
2013 SPLOST Fund
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 503,646	$ 375,569
Receivables:		
Intergovernmental	31,043	$ 65,082
Total Assets	$ 534,689	$ 440,651
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ 296
Interfund payable	-	-
Total Liabilities	-	296
Fund Balances		
Restricted for capital purchases	534,689	440,355
Liabilities and Fund Balances	$ 534,689	$ 440,651

City of Sandersville, Georgia
Comparative Statement of Expenditures
and Changes in Fund Balances
2013 SPLOST Fund
For the Fiscal Years Ended December 31, 2016 and 2015

	2016	2015
Revenues		
Intergovernmental	$ 283,629	$ 415,822
Expenditures		
Current:		
General government	$ -	$ -
Public works	1,960	-
Housing and economic development	12,527	-
Capital Outlay	174,808	84,495
Total Expenditures	189,295	84,495
Excess (Deficiency) of Revenues Over (Under) Expenditures	94,334	331,327
Other Financing Sources		
Transfers in	-	-
Net Change in Fund Balances	94,334	331,327
Fund Balances Beginning of Year	440,355	109,028
Fund Balances End of Year	$ 534,689	$ 440,355

City of Sandersville, Georgia
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016

	SPLOST 2009	CDBG 2012	CHIP 2009	CHIP 2013	CHIP 2014	Total Nonmajor Capital Projects Funds
Assets						
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -
Receivables:						
Intergovernmental	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-
Total Assets	$ -	$ -	$ -	$ -	$ -	$ -
Liabilities						
Accounts payable	-	$ -	$ -	$ -	$ -	$ -
Interfund payable	-	1,123	-	-	14,033	15,156
Unearned revenue	-	-	-	-	-	-
Total Liabilities	-	1,123	-	-	14,033	15,156
Fund Balances						
Restricted	-	-	-	-	-	-
Unassigned (deficit)	-	(1,123)	-	-	(14,033)	(15,156)
Total Liabilities and Fund Balances	$ -	$ -	$ -	$ -	$ -	$ -

City of Sandersville, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016

	SPLOST 2009	CDBG 2012	CHIP 2009	CHIP 2013	CHIP 2014	Total Nonmajor Capital Projects Funds
Revenues:						
Sales taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	232,560	309,944	542,504
Total Revenues	-	-	-	232,560	309,944	542,504
Expenditures						
Current:						
Public works	-	-	-	-	-	-
Housing and development	-	86	-	232,560	316,991	549,637
Capital Outlay	20,520	-	-	-	-	20,520
Total Expenditures	20,520	86	-	232,560	316,991	570,157
Excess of Revenues Over Expenditures	(20,520)	(86)	-	-	(7,047)	(27,653)
Other Financing Sources (Uses)						
Transfers in	-	-	894	-	-	894
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	894	-	-	894
Net Change in Fund Balances	(20,520)	(86)	894	-	(7,047)	(26,759)
Fund Balances Beginning of Year	20,520	(1,037)	(894)	-	(6,986)	11,603
Fund Balances End of Year	$ -	$ (1,123)	$ -	$ -	$ (14,033)	$ (15,156)

City of Sandersville, Georgia
Comparative Balance Sheet
2009 SPLOST Fund
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ -	$ 27,381
Receivables:		
Sales taxes	-	-
Intergovernmental	-	-
Interfund	-	-
Total Assets	$ -	$ 27,381
Total Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ 6,861
Interfund payable	-	-
Total Liabilities	$ -	$ 6,861
Fund Balances		
Restricted for capital purchases	-	20,520
Total Liabilities and Fund Balances	$ -	$ 27,381

City of Sandersville, Georgia
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balances
2009 SPLOST Fund
For the Fiscal Years Ended December 31, 2016 and 2015

	2016	2015
Revenues		
Sales taxes	$ -	$ -
Intergovernmental	-	-
Total Revenues	-	-
Expenditures		
Current:		
General government	-	25,050
Public works	-	-
Housing and development	-	-
Capital Outlay	20,520	403,017
Total Expenditures	20,520	428,067
Excess of Revenues Over Expenditures	(20,520)	(428,067)
Other Financing Sources		
Transfers out	-	-
Net Change in Fund Balances	(20,520)	(428,067)
Fund Balances Beginning of Year	20,520	448,587
Fund Balances End of Year	$ -	$ 20,520

City of Sandersville, Georgia
Comparative Balance Sheet
CDBG 2012 Fund
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ -	$ 86
Intergovernmental receivable	-	-
Total Assets	$ -	$ 86
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ -
Interfund payable	1,123	1,123
Total Liabilities	1,123	1,123
Fund Balances		
Restricted	-	-
Unassigned (deficit)	(1,123)	(1,037)
Total Fund Balances	(1,123)	(1,037)
Total Liabilities and Fund Balances	$ -	$ 86

City of Sandersville, Georgia

Schedule of Revenues and Changes in Fund Balances - Budget and Actual

CDBG 2012 Fund

For the Year Ended December 31, 2016

(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016	2015
Revenues:		
Intergovernmental revenue	$ -	$ 312,712
Expenditures		
Housing and development	86	99,376
Capital Outlays	-	212,960
Total Expenditures	86	312,336
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86)	376
Fund Balances Beginning of Year	(1,037)	(1,413)
Fund Balances End of Year	$ (1,123)	$ (1,037)

City of Sandersville, Georgia
Comparative Balance Sheet
CHIP 2009 Fund
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ -	$ -
Liabilities and Fund Balances		
Liabilities		
Interfund payable	$ -	$ 894
Fund Balances		
Restricted	-	-
Unassigned (deficit)	-	(894)
Total Fund Balances	-	(894)
Total Liabilities and Fund Balances	$ -	$ -

City of Sandersville, Georgia
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
CHIP 2009 Fund
For the Years Ended December 31, 2016 and 2015

	2016	2015
Revenues:		
Intergovernmental revenue	$ -	$ -
Expenditures		
Housing and Development	-	22
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(22)
Other Financing Sources		
Transfer in (out)	894	-
Net Change in Fund Balances	894	(22)
Fund Balances Beginning of Year	(894)	(872)
Fund Balances End of Year	$ -	$ (894)

City of Sandersville, Georgia
Comparative Balance Sheet
CHIP 2013 Fund
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ -	$ -
Liabilities and Fund Balances		
Liabilities		
Interfund payable	$ -	$ -
Fund Balances		
Restricted	-	-
Unassigned (deficit)	-	-
Total Fund Balances	-	-
Total Liabilities and Fund Balances	$ -	$ -

City of Sandersville, Georgia
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
CHIP 2013 Fund
For the Years Ended December 31, 2016 and 2015

	2016	2015
Revenues:		
Intergovernmental revenue	$ 232,560	$ 41,623
Expenditures		
Housing and Development	232,560	41,623
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-
Other Financing Sources		
Transfer in	-	-
Net Change in Fund Balances	-	-
Fund Balances Beginning of Year	-	-
Fund Balances End of Year	$ -	$ -

City of Sandersville, Georgia
Comparative Balance Sheet
CHIP 2014 Fund
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ -	$ -
Liabilities and Fund Balances		
Liabilities		
Interfund payable	$ 14,033	$ 6,986
Fund Balances		
Restricted	-	-
Unassigned (deficit)	(14,033)	(6,986)
Total Fund Balances	(14,033)	(6,986)
Total Liabilities and Fund Balances	-	$ -

City of Sandersville, Georgia
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
CHIP 2014 Fund
For the Years Ended December 31, 2016 and 2015

	2016	2015
Revenues:		
Intergovernmental revenue	$ 309,944	$ -
Expenditures		
Housing and development	316,991	6,601
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,047)	(6,601)
Other Financing Sources		
Transfer in	-	-
Net Change in Fund Balances	(7,047)	(6,601)
Fund Balances Beginning of Year	(6,986)	(385)
Fund Balances End of Year	$ (14,033)	$ (6,986)

City of Sandersville, Georgia
Comparative Statement of Net Position
Proprietary Fund - Water and Sewerage Fund
December 31, 2016 and 2015

Assets	2016	2015
Current Assets:		
Cash and cash equivalents	$ 1,565,345	$ 935,715
Investments	686,789	684,129
Receivable:		
Accounts (net)	176,675	176,272
Interfund	119,977	1,227,286
Due from FEMA	-	11,295
Prepaid expenses	2,090	-
Inventories	166,745	145,718
Total Current Assets	2,717,621	3,180,415
Noncurrent Assets:		
Unamortized bond issuance costs	-	-
Capital assets:		
Nondepreciable	168,636	209,516
Depreciable, net	7,718,543	7,568,685
Construction in progress	1,379,232	-
Total Noncurrent Assets	9,266,411	7,778,201
Total Assets	11,984,032	10,958,616
Liabilities		
Current Liabilities:		
Accounts payable	156	6,622
Accrued expenses payable	-	-
GEFA loans payable	285,607	233,365
Customer deposits held	6,763	6,048
Total Current Liabilities	292,526	246,035
Long-term Liabilities (net of current portion):		
GEFA loans payable	3,574,005	2,723,533
Total Liabilities	3,866,531	2,969,568
Net Position		
Net investment in capital assets	5,406,799	4,821,303
Restricted for inventory	166,745	145,718
Prepaid expenses	2,090	-
Unrestricted	2,541,867	3,022,027
Total Net Position	$ 8,117,501	$ 7,989,048

City of Sandersville, Georgia
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund - Water and Sewerage Fund
For the Years Ended December 31, 2016 and 2015

	2016	2015
Operating Revenues		
Charges for services	$ 1,873,491	$ 1,823,488
Miscellaneous	11,831	2,162
Total Operating Revenues	1,885,322	1,825,650
Operating Expenses		
Personal services - salaries	444,683	485,263
Personal services - benefits	166,780	174,238
Purchased services	126,164	275,476
Materials and supplies	297,482	172,405
Miscellaneous	109,500	10,094
Depreciation	508,445	516,835
Total Operating Expenses	1,653,054	1,634,311
Operating Income	232,268	191,339
Non-Operating Revenues (Expenses)		
Interest and dividend income	2,660	1,184
GEFA Grant	216,709	-
Interest and fiscal charges	(116,323)	(125,292)
Total Non-Operating Revenues (Expenses)	103,046	(124,108)
Income Before Contributions and Transfers In (Out)	335,314	67,231
Contributions	-	-
Transfer In	-	-
Transfers Out	(206,861)	(150,000)
Change in Net Position	128,453	(82,769)
Net Position Beginning of Year	7,989,048	8,071,817
Net Position End of Year	$ 8,117,501	$ 7,989,048

City of Sandersville, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Water and Sewerage Fund
For the Years Ended December 31, 2016 and 2015

	2016	2015
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	$ 1,884,918	$ 1,796,933
Cash payments to employees for services	(611,463)	(659,498)
Cash payments for goods and services	(550,718)	(463,431)
Other cash receipts (payments)	1,107,309	-
Net Cash Provided by (Used in) Operating Activities	1,830,046	674,004
Cash Flows from Noncapital Financing Activities		
Operating grants received	-	-
Interfund receivable	-	(1,107,309)
Transfers in	-	-
Transfers out	(206,861)	(150,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	(206,861)	(1,257,309)
Cash Flows from Capital and Related Financing Activities		
GEFA grant	216,709	-
Principal paid on GEFA notes	(233,365)	(295,585)
Interest paid on notes	(116,323)	(125,292)
Proceeds from notes payable	1,136,079	-
Acquisition of capital assets	(1,996,655)	(342,353)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(993,555)	(763,230)
Cash Flows from Investing Activities		
Interest and dividend income	2,660	-
Investment earnings	-	1,184
Net Increase (Decrease) in Cash and Cash Equivalents	632,290	(1,345,351)
Cash and Cash Equivalents Beginning of Year	1,619,844	2,965,195
Cash and Cash Equivalents End of Year	$ 2,252,134	$ 1,619,844
Reconciliation to Statement of Net Position		
Cash and cash equivalents	$ 1,565,345	$ 935,715
Cash in Georgia Fund I	686,789	684,129
Total Cash and Cash Equivalents	$ 2,252,134	$ 1,619,844

(continued)

City of Sandersville, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Water and Sewerage Fund
For the Years Ended December 31, 2016 and 2015

(continued)

	2016	2015
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating Income	$ 232,268	$ 191,339
Adjustments:		
Depreciation and amortization	508,445	516,835
Loss on sale of capital assets	-	2,817
(Increase) Decrease in Assets:		
Accounts receivable	10,891	(28,716)
Inventories	(21,027)	(7,590)
Prepaid expenses	(2,090)	
Interfund receivable	1,107,309	
Increase (Decrease) in Liabilities:		
Accounts payable	(6,465)	(1,081)
Accrued expenses payable	-	-
Customer deposits payable	715	400
Net Cash Provided by (Used in) Operating Activities	$ 1,830,046	$ 674,004

City of Sandersville, Georgia
Comparative Statement of Net Position
Proprietary Fund - Electrical Fund
December 31, 2016 and 2015

Assets	2016	2015
Current Assets:		
Cash and cash equivalents	$ 2,062,400	$ 1,300
Cash in Georgia Fund I	7,540,517	4,024,287
Investments	5,831	6,011,669
Receivable:		
Accounts (net)	1,051,569	925,413
Interfund	154,422	154,422
Prepaid expenses	7,039	-
Inventories	482,936	479,500
Total Current Assets	11,304,714	11,596,591
Noncurrent Assets:		
Capital assets:		
Nondepreciable	53,621	289,265
Depreciable, net	1,627,610	1,459,895
Total Noncurrent Assets	1,681,231	1,749,160
Total Assets	12,985,945	13,345,751
Liabilities		
Current Liabilities:		
Accounts payable	23,529	42,246
Accrued expenses payable	-	-
Sales tax payable	28,102	35,187
Interfund payable	119,977	1,227,286
Customer deposits payable	305,897	277,214
Total Current Liabilities	477,505	1,581,933
Net Position		
Investment in capital assets	1,681,231	1,749,160
Restricted for inventory	482,936	479,500
Prepaid expenses	7,039	-
Unrestricted	10,337,234	9,535,158
Total Net Position	$ 12,508,440	$ 11,763,818

City of Sandersville, Georgia
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund - Electrical Fund
For the Years Ended December 31, 2016 and 2015

	2016	2015
Operating Revenues		
Charges for services	$ 13,059,945	$ 11,520,332
Miscellaneous	75,349	99,507
Total Operating Revenues	13,135,294	11,619,839
Operating Expenses		
Personal services - salaries	433,169	472,068
Personal services - benefits	132,636	142,212
Electricity purchased	11,759,298	11,142,207
Purchased services	252,995	331,878
Franchise fee	515,955	455,335
Materials and supplies	165,336	58,850
Miscellaneous	20,099	34,832
Depreciation	149,322	144,544
Total Operating Expenses	13,428,810	12,781,926
Operating (Loss)	(293,516)	(1,162,087)
Non-Operating Revenues (Expenses)		
Interest and dividend income	99,347	81,983
Change in fair market value of investments	11,233	16,428
Interest and fiscal charges	-	-
Federal Grant	-	-
Total Non-Operating Revenues (Expenses)	110,580	98,411
Income (Loss) Before Contributions and Transfers In (Out)	(182,936)	(1,063,676)
Contributions	42,750	27,090
Transfers In	-	-
Change in Net Position	(140,186)	(1,036,586)
Net Position Beginning of Year	11,763,818	12,800,404
Prior Period Adjustment	884,808	-
Net Position Beginning of Year, as restated	12,648,626	12,800,404
Net Position End of Year	$ 12,508,440	$ 11,763,818

City of Sandersville, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Electrical Fund
For the Years Ended December 31, 2016 and 2015

	2016	2015
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	$ 13,009,138	$ 11,601,315
Cash payments to employees for services	(565,805)	(614,280)
Cash payments for goods and services	(12,721,277)	(12,829,310)
Other cash receipts (payments)	(1,107,309)	-
Net Cash Provided by (Used in) Operating Activities	(1,385,253)	(1,842,275)
Cash Flows from Noncapital Financing Activities		
Operating grants received	-	-
Interfund receivable	-	-
Interfund payable	-	1,107,309
Transfers in	-	-
Net Cash Provided by (Used in) Noncapital Financing Activities	-	1,107,309
Cash Flows from Capital and Related Financing Activities		
Capital grants	-	-
Interest paid	-	-
Acquisition of capital assets	(38,643)	(374,635)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(38,643)	(374,635)
Cash Flows from Investing Activities		
Investment earnings (loss)	11,233	-
Interest and dividend income	99,347	81,983
Net (purchase) sale of investments	6,890,646	191,880
Cash Flows from Investing Activities	7,001,226	273,863
Net Increase (Decrease) in Cash and Cash Equivalents	5,577,330	(835,738)
Cash and Cash Equivalents Beginning of Year	4,025,587	4,861,325
Cash and Cash Equivalents End of Year	$ 9,602,917	$ 4,025,587
Reconciliation to Statement of Net Position		
Cash and cash equivalents	$ 2,062,400	$ 1,300
Cash in Georgia Fund I	7,540,517	$ 4,024,287
Total Cash and Cash Equivalents	$ 9,602,917	$ 4,025,587

(continued)

City of Sandersville, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Electrical Fund
For the Years Ended December 31, 2016 and 2015

(continued)

	2016	2015
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating (Loss)	$ (293,516)	$ (1,162,087)
Adjustments:		
Depreciation	149,322	144,544
Loss on sale of capital assets	-	-
(Increase) Decrease in Assets:		
Accounts receivable	(126,156)	(18,523)
Inventories	(3,436)	73,024
Prepaid expenses	(7,039)	
Increase (Decrease) in Liabilities:		
Accounts payable	(18,717)	(800,047)
Accrued expenses payable	-	-
Sales tax payable	(7,085)	(71,454)
Interfund payable	(1,107,309)	-
Customer deposits	28,683	(7,732)
Net Cash Provided by (Used in) Operating Activities	$ (1,385,253)	$ (1,842,275)

City of Sandersville, Georgia
Comparative Statement of Net Position
Proprietary Fund - Telecom Fund
December 31, 2016 and 2015

	2016	2015
Assets		
Current Assets:		
Cash and cash equivalents	$ 457,820	$ 405,534
Receivable:		
Accounts (net)	24,673	28,915
Interfund	797	797
Prepaid expenses	375	-
Inventory	8,460	8,460
Total Current Assets	492,125	443,706
Noncurrent Assets:		
Capital assets:		
Depreciable, net	269,931	312,548
Total Assets	762,056	756,254
Liabilities		
Current Liabilities:		
Accounts payable	-	-
Accrued expenses payable	-	-
Customer deposits payable	50	50
Interfund payable	-	148,873
Total Current Liabilities	50	148,923
Long-term Liabilities (net of current portion):		
Due to electrical fund	148,873	-
Total Liabilities	148,923	148,923
Net Position		
Net investment in capital assets	269,931	312,548
Restricted for inventory	8,460	8,460
Prepaid expenses	375	-
Unrestricted	334,367	286,323
Total Net Position	$ 613,133	$ 607,331

City of Sandersville, Georgia
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund - Telecom Fund
For the Years Ended December 31, 2016 and 2015

	2016	2015
Operating Revenues		
Charges for services	$ 151,413	$ 163,726
Miscellaneous	16,693	16,758
Total Operating Revenues	168,106	180,484
Operating Expenses		
Personal services - salaries	50,178	51,107
Personal services - benefits	17,629	18,877
Franchise fee	7,503	8,135
Purchased services	36,304	51,605
Materials and supplies	1,012	3,932
Depreciation	42,617	43,587
Miscellaneous	7,061	-
Total Operating Expenses	162,304	177,243
Operating (Loss)	5,802	3,241
Transfers In	-	-
Change in Net Position	5,802	3,241
Net Position Beginning of Year	607,331	604,090
Net Position End of Year	$ 613,133	$ 607,331

City of Sandersville, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Telecom Fund
For the Years Ended December 31, 2016 and 2015

	2016	2015
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	$ 172,348	$ 178,562
Cash payments to employees for services	(67,807)	(69,984)
Cash payments for goods and services	(52,255)	(63,505)
Net Cash Provided by (Used in) Operating Activities	52,286	45,073
Cash Flows from Noncapital Financing Activities		
Interfund receivable	-	-
Interfund payable	-	-
Transfers in	-	-
Net Cash Provided by (Used in) Noncapital Financing Activities	-	-
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	52,286	45,073
Cash and Cash Equivalents Beginning of Year	405,534	360,461
Cash and Cash Equivalents End of Year	$ 457,820	$ 405,534
Reconciliation to Statement of Net Position		
Cash and cash equivalents	$ 457,820	$ 405,534

(continued)

City of Sandersville, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Telecom Fund
For the Years Ended December 31, 2016 and 2015

(continued)

	2016	2015
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating (Loss)	$ 5,802	$ 3,241
Adjustments:		
Depreciation	42,617	43,587
(Increase) Decrease in Assets:		
Accounts receivable	4,242	(1,922)
Inventories	-	1,487
Prepaid expenses	(375)	-
Increase (Decrease) in Liabilities:		
Accounts payable	-	(1,320)
Accrued expenses payable	-	-
Customer deposits	-	-
Net Cash Provided by (Used in) Operating Activities	$ 52,286	$ 45,073

City of Sandersville, Georgia
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund - Solid Waste Fund
For the Years Ended December 31, 2016 and 2015

	2016	2015
Operating Revenues		
Charges for services	$ 895,221	$ 889,859
Miscellaneous	27,000	-
Total Operating Revenues	922,221	889,859
Operating Expenses		
Personal services - salaries	85,367	50,666
Personal services - benefits	28,028	19,664
Purchased services	652,034	669,994
Materials and supplies	15,883	8,869
Depreciation	27,875	26,488
Miscellaneous	10,384	12,719
Total Operating Expenses	819,571	788,400
Operating (Loss)	102,650	101,459
Non-Operating Revenues		
Interest Expense	(2,966)	(3,722)
Federal Grant	-	-
Total Non-Operating Revenues	(2,966)	(3,722)
Income (Loss) Before Contributions and Transfers In (Out)	99,684	97,737
Transfers In	-	-
Capital Contributions	-	37,528
Change in Net Position	99,684	135,265
Net Position Beginning of Year	277,970	142,705
Net Position End of Year	$ 377,654	$ 277,970

City of Sandersville, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Solid Waste Fund
For the Years Ended December 31, 2016 and 2015

	2016	2015
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	$ 947,831	$ 882,460
Cash payments to employees for services	(113,395)	(70,330)
Cash payments for goods and services	(677,754)	(687,032)
Net Cash Provided by (Used in) Operating Activities	156,682	125,098
Cash Flows from Noncapital Financing Activities		
Operating grants received	-	39,033
Interfund payable	-	(56,571)
Transfers in	-	-
Net Cash Provided by (Used in) Noncapital Financing Activities	-	(17,538)
Cash Flows from Capital and Related Financing Activities		
Principal paid on notes	(22,721)	(21,964)
Interest paid on notes	(2,966)	(3,722)
Payments for capital acquisitions	-	(13,252)
Net Cash (Used in) Capital and Related Financing Activities	(25,687)	(38,938)
Net Increase (Decrease) in Cash and Cash Equivalents	130,995	68,622
Cash and Cash Equivalents Beginning of Year	68,622	-
Cash and Cash Equivalents End of Year	$ 199,616	$ 68,622
Reconciliation to Statement of Net Position		
Cash and cash equivalents	$ 199,616	$ 68,622

(continued)

City of Sandersville, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Solid Waste Fund
For the Years Ended December 31, 2016 and 2015

(continued)

	2016	2015
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating (Loss)	$ 102,650	$ 101,459
Adjustments:		
Depreciation	27,875	26,488
(Increase) Decrease in Assets:		
Accounts receivable	25,610	(2,849)
Prepaid expenses	(750)	-
Increase (Decrease) in Liabilities:		
Accounts payable	1,297	-
Accrued expenses payable	-	-
Net Cash Provided by (Used in) Operating Activities	$ 156,682	$ 125,098

City of Sandersville, Georgia
Schedule of Projects Constructed with Special Sales Tax Proceeds
For the Year Ended December 31, 2016

Project	Original Estimated Cost	Revised Estimated Cost	Prior Year	Current Year	Total	Estimated Percentage of Completion
2009 Tax:						
Fire protection	$ 100,000	$ 135,458	$ 135,458	$ -	$ 135,458	100.0%
Transportation improvements	600,000	315,181	315,181	-	315,181	100.0%
Economic development	400,000	545,772	545,772	-	545,772	100.0%
Capital outlays:						
Street department equipment	300,000	632,734	632,734	-	632,734	100.0%
Water & sewer system equipment & upgrades	700,000	75,240	75,240	-	75,240	100.0%
General & admin equipment	150,000	120,020	120,020	-	120,020	100.0%
Police department vehicles & equipment	500,000	385,783	366,403	19,380	385,783	100.0%
Electrical fund equipment	250,000	31,524	30,384	1,140	31,524	100.0%
2013 Tax:						
Fire protection	100,000	100,000	56,774	52,927	109,701	109.7%
Transportation improvements	500,000	500,000	-	1,960	1,960	0.4%
Economic development	400,000	400,000	-	12,527	12,527	3.1%
Capital outlays:						
Street department equipment	300,000	300,000	27,721	-	27,721	9.2%
Water & sewer system equipment & upgrades	500,000	500,000	-	-	-	0.0%
General & admin equipment	100,000	100,000	-	7,150	7,150	7.2%
Police department vehicles & equipment	200,000	200,000	-	73,121	73,121	36.6%
Electrical fund equipment	200,000	200,000	-	41,610	41,610	20.8%

WRIGHT & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
130 NORTH HARRIS STREET • POST OFFICE BOX 1014
SANDERSVILLE, GEORGIA 31082

CLYDE K. WRIGHT, CPA
BRIAN K. WRIGHT, CPA

TELEPHONE (478) 552-6146
FACSIMILE (478) 552-6158

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*

To the Mayor and Council
City of Sandersville, 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 and each major fund of the City of Sandersville, Georgia as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Sandersville's basic financial statements and have issued our report thereon dated June 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Sandersville, 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 Sandersville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sandersville's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that were considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sandersville Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 16-1.

City of Sandersville, Georgia's Response to Findings

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

Purpose of this Report

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

Wright & Wright, P.C.

June 28, 2017

COMPLIANCE AND OTHER MATTERS

16-1 Budgetary

Condition

In the City's General Fund, actual expenditures exceeded budget appropriations in two departments. This is a violation of state law.

Effect

Fiscal control and accountability over departmental expenditures may be jeopardized.

Recommendation

The City should monitor the budget and amend it when appropriate.

Views of Responsible Officials

Our City Council will analyze budgetary financial data periodically and amend the budget when appropriate.

CITY OF SANDERSVILLE
"The Kaolin City"

141 WEST HAYNES STREET
P.O. BOX 71
SANDERSVILLE, GEORGIA 31082
478-552-2525
FAX 478-552-6006
www.sandersville.net

June 28, 2017

Georgia Department of Audits & Accounts
270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Gentlemen:

The following constitutes our corrective action plan regarding the findings and recommendations in our audit report for the year ended December 31, 2016.

1. With respect to actual expenditures exceeding appropriations, we submit the following comments:

   The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended December 31, 2016:

Police department	$ 1,511
Parks and Cemetery	56,286

   These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

Should you need any further explanation of these matters please contact us.

Sincerely,

James W. Andrews, Mayor