CITY OF WAYNESBORO, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2015

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of net position	12
Statement of activities	13
Fund Financial Statements:	
Governmental Funds	
Balance sheet - governmental funds	14
Statement of revenues, expenditures and changes in fund balances - governmental funds	16
Statement of revenues, expenditures and changes in fund balances - budget to actual - general fund	18
Proprietary Funds	
Statement of net position	19
Statement of revenues, expenses and changes in fund net position	20
Statement of cash flows	21
Notes to financial statements	23
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of funding progress	52
SUPPLEMENTARY DATA	
Combining and Individual Fund Statements and Schedules	
Governmental Funds:	
Nonmajor Governmental Funds	54
Combining balance sheet	55
Combining statement of revenues, expenditures and changes in fund balances	56
General Fund	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	57
Special Revenue Funds	
Hotel/Motel Tax Fund	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	59
Confiscated Assets Fund	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	60
Revolving Loan Fund	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	61
Family Connection Grant	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	62
Reconciliation of program year to fiscal year	63
Capital Projects Funds	
SPLOST Fund	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	64
SPLOST II Fund	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	65
SPLOST III Fund	
Schedule of revenues, expenditures and changes in fund balances - budget to actual	66

(Continued)

Page

SUPPLEMENTARY DATA (continued)
Combining and Individual Fund Statements and Schedules (continued)
Governmental Funds: (continued)
2013 CDBG Grant
Schedule of revenues, expenditures and changes in fund balances - budget to actual 67
Project cost schedule 68
2014 CDBG Grant
Schedule of revenues, expenditures and changes in fund balances - budget to actual 69
Project cost schedule 70
Proprietary Funds:
Water and Sewer Fund
Comparative statement of revenues, expenses and changes in fund net position 71
Comparative statement of cash flows 72
Gas Fund
Comparative statement of revenues, expenses and changes in fund net position 74
Comparative statement of cash flows 75
Solid Waste Fund
Comparative statement of revenues, expenses and changes in fund net position 76
Comparative statement of cash flows 77

OTHER REPORTS
Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* 79
Independent auditors' report on compliance for each major program and on internal control over compliance required by the Uniform Guidance 81
Schedule of expenditures of federal awards 83
Schedule of findings and questioned costs 84
Schedule of state awards expended 87
Schedule of projects constructed with Special Purpose Local Option Sales Tax Proceeds 88

REDDICK, RIGGS
HUNTER AND KENNEDY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TERRELL T. REDDICK
1947-2005
JAMES S. RIGGS
PATRICIA H. HUNTER
J. BRIAN KENNEDY

INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Waynesboro, Georgia
Waynesboro, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Waynesboro, Georgia (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Waynesboro, Georgia as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary data on pages 4 through 11 and pages 52 through 53, respectively, 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 response 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 Waynesboro, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as Title 2 *U. S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* The accompanying Schedule of Projects Constructed with Special Purpose Local Option Tax Proceeds and the Schedule of State Awards Expended are presented for purposes of additional analysis and are also not a required part of the basic financial statements of the City of Waynesboro, Georgia.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, the Schedule of Projects Constructed with Special Purpose Local Option Tax Proceeds and the Schedule of State Awards Expended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the Schedule of Projects Constructed with Special Purpose Local Option Tax Proceeds and the Schedule of State Awards Expended are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 6, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the City of Waynesboro, Georgia's internal control over financial reporting and compliance.

Reddick, Riggs, Hunter and Kennedy, P. C.

Statesboro, Georgia
July 6, 2016

This discussion and analysis is intended to be an easily readable analysis of the City of Waynesboro, Georgia's (the City's) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Overview of the Financial Statements

The City's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the basic financial statements. The *government-wide financial statements* present an overall picture of the City's financial position and results of operations. The *fund financial statements* present financial information for the City's major funds. The *notes to financial statements* provide additional information concerning the City's finances that are not disclosed in the government-wide or fund financial statements.

Government-wide Financial Statements

The City's financial 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 government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The *Statement of Activities* 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. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

In the Statement of Net Position and Statement of Activities, the City is divided into two kinds of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, community development, information services and general administration. These activities are primarily supported by property taxes, sales taxes, other taxes, federal and state grants, and charges for services.
- *Business-type activities* - Business-type activities include the City's water and sewer system, gas system, and solid waste activities. These activities are supported by charges to the users of the activities.

The government-wide financial statements are presented on pages 12 and 13 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. 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.

Overview of the Financial Statements (continued)

Fund Financial Statements (continued)

The City has two kinds of funds:

Governmental Funds: The majority of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances of spendable resources available at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The basic governmental fund financial statements are presented on pages 14 through 18 of this report.

The City maintains three major and eight nonmajor governmental funds. The City's major governmental funds are the General Fund, the SPLOST III Fund and the 2014 CDBG Grant Fund. The City's nonmajor governmental funds are the Hotel/Motel Tax Fund, Confiscated Assets Fund, Revolving Loan Fund, Family Connection Grant, the SPLOST Fund, the SPLOST II Fund, the 2013 CDBG Grant Fund, and the TIA SPLOST Fund.

Proprietary Funds: The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. These are reported in the fund financial statements and generally report services for which the fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 19 through 22 of this report.

The City maintains three enterprise funds: Water and Sewer, Gas and Solid Waste.

Notes to the Basic Financial Statements

The notes to the financial statements explain some of the information in the financial statements and provide information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes begin on page 23 of this report.

Budgetary Presentations

A budgetary comparison statement is included as "basic financial statements" for the General Fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Overview of the Financial Statements (continued)

Supplementary Financial Information

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for nonmajor funds are presented as supplementary financial information of this report beginning on page 54.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is $22,491,602, as compared to $21,168,446 at December 31, 2014. The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	$ 5,035,585	4,482,061	$ 1,740,453	$ 1,756,664	$ 6,776,038	$ 6,238,725
Capital assets	7,946,945	5,288,463	20,897,609	20,361,589	28,844,554	25,650,052
Total assets	12,982,530	9,770,524	22,638,062	22,118,253	35,620,592	31,888,777
Deferred outflows of resources	151,653	Nil	37,511	Nil	189,164	Nil
Liabilities:						
Long-term liabilities	2,507,548	814,215	9,900,613	10,069,283	12,408,161	10,883,498
Other liabilities	666,402	(236,780)	177,611	73,613	844,013	(163,167)
Total liabilities	3,173,950	577,435	10,078,224	10,142,896	13,252,174	10,720,331
Deferred inflows of resources	52,896	Nil	13,084	Nil	65,980	Nil
Net position:						
Net investment in capital assets	6,265,821	5,288,463	12,234,844	11,540,276	18,500,665	16,828,739
Restricted	1,691,565	1,935,407	470,196	468,935	2,161,761	2,404,342
Unrestricted	1,949,951	1,969,219	(120,775)	(33,854)	1,829,176	1,935,365
Total Net Position	$ 9,907,337	$ 9,193,089	$ 12,584,265	$ 11,975,357	$ 22,491,602	$ 21,168,446

The current ratio is used to measure an entity's ability to meet current obligations. The City of Waynesboro, Georgia has a 7.56 to 1 ratio for governmental activities. The current ratio for business-type activities is 9.80 to 1, as compared to 23.86 to 1 at December 31, 2014.

The City reported positive balances in net positions for both governmental and business-type activities. Analyzing the net position of governmental and business-type activities separately, the business-type activities net position is $12,584,265. The table below focuses on the net position and revenues and expenses of the City's governmental and business-type activities. Net position increased $1,360,014 for governmental activities and increased $768,638 for business-type activities. The City's overall financial position improved during the year ended December 31, 2015.

Financial Analysis of the City as a Whole (continued)

The following table provides a summary of the City's changes in net position:

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program						
Charges for services	$ 261,928	$ 790,172	$ 4,291,021	$ 4,580,447	$ 4,552,949	$ 5,370,619
Operating grants	61,856	70,059	-	-	61,856	70,059
Capital grants / contributions	2,494,007	1,247,070	-	262,740	2,494,007	1,509,810
General						
Property taxes	1,569,230	1,609,110	-	-	1,569,230	1,609,110
Sales taxes	1,563,634	1,251,499	-	-	1,563,634	1,251,499
Franchise taxes	433,640	447,574	-	-	433,640	447,574
Insurance premium taxes	338,866	317,190	-	-	338,866	317,190
Financial institution taxes	26,856	29,540	-	-	26,856	29,540
Alcoholic beverage taxes	164,538	163,471	-	-	164,538	163,471
Hotel/Motel occupancy taxes	87,013	88,073	-	-	87,013	88,073
Intangible and other taxes	15,834	31,865	-	-	15,834	31,865
Interest	2,622	5,163	1,412	1,299	4,034	6,462
Gain (loss) on sale of assets	400	14,207	-	5,040	400	19,247
Other income	18,187	9,222	-	-	18,187	9,222
Total revenues	7,038,611	6,074,215	4,292,433	4,849,526	11,331,044	10,923,741
Program expenses:						
General government	912,694	894,517	-	-	912,694	894,517
Judicial	35,051	56,481	-	-	35,051	56,481
Public safety	1,996,592	2,183,289	-	-	1,996,592	2,183,289
Public works	1,519,727	1,049,102	-	-	1,519,727	1,049,102
Public health and welfare	44,641	41,904	-	-	44,641	41,904
Economic development	378,327	412,867	-	-	378,327	412,867
Interest	1,575	7,079	-	-	1,575	7,079
Water	-	-	2,602,082	2,571,433	2,602,082	2,571,433
Gas	-	-	920,275	1,197,825	920,275	1,197,825
Solid waste	-	-	791,428	1,159,144	791,428	1,159,144
Total expenses	4,888,607	4,645,239	4,313,785	4,928,402	9,202,392	9,573,641
Increase (decrease) in total net position before transfers and special items	2,150,004	1,428,976	(21,352)	(78,876)	2,128,652	1,350,100
Transfers	(789,990)	(807,320)	789,990	807,320	Nil	Nil
Increase (decrease) in net position	1,360,014	621,656	768,638	728,444	2,128,652	1,350,100
Total net position, beginning of year (as restated)	8,547,323	8,571,433	11,815,627	11,246,913	20,362,950	19,818,346
Total net position, end of year	$ 9,907,337	$ 9,193,089	$ 12,584,265	$ 11,975,357	$ 22,491,602	$ 21,168,446

Governmental Revenues

The City's governmental activities are heavily reliant on property taxes and sales taxes, which collectively make up 44.51% of governmental revenues. Note that program revenues made up 62.73% of the City's total revenues.

Financial Analysis of the City as a Whole (continued)

Governmental Expenses

The above table presents the costs of each of the City's programs. Public safety, water and sewer, and gas were the most costly. Public safety made up 21.70% of the City's total expenses, while water and sewer and gas made up 28.27% and 10.00%, respectively.

There was an excess of $2,150,004 in governmental activities and a deficit of $21,352 in business-type activities. Transfers to (from) governmental activities resulted in a total excess in governmental activities of $1,360,014 and a total excess in business-type activities of $768,638. The total change in net position was $2,128,652. As stated earlier, the financial position of the City improved in the year ended December 31, 2015.

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 financial requirements.

Governmental funds reported ending fund balances of $3,316,049. Of this year-end total, $1,662,251 is restricted for capital projects and $11,607 for other uses. The unassigned portion of governmental fund balances was $1,624,484. The total ending fund balances of governmental funds shows an increase of $359,813, or a 12.17% increase.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund reported an ending fund balance of $1,629,563. Of this total, $2,579 is restricted for use under state grants or community development programs, and $2,500 is restricted for public safety. The remaining balance of $1,624,484 is unassigned. The total ending fund balance of the general fund shows an increase of $603,655. The increase in the current year was a result of significant increases in Local Option Sales Tax revenues related to construction at Plant Vogtle. The City has worked to manage budget overages in all departments much more strictly than in prior years. These procedures have led to surpluses in almost all city departments.

Total revenues of the General Fund were $4,378,894, an increase of $22,012 from fiscal year 2014. This equates to an increase of 0.51% in total revenues. This increase was primarily due to Hover, the total General Fund revenues for 2014 contained $411,901 of Federal Emergency Management Agency reimbursement funds. These funds were not receive in 2015. The General Fund did show increases in Local Option Sales Tax and Propert Tax proceeds for 2015 over 2014 of $312,134 and $224,556, respectively.

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Operating revenues for the proprietary funds were $4,291,021, a decrease of $289,425 over fiscal year 2014. After considering expenditures, the net income of these funds before capital contributions and transfers is $(21,352).

Budgetary Highlights

Revenues in the General Fund were over the budget by $203,194. This increase resulted primarily from increases in Local Option Sales Tax collections during the year.

Expenditures in the General Fund were under the budget by $154,162 due to employment vacancies in the Police Department and strict cost control and budget management procedures that have been in place for several years.

A budget amendment was adopted during the year ended December 31, 2015 which resulted in a decrease in General Fund expenditures of $53,000.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, as of December 31, 2015, was $28,844,554 as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Nondepreciable assets:						
Land	$ 139,872	$ 139,872	$ 113,317	$ 113,317	$ 253,189	$ 253,189
Construction in progress	2,524,944	146,397	1,439,477	372,869	3,964,421	519,266
Book value - nondepreciable assets	2,664,816	286,269	1,552,794	486,186	4,217,610	772,455
Depreciable assets:						
Buildings and plant	5,835,414	5,603,669	29,611,834	29,597,526	35,447,248	35,201,195
Machinery and equipment	845,211	705,785	2,661,980	2,588,016	3,507,191	3,293,801
Office equipment	713,573	527,677	-	-	713,573	527,677
Vehicles	1,306,545	1,274,595	1,282,013	997,601	2,588,558	2,272,196
Total depreciable assets	8,700,743	8,111,726	33,555,827	33,183,143	42,256,570	41,294,869
Less accumulated depreciation	3,418,614	3,109,532	14,211,012	13,307,740	17,629,626	16,417,272
Book value - depreciable assets	5,282,129	5,002,194	19,344,815	19,875,403	24,626,944	24,877,597
Percentage depreciated	39.29 %	38.33 %	42.35 %	40.10 %	41.72 %	39.76 %
Total Capital Assets	$ 7,946,945	$ 5,288,463	$ 20,897,609	$ 20,361,589	$ 28,844,554	$ 25,650,052

For more information on the changes in capital assets, see Note 3.D.

Capital Assets and Debt Administration (continued)

Debt Outstanding

As of December 31, 2015, the City had total outstanding long-term debt of $12,408,161 as follows:

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Accumulated leave benefits	$ 79,045	$ 80,275	$ 22,669	$ 23,858	$ 101,714	$ 104,133
Net pension liability	747,379	733,940	184,864	181,539	932,243	915,479
Notes payable						
GEFA Loan	-	-	363,826	511,952	363,826	511,952
GEFA Loan - WWTP rehab	-	-	284,610	356,865	284,610	356,865
GEFA Loan - Solid Waste	-	-	1,030,315	1,042,573	1,030,315	1,042,573
Capital leases						
Public Works Building	1,681,124	-	-	-	1,681,124	-
Sanitation equipment	-	-	294,143	32,023	294,143	32,023
Revenue bonds payable						
USDA Bonds, Series 1992	-	-	2,359,879	2,446,876	2,359,879	2,446,876
USDA Bonds, Series 2002	-	-	2,634,025	2,696,312	2,634,025	2,696,312
USDA Bonds, Series 2003 (#4)	-	-	897,462	914,253	897,462	914,253
USDA Bonds, Series 2003 (#6)	-	-	1,828,820	1,863,032	1,828,820	1,863,032
Total Long-Term Debt	$ 2,507,548	$ 814,215	$ 9,900,613	$ 10,069,283	$ 12,408,161	$ 10,883,498

During the year ended December 31, 2015, the City issued long-term debt totaling $2,360,903. The City retired $836,240 of existing debt.

For more information on the City's long-term debt, see Note 3.H.

Economic Conditions Affecting the City

The continued construction of two (2) additional nuclear reactors at Alvin Vogtle Electric Generating Plant continues to be the largest economic condition affecting the economy of the City of Waynesboro. The construction of units 3 and 4 is currently at its peak and employs 5,500 temporary construction workers. These temporary workers are in addition to the 900 permanent staff members working at units 1 and 2. Construction of units 3 and 4 is a $14 billion capital investment. The Plant is located outside the City Limits and inside Burke County. A portion of the materials purchased to construct the plant is subject to sales and use tax which has increased more than 90 percent since 2005 (prior to construction).

Waynesboro/Burke County continues to experience a small amount of growth. The City and Chamber of Commerce was successful at attracting a new 60 room hotel. Hampton Inn opened in late march of 2016. A new Zaxby's Restaurant was constructed and opened in May as well. Several businesses have also renovated and expanded their facilities. The vacancy rate in the downtown area is the lowest in 15 years.

Despite having one of the largest construction projects in the U.S., Waynesboro maintained its 7.4 percent unemployment rate that is higher than the 5.0 percent national average. Although medical insurance costs did not increase for 2016, these costs continue to choke the City, consuming approximately 7 percent of the City's budget. The cost of fuel and maintenance and operating supplies continues to climb as well.

The City of Waynesboro continues to work to improve its financial position. Significant increases in net position in governmental ($1,360,014) and business-type ($768,639) fund balances were realized in 2014. The Council and staff will continue to operate using the budget models and practices from prior years that have led to these fund balance improvements.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City at 628 Myrick Street, Waynesboro, Georgia 30830.

CITY OF WAYNESBORO, GEORGIA
Statement of Net Position
December 31, 2015

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Current Assets				
Cash	$ 2,391,934	$ 74,961	$ 2,466,895	$ 6,347
Receivables, net of allowance for uncollectibles:				
Taxes	1,558,987	-	1,558,987	-
Intergovernmental	290,107	679,324	969,431	-
Other	776,850	515,537	1,292,387	-
Accrued interest receivable	-	435	435	-
Inventories	-	-	-	443
Note receivable	17,707	-	17,707	-
Restricted assets:				
Cash	-	470,196	470,196	-
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	2,664,816	1,552,794	4,217,610	-
Depreciable assets, net	5,282,129	19,344,815	24,626,944	-
Total Assets	12,982,530	22,638,062	35,620,592	6,790
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows of resources	151,653	37,511	189,164	Nil
LIABILITIES				
Current Liabilities				
Accounts payable	619,596	91,056	710,652	-
Accrued salaries	41,973	7,593	49,566	-
Accrued interest payable	-	26,268	26,268	-
Other liabilities	4,833	52,694	57,527	-
Noncurrent Liabilities				
Due within one year:				
Compensated absences	15,809	4,534	20,343	-
Notes payable	-	271,832	271,832	-
Capital lease payable	390,295	40,698	430,993	-
Revenue bonds payable	-	211,984	211,984	-
Due in more than one year:			-	-
Compensated absences, net of current portion	63,236	18,135	81,371	-
Notes payable, net of current portion	-	1,406,919	1,406,919	-
Capital lease payable, net of current portion	1,290,829	253,445	1,544,274	-
Revenue bonds payable, net of current portion	-	7,508,202	7,508,202	-
Net pension liability	747,379	184,864	932,243	-
Total Liabilities	3,173,950	10,078,224	13,252,174	Nil
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows of resources	52,896	13,084	65,980	Nil
NET POSITION				
Net investment in capital assets	6,265,821	12,234,844	18,500,665	-
Restricted for:				
Capital projects	1,662,251	-	1,662,251	-
Public Safety	2,757	-	2,757	-
Debt service	-	470,196	470,196	-
Community Development	26,557	-	26,557	-
Unrestricted	1,949,951	(120,775)	1,829,176	6,790
Total Net Position	$ 9,907,337	$ 12,584,265	$ 22,491,602	$ 6,790

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Statement of Activities
For the Year Ended December 31, 2015

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Total	Component Unit
Governmental activities:								
General government	$ 912,694	$ 115,863	$ 1,091	$ -	$ (795,740)	$ -	$ (795,740)	$ -
Judicial	35,051	-	-	-	(35,051)	-	(35,051)	-
Public safety	1,996,592	138,715	16,124	16,841	(1,824,912)	-	(1,824,912)	-
Public works	1,519,727	7,350	-	2,477,166	964,789	-	964,789	-
Public health and welfare	44,641	-	44,641	-	-	-	-	-
Economic development	378,327	-	-	-	(378,327)	-	(378,327)	-
Interest	1,575	-	-	-	(1,575)	-	(1,575)	-
Total governmental activities	4,888,607	261,928	61,856	2,494,007	(2,070,816)	Nil	(2,070,816)	Nil
Business-type activities:								
Water and sewer	2,602,082	1,933,600	-	-	-	(668,482)	(668,482)	-
Gas	920,275	1,345,270	-	-	-	424,995	424,995	-
Solid waste	791,428	1,012,151	-	-	-	220,723	220,723	-
Total business-type activities	4,313,785	4,291,021	Nil	Nil	Nil	(22,764)	(22,764)	Nil
Total	$ 9,202,392	$ 4,552,949	$ 61,856	$ 2,494,007	(2,070,816)	(22,764)	(2,093,580)	Nil
Component unit:								
Downtown Development Authority	$ 3,992	$ 1,340	$ Nil	$ Nil	Nil	Nil	Nil	(2,652)
General Revenues								
Property taxes					1,569,230	-	1,569,230	-
Sales taxes					1,563,634	-	1,563,634	-
Franchise taxes					433,640	-	433,640	-
Insurance premium taxes					338,866	-	338,866	-
Financial institution taxes					26,856	-	26,856	-
Alcoholic beverage taxes					164,538	-	164,538	-
Hotel/Motel occupancy taxes					87,013	-	87,013	-
Intangible and other taxes					15,834	-	15,834	-
Interest					2,622	1,412	4,034	-
Other revenues					18,187	-	18,187	-
Gain (loss) on sale of assets					400	-	400	-
Total general revenues					4,220,820	1,412	4,222,232	-
Transfers					(789,990)	789,990	-	-
Total general revenues and transfers					3,430,830	791,402	4,222,232	-
Change in net position					1,360,014	768,638	2,128,652	(2,652)
Net position, beginning of year (as restated)					8,547,323	11,815,627	20,362,950	9,442
Net position, end of year					$ 9,907,337	$ 12,584,265	$22,491,602	$ 6,790

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2015

	General Fund	SPLOST III Fund	2014 CDBG Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 523,489	$ 1,570,083	$ -	$ 298,364	$ 2,391,936
Receivables:					
Taxes receivable	1,558,987	-	-	-	1,558,987
Intergovernmental receivables	127,341	51,410	83,450	27,906	290,107
Notes receivable	-	-	-	17,707	17,707
Other receivables	734,213	-	-	42,637	776,850
Due from other funds	-	-	-	19,205	19,205
Total Assets	$ 2,944,030	$ 1,621,493	$ 83,450	$ 405,819	$ 5,054,792
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Accounts payable	$ 200,154	$ 202,459	$ 83,450	$ 132,093	$ 618,156
Accrued salaries	41,973	-	-	-	41,973
Other liabilities	-	-	-	6,274	6,274
Due to other funds	19,205	-	-	-	19,205
Total Liabilities	261,332	202,459	83,450	138,367	685,608
Deferred Inflows of Resources	1,053,135	-	-	-	1,053,135
Total Liabilities and Deferred Inflows of Resources	1,314,467	202,459	83,450	138,367	1,738,743
FUND BALANCES					
Nonspendable:					
Notes receivable	-	-	-	17,707	17,707
Restricted for:					
Capital projects	2,579	1,419,034	-	240,638	1,662,251
Public safety	2,500	-	-	257	2,757
Community development	-	-	-	8,850	8,850
Unassigned	1,624,484	-	-	-	1,624,484
Total Fund Balances	1,629,563	1,419,034	Nil	267,452	3,316,049
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,944,030	$ 1,621,493	$ 83,450	$ 405,819	$ 5,054,792

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2015

Total Governmental Fund Balances		$ 3,316,049
Amounts reported in governmental activities in the statements of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		
Cost	$ 11,365,559	
Accumulated depreciation	(3,418,614)	7,946,945
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Property taxes		1,053,134
Deferred outflows are not current assets or financial resources and deferred inflows are not due and payable in the current period and are therefore not reported in governmental funds.		
Deferred outflows	151,653	
Deferred inflows	(52,896)	98,757
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease obligation	$ (1,681,124)	
Compensated absences	(79,045)	
Net pension liability	(747,379)	(2,507,548)
Total Net Position of Governmental Activities		$ 9,907,337

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General Fund	SPLOST III Fund	2014 CDBG Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property taxes	$ 1,333,570	$ -	$ -	$ -	$ 1,333,570
Motor vehicle taxes	194,095	-	-	-	194,095
Mobile home taxes	1,828	-	-	-	1,828
Franchise taxes	433,640	-	-	-	433,640
Sales and use taxes	1,563,634	-	-	-	1,563,634
Alcoholic beverage taxes	164,538	-	-	-	164,538
Business and occupation taxes	51,297	-	-	-	51,297
Insurance premium taxes	338,866	-	-	-	338,866
Financial institution taxes	26,856	-	-	-	26,856
Hotel/Motel occupancy taxes	-	-	-	87,013	87,013
Other taxes	15,834	-	-	-	15,834
Licenses and permits	49,071	-	-	-	49,071
Intergovernmental revenues	41,391	1,133,330	778,564	609,916	2,563,201
Charges for services	14,445	-	-	-	14,445
Fees, fines and forfeitures	113,785	-	-	-	113,785
Investment income	2,616	865	-	230	3,711
Contributions from private sources	6,841	-	-	-	6,841
Other revenues	26,587	-	-	1	26,588
Total revenues	4,378,894	1,134,195	778,564	697,160	6,988,813
EXPENDITURES					
Current operations:					
General city government	1,028,415	-	-	-	1,028,415
Judicial	10,121	-	-	-	10,121
Public safety	2,036,315	-	-	41	2,036,356
Public works	967,167	-	-	-	967,167
Public health and welfare	-	-	-	44,641	44,641
Economic development	326,845	-	-	42,008	368,853
Debt service:					
General city government	1,575	-	-	-	1,575
Public works	-	351,296	-	253,586	604,882
Capital:					
General city government	-	60	-	-	60
Public works	-	2,778,129	778,564	555,150	4,111,843
Total expenditures	4,370,438	3,129,485	778,564	895,426	9,173,913
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,456	(1,995,290)	-	(198,266)	(2,185,100)
OTHER FINANCING SOURCES (USES)					
Proceeds of capital lease	-	2,000,000	-	-	2,000,000
Sale of capital assets	400	-	-	-	400
Transfers in	681,261	-	-	-	681,261
Transfers out	(86,462)	-	-	(50,286)	(136,748)
NET CHANGE IN FUND BALANCES	603,655	4,710	Nil	(248,552)	359,813
FUND BALANCES, beginning of year	1,025,908	1,414,324	Nil	516,004	2,956,236
FUND BALANCES, end of year	$ 1,629,563	$ 1,419,034	$ Nil	$ 267,452	$ 3,316,049

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Net change in fund balances - total governmental funds		$ 359,813
Amounts reported in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		2,967,563
Depreciation expense on capital assets is reported in the government-wide statement of activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(309,082)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in net pension liability and related deferred inflows and outflows of resources		(2,855)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes current financial resources of governmental funds.		
Proceeds of long-term debt		(2,000,000)
Principal retirement on long-term debt		318,876
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred property taxes at December 31, 2015	$ 1,053,134	
Deferred property taxes at December 31, 2014	(1,028,665)	24,469
Compensated absences reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Liability at December 31, 2015	$ (79,045)	
Liability at December 31, 2014	80,275	1,230
Change in net position in governmental funds		$ 1,360,014

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes:				
Property taxes	$ 1,383,600	$ 1,361,530	$ 1,333,570	$ (27,960)
Motor vehicle taxes	200,000	193,900	194,095	195
Mobile home taxes	2,500	1,200	1,828	628
Franchise taxes	410,000	439,600	433,640	(5,960)
Sales and use taxes	1,130,000	1,352,000	1,563,634	211,634
Alcoholic beverage taxes	160,000	164,200	164,538	338
Business and occupation taxes	75,000	51,200	51,297	97
Insurance premium taxes	295,000	338,800	338,866	66
Financial institution taxes	28,000	26,800	26,856	56
Other taxes	25,500	20,780	15,834	(4,946)
Licenses and permits	60,300	49,000	49,071	71
Intergovernmental revenues	80,000	31,300	41,391	10,091
Charges for services	54,000	8,800	14,445	5,645
Fees, fines and forfeitures	187,000	112,700	113,785	1,085
Investment income	4,000	2,600	2,616	16
Contributions from private sources	-	-	6,841	6,841
Other revenues	28,800	21,290	26,587	5,297
Total revenues	4,123,700	4,175,700	4,378,894	203,194
EXPENDITURES				
Current operations:				
General city government	1,124,000	1,009,300	1,028,415	(19,115)
Judicial	15,000	10,600	10,121	479
Public safety	2,275,900	2,164,900	2,036,315	128,585
Public works	875,700	994,000	967,167	26,833
Economic development	272,000	345,800	326,845	18,955
Debt service:				
General city government	15,000	-	1,575	(1,575)
Total expenditures	4,577,600	4,524,600	4,370,438	154,162
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(453,900)	(348,900)	8,456	357,356
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	400	400	-
Transfers in	628,200	570,800	681,261	110,461
Transfers out	(174,300)	(222,300)	(86,462)	135,838
NET CHANGE IN FUND BALANCES	Nil	Nil	603,655	603,655
FUND BALANCES, beginning of year	1,025,908	1,025,908	1,025,908	Nil
FUND BALANCES, end of year	$ 1,025,908	$ 1,025,908	$ 1,629,563	$ 603,655

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2015

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
ASSETS				
Current Assets				
Cash	$ 74,961	$ -	$ -	$ 74,961
Accounts receivable	262,388	146,292	106,857	515,537
Intergovernmental receivables	-	-	679,324	679,324
Accrued interest receivable	435	-	-	435
Restricted assets:				
Cash	470,196	-	-	470,196
Total current assets	807,980	146,292	786,181	1,740,453
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	1,441,105	3,000	108,689	1,552,794
Depreciable assets, net	18,743,920	93,909	506,986	19,344,815
Total noncurrent assets	20,185,025	96,909	615,675	20,897,609
Total Assets	20,993,005	243,201	1,401,856	22,638,062
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows of resources	14,774	9,685	13,052	37,511
LIABILITIES				
Current Liabilities				
Accounts payable	15,393	68,825	6,838	91,056
Accrued salaries	3,405	1,764	2,424	7,593
Accrued interest payable	23,847	-	2,421	26,268
Compensated absences	2,696	1,365	473	4,534
Other liabilities	13,810	31,929	6,955	52,694
Notes payable - current portion	231,620	-	40,212	271,832
Capital lease payable - current portion	-	-	40,698	40,698
Revenue bonds payable - current portion	211,984	-	-	211,984
Total current liabilities	502,755	103,883	100,021	706,659
Noncurrent Liabilities				
Compensated absences	10,784	5,461	1,890	18,135
Notes payable, net of current portion	416,816	-	990,103	1,406,919
Capital lease payable, net of current portion	-	-	253,445	253,445
Revenue bonds payable, net of current portion	7,508,202	-	-	7,508,202
Net pension liability	72,808	47,731	64,325	184,864
Total noncurrent liabilities	8,008,610	53,192	1,309,763	9,371,565
Total Liabilities	8,511,365	157,075	1,409,784	10,078,224
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows of resources	5,153	3,378	4,553	13,084
NET POSITION				
Net investment in capital assets	11,816,403	96,909	321,532	12,234,844
Restricted for debt service	470,196	-	-	470,196
Unrestricted	204,662	(4,476)	(320,961)	(120,775)
Total Net Position	$ 12,491,261	$ 92,433	$ 571	$ 12,584,265

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Customer charges	$ 1,881,883	$ 1,305,762	$ 987,681	$ 4,175,326
Tap fees	3,995	-	-	3,995
Penalties	47,122	32,315	24,470	103,907
Miscellaneous	-	7,193	-	7,193
Recovery of bad debts	600	-	-	600
Total operating revenues	1,933,600	1,345,270	1,012,151	4,291,021
OPERATING EXPENSES				
Salaries	243,910	149,683	158,020	551,613
Employee benefits	68,353	51,343	63,201	182,897
Contractual services	649,852	51,084	21	700,957
Repairs, maintenance and other contractual services	124,137	31,651	82,490	238,278
Gas purchases	-	561,783	-	561,783
Communications	13,603	5,080	2,180	20,863
Travel and training	6,680	861	-	7,541
Landfill fees	-	-	145,885	145,885
Supplies and materials	134,454	1,560	13,977	149,991
Utilities	112,787	6,986	-	119,773
Vehicle gasoline	12,291	4,204	29,165	45,660
Depreciation	762,543	28,363	112,366	903,272
Other expenses	71,981	27,677	115,173	214,831
Total operating expenses	2,200,591	920,275	722,478	3,843,344
OPERATING INCOME (LOSS)	(266,991)	424,995	289,673	447,677
NONOPERATING REVENUES (EXPENSES)				
Interest earned	1,412	-	-	1,412
Interest expense	(401,491)	-	(34,871)	(436,362)
Pollution remediation expense	-	-	(34,079)	(34,079)
Total nonoperating revenues (expenses)	(400,079)	Nil	(68,950)	(469,029)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(667,070)	424,995	220,723	(21,352)
Capital contributions	1,334,503	-	-	1,334,503
Transfers in	86,462	-	-	86,462
Transfers out	-	(413,738)	(217,237)	(630,975)
CHANGE IN NET POSITION	753,895	11,257	3,486	768,638
TOTAL NET POSITION, beginning of year (as restated)	11,737,366	81,176	(2,915)	11,815,627
TOTAL NET POSITION, end of year	$ 12,491,261	$ 92,433	$ 571	$ 12,584,265

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 1,923,501	$ 1,362,042	$ 1,023,102	$ 4,308,645
Cash paid for goods and services	(1,187,447)	(791,737)	(475,772)	(2,454,956)
Cash paid to employees for services	(246,180)	(151,918)	(161,691)	(559,789)
Customer deposits received (refunded)	142	(715)	(15)	(588)
Net cash provided by operating activities	490,016	417,672	385,624	1,293,312
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net transfers in (out)	86,462	(413,738)	(217,237)	(544,513)
Proceeds of long-term debt (noncapital)	-	-	7,427	7,427
Retirement of long-term debt (noncapital)	-	-	(19,685)	(19,685)
Environmental remediation	-	-	(34,079)	(34,079)
Interest and fiscal charges paid	-	-	(29,357)	(29,357)
Net cash provided (used) by noncapital financing activities	86,462	(413,738)	(292,931)	(620,207)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	(5,140)	(3,934)	(12,590)	(21,664)
Loan repayments	(148,126)	-	-	(148,126)
Retirement of revenue bonds	(149,283)	-	-	(149,283)
Capital lease principal payments	-	-	(74,592)	(74,592)
Interest and fiscal charges paid	(273,928)	-	(5,511)	(279,439)
Net cash used by capital and related financing activities	(576,477)	(3,934)	(92,693)	(673,104)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends and interest earned	1,410	-	-	1,410
Net cash provided by investing activities	1,410	Nil	Nil	1,410
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,411	Nil	Nil	1,411
CASH AND EQUIVALENTS, beginning of year	543,746	Nil	Nil	543,746
CASH AND EQUIVALENTS, end of year	$ 545,157	$ Nil	$ Nil	$ 545,157

The Notes to Financial Statements are an integral part of these statements.

CITY OF WAYNESBORO, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
OPERATING INCOME (LOSS)	$ (266,991)	$ 424,995	$ 289,673	$ 447,677
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Provision for losses on receivables	24,861	2,230	2,303	29,394
Depreciation	762,543	28,363	112,366	903,272
Decrease (increase) in operating assets:				
Accounts receivable	(34,961)	14,542	8,646	(11,773)
Pension related deferred outflows of revenues	(6,184)	(4,054)	(5,464)	(15,702)
Increase (decrease) in operating liabilities:				
Accounts payable	6,413	(43,854)	(23,923)	(61,364)
Accrued salaries	(2,894)	(1,519)	(2,574)	(6,987)
Accrued leave benefits	625	(716)	(1,097)	(1,188)
Accrued sales tax	-	(5,836)	-	(5,836)
Deposits for services	142	(715)	(15)	(588)
Net pension liability	1,309	857	1,156	3,322
Pension related deferred inflows of resources	5,153	3,379	4,553	13,085
Total adjustments	757,007	(7,323)	95,951	845,635
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 490,016	$ 417,672	$ 385,624	$ 1,293,312

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:				
Property and equipment acquired through capital lease	$ Nil	$ Nil	$ 336,712	$ 336,712
Contribution of capital:				
Capital projects through SPLOST and CDBG Funds	$ 1,080,916	$ Nil	$ Nil	$ 1,080,916
Debt service through SPLOST Funds	$ 253,587	$ Nil	$ Nil	$ 253,587

The Notes to Financial Statements are an integral part of these statements.

Note 1. Summary of Significant Accounting Policies

The City of Waynesboro, Georgia was incorporated in 1803 under the laws of the State of Georgia and operates under an elected Mayor-Council form of government. 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 City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

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 and departments 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 organization; 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.

Using the above criteria, the City has one component unit as described below:

Waynesboro Downtown Development Authority (the Authority) - The Authority works to promote the economic development and revitalization of the downtown area. The City Council appoints the board members and is legally obligated or has otherwise assumed financial responsibility for the organization. Therefore, the Authority is fiscally dependent on the City. Complete financial statements for the Authority can be obtained directly from the Waynesboro Downtown Development Authority at 628 Myrick Street, Waynesboro, Georgia 30830.

The following are related organizations of the City which are excluded from the reporting entity:

Waynesboro/Burke County Housing Authority (the Authority) - The Mayor appoints the five-member Authority. The Authority's operations are financed primarily through grants and rent revenues and the City has no ongoing financial requirement to support the Authority. Additionally, the City does not hold title to the Authority's assets, nor does it have any rights to the Authority's surpluses. During the year ended December 31, 2015, the Authority paid the City $15,267 for payment in lieu of taxes. Financial statements for the Authority may be obtained through the Housing Authority Director at 570 Wallace Street, Waynesboro, Georgia 30830.

Note 1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The Family Connection - The Family Connection is a program operated in connection with the Burke County Family Connection Collaborative, Inc., a nonprofit organization. Funding is provided in the form of a grant from the Georgia Department of Human Resources. The City provides limited financial oversight. Operations are handled by the Collaborative's board of directors, who work in partnership with the Burke County Board of Education, the Waynesboro/Burke County Recreation Department and other local agencies to provide services to children and families at risk. Financial statements for the program may be obtained through the Program Director at P. O. Box 1210, Waynesboro, Georgia 30830.

The following are joint ventures or jointly governed organizations which are excluded from the reporting entity:

Central Savannah River Area Regional Commission - Under Georgia law, the City, in conjunction with other cities and counties in a 13-county region in the eastern portion of central Georgia, is a member of the Central Savannah River Regional Commission (RC) and is required to pay annual dues thereto. In addition, the City contracts with the RC for specific services which are billed based on standard hourly rates. During the year ended December 31, 2015, the City paid the RC $Nil for grant administration services. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Financial statements for the Commission may be obtained directly from the RC at 3023 Riverwatch Parkway, Suite A, Augusta, Georgia 30907.

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 (the statement of net position and the statement of activities) report information on all of the activities of the primary government. As a general rule, the effect of interfund activity, within the governmental and business-type activities, has been removed from these statements. Fiduciary activities are not included at the government-wide reporting level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and intergovernmental revenues, from business-type activities, which rely to a significant extent on fees and charges for support.

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

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 and for each major component unit. 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.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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 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 functions the revenues are *restricted.*

Taxes and other revenue sources not properly included in 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 a more detailed level. Each fund is considered to be a separate accounting entity with a self-balancing set of accounts. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for nonmajor funds.

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 City's major governmental funds are:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's unassigned fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

SPLOST III Fund - This fund is used to account for the proceeds of a Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Burke County, Georgia. Proceeds are restricted to use for certain public facility improvements, including water and sewer facilities or improvements, and the related debt.

2014 Community Development Block Grant Fund - To account for the costs of certain public facility improvements, including sidewalks, flood and drainage facilities, and water and sewer facilities, which will benefit low and moderate income persons. Financing is being provided through a Community Development Block Grant (CDBG) program.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net positions, financial position and cash flows. Proprietary funds are classified as enterprise funds.

Water and Sewer Fund - This fund is used to account for the operation of the City's water and sewer system which renders services to the residents and businesses located within the City.

Gas Fund - This fund is used to account for the operation of the City's gas system which renders services to the residents and businesses located within the City.

Solid Waste Fund - This fund is used to account for the operation of the City's solid waste and sanitation program.

C. Measurement Focus

Government-wide Financial Statements - The government-wide 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 are generally included on the balance sheet. The statements 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are 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.

D. Basis of Accounting

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

Note 1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

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 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. The City considers revenues to be available if they are collected within 60 days after year end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales tax, property taxes, grants and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the calendar year for which the taxes are levied. Revenue from grants and donations are 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 by year end or within 60 days) before it can be recognized. Under the modified accrual basis, the revenues susceptible to accrual are property taxes, franchise taxes, licenses, and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable. 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.

E. Assets, Liabilities and Net Position or Equity

1. Cash, Cash Equivalents and Investments

The City's cash and equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity date within three months of the date acquired by the government.

State statute authorizes municipalities 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 government or governmental agency
- Obligations of any corporations of the 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

It is the City's policy to invest all cash in insured deposit accounts. Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U. S. obligations.

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Assets or Equity (continued)

2. Receivables

Receivables are stated net of an allowance for uncollectible accounts. Delinquent taxes receivable are offset by the deferral of the related revenues until payment is received except amounts received within 60 days of the balance sheet date.

3. Interfund Balances

Outstanding balances resulting in transactions between funds are reported as "due to/from other funds." These amounts are eliminated in the governmental and business-type activities column of the government-wide statement of net position, except that any residual balances between the governmental activities and the business-type activities are reported on the government-wide financial statements as "internal balances."

4. Interfund Activities

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 after the nonoperating revenues/expenses section in proprietary funds. Repayments from funds responsible for 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. Transfers between governmental and business-type activities are eliminated from the total column.

5. Inventories and Prepaid Expenses

The purchase method is used to account for inventories of materials. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of their respective funds. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates the assets are unavailable for appropriation even though they are a component of reported assets.

Payments by the City in the current year to provide services occurring in the subsequent fiscal year are recorded under the purchase method. Therefore, no prepaid balance has been reflected at year end.

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Assets or Equity (continued)

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 or contributions. 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 governmental fund statements. Capital assets utilized by proprietary funds are reported both in the business-type column of the government-wide statement of net position and in the proprietary fund's statement of net position. General infrastructure assets (i.e., roads, bridges, right of ways, and similar items) acquired prior to July 1, 2003 are not reported.

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 estimated fair market value as of the date received. The City maintains a capitalization threshold of $10,000 for infrastructure, and a capitalization threshold of $500 for other capital assets. The City's infrastructure consists of roads, bridges, storm sewers, sidewalks, traffic islands, street lights, traffic signals, and street signs. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Category	Estimated Useful Life
Buildings and plant	40 to 50 years
Machinery and equipment	5 to 10 years
Office furnishings and equipment	5 to 7 years
Vehicles	5 to 7 years

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Assets or Equity (continued)

7. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies for reporting in this category under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes and intergovernmental revenues as these amounts are deferred and will be recognized as inflow of resources in the period in which the amounts become available.

The City also has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

8. Compensated Absences

City policy provides for the accumulation of unused vacation days up to a maximum of 20 days. It also provides for the accumulation of sick days up to a maximum of 90 days. It is the City’s policy to pay employees for unused vacation when there is a separation from service. Accumulated sick pay does not vest and is not paid upon termination.

Leave benefits are accrued when incurred in the government-wide and proprietary fund statements as these amounts will be paid to employees upon termination or retirement A liability for compensated absences is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. All compensated absence liabilities include salary-related payments, where applicable.

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Assets or Equity (continued)

9. Long-Term Obligations

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

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

10. Debt Issuance Costs

Bond or other debt issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

11. Fund Net Position or Equity

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

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 and 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 adoption of a resolution. The City Council 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 or committed.

- **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.

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Assets or Equity (continued)

Flow Assumptions - When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Net Position - Net position represents the difference between assets and liabilities. Net investment 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. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted net positions are available.

12. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating revenues are those revenues generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for the use of the water, gas and solid waste programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, including investment earnings, interest expense, and the gain or loss on the disposition of capital assets.

13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

14. Comparative Data

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

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

The City adopts an annual operating budget for all governmental funds except the capital projects funds, which have an adopted project budget. The budgets are adopted on a basis consistent with GAAP, except that no provision is made to reserve for encumbrances. All annual appropriations lapse at fiscal year end.

Note 2. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information (continued)

The City's budgetary process requires that expending agencies and department heads submit appropriation requests to the City Manager. After review by the City Manager, the requests are combined and an operating budget is submitted to the City Council prior to December for the fiscal year commencing the following January 1. Once received by the City Council, public hearings are advertised and conducted at City Hall to obtain taxpayer comments. Prior to January, the budget is legally enacted through passage of an ordinance. The final budget can be amended by the City Council through the year.

During the fiscal year ended December 31, 2015, City Council approved a budget amendment which decreased General Fund expenditures by $53,000.

The legal level of budgetary control is the department level.

The City does not use encumbrance accounting, whereby commitments for goods and services at the end of the year are recorded as encumbrances for budgetary control.

B. Excess of Expenditures over Appropriations

In governmental funds, operating expenditures exceeded the budget as follows:

General Fund		
General city government: Administration	$	23,725
Public safety: Animal control	$	1,459
Debt service: General city government	$	1,575
Confiscated Assets Fund	$	41
Revolving Loan Fund	$	6,102

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

At December 31, 2015, the carrying amount of the City's deposits was $2,937,091, which is reflected as cash of $2,466,895 and restricted cash of $470,196. The related bank balance was $3,088,351. Of this bank balance, $661,860 was FDIC insured. The uninsured portion was collateralized at 110% with State or U.S. Government securities held by a third party in the City's name.

B. Receivables

Receivables at December 31, 2015, including the applicable allowance for uncollectible accounts, consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables arising from grants.

Property taxes at December 31, 2015 consist of the following:

Taxes receivable -	Current	$ 1,335,889
	Prior	297,464
Gross receivables		1,633,353
Allowance for uncollectibles		74,366
Total		$ 1,558,987

Note 3. Detailed Notes on All Funds (continued)

B. Receivables (continued)

Other receivables at December 31, 2015, consisted of the following:

	General Fund	SPLOST III	2014 CDBG Grant Fund	Other Governmental Funds	Enterprise	Total
Intergovernmental receivables	$ 127,341	$ 51,410	$ 83,450	$ 27,906	$ 679,324	$ 969,431
Other receivables	734,213	$ -	$ -	42,637	820,976	1,597,826
Gross receivables	861,554	51,410	83,450	70,543	1,500,300	2,567,257
Allowance for uncollectibles	-	-	-	-	305,439	305,439
Total	$ 861,554	$ 51,410	$ 83,450	$ 70,543	$ 1,194,861	$ 2,261,818

Intergovernmental receivables consist of SPLOST revenues due from Burke County, Georgia, and reimbursements for program expenditures under the City's Family Collaborative Grant, TIA SPLOST Funds, Transportation Off-System Safety Grant, Community Development Block Grants, and the Hazardous Waste Trust Fund.

Other receivables in the General Fund consist primarily of franchise taxes, local option sales taxes and alcoholic beverage taxes.

C. Property Taxes

Property taxes are levied on October 20, based on the assessed value of property as listed on the previous January 1 and are due December 20. On December 21, the bill becomes delinquent and interest may be assessed by the government. Penalties may be assessed 30 days after that date.

At the fund reporting level, if delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred revenue since they are not available to finance current expenditures. The City has adopted the policy of writing off all taxes receivable over seven years old.

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance December 31, 2014	Additions	Retirements	Balance December 31, 2015
Governmental Activities:				
Nondepreciable capital assets:				
Land	$ 139,872	$ -	$ -	$ 139,872
Construction-in-progress	146,397	3,665,191	1,286,644	2,524,944
Total nondepreciable capital assets	286,269	3,665,191	1,286,644	2,664,816
Depreciable assets:				
Buildings and plant	5,603,669	231,745	-	5,835,414
Machinery and equipment	705,785	139,426	-	845,211
Office equipment	527,677	185,896	-	713,573
Vehicles	1,274,595	31,950	-	1,306,545
Total depreciable capital assets	8,111,726	589,017	-	8,700,743
Total capital assets	8,397,995	4,254,208	1,286,644	11,365,559
Accumulated depreciation:				
Buildings and plant	1,119,627	128,227	-	1,247,854
Machinery and equipment	510,149	59,673	-	569,822
Office equipment	430,732	46,944	-	477,676
Vehicles	1,049,024	74,238	-	1,123,262
Total accumulated depreciation	3,109,532	309,082	Nil	3,418,614
Governmental activities capital assets, net	$ 5,288,463	$ 3,945,126	$ 1,286,644	$ 7,946,945

Governmental activities depreciation expense:

General city government	$ 59,829
Public safety	117,257
Public works	95,042
Economic development	36,954
Total governmental activities depreciation expense	$ 309,082

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

	Balance December 31, 2014	Additions	Retirements	Balance December 31, 2015
Business-Type Activities:				
Nondepreciable capital assets:				
Land	$ 113,317	$ -	$ -	$ 113,317
Construction-in-progress	372,869	1,080,916	14,308	1,439,477
Total nondepreciable capital assets	486,186	1,080,916	14,308	1,552,794
Depreciable capital assets:				
Buildings and plant	29,597,526	14,308	-	29,611,834
Machinery and equipment	2,588,016	73,964	-	2,661,980
Vehicles	997,601	284,412	-	1,282,013
Total depreciable capital assets	33,183,143	372,684	-	33,555,827
Total capital assets	33,669,329	1,453,600	14,308	35,108,621
Accumulated depreciation:				
Buildings and plant	11,971,831	666,209	-	12,638,040
Machinery and equipment	686,825	97,296	-	784,121
Vehicles	649,084	139,767	-	788,851
Total accumulated depreciation	13,307,740	903,272	Nil	14,211,012
Business-type capital assets, net	$ 20,361,589	$ 550,328	$ 14,308	$ 20,897,609

Business-type activities depreciation expense:

Water and sewer	$ 762,543
Gas	28,363
Solid waste	112,366
Total business-type activities depreciation expense	$ 903,272

E. Deferred Inflows of Resources

In addition to liabilities, the City reflects certain items as deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently reflects unavailable revenue in this manner. The unavailable revenues from property taxes in the amount of $1,053,135 are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 3. Detailed Notes on All Funds (continued)

F. Interfund Balances and Transfers

A summary of interfund receivables/payables at December 31, 2015, is as follows:

	Due to: Special Revenue Hotel/Motel Tax Fund	Total
Due from:		
Governmental Funds:		
General Fund	$ 19,205	$ 19,205
Total	$ 19,205	$ 19,205

Amounts due to the Hotel/Motel Tax Fund represent net cash transactions of the Hotel/Motel Tax Fund deposited into or paid from the General Fund.

All interfund payables are expected to be repaid within one year.

A summary of interfund transfers during the year ended December 31, 2015, is as follows:

	Transfers from:				
		Special Revenue	Enterprise Fund		
	General Fund	Hotel/Motel Tax Fund	Gas Fund	Solid Waste Fund	Total
Transfers to:					
Governmental funds:					
General Fund	$ -	$ 50,286	$ 413,738	$ 217,237	$ 681,261
Total governmental funds	-	50,286	413,738	217,237	681,261
Proprietary funds:					
Water and Sewer Fund	86,462	-	-	-	86,462
Total proprietary funds	86,462	Nil	Nil	Nil	86,462
Total	$ 86,462	$ 50,286	$ 413,738	$ 217,237	$ 767,723

Amounts transferred to the General Fund from the enterprise funds and amounts transferred from the General Fund to the enterprise funds represent net cash transactions of those funds deposited into or paid from the General Fund.

Amounts transferred from the Hotel/Motel Fund represent Hotel/Motel taxes in excess of the amount required by law to be used for tourism, which are deposited into the General Fund.

Note 3. Detailed Notes on All Funds (continued)

G. Short-Term Debt

The City issued tax anticipation notes on January 13, 2015, bearing interest at 3.25%, due December 31, 2015. The notes were issued for cash flow purposes. It is anticipated that all short-term debt will be repaid from operating revenues. Changes in the short-term obligations for the year ended December 31, 2015 were as follows:

Balance at December 31, 2014	$	Nil
Funds advanced		190,775
Repayments		(190,775)
Balance at December 31, 2015	$	Nil

Interest on short-term debt incurred during the year ended December 31, 2015 in governmental activities totaled $1,575, which was charged to expenditures during the year.

H. Long-Term Debt

1. Notes Payable

Notes payable of the City at December 31, 2015 consisted of the following:

Business-type Activities:		
Note payable to the Georgia Environmental Facilities Authority, issued April 13, 1998 in the original amount of $1,939,790 due in quarterly installments of $43,246 through January, 2018, with interest at 5.44%	$	363,826
Note payable to the Georgia Environmental Facilities Authority, issued July 1, 2009 in the original amount of $700,762 due in monthly installments of $7,128 through July, 2019, with interest at 4.10%		284,610
Note payable to the Georgia Environmental Facilities Authority, issued February 23, 2011 in the original amount of $1,050,000 due in installments of $5,729.12 through June, 2035 with interest at 2.82%.		1,030,315
Total business-type activities		1,678,751
Total	$	1,678,751

The notes payable of the business-type activities were obtained for the purpose of improving the City's water and sewer systems and to complete the City's environmental remediation plan as described at Note 4.G.

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

1. Notes Payable (continued)

Annual debt service requirements to amortize all notes payable are as follows:

	Business-Type Activities		
	Principal	Interest	Total
2016	$ 271,832	$ 55,441	$ 327,273
2017	284,806	42,467	327,273
2018	166,690	30,629	197,319
2019	92,980	25,667	118,647
2020	45,007	23,742	68,749
2021 - 2025	245,073	98,674	343,747
2026 - 2030	282,136	61,611	343,747
2031 - 2035	290,227	19,146	309,373
Total	$ 1,678,751	$ 357,377	$ 2,036,128

2. Bonds Payable

At December 31, 2015, bonds payable consisted of the following:

Revenue Bonds:	
Water and Sewerage Revenue Bonds, Series 1992, issued December 9, 1992 in the original amount of $3,531,000, due in annual installments of $209,340 through March 9, 2032, with interest at 5%	$ 2,359,879
Water and Sewerage Revenue Bonds, Series 2002, issued February 17, 2002 in the original amount of $3,379,963, due in monthly installments of $15,751 through December 9, 2037, with interest at 4.75%	2,634,025
Water and Sewerage Revenue Bonds, Series 2003, (loan number 4) issued August 21, 2003 in the original amount of $1,062,100, due in monthly installments of $4,610 through August 21, 2043, with interest at 4.25%	897,462
Water and Sewerage Revenue Bonds, Series 2003, (loan number 6) issued August 21, 2003 in the original amount of $2,164,300, due in monthly installments of $9,394 through August 21, 2043, with interest at 4.25%	1,828,820
Total	$ 7,720,186

The revenue bonds were issued through the United States Department of Agriculture, Rural Development (formerly Farmers Home Administration) to provide funding for expansion and renovation of the City's water and sewer system. The amortization schedule below includes principal and interest on the outstanding balance. The bonds are payable from the net revenues of the water and sewer system and are not general obligations of the City.

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

2. Bonds Payable (continued)

The annual requirements to each debt type to amortize bonds outstanding at December 31, 2015, are as follows:

	Business-Type Activities		
	Principal	Interest	Total
2016	$ 211,984	$ 354,416	$ 566,400
2017	222,242	344,158	566,400
2018	232,999	333,401	566,400
2019	244,279	322,121	566,400
2020	256,107	310,293	566,400
2021 - 2025	1,479,098	1,352,902	2,832,000
2026 - 2030	1,874,094	957,906	2,832,000
2031 - 2035	1,606,111	518,428	2,124,539
2036 - 2040	1,185,264	198,946	1,384,210
2041 - 2045	408,008	23,396	431,404
Total	$ 7,720,186	$ 4,715,967	$ 12,436,153

3. Obligation Under Capital Leases

The City has the following capital lease obligations at December 31, 2015:

Governmental Activities:	
Capital lease payable to Branch Bank and Trust due in monthly installments of $35,129.61, including interest at 2.08%, through February, 2020, for the construction of a public works building	$ 1,681,124
Business-type Activities:	
Capital lease payable to Branch Bank and Trust due in monthly installments of $5,038.79, including interest at 2.43%, through May, 2020, for the acquisition of sanitation equipment	248,455
Capital lease payable to Branch Bank and Trust due in monthly installments of $926.57, including interest at 2.43%, through May, 2020, for the acquisition of sanitation equipment	45,688
Total	$ 1,975,267

The leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through the capital leases are included in the City's capital assets. The amortization of this equipment has been included in the City's depreciation. The assets acquired through the lease are as follows:

	Governmental Activities	Business-Type Activities
Buildings and facilities	$ 2,000,000	$ -
Sanitation equipment	-	1,055,415
Total original cost	2,000,000	1,055,415
Accumulated depreciation	-	568,199
Total	$ 2,000,000	$ 487,216

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

3. Obligation Under Capital Leases (coninued)

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2015, were as follows:

	Governmental Activities	Business-Type Activities	Total
2016	$ 421,555	$ 65,619	$ 487,174
2017	421,555	71,584	493,139
2018	421,555	71,584	493,139
2019	421,555	71,584	493,139
2020	70,259	29,827	100,086
Total minimum lease payments	1,756,479	310,198	2,066,677
Less: amount representing interest	75,355	16,055	91,410
Total	$ 1,681,124	$ 294,143	$ 1,975,267

4. Changes in Long-Term Debt

Transactions for the year ended December 31, 2015 are summarized as follows:

	Balance December 31, 2014	Additions	Retirements	Balance December 31, 2015	Amounts Due Within One Year
Governmental Activities:					
Capital leases	$ -	$ 2,000,000	$ 318,876	$ 1,681,124	$ 390,295
Compensated absences	80,275	-	1,230	79,045	15,809
Net pension liability	733,940	13,439	-	747,379	-
Total governmental activities	814,215	2,013,439	320,106	2,507,548	406,104
Business-Type Activities:					
Capital leases	32,023	336,712	74,592	294,143	40,698
Notes payable	1,911,390	7,427	240,066	1,678,751	271,832
Revenue bonds	7,920,473	-	200,287	7,720,186	211,984
Compensated absences	23,858	-	1,189	22,669	4,534
Net pension liability	181,539	3,325	-	184,864	-
Total business-type activities	10,069,283	347,464	516,134	9,900,613	529,048
Total	$ 10,883,498	$ 2,360,903	$ 836,240	$ 12,408,161	$ 935,152

Principal and interest for notes and bonds payable of the Water and Sewer Fund are financed from income derived from the operation of the City's Water and Sewer system. The compensated absences liability will be paid from the proprietary fund from which the employee's salaries are paid. Compensated absences for governmental activities will be paid from the General Fund. The capital lease obligations are paid from the General Fund.

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

5. Pledged Revenues

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay revenue bonds in the original amount of $10,137,363 as described at 3.H.2. Proceeds from the bonds provided financing for various water and sewer system improvements and expansion. The bonds are payable solely from water and sewer customer net revenues and are payable through 2043. The total principal and interest remaining to be paid on the bonds is $12,436,153. Principal and interest paid for the current year and total customer net revenues were $566,400 and $1,933,600, respectively.

6. Interest

Interest incurred during the year ended December 31, 2015, in governmental activities was $1,575, which was charged to expense during the year. Interest incurred during the year ended December 31, 2015, in business-type activities was $436,363, of which $436,363 was charged to expense during the year and $Nil was capitalized as "Construction in Progress."

I. Pension Plan

1. Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Waynesboro Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employees Benefits System (GMEBS), an agent multiple-employer plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to the Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Prior Street, SW, Atlanta, Georgia 30303 or by calling (404)688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established and amended by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All full-time employees are immediately eligible to participate. Benefits vest after 10 years. Members with 10 years of total service are eligible to retire at age 55 with reduced retirement benefits. Members with five years of total service are eligible to retire at age 65 with full retirement benefits.

Plan Membership: At July 1, 2015, the date of the most recent actuarial valuation there were 113 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	44
Terminated vested participants not yet receiving benefits	5
Active employees - vested	26
Active employees - nonvested	38
Total	113

Note 3. Detailed Notes on All Funds (continued)

I. Pension Plan (continued)

Contributions. Participating employees are not required to contribute to the plan. The City is subject to the minimum funding standards of the Georgia Public Retirement Systems Standards law (Georgia Code Section 47-20-10). The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2015, the actuarially determined contribution rate was 7.07% of covered payroll. For 2015, the City's contribution to the Plan was $154,363.

2. Net Pension Liability

Effective January 1, 2015 the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The City's net pension liability was measured as of March 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2015.

Actuarial Assumptions. The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 %
Salary increases	3.25 %
Investment rate of return	7.75 %

Mortality rates for the July 1, 2015 valuation were based on the RP-2000 Combined Healthy Mortality Rates with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - June 30, 2014.

The salary increase assumptions range from 3.75% to 8.75% and include an inflation assumption of 3.25%. Cost of living adjustments were assumed to be 0.00%.

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, 2015 are summarized in the table below:

Note 3. Detailed Notes on All Funds (continued)

I. Pension Plan (continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50 %	5.95 %	9.20 %
International equity	15 %	6.45 %	9.70 %
Fixed income	25 %	1.55 %	4.80 %
Real Estate	10 %	3.75 %	7.00 %
Total	100 %		

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The discount rates did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that City contribution will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

3. Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2013	$ 3,430,829	$ 2,515,350	$ 915,479
Changes for the year:			
Service cost	75,256	-	75,256
Interest	257,211	-	257,211
Differences between expected and actual experience	95,625	-	95,625
Contributions - employer	-	146,473	(146,473)
Contributions - employee	-	-	-
Net investment income	-	240,082	(240,082)
Benefit payments, including refunds of employee contributions	(223,948)	(223,948)	-
Administrative expense	-	(7,888)	7,888
Other	(32,661)	-	(32,661)
Net changes	171,483	154,719	16,764
Balances at September 30, 2014	$ 3,602,312	$ 2,670,069	$ 932,243

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Changes in the Net Pension Liability of the City. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2015.

Note 3. Detailed Notes on All Funds (continued)

I. Pension Plan (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rates of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate.

	1% Decrease 6.75 %	Current Discount Rate 7.75 %	1% Increase 8.75 %
City's net pension liability	$ 1,393,653	$ 932,243	$ 551,233

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

For the year ended June 30, 2015, the City recognized pension expense of $149,527. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 79,690	$ -
Changes in assumptions	-	38,760
Net difference between projected and actual earnings on pension plan investments	-	27,220
City contributions subsequent to the measurement date	109,474	-
Total	$ 189,164	$ 65,980

City contributions subsequent to the measurement date of $109,474 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	
2016	$ 804
2017	804
2018	804
2019	804
2020	10,494
Total	$ 13,710

Note 3. Detailed Notes on All Funds (continued)

J. Equity

Net position on the government-wide statement of assets as of December 31, 2015, is as follows:

	Governmental Activities	Business-Type Activities	Total
Cost of capital assets	$ 11,365,559	$ 35,108,621	$ 46,474,180
Accumulated depreciation	3,418,614	14,211,012	17,629,626
Book value	7,946,945	20,897,609	28,844,554
Less capital related debt	1,681,124	8,662,765	10,343,889
Net investment in capital assets	$ 6,265,821	$ 12,234,844	$ 18,500,665

The Statement of Net Position shows certain amounts as restricted net positions. These amounts are restricted in their use by parties outside the City such as creditors, grantors, or contributors, or restricted by law or regulation. Components of restricted net positions include:

Activity	Restricted By	Governmental Activities	Business-Type Activities	Total
Capital projects				
SPLOST capital projects	Law	$ 1,659,672	$ -	$ 1,659,672
Community Development capital projects	Grantor agencies	2,579	-	2,579
Total capital projects		1,662,251	-	1,662,251
Debt service	Bond covenants	-	470,196	470,196
Other restrictions				
Public safety	Law	257	-	257
Public safety	Donor	2,500	-	2,500
Community Development programs	Grantor agencies	26,557	-	26,557
Total other		29,314	-	29,314
Total restricted net position		$ 1,691,565	$ 470,196	$ 2,161,761

Note 4. Other Notes

A. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries the following insurance coverages. There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Note 4. Other Notes (continued)

A. Risk Management (continued)

The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The amount of insurance coverage has been adequate over the last three fiscal years to cover any settlements. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA. The City is also responsible for following loss reduction and prevention procedures established by GIRMA and reporting 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. GIRMA's responsibility includes paying claims and representing the City in defense and settlement of claims within the scope of loss protection furnished by the funds. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2015. No provisions have been made in the financial statements for the year ended December 31, 2015 for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the City has no obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

The City pays unemployment claims to the Georgia Department of Labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

B. Contingencies and Pending Litigation

On April 16, 2015, the City received notice of a claim representing a citizen who allegedly fell into a water meter hole covered by a broken water meter plate, claiming an injury to the claimant's knee. The claim has been forwarded to the City's self-insured carrier, GIRMA for handling. GIRMA denied the claim. No lawsuit has been filed to date. The City intends to contest the case vigorously. The outcome of the case is unknown at the date of this report.

On February 23, 2015, the City received an Ante Litem Notice from an attorney on behalf of an individual who was arrested and charged with False Report of a Crime by the Waynesboro Police Department. The Plaintiff alleges that there was no evidence that she falsified the report, and claims that the alleged false charge resulted in extreme mental pain and anguish. The claim has been forwarded to the City's self-insured carrier, GIRMA, for handling. GIRMA denied the claim. No lawsuit has been filed to date. The City intends to contest the case vigorously. The outcome of the case is unknown at the date of this report.

On January 5, 2015, the City received a Subrogation Claim from an insured on behalf of his insurance company. The insurance company is seeking reimbursement for damages to the insured's vehicle which allegedly occurred from hitting a pothole. The insurance company has demanded $3,003 to settle the property damage claim. The claim has been forwarded to the City's self-insured carrier, GIRMA, for handling. No lawsuit has been filed to date. The City intends to contest the case vigorously. The outcome of the case is unknown at the date of this report.

Note 4. Other Notes (continued)

B. Contingencies and Pending Litigation (continued)

The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based on prior experience, management of the City believes such disallowances, if any, will not be significant.

At the date of this report, no other litigation, claims or contingencies are pending.

C. Commitments

The City is involved in a continuing plan for various facility improvements. As of December 31, 2015, the City had the following commitments with respect to unfinished capital projects:

	Total Project Cost	Remaining Construction Commitment	Expected Date of Completion
Flexnet system	$ 600,000	$ 138,172	December, 2016
Facilities improvement	536,990	127,255	August, 2016
Water and sewer facilities	802,000	234,087	July, 2016
Public Works facility renovation	2,678,250	2,523,249	February, 2016
Total	$ 4,617,240	$ 3,022,763	

It is anticipated that funding for the facilities improvement and water and sewer facilities will be provided through CDBG Funds and SPLOST Funds.

It is anticipated that funding for the flexnet system will be provided through SPLOST funds.

It is anticipated that funding for the Public Works facility renovation will be provided through SPLOST funds.

D. Hotel/Motel Lodging Tax

During the year ended December 31, 2015, the City levied a 5% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied in excess of 3% be expended or obligated contractually for the promotion of tourism, conventions or trade shows. The City's policy is to remit a portion of the taxes levied to the Waynesboro/Burke County Chamber of Commerce to promote tourism. The Chamber has certified that the funds received from the City were used for, or planned to be used for, the intended purpose as outlined within the Official Code of Georgia. A summary of the transactions for the year ended December 31, 2015 is as follows:

Taxes collected	$ 87,013	
Expended for community development / promotion	$ 34,806	40.00 %

Note 4. Other Notes (continued)

E. Notes Receivable

Notes receivable at December 31, 2015, are as follows:

5% note receivable from Forever Angels, Inc. with monthly installments of $575 including principal and interest (principal only)	$	14,133
5% note receivable from Forever Angels, Inc. with monthly installments of $145 including principal and interest (principal only)		3,574
Total	$	17,707

The loans were made pursuant to the revitalization of the various properties within the City as part of an employment incentive program administered as a Community Development Block Grant. The loan proceeds have been used in the development of business property designed to create permanent jobs for low and moderate income households. Amounts collected are invested and held for further community development projects in the Revolving Loan Fund. Amounts were advanced in excess of the loan documents to Forever Angels, Inc. An agreement has been reached that the excess funds will be repaid at the conclusion of the existing loan over 24 months at 5%.

F. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by Nationwide Retirement Solutions. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, death, or an unforeseeable emergency. All of the amounts deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefits of participants and their beneficiaries. As a result, the deferred compensation investments are not included in the City's financial statements.

G. Landfill

The Georgia Environmental Protection Division has completed its evaluation of the technical and administrative data for the closure of the Waynesboro landfill for compliance with the Georgia Comprehensive Solid Waste Management Act of 1990 and rules and regulations promulgated thereunder.

The landfill was closed in February, 1970 and was therefore not required to implement a closure/postclosure plan. After closing the landfill, the City has used the Burke County landfill and pays monthly fees for such use which are included in contractual services in the Solid Waste fund.

During the year ended December 31, 2009, the City negotiated with the Georgia Department of Natural Resources Environmental Protection Department (EPD) on a corrective action plan to correct an environmental problem that exists at the site. The City's corrective action plan was approved by EPD on February 22, 2010, subject to certain conditions which were addressed by the City in an addendum to its corrective action plan dated April 30, 2010. Total cost of the remediation, including engineering and other related items, is estimated to be $1,398,663, with expected recovery of $1,157,749, and was substantially complete at December 31, 2015. Net expenses incurred during the current year have been reflected in other expenses as "Pollution Remediation Expense."

Note 4. Other Notes (continued)

H. Restatement of Prior Year Data

During the year ended December 31, 2015, the City implemented *GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. As a result, the City deleted the unamortized debt issuance costs for proprietary funds both at the government-wide and fund reporting level, by restating the prior period. In addition, there are numerous terminology changes through the financial section of this report. These terminology changes do not require a prior period adjustment.

During the current year, it was noted that certain reimbursements to be drawn down from the Hazardous Waste Trust Fund were over accrued at December 31, 2014.

The effect of the restatement on the government-wide financial statements is as follows:

	Governmental Activities	Business-Type Activities
Net position as previously reported	$ 9,193,089	$ 12,154,702
City's net pension liability beginning balance	(733,940)	(181,539)
Deferred outflows of resources, pension related items, beginning balances	88,174	21,809
Decrease in capital contributions and related intergovernmental receivables	-	(179,345)
Beginning net position, restated	$ 8,547,323	$ 11,815,627

The effect of the restatement on the fund financial is as follows:

	Water Fund	Gas Fund	Solid Waste Fund
Net position as previously reported	$ 11,800,275	$ 122,418	$ 232,009
City's net pension liability beginning balance	(74,499)	(46,873)	(63,168)
Deferred outflows of resources, pension related items, beginning balances	8,590	5,631	7,589
Decrease in capital contributions and related intergovernmental receivables	-	-	(179,345)
Beginning net position, restated	$ 11,734,366	$ 81,176	$ (2,915)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAYNESBORO, GEORGIA

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	2015
Total pension liability	
Service cost	$ 75,256
Interest on total pension liability	257,211
Difference between expected and actual experience	95,625
Benefit payments, including refund of employee contributions	(223,948)
Other	(32,661)
Net change in total pension liability	171,483
Total pension liability - beginning	3,430,829
Total pension liability - ending (a)	$ 3,602,312
Plan fiduciary net position	
Contributions - employer	$ 146,473
Net investment income	240,082
Benefit payments, including refunds of member contributions	(223,948)
Administrative expenses	(7,888)
Net change in plan fiduciary net position	154,719
Plan fiduciary net position - beginning	2,515,350
Plan fiduciary net position - ending (b)	$ 2,670,069
City's net pension liability - ending (a)-(b)	$ 932,243
Plan fiduciary net position as a percentage of the total pension liability	74.12 %
Covered-employee payroll	$ 2,150,154
Net pension liability as a % of covered-employee payroll	43.36 %

Notes to the schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF WAYNESBORO, GEORGIA
Required Supplementary Information
Schedule of City Contributions

	2015
Actuarially determined contribution	*
Contributions in relation to the actuarially determined contribution	*
Contribution deficiency (excess)	*
Covered-employee payroll	*
Contributions as a percentage of covered-employee payroll	*

** 2015 Information will be determined after fiscal year end and will be included in the 2016 valuation report*

Notes to schedule of Contributions:

Valuation Date:	The actuarially determined contribution rate was determined as of July 1, 2015, 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 December 31, 2016.

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 the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Projected salary increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	Normal retirement age is 65 with 5 years of service; early retirement age is 55 with 10 years of service.
Changes in methods and assumptions:	Based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014, the following assumptions were changed in this valuation:

The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set forward for females.

The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.

The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70. If retirement is not available at a given age or a participant does not meet the plan's service criteria to retire at a given age, no retirement is assumed at that age.

The inflation assumption was decreased from 3.50% to 3.25%.

The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4% to 11% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

The schedule will present 10 years of information once it is accumulated.

For information regarding assumptions and amortization methods, see Note 3.I.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Hotel/Motel Tax Fund - To account for revenues and expenditures of the funds accumulated through hotel/motel taxes. Funds are accumulated and held to be used in future community development/promotion activities.

Confiscated Assets Fund - To account for receipts from sale of confiscated properties in drug-related cases. Proceeds are restricted to use by law enforcement for drug investigation and control.

Revolving Loan Fund - To account for revenues and expenditures associated with the City's Revolving Loan created under an Employment Incentive Community Development Block Grant. Funds are accumulated and held to be used in future community development projects which will promote employment for moderate to low income households.

Family Collaborative Grant Fund - To account for revenues received under a Family Connection Grant which will provide funding for services to various youth and families in the City.

Capital projects funds are established to account for major capital expenditures not financed by enterprise funds, internal service funds or trust funds.

SPLOST Fund - To account for the proceeds of a Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Burke County, Georgia. Proceeds are restricted to use for certain public facility improvements, including water and sewer facilities or improvements, and the related debt.

SPLOST II Fund - To account for the proceeds of a Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Burke County, Georgia. Proceeds are restricted to use for certain public facility improvements, including water and sewer facilities or improvements, and the related debt.

2013 Community Development Block Grant Fund - To account for the costs of certain public facility improvements, including sidewalks, flood and drainage facilities, and water and sewer facilities, which will benefit low and moderate income persons. Financing is being provided through a Community Development Block Grant (CDBG) program.

TIA SPLOST Fund - This fund is used to account for the proceeds of a Transportation Special Purpose Local Option Sales Tax. Proceeds are restricted to use for certain road improvements.

CITY OF WAYNESBORO, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds				Capital Projects Funds				
	Hotel / Motel Tax Fund	Confiscated Assets Fund	Revolving Loan Fund	Family Connection Grant	SPLOST Fund	SPLOST II Fund	2013 CDBG Grant Fund	TIA SPLOST Fund	Total
ASSETS									
Cash	$ -	$ 6,531	$ 2,161	$ -	$ 30,829	$ 102,189	$ -	$ 156,654	$ 298,364
Intergovernmental receivables	-	-	-	13,075	-	-	4,545	10,286	27,906
Notes receivable	-	-	17,707	-	-	-	-	-	17,707
Other receivables	6,689	-	-	-	-	35,948	-	-	42,637
Due from other funds	19,205	-	-	-	-	-	-	-	19,205
Total assets	$ 25,894	$ 6,531	$ 19,868	$ 13,075	$ 30,829	$ 138,137	$ 4,545	$ 166,940	$ 405,819
LIABILITIES									
Accounts payable	$ 19,205	$ -	$ -	$ 13,075	$ -	$ 35,948	$ 4,545	$ 59,320	$ 132,093
Other liabilities	-	6,274	-	-	-	-	-	-	6,274
Total liabilities	19,205	6,274	Nil	13,075	Nil	35,948	4,545	59,320	138,367
FUND BALANCES									
Nonspendable	-	-	17,707	-	-	-	-	-	17,707
Restricted for:									
Capital projects	-	-	-	-	30,829	102,189	-	107,620	240,638
Public safety	-	257	-	-	-	-	-	-	257
Community development	6,689	-	2,161	-	-	-	-	-	8,850
Total fund balances	6,689	257	19,868	Nil	30,829	102,189	Nil	107,620	267,452
Total liabilities and fund balances	$ 25,894	$ 6,531	$ 19,868	$ 13,075	$ 30,829	$ 138,137	$ 4,545	$ 166,940	$ 405,819

CITY OF WAYNESBORO, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds				Capital Projects Funds				
	Hotel / Motel Tax Fund	Confiscated Assets Fund	Revolving Loan Fund	Family Connection Grant	SPLOST Fund	SPLOST II Fund	2013 CDBG Grant Fund	TIA SPLOST Fund	Total
REVENUES									
Taxes	$ 87,013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 87,013
Intergovernmental revenues	-	-	1,091	44,641	-	220,366	232,328	111,490	609,916
Investment income	-	4	2	-	59	98	-	67	230
Other revenues	-	1	-	-	-	-	-	-	1
Total revenues	87,013	5	1,093	44,641	59	220,464	232,328	111,557	697,160
EXPENDITURES									
Current operations:									
Public safety	-	41	-	-	-	-	-	-	41
Public health and welfare	-	-	-	44,641	-	-	-	-	44,641
Economic development	34,806	-	7,202	-	-	-	-	-	42,008
Debt Service:									
Public works	-	-	-	-	168,048	85,538	-	-	253,586
Capital:									
Public works	-	-	-	-	-	220,366	232,328	102,456	555,150
Total expenditures	34,806	41	7,202	44,641	168,048	305,904	232,328	102,456	895,426
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	52,207	(36)	(6,109)	Nil	(167,989)	(85,440)	Nil	9,101	(198,266)
OTHER FINANCING SOURCES (USES)									
Transfers out	(50,286)	-	-	-	-	-	-	-	(50,286)
NET CHANGE IN FUND BALANCES	1,921	(36)	(6,109)	Nil	(167,989)	(85,440)	Nil	9,101	(248,552)
FUND BALANCES, beginning of year	4,768	293	25,977	Nil	198,818	187,629	Nil	98,519	516,004
FUND BALANCES, end of year	$ 6,689	$ 257	$ 19,868	$ Nil	$ 30,829	$ 102,189	$ Nil	$ 107,620	$ 267,452

CITY OF WAYNESBORO, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	2015				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2014 Actual
REVENUES					
Taxes:					
Property taxes	$ 1,383,600	$ 1,361,530	$ 1,333,570	$ (27,960)	$ 1,109,015
Motor vehicle taxes	200,000	193,900	194,095	195	198,703
Mobile home taxes	2,500	1,200	1,828	628	3,171
Franchise taxes	410,000	439,600	433,640	(5,960)	447,574
Sales and use taxes	1,130,000	1,352,000	1,563,634	211,634	1,251,499
Alcoholic beverage taxes	160,000	164,200	164,538	338	163,471
Business and occupation taxes	75,000	51,200	51,297	97	78,297
Insurance premium taxes	295,000	338,800	338,866	66	317,190
Financial institution taxes	28,000	26,800	26,856	56	29,540
Other taxes	25,500	20,780	15,834	(4,946)	31,865
Licenses and permits	60,300	49,000	49,071	71	47,091
Intergovernmental revenues	80,000	31,300	41,391	10,091	452,971
Charges for services	54,000	8,800	14,445	5,645	8,927
Fees, fines and forfeitures	187,000	112,700	113,785	1,085	192,619
Investment income	4,000	2,600	2,616	16	5,160
Contributions from private sources	-	-	6,841	6,841	6,514
Other revenues	28,800	21,290	26,587	5,297	13,275
Total revenues	4,123,700	4,175,700	4,378,894	203,194	4,356,882
EXPENDITURES					
Current operations:					
General city government					
Elections	15,000	15,700	11,090	4,610	-
Administration	1,109,000	993,600	1,017,325	(23,725)	865,724
Judicial					
Municipal court	15,000	10,600	10,121	479	9,220
Public safety					
Police	1,660,300	1,520,200	1,429,017	91,183	1,589,725
Fire	613,600	644,000	605,087	38,913	583,049
Animal control	2,000	700	2,159	(1,459)	8,420
Public works					
Street	503,400	593,600	587,949	5,651	551,535
Maintenance	145,800	173,600	164,760	8,840	154,896
Cemetery and beautification	226,500	226,800	214,458	12,342	235,540
Economic development					
Urban redevelopment and housing	272,000	345,800	326,897	18,903	334,556

(Continued)

CITY OF WAYNESBORO, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	2015				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2014 Actual
EXPENDITURES (continued)					
Debt service:					
General city government	$ 15,000	$ -	$ 1,575	$ (1,575)	$ 7,079
Total expenditures	4,577,600	4,524,600	4,370,438	154,162	4,339,744
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(453,900)	(348,900)	8,456	357,356	17,138
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	400	400	-	18,117
Transfers in	628,200	570,800	681,261	110,461	772,477
Transfers out	(174,300)	(222,300)	(86,462)	135,838	(283,508)
NET CHANGE IN FUND BALANCES	Nil	Nil	603,655	603,655	524,224
FUND BALANCES, beginning of year	1,025,908	1,025,908	1,025,908	Nil	501,684
FUND BALANCES, end of year	$ 1,025,908	$ 1,025,908	$ 1,629,563	$ 603,655	$ 1,025,908

CITY OF WAYNESBORO, GEORGIA
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	2015			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2014 Actual**
REVENUES				
Taxes:				
Hotel/Motel occupancy taxes	$ 85,000	$ 87,013	$ 2,013	$ 88,073
Total revenues	85,000	87,013	2,013	88,073
EXPENDITURES				
Current operations:				
Economic development				
Community development and tourism	38,200	34,806	3,394	35,229
Total expenditures	38,200	34,806	3,394	35,229
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	46,800	52,207	5,407	52,844
OTHER FINANCING SOURCES (USES)				
Transfers out	(46,800)	(50,286)	(3,486)	(53,079)
NET CHANGE IN FUND BALANCES	Nil	1,921	1,921	(235)
FUND BALANCES, beginning of year	4,768	4,768	Nil	5,003
FUND BALANCES, end of year	$ 4,768	$ 6,689	$ 1,921	$ 4,768

CITY OF WAYNESBORO, GEORGIA
Confiscated Assets Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	2015			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2014 Actual**
REVENUES				
Investment income	$ -	$ 4	$ 4	$ -
Other revenues	-	1	1	21
Total revenues	Nil	5	5	21
EXPENDITURES				
Public safety				
Supplies	-	41	(41)	-
Equipment purchases	-	-	-	-
Total expenditures	Nil	41	(41)	Nil
NET CHANGE IN FUND BALANCES	Nil	(36)	(36)	21
FUND BALANCES, beginning of year	293	293	Nil	272
FUND BALANCES, end of year	$ 293	$ 257	$ (36)	$ 293

CITY OF WAYNESBORO, GEORGIA
Revolving Loan Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	2015			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2014 Actual**
REVENUES				
Intergovernmental revenues:				
CDBG program income	$ 1,100	$ 1,091	$ (9)	$ 1,324
Investment income	-	2	2	3
Total revenues	1,100	1,093	(7)	1,327
EXPENDITURES				
Current operations:				
Economic development	1,100	7,202	(6,102)	11,524
Total expenditures	1,100	7,202	(6,102)	11,524
NET CHANGE IN FUND BALANCES	Nil	(6,109)	(6,109)	(10,197)
FUND BALANCES, beginning of year	25,977	25,977	Nil	36,174
FUND BALANCES, end of year	$ 25,977	$ 19,868	$ (6,109)	$ 25,977

CITY OF WAYNESBORO, GEORGIA
Family Connection Grant
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	2015			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2014 Actual**
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 45,500	$ 44,641	$ (859)	$ 41,904
Total revenues	45,500	44,641	(859)	41,904
EXPENDITURES				
Current operations:				
Public health and welfare				
Personal services	37,950	28,897	9,053	36,225
Travel	775	727	48	1,033
Regular operating expenditures	3,525	8,744	(5,219)	1,419
Telecommunications	1,450	1,355	95	2,268
Per diem, fees and contracts	1,385	2,765	(1,380)	959
Other	415	2,153	(1,738)	-
Total expenditures	45,500	44,641	859	41,904
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

CITY OF WAYNESBORO, GEORGIA
Family Connection Grant
Reconciliation of Program Year to Fiscal Year
For the Year Ended December 31, 2015
Contract Year Ended June 30, 2015

	Family Connection Grant 427-93-131300029-99	Reconciliation to Year End Reports		Total
	Program Year Ended June 30, 2015	July to December, 2014	July to December, 2015	Year Ended December 31, 2015
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 45,000	$ (18,697)	$ 18,338	$ 44,641
Total intergovernmental revenues	$ 45,000	$ (18,697)	$ 18,338	$ 44,641
EXPENDITURES				
Personal services	$ 31,000	$ (15,500)	$ 13,397	$ 28,897
Travel	5	(784)	1,506	727
Regular operating expenditures	7,027	(519)	2,236	8,744
Telecommunications	1,548	(622)	429	1,355
Per diem, fees and contracts	3,807	(1,272)	230	2,765
Other	1,613	-	540	2,153
Total expenditures	$ 45,000	$ (18,697)	$ 18,338	$ 44,641

CITY OF WAYNESBORO, GEORGIA
SPLOST Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	2015			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2014 Actual**
REVENUES				
Investment income	$ -	$ 59	$ 59	$ 90
Total revenues	Nil	59	59	90
EXPENDITURES				
Debt service:				
Public works				
Water and sewer system debt on improvements	168,047	168,048	(1)	168,049
Total expenditures	168,047	168,048	(1)	168,049
NET CHANGE IN FUND BALANCES	(168,047)	(167,989)	58	(167,959)
FUND BALANCES, beginning of year	198,818	198,818	Nil	366,777
FUND BALANCES, end of year	$ 30,771	$ 30,829	$ 58	$ 198,818

CITY OF WAYNESBORO, GEORGIA
SPLOST II Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	2015			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2014 Actual**
REVENUES				
Intergovernmental revenues:				
Local Maintenance & Improvement Grant	$ -	$ 50,589	$ 50,589	$ 51,730
Off-System Safety Improvement Grant	-	169,778	169,778	-
Investment income	-	97	97	169
Total revenues	Nil	220,464	220,464	51,899
EXPENDITURES				
Capital:				
Public works				
Water, sewer and storm drainage	187,629	85,539	102,090	924,659
Street improvements	-	220,365	(220,365)	-
Total expenditures	187,629	305,904	(118,275)	924,659
NET CHANGE IN FUND BALANCES	(187,629)	(85,440)	102,189	(872,760)
FUND BALANCES, beginning of year	187,629	187,629	Nil	1,060,389
FUND BALANCES, end of year	$ Nil	$ 102,189	$ 102,189	$ 187,629

CITY OF WAYNESBORO, GEORGIA
SPLOST III Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	2015			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2014 Actual**
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ 1,107,119	$ 1,133,330	$ 26,211	$ 1,053,168
Investment income	-	865	865	574
Total revenues	1,107,119	1,134,195	27,076	1,053,742
EXPENDITURES				
Capital:				
General city government				
Building renovation and construction	54,592	2,735,538	(2,680,946)	176,572
Public safety	-	-	-	21,258
Public works				
Street improvements	397,427	10,065	387,362	64,561
Water system improvements	655,100	383,882	271,218	177,033
Total expenditures	1,107,119	3,129,485	(2,022,366)	439,424
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	Nil	(1,995,290)	(1,995,290)	614,318
OTHER FINANCING SOURCES (USES)				
Proceeds of capital lease	-	2,000,000	2,000,000	-
NET CHANGE IN FUND BALANCES	Nil	4,710	4,710	614,318
FUND BALANCES, beginning of year	1,414,324	1,414,324	Nil	800,006
FUND BALANCES, end of year	$ 1,414,324	$ 1,419,034	$ 4,710	$ 1,414,324

CITY OF WAYNESBORO, GEORGIA
2013 Community Development Block Grant
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
From Inception and For the Year Ended December 31, 2015

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG grant	$ 250,000	$ 11,700	$ 232,328	$ 244,028
Total revenues	250,000	11,700	232,328	244,028
EXPENDITURES				
Capital:				
Public works				
Economic development				
Public facilities and improvements	200,118	-	220,118	220,118
Engineering - commercial/industrial infrastructure development	14,882	8,700	5,010	13,710
Grant administration	15,000	3,000	7,200	10,200
Contingencies	20,000	-	-	-
Total expenditures	250,000	11,700	232,328	244,028
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

CITY OF WAYNESBORO, GEORGIA
2013 Community Development Block Grant
Project Cost Schedule
From Inception and For the Year Ended December 31, 2015

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Latest Accumulated Expenditures to Date		Grand Total Expenditures to Date	Questioned Costs
			CDBG Funds	Other Funds		
Public Facilities Grant (Grant number 03p-x-017-2-2835)						
Construction						
Public facilities and improvements	P-17B-00	$ 200,118	$ 220,118	$ 153,913	$ 374,031	$ -
Engineering - commercial/industrial infrastructure development	T-17B-000	14,882	13,710	11,795	25,505	-
Grant administration	A-21A-00	15,000	10,200	-	10,200	-
Contingencies	C-022-00	20,000	-	-	-	-
Grand Total		$ 250,000	$ 244,028	$ 165,708	$ 409,736	$ Nil

Source of other funds: SPLOST III Fund

CITY OF WAYNESBORO, GEORGIA
2014 Community Development Block Grant
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
From Inception and For the Year Ended December 31, 2015

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG grant	$ 802,000	$ 4,059	$ 778,564	$ 782,623
Total revenues	802,000	4,059	778,564	782,623
EXPENDITURES				
Capital:				
Public works				
Water facilities	98,010	-	98,010	98,010
Engineering - water / sewer improvements	10,000	-	10,000	10,000
Sewer facilities	351,990	-	361,990	361,990
Rehabilitation of private properties	138,401	-	117,672	117,672
Reconstruction of private properties	153,000	-	167,750	167,750
Grant administration	40,599	4,059	23,142	27,201
Contingencies	10,000	-	-	-
Total expenditures	802,000	4,059	778,564	782,623
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

CITY OF WAYNESBORO, GEORGIA
2014 Community Development Block Grant
Project Cost Schedule
From Inception and For the Year Ended December 31, 2015

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Latest Accumulated Expenditures to Date		Grand Total Expenditures to Date	Questioned Costs
			CDBG Funds	Other Funds		
Public Facilities Grant (Grant number 03p-x-017-2-2835)						
Construction						
Water facilities	P-03J-01	$ 98,010	$ 98,010	$ 26,291	$ 124,301	$ -
Engineering - water / sewer improvements	T-03J-02	10,000	10,000	21,796	31,796	-
Sewer facilities	P-03J-02	351,990	361,990	-	361,990	-
Rehabilitation of private properties	H-14A-01	138,401	117,672	-	117,672	-
Reconstruction of private properties	H-14A-02	153,000	167,750	-	167,750	-
Grant administration	A-21A-00	40,599	27,201	-	27,201	-
Contingencies	C-022-00	10,000	-	-	-	-
Grand Total		$ 802,000	$ 782,623	$ 48,087	$ 830,710	$ Nil

Source of other funds: SPLOST III Fund

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Customer charges	$ 1,881,883	$ 1,942,492
Tap fees	3,995	2,080
Penalties	47,122	45,999
Recovery of bad debts	600	5,673
Total operating revenues	1,933,600	1,996,244
OPERATING EXPENSES		
Salaries	243,910	233,943
Employee benefits	68,353	68,947
Contractual services	649,852	577,240
Repairs, maintenance and other contractual services	124,137	118,908
Communications	13,603	12,043
Travel and training	6,680	3,554
Supplies and materials	134,454	168,285
Utilities	112,787	126,515
Vehicle gasoline	12,291	21,382
Depreciation	762,543	743,647
Other expenses	71,981	75,502
Total operating expenses	2,200,591	2,149,966
OPERATING LOSS	(266,991)	(153,722)
NONOPERATING REVENUES (EXPENSES)		
Interest earned	1,412	1,299
Interest expense	(401,491)	(421,465)
Gain (loss) on sale of assets	-	4,095
Total nonoperating revenues (expenses)	(400,079)	(416,071)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(667,070)	(569,793)
Capital contributions	1,334,503	1,243,210
Transfers in	86,462	283,508
CHANGE IN NET POSITION	753,895	956,925
TOTAL NET POSITION, beginning of year (as restated)	11,737,366	10,843,350
TOTAL NET POSITION, end of year	$ 12,491,261	$ 11,800,275

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,923,501	$ 1,962,837
Cash paid for goods and services	(1,187,447)	(1,174,664)
Cash paid to employees for services	(246,180)	(225,588)
Customer deposits received (refunded)	142	362
Net cash provided by operating activities	490,016	562,947
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net borrowings from other funds	-	(272,812)
Net transfers in (out)	86,462	283,508
Net cash provided by noncapital financing activities	86,462	10,696
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(5,140)	(6,400)
Proceeds from sale of property and equipment	-	4,095
Loan repayments	(148,126)	(140,334)
Retirement of revenue bonds	(149,283)	(142,257)
Interest and fiscal charges paid	(273,928)	(288,747)
Net cash used by capital and related financing activities	(576,477)	(573,643)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	1,410	1,405
Net cash provided by investing activities	1,410	1,405
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,411	1,405
CASH AND EQUIVALENTS, beginning of year	543,746	542,341
CASH AND EQUIVALENTS, end of year	$ 545,157	$ 543,746

(Continued)

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
Reconciliation of operating loss to net cash provided by operating activities:		
OPERATING LOSS	$ (266,991)	$ (153,722)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	24,861	65,974
Depreciation	762,543	743,647
Decrease (increase) in operating assets:		
Accounts receivable	(34,961)	(99,379)
Pension related deferred outflows of resources	(6,184)	-
Increase (decrease) in operating liabilities:		
Accounts payable	6,413	(2,291)
Accrued salaries	(2,894)	3,944
Accrued leave benefits	625	4,412
Deposits for services	142	362
Net pension liability	1,309	-
Pension related deferred inflows of resources	5,153	-
Total adjustments	757,007	716,669
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 490,016	$ 562,947

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:		
Contribution of capital:		
Capital projects through SPLOST and CDBG Funds	$ 1,080,916	$ 547,034
Debt Service through SPLOST Funds	$ 253,587	$ 864,224

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Customer charges	$ 1,305,762	$ 1,549,984
Penalties	32,315	36,353
Miscellaneous	7,193	11,182
Total operating revenues	1,345,270	1,597,519
OPERATING EXPENSES		
Salaries	149,683	136,780
Employee benefits	51,343	47,983
Contractual services	51,084	55,561
Repairs, maintenance and other contractual services	31,651	29,153
Gas purchases	561,783	839,833
Communications	5,080	4,289
Travel and training	861	1,178
Supplies and materials	1,560	2,083
Utilities	6,986	6,123
Vehicle gasoline	4,204	6,968
Depreciation	28,363	23,956
Other expenses	27,677	43,919
Total operating expenses	920,275	1,197,826
OPERATING INCOME	424,995	399,693
NONOPERATING REVENUES (EXPENSES)		
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	424,995	399,693
Transfers out	(413,738)	(363,083)
CHANGE IN NET POSITION	11,257	36,610
TOTAL NET POSITION, beginning of year (as restated)	81,176	85,808
TOTAL NET POSITION, end of year	$ 92,433	$ 122,418

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,362,042	$ 1,592,295
Cash paid for goods and services	(791,737)	(1,053,037)
Cash paid to employees for services	(151,918)	(132,253)
Customer deposits received (refunded)	(715)	1,485
Net cash provided by operating activities	417,672	408,490
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(413,738)	(363,083)
Net cash used by noncapital financing activities	(413,738)	(363,083)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(3,934)	(45,407)
Net cash used by capital and related financing activities	(3,934)	(45,407)
NET INCREASE IN CASH AND CASH EQUIVALENTS	Nil	Nil
CASH AND EQUIVALENTS, beginning of year	Nil	Nil
CASH AND EQUIVALENTS, end of year	$ Nil	$ Nil
Reconciliation of operating income to net cash provided by operating activities:		
OPERATING INCOME	$ 424,995	$ 399,693
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	2,230	37,790
Depreciation	28,363	23,956
Decrease (increase) in operating assets:		
Accounts receivable	14,542	(43,014)
Pension related deferred outflows of resources	(4,054)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(43,854)	(17,876)
Accrued salaries	(1,519)	2,094
Accrued leave benefits	(716)	2,433
Accrued sales tax	(5,836)	1,929
Deposits for services	(715)	1,485
Net pension liability	857	-
Pension related deferred inflows of resources	3,379	-
Total adjustments	(7,323)	8,797
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 417,672	$ 408,490

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Customer charges	$ 987,681	$ 963,725
Penalties	24,470	22,958
Total operating revenues	1,012,151	986,683
OPERATING EXPENSES		
Salaries	158,020	154,270
Employee benefits	63,201	69,842
Contractual services	21	24,000
Repairs, maintenance and other contractual services	82,490	59,794
Communications	2,180	2,137
Landfill fees	145,885	152,086
Supplies and materials	13,977	8,504
Vehicle gasoline	29,165	43,314
Depreciation	112,366	102,920
Other expenses	115,173	158,100
Total operating expenses	722,478	774,967
OPERATING INCOME	289,673	211,716
NONOPERATING REVENUES (EXPENSES)		
Loan fees	-	(3,500)
Interest expense	(34,871)	(25,803)
Gain (loss) on sale of assets	-	945
Pollution remediation expense	(34,079)	(354,875)
Total nonoperating revenues (expenses)	(68,950)	(383,233)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	220,723	(171,517)
Capital contributions	-	262,740
Transfers out	(217,237)	(356,314)
CHANGE IN NET POSITION	3,486	(265,091)
TOTAL NET POSITION, beginning of year	(2,915)	317,756
TOTAL NET POSITION, end of year	$ 571	$ 52,665

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,023,102	$ 945,567
Cash paid for goods and services	(475,772)	(487,013)
Cash paid to employees for services	(161,691)	(151,519)
Customer deposits received (refunded)	(15)	350
Net cash provided by operating activities	385,624	307,385
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(217,237)	(356,315)
Proceeds of long-term debt (noncapital)	7,427	718,813
Retirement of long-term debt (noncapital)	(19,685)	-
Environmental remediation	(34,079)	(595,790)
Interest and fiscal charges paid	(29,357)	(26,476)
Net cash used by noncapital financing activities	(292,931)	(259,768)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(12,590)	-
Proceeds from sale of property and equipment	-	945
Capital lease principal payments	(74,592)	(46,882)
Interest and fiscal charges paid	(5,511)	(1,680)
Net cash used by capital and related financing activities	(92,693)	(47,617)
NET INCREASE IN CASH AND CASH EQUIVALENTS	Nil	Nil
CASH AND EQUIVALENTS, beginning of year	Nil	Nil
CASH AND EQUIVALENTS, end of year	$ Nil	$ Nil

(Continued)

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
Reconciliation of operating income to net cash provided by operating activities:		
OPERATING INCOME	$ 289,673	$ 211,716
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	2,303	38,318
Depreciation	112,366	102,921
Decrease (increase) in operating assets:		
Accounts receivable	8,646	(79,436)
Pension related deferred outflows of resources	(5,464)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(23,923)	30,765
Accrued salaries	(2,574)	3,386
Accrued leave benefits	(1,097)	(635)
Deposits for services	(15)	350
Net pension liability	1,156	-
Pension related deferred inflows of resources	4,553	-
Total adjustments	95,951	95,669
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 385,624	$ 307,385
Supplemental Disclosure of Cash Flow Information		
Noncash investing and financing activities:		
Property and equipment acquired through capital lease	$ 336,712	$ Nil

OTHER REPORTS

REDDICK, RIGGS
HUNTER AND KENNEDY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TERRELL T. REDDICK
1947-2005
JAMES S. RIGGS
PATRICIA H. HUNTER
J. BRIAN KENNEDY

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor and City Council
City of Waynesboro, Georgia
Waynesboro, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Waynesboro, Georgia as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 6, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Waynesboro, 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 Waynesboro, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Waynesboro, Georgia'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 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2015-2, that we consider to be a material weakness.

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SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waynesboro, 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 test 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 Finding 2015-1.

City of Waynesboro, Georgia's Response to Findings

The City of Waynesboro, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Waynesboro, 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 with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reddick, Riggs, Hunter and Kennedy, P. C.

Statesboro, Georgia
July 6, 2016

REDDICK, RIGGS
HUNTER AND KENNEDY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TERRELL T. REDDICK
1947-2005
JAMES S. RIGGS
PATRICIA H. HUNTER
J. BRIAN KENNEDY

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mayor and City Council
City of Waynesboro, Georgia
Waynesboro, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Waynesboro, Georgia's compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of the City of Waynesboro, Georgia's major federal programs for the year ended December 31, 2015. The City of Waynesboro, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statute, regulations, and the terms and conditions of its federal awards applicable to its major federal programs

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Waynesboro, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Waynesboro, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Waynesboro, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Waynesboro, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

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Internal Control Over Compliance

Management of the City of Waynesboro, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Waynesboro, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Waynesboro, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal report over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Reddick, Riggs, Hunter and Kennedy, P. C.

Statesboro, Georgia
July 6, 2016

CITY OF WAYNESBORO, GEORGIA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. Department of Housing and Urban Development			
Pass-through programs from:			
Georgia Department of Community Affairs			
Community Development Block Grants/ States program and Non-Entitlement Grants in Hawaii	14.228	13q-x-0172-5628	$ 232,328
Community Development Block Grants/ States program and Non-Entitlement Grants in Hawaii	14.228	14b-x-017-2-5708	778,564
Total			1,010,892
U. S. Department of Transportation			
Pass-through programs from:			
Georgia Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	4840470001	169,778
State and Community Highway Safety	20.600	GA-2015-000-00273	10,000
Georgia Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	TEBB-2015-000-00309	16,124
Total			195,902
Total expenditures of federal awards			$ 1,206,794

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Waynesboro, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Waynesboro, Georgia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Waynesboro, Georgia.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

CITY OF WAYNESBORO, GEORGIA
Schedule of Findings and Questioned Costs
December 31, 2015

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies not considered to be material weaknesses?	None Reported
Noncompliance material to the financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies not considered to be material weaknesses?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with Circular A-133, Section 510(a)?	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/ State's Programs and Non-Entitlement Grants in Hawaii

Threshold used for distinguishing between Type A and B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

Findings and Questioned Costs (continued)

Financial Statements

Finding 2015 - 1*

Criteria:	State law requires municipalities to annually adopt a balanced budget for all funds. Once adopted, these budgets act as legal spending authorizations or appropriation limits.
Condition:	During the year ended December 31, 2015, various departments and funds of the City expended amounts which exceeded appropriations.
Context:	While a budget amendment was adopted, it appears that the amendment did not contemplate all expenditures for the individual departments, with several departments exceeding appropriations.
Cause:	During the year, the City had several areas in which unanticipated repairs or other items caused departments to overspend the budget.
Effect:	The budget and amended budget approved by City Council did not adequately project final expenditures for the City.
Recommendation:	We recommend that the City consider adopting a budget amendment in future years to reflect amounts exceeding appropriations which have been approved by Council. In addition, we recommend that the City utilize the feature of its purchasing system that does not allow a department to overspend its budget without management approval in order to control expenditure of funds.
Comments:	Management concurs with the finding of the auditors. The budget amendment was presented to Council for approval but the expenditures in the General Fund were over budget due to an incorrect formula setup in the spreadsheet for the Street Department. All formulas have been checked and corrected for future budget amendments.

Finding 2015 - 2

Criteria:	An important control over accounts receivable is the reconciliation of subsidiary ledgers to the general ledger.
Condition:	During our review of property taxes, we noted that the subsidiary had not been the reconciled for the entire year.
Context:	Because the subsidiary had not been reconciled, incorrect entries, including tax errors and releases exceeding $1,000,000 were not detected and corrected.
Cause:	It appears that City personnel had difficulty in reconciling January, 2015 and assumed the noted errors were related to prior year audit adjustments. Upon further research, it was determined that the errors in January balancing were caused by the inability to receipt collections for 2014 taxes correctly for a portion of January upon conversion to the Smartfusion accounting system.
Effect:	The lack of reconciliations could cause material errors or misstatements to occur and not be detected and corrected within a timely period.
Recommendation:	We recommend that the importance of reconciling the subsidiary to the general ledger monthly be stressed with the City's personnel and that the Finance Director review a copy of the reconciliation monthly to verify that this balancing has been done.
Comments:	Management concurs with the finding. The Finance Director will review the property tax reconciliation monthly.

Findings and Questioned Costs (continued)

Federal Awards

None Reported

** Indicates uncorrected prior year finding*

CITY OF WAYNESBORO, GEORGIA
Schedule of State Awards Expended
For the Year Ended December 31, 2015

State Program Name	Contract Number	Prior Year Balance	Grant Revenue Received	Matching Funds Received	Expenditures	Remaining Amount to be Expended	Amount Due to (from) State
Department of Community Affairs							
Local Assistance Grant	02-C-L-389	$ 2,579	$ -	$ -	$ -	$ 2,579	$ -
Department of Human Resources							
Family Connection Grant	427-93-131300029-99	-	45,000	-	45,000	-	-
Total		$ 2,579	$ 45,000	$ Nil	$ 45,000	$ 2,579	$ Nil

CITY OF WAYNESBORO, GEORGIA

Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2015

Project	Original Estimated Cost	Estimated Cost	Prior Years	Current Year	Total
SPLOST I					
Water and sewer improvements					
Construction	$ 2,948,875	$ 74,866	$ 744,866	$ -	$ 744,866
Related debt service	364,104	2,169,125	2,001,078	168,048	2,169,126
Total	$ 3,312,979	$ 2,243,991	$ 2,745,944	$ 168,048	$ 2,913,992
SPLOST II					
Building renovation and construction	$ 500,000	$ 1,304,420	$ 1,304,420	$ -	$ 1,304,420
Water, sewer and storm drainage improvements	3,801,605	6,912,485	6,724,758	85,539	6,810,297
Total	$ 4,301,605	$ 8,216,905	$ 8,029,178	$ 85,539	$ 8,114,717
SPLOST III					
Building renovation and construction	$ 1,310,200	$ 1,171,820	$ 201,922	$ 735,538	$ 937,460
Patrol vehicles and utility equipment	327,550	292,955	76,683	-	76,683
Roads, streets, sidewalks and drainage improvements	2,384,564	2,132,715	90,180	10,065	100,245
Water and sewer improvements	2,620,400	2,343,644	809,592	383,882	1,193,474
Total	$ 6,642,714	$ 5,941,134	$ 1,178,377	$ 1,129,485	$ 2,307,862

Reconciliation to Fund Financial Statements:

	SPLOST	SPLOST II	SPLOST III
Total expenditures per fund fianancial statements	$ 168,048	$ 305,904	$ 3,129,485
Adjustments:			
Amounts paid from LMIG grant proceeds	-	(50,587)	-
Amount paid from Off-System Safety Improvement Grant proceeds	-	(169,778)	-
Amount paid from capital lease proceeds	-	-	(2,000,000)
Total project expenses per Schedule of Projects Construction with Special Purpose Local Option Sales Tax Proceeds	$ 168,048	$ 85,539	$ 1,129,485