CITY OF WAYNESBORO, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2016

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

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

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2016, 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 3 through 10 and pages through 48, 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 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 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 June 22, 2017, 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* in considering the City of Waynesboro, Georgia's internal control over financial reporting and compliance.

Reddick, Riggs and Hunter, P. C.

Statesboro, Georgia
June 22, 2017

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 11 and 12 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 13 through 17 of this report.

The City maintains two major and nine nonmajor governmental funds. The City's major governmental funds are the General Fund, and the SPLOST III 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, the 2014 CDBG 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 18 through 21 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 22 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.

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 49.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is $23,144,909, as compared to $22,550,922 at December 31, 2015. The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	(As Restated) 2015	2016	2015	2016	(As Restated) 2015
Assets:						
Current and other assets	$ 4,167,202	5,035,585	$ 1,181,104	$ 1,740,453	$ 5,348,306	$ 6,776,038
Capital assets	8,455,787	7,946,945	20,750,283	20,897,609	29,206,070	28,844,554
Total assets	12,622,989	12,982,530	21,931,387	22,638,062	34,554,376	35,620,592
Deferred outflows of resources	300,274	151,653	73,853	37,511	374,127	189,164
Liabilities:						
Long-term liabilities	2,623,460	2,507,548	8,656,862	9,900,613	11,280,322	12,408,161
Other liabilities	380,422	607,082	101,074	177,611	481,496	784,693
Total liabilities	3,003,882	3,114,630	8,757,936	10,078,224	11,761,818	13,192,854
Deferred inflows of resources	17,477	52,896	4,299	13,084	21,776	65,980
Net position:						
Net investment in capital assets	6,895,932	6,265,821	12,686,299	12,234,844	19,582,231	18,500,665
Restricted	1,333,018	1,691,565	-	470,196	1,333,018	2,161,761
Unrestricted	1,672,954	2,009,271	556,706	(120,775)	2,229,660	1,888,496
Total Net Position	$ 9,901,904	$ 9,966,657	$ 13,243,005	$ 12,584,265	$ 23,144,909	$ 22,550,922

The current ratio is used to measure an entity's ability to meet current obligations. The City of Waynesboro, Georgia has a 10.95 to 1 ratio for governmental activities. The current ratio for business-type activities is 11.69 to 1, as compared to 9.80 to 1 at December 31, 2015.

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 $13,243,005. The table below focuses on the net position and revenues and expenses of the City's governmental and business-type activities. Net position decreased $64,753 for governmental activities and increased $658,740 for business-type activities. The City's overall financial position improved during the year ended December 31, 2016.

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	
	2016	(As Restated) 2015	2016	2015	2016	(As Restated) 2015
Revenues:						
Program						
Charges for services	$ 248,218	$ 261,928	$ 4,207,313	$ 4,291,021	$ 4,455,531	$ 4,552,949
Operating grants	52,589	61,856	564	-	53,153	61,856
Capital grants / contributions	1,239,591	2,494,007	-	-	1,239,591	2,494,007
General						
Property taxes	1,582,528	1,569,230	-	-	1,582,528	1,569,230
Sales taxes	1,051,963	1,563,634	-	-	1,051,963	1,563,634
Franchise taxes	414,625	433,640	-	-	414,625	433,640
Insurance premium taxes	367,931	338,866	-	-	367,931	338,866
Financial institution taxes	28,177	26,856	-	-	28,177	26,856
Alcoholic beverage taxes	173,070	164,538	-	-	173,070	164,538
Hotel/Motel occupancy taxes	150,043	87,013	-	-	150,043	87,013
Intangible and other taxes	30,311	15,834	-	-	30,311	15,834
Interest	2,895	2,622	1,419	1,412	4,314	4,034
Gain (loss) on sale of assets	14,387	400	-	-	14,387	400
Other income	19,098	18,187	-	-	19,098	18,187
Total revenues	5,375,426	7,038,611	4,209,296	4,292,433	9,584,722	11,331,044
Program expenses:						
General government	929,429	912,694	-	-	929,429	912,694
Judicial	39,472	35,051	-	-	39,472	35,051
Public safety	1,992,274	1,996,592	-	-	1,992,274	1,996,592
Public works	1,030,899	1,109,111	-	-	1,030,899	1,109,111
Public health and welfare	233,950	44,641	-	-	233,950	44,641
Economic development	389,310	378,327	-	-	389,310	378,327
Interest	38,090	352,871	-	-	38,090	352,871
Water	-	-	2,753,205	2,602,082	2,753,205	2,602,082
Gas	-	-	815,245	920,275	815,245	920,275
Solid waste	-	-	768,861	791,428	768,861	791,428
Total expenses	4,653,424	4,829,287	4,337,311	4,313,785	8,990,735	9,143,072
Increase (decrease) in total net position before transfers and special items	722,002	2,209,324	(128,015)	(21,352)	593,987	2,187,972
Transfers	(786,755)	(789,990)	786,755	789,990	Nil	Nil
Increase (decrease) in net position	(64,753)	1,419,334	658,740	768,638	593,987	2,187,972
Total net position, beginning of year	9,966,657	8,547,323	12,584,265	11,815,627	22,550,922	20,362,950
Total net position, end of year	$ 9,901,904	$ 9,966,657	$ 13,243,005	$ 12,584,265	$ 23,144,909	$ 22,550,922

Governmental Revenues

The City's governmental activities are heavily reliant on property taxes and sales taxes, which collectively make up 49.02% of governmental revenues. Note that program revenues made up 59.95% 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 22.16% of the City's total expenses, while water and sewer and gas made up 30.62% and 9.07%, respectively.

There was an excess of $722,002 in governmental activities and a deficit of $128,015 in business-type activities. Transfers to (from) governmental activities resulted in a net deficit in governmental activities of $64,753 and a total excess in business-type activities of $658,740. The total change in net position was $593,987. As stated earlier, the financial position of the City improved in the year ended December 31, 2016.

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 $2,631,108. Of this year-end total, $1,305,461 is restricted for capital projects and $17,784 for other uses. The unassigned portion of governmental fund balances was $1,298,090. The total ending fund balances of governmental funds shows a decrease of $744,261, or a 22.05% decrease.

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 $1,303,169. 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 $1,298,090 is unassigned. The total ending fund balance of the general fund shows a decrease of $326,394. The decrease in the current year was a result of decreases in Local Option Sales Tax proceeds.

Total revenues of the General Fund were $3,850,138, a decrease of $528,756 from fiscal year 2015. This equates to a decrease of 12.08% in total revenues. This decrease was primarily due to reduced Local Option Sales Tax proceeds as well.

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 $4,207,313, a decrease of $83,708 over fiscal year 2015. After considering expenditures, the net income of these funds before capital contributions and transfers is $(128,015).

Budgetary Highlights

Revenues in the General Fund were under the budget by $200,162. This decrease resulted primarily from lower Local Option Sales Tax proceeds.

Expenditures in the General Fund were under the budget by $458,543 primarily due decreased spending in several departments. The Police Department had a large number of vacancies during 2016 that caused a reduction in salaries and employment related expenses.

A budget amendment was adopted during the year ended December 31, 2016 which resulted in an increase in General Fund expenditures of $748,800.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, as of December 31, 2016, was $29,206,070 as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Nondepreciable assets:						
Land	$ 139,872	$ 139,872	$ 113,317	$ 113,317	$ 253,189	$ 253,189
Construction in progress	74,997	2,524,944	25,021	1,439,477	100,018	3,964,421
Book value - nondepreciable assets	214,869	2,664,816	138,338	1,552,794	353,207	4,217,610
Depreciable assets:						
Buildings and plant	8,643,510	5,835,414	30,924,608	29,611,834	39,568,118	35,447,248
Machinery and equipment	979,612	845,211	3,554,242	2,661,980	4,533,854	3,507,191
Office equipment	743,783	713,573	-	-	743,783	713,573
Vehicles	1,670,527	1,306,545	1,282,013	1,282,013	2,952,540	2,588,558
Total depreciable assets	12,037,432	8,700,743	35,760,863	33,555,827	47,798,295	42,256,570
Less accumulated depreciation	3,796,514	3,418,614	15,148,918	14,211,012	18,945,432	17,629,626
Book value - depreciable assets	8,240,918	5,282,129	20,611,945	19,344,815	28,852,863	24,626,944
Percentage depreciated	31.54 %	39.29 %	42.36 %	42.35 %	39.64 %	41.72 %
Total Capital Assets	$ 8,455,787	$ 7,946,945	$ 20,750,283	$ 20,897,609	$ 29,206,070	$ 28,844,554

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, 2016, the City had total outstanding long-term debt of $11,280,322 as follows:

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Accumulated leave benefits	$ 77,959	$ 79,045	$ 18,308	$ 22,669	$ 96,267	$ 101,714
Net pension liability	985,646	747,379	242,421	184,864	1,228,067	932,243
Notes payable						
GEFA Loan	-	-	-	363,826	-	363,826
GEFA Loan - WWTP rehab	-	-	-	284,610	-	284,610
GEFA Loan - Solid Waste	-	-	332,149	1,030,315	332,149	1,030,315
Capital leases						
Public Works Building	1,290,830	1,681,124	-	-	1,290,830	1,681,124
Fire Truck	269,025	-	-	-	269,025	-
Sanitation equipment	-	-	228,984	294,143	228,984	294,143
Revenue bonds payable						
USDA Bonds, Series 1992	-	-	-	2,359,879	-	2,359,879
USDA Bonds, Series 2002	-	-	-	2,634,025	-	2,634,025
USDA Bonds, Series 2003 (#4)	-	-	-	897,462	-	897,462
USDA Bonds, Series 2003 (#6)	-	-	-	1,828,820	-	1,828,820
Refunding Revenue Bond, Series 2016	-	-	7,835,000	-	7,835,000	-
Total Long-Term Debt	$ 2,623,460	$ 2,507,548	$ 8,656,862	$ 9,900,613	$ 11,280,322	$ 12,408,161

During the year ended December 31, 2016, the City issued long-term debt totaling $8,420,925, which included bonds payable of $7,835,000. The City retired $9,548,764 of existing debt.

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

Economic Conditions Affecting the City

Although construction at Alvin Vogtle Electric Generating Plant decreased slightly in 2016 and decreased more during 2017, the construction of the two (2) additional nuclear reactors is still the largest economic driver in the region. Construction at Plant Vogtle is now several years behind and over budget. During 2017, Westinghouse, the contractor who designed and is building Plant Vogtle, filed for bankruptcy. Southern Company worked with Westinghouse, the Georgia Public Service Commission, the bankruptcy courts and the subcontractors to develop a cost and plan to continue construction on the project and a work stoppage was prevented. Units 3 and 4 have approximately 5,000 construction workers on site. Over the next few years, this number is expected to decrease as construction is completed. Upon completion, Plant Vogtle will employ an additional 900 permanent, well-paying, positions on units 3 and 4 to match employment on Units 1 and 2. During the construction phase, the City of Waynesboro receives sales tax on a portion of the materials purchased for the project. Units 3 and 4 were initially expected to cost $14 million. The new cost estimate after the bankruptcy has not been determined. However, sales tax proceeds from construction is continues to be a major source of revenue for the City.

Waynesboro/Burke County continues to see a small amount of growth in small business. Building vacancy is down over prior years. The City is working with several small businesses with construction of new buildings. Hotel/Motel occupancy has remained very high even with the new Hampton Inn which has reported a 90 percent average occupancy rate. The City and the Downtown Development Authority have initiated a campaign to improve the facades of downtown buildings. Two (2) blighted downtown building renovations are currently underway.

Economic Conditions Affecting the City (continued)

The reported unemployment rate for Burke County for the latest period, April 2017, was 6.7 percent which is down significantly from the 8.9 percent figure reported for October 2016. The Georgia and National percentages for the same period were 4.7 percent and 4.4 percent, respectively. Burke County still has one of the largest construction projects in the United States with the construction of Units 3 and 4 at Plant Vogtle. Most of the construction jobs are employing workers from outside the area. Through the first half of construction, unemployment in Burke County remained high.

The City of Waynesboro continues to work to improve its financial position. Significant increases in net position have been made over the last 10 years. 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, 2016

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Current Assets				
Cash	$ 1,876,309	$ 552,539	$ 2,428,848	$ 7,144
Receivables, net of allowance for uncollectibles:				
Taxes	1,601,635	-	1,601,635	-
Intergovernmental	88,559	15,751	104,310	-
Other	590,926	612,376	1,203,302	-
Accrued interest receivable	-	438	438	-
Note receivable	9,773	-	9,773	-
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	214,869	138,338	353,207	-
Depreciable assets, net	8,240,918	20,611,945	28,852,863	-
Total Assets	12,622,989	21,931,387	34,554,376	7,144
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows of resources	300,274	73,853	374,127	Nil
LIABILITIES				
Current Liabilities				
Accounts payable	328,364	37,540	365,904	876
Accrued salaries	40,779	10,070	50,849	-
Accrued interest payable	-	1,809	1,809	-
Other liabilities	11,279	51,655	62,934	-
Noncurrent Liabilities				
Due within one year:				
Compensated absences	15,592	3,662	19,254	-
Notes payable	-	60,156	60,156	-
Capital lease payable	424,468	61,135	485,603	-
Revenue bonds payable	-	440,000	440,000	-
Due in more than one year:			-	-
Compensated absences, net of current portion	62,367	14,646	77,013	-
Notes payable, net of current portion	-	271,993	271,993	-
Capital lease payable, net of current portion	1,135,387	167,849	1,303,236	-
Revenue bonds payable, net of current portion	-	7,395,000	7,395,000	-
Net pension liability	985,646	242,421	1,228,067	-
Total Liabilities	3,003,882	8,757,936	11,761,818	876
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows of resources	17,477	4,299	21,776	Nil
NET POSITION				
Net investment in capital assets	6,895,932	12,686,299	19,582,231	-
Restricted for:				
Capital projects	1,305,461	-	1,305,461	-
Public Safety	2,850	-	2,850	-
Community Development	24,707	-	24,707	-
Unrestricted	1,672,954	556,706	2,229,660	6,268
Total Net Position	$ 9,901,904	$ 13,243,005	$ 23,144,909	$ 6,268

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, 2016

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	Net (Expense) Revenue and Changes in Net Position: Total	Component Unit
Governmental activities:								
General government	$ 929,429	$ 117,784	$ 705	$ -	$ (810,940)	$ -	$ (810,940)	$ -
Judicial	39,472	-	-	-	(39,472)	-	(39,472)	-
Public safety	1,992,274	126,534	87	9,839	(1,855,814)	-	(1,855,814)	-
Public works	1,030,899	3,900	-	1,229,752	202,753	-	202,753	-
Public health and welfare	233,950	-	51,797	-	(182,153)	-	(182,153)	-
Economic development	389,310	-	-	-	(389,310)	-	(389,310)	-
Interest	38,090	-	-	-	(38,090)	-	(38,090)	-
Total governmental activities	4,653,424	248,218	52,589	1,239,591	(3,113,026)	Nil	(3,113,026)	Nil
Business-type activities:								
Water and sewer	2,753,205	2,024,373	-	-	-	(728,832)	(728,832)	-
Gas	815,245	1,168,659	-	-	-	353,414	353,414	-
Solid waste	768,861	1,014,281	564	-	-	245,984	245,984	-
Total business-type activities	4,337,311	4,207,313	564	Nil	Nil	(129,434)	(129,434)	Nil
Total	$ 8,990,735	$ 4,455,531	$ 53,153	$ 1,239,591	(3,113,026)	(129,434)	(3,242,460)	Nil
Component unit:								
Downtown Development Authority	$ 6,120	$ 5,598	$ Nil	$ Nil	Nil	Nil	Nil	(522)
General Revenues								
Property taxes					1,582,528	-	1,582,528	-
Sales taxes					1,051,963	-	1,051,963	-
Franchise taxes					414,625	-	414,625	-
Insurance premium taxes					367,931	-	367,931	-
Financial institution taxes					28,177	-	28,177	-
Alcoholic beverage taxes					173,070	-	173,070	-
Hotel/Motel occupancy taxes					150,043	-	150,043	-
Intangible and other taxes					30,311	-	30,311	-
Interest					2,895	1,419	4,314	-
Other revenues					19,098	-	19,098	-
Gain (loss) on sale of assets					14,387	-	14,387	-
Total general revenues					3,835,028	1,419	3,836,447	-
Transfers					(786,755)	786,755	-	-
Total general revenues and transfers					3,048,273	788,174	3,836,447	-
Change in net position					(64,753)	658,740	593,987	(522)
Net position, beginning of year					9,966,657	12,584,265	22,550,922	6,790
Net position, end of year					$ 9,901,904	$ 13,243,005	$ 23,144,909	$ 6,268

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

CITY OF WAYNESBORO, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	SPLOST III Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 498,897	$ 1,047,491	$ 329,921	$ 1,876,309
Receivables:				
Taxes receivable	1,601,635	-	-	1,601,635
Intergovernmental receivables	-	64,860	23,699	88,559
Notes receivable	-	-	9,773	9,773
Other receivables	581,757	-	9,169	590,926
Due from other funds	-	-	46,817	46,817
Total Assets	$ 2,682,289	$ 1,112,351	$ 419,379	$ 4,214,019
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	$ 130,846	$ 65,323	$ 132,194	$ 328,363
Accrued salaries	40,779	-	-	40,779
Other liabilities	5,005	-	6,274	11,279
Due to other funds	46,817	-	-	46,817
Total Liabilities	223,447	65,323	138,468	427,238
Deferred Inflows of Resources	1,155,673	-	-	1,155,673
Total Liabilities and Deferred Inflows of Resources	1,379,120	65,323	138,468	1,582,911
FUND BALANCES				
Nonspendable:				
Notes receivable	-	-	9,773	9,773
Restricted for:				
Capital projects	2,579	1,047,028	255,854	1,305,461
Public safety	2,500	-	350	2,850
Community development	-	-	14,934	14,934
Unassigned	1,298,090	-	-	1,298,090
Total Fund Balances	1,303,169	1,047,028	280,911	2,631,108
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,682,289	$ 1,112,351	$ 419,379	$ 4,214,019

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, 2016

Total Governmental Fund Balances		$ 2,631,108
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	$ 12,252,301	
Accumulated depreciation	(3,796,514)	8,455,787
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Property taxes		1,155,672
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	$ 300,274	
Deferred inflows	(17,477)	282,797
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease obligation	$ (1,559,855)	
Compensated absences	(77,959)	
Net pension liability	(985,646)	(2,623,460)
Total Net Position of Governmental Activities		$ 9,901,904

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, 2016

	General Fund	SPLOST III Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	$ 1,284,701	$ -	$ -	$ 1,284,701
Motor vehicle taxes	173,330	-	-	173,330
Mobile home taxes	4,636	-	-	4,636
Franchise taxes	414,625	-	-	414,625
Sales and use taxes	1,051,963	-	-	1,051,963
Alcoholic beverage taxes	173,070	-	-	173,070
Business and occupation taxes	53,654	-	-	53,654
Insurance premium taxes	367,931	-	-	367,931
Financial institution taxes	28,177	-	-	28,177
Hotel/Motel occupancy taxes	-	-	150,043	150,043
Other taxes	30,311	-	-	30,311
Licenses and permits	48,982	-	-	48,982
Intergovernmental revenues	67,323	993,496	237,946	1,298,765
Charges for services	4,221	-	-	4,221
Fees, fines and forfeitures	101,033	-	-	101,033
Investment income	2,882	652	173	3,707
Contributions from private sources	9,839	-	87	9,926
Other revenues	33,460	724	-	34,184
Total revenues	3,850,138	994,872	388,249	5,233,259
EXPENDITURES				
Current operations:				
General city government	860,309	-	-	860,309
Judicial	14,232	-	-	14,232
Public safety	2,241,024	-	-	2,241,024
Public works	1,181,801	-	-	1,181,801
Public health and welfare	-	-	51,797	51,797
Economic development	287,386	-	65,059	352,445
Debt service:				
Public safety	27,905	-	-	27,905
Public works	-	421,555	133,057	554,612
Capital:				
General city government	-	155,626	-	155,626
Public safety	-	23,849	-	23,849
Public works	-	765,848	96,651	862,499
Total expenditures	4,612,657	1,366,878	346,564	6,326,099
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(762,519)	(372,006)	41,685	(1,092,840)
OTHER FINANCING SOURCES (USES)				
Proceeds of capital lease	290,101	-	-	290,101
Sale of capital assets	14,387	-	-	14,387
Transfers in	552,298	-	-	552,298
Transfers out	(420,661)	-	(87,546)	(508,207)
NET CHANGE IN FUND BALANCES	(326,394)	(372,006)	(45,861)	(744,261)
FUND BALANCES, beginning of year (as restated)	1,629,563	1,419,034	326,772	3,375,369
FUND BALANCES, end of year	$ 1,303,169	$ 1,047,028	$ 280,911	$ 2,631,108

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, 2016

Net change in fund balances - total governmental funds		$ (744,261)
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.		919,609
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.		(410,766)
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		(54,228)
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		(290,101)
Principal retirement on long-term debt		411,371
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, 2016	$ 1,155,672	
Deferred property taxes at December 31, 2015	(1,053,135)	102,537
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, 2016	$ (77,959)	
Liability at December 31, 2015	79,045	1,086
Change in net position in governmental funds		$ (64,753)

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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes:				
Property taxes	$ 1,378,500	$ 1,387,100	$ 1,284,701	$ (102,399)
Motor vehicle taxes	195,000	173,000	173,330	330
Mobile home taxes	1,500	4,600	4,636	36
Franchise taxes	433,000	433,700	414,625	(19,075)
Sales and use taxes	1,300,000	1,185,000	1,051,963	(133,037)
Alcoholic beverage taxes	163,000	173,000	173,070	70
Business and occupation taxes	77,000	53,600	53,654	54
Insurance premium taxes	335,000	367,000	367,931	931
Financial institution taxes	29,000	28,000	28,177	177
Other taxes	24,300	29,800	30,311	511
Licenses and permits	47,600	48,900	48,982	82
Intergovernmental revenues	63,000	17,300	67,323	50,023
Charges for services	7,500	4,100	4,221	121
Fees, fines and forfeitures	124,900	100,900	101,033	133
Investment income	2,000	2,800	2,882	82
Contributions from private sources	-	9,800	9,839	39
Other revenues	32,500	31,700	33,460	1,760
Total revenues	4,213,800	4,050,300	3,850,138	(200,162)
EXPENDITURES				
Current operations:				
General city government	871,600	971,600	860,309	111,291
Judicial	15,000	15,000	14,232	768
Public safety	2,100,100	2,430,400	2,241,024	189,376
Public works	907,400	1,235,100	1,181,801	53,299
Economic development	374,100	371,100	287,386	83,714
Debt service:				
General city government	19,000	19,000	-	19,000
Public safety	35,200	29,000	27,905	1,095
Total expenditures	4,322,400	5,071,200	4,612,657	458,543
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(108,600)	(1,020,900)	(762,519)	258,381
OTHER FINANCING SOURCES (USES)				
Proceeds of capital lease	-	290,100	290,101	1
Sale of capital assets	3,000	14,300	14,387	87
Transfers in	417,200	720,200	552,298	(167,902)
Transfers out	(311,600)	(3,700)	(420,661)	(416,961)
NET CHANGE IN FUND BALANCES	Nil	Nil	(326,394)	(326,394)
FUND BALANCES, beginning of year	1,629,563	1,629,563	1,629,563	Nil
FUND BALANCES, end of year	$ 1,629,563	$ 1,629,563	$ 1,303,169	$ (326,394)

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

CITY OF WAYNESBORO, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2016

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
ASSETS				
Current Assets				
Cash	$ 552,539	$ -	$ -	$ 552,539
Accounts receivable	293,721	179,297	139,358	612,376
Intergovernmental receivables	15,751	-	-	15,751
Accrued interest receivable	437	-	-	437
Total current assets	862,448	179,297	139,358	1,181,103
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	26,649	3,000	108,689	138,338
Depreciable assets, net	20,099,640	118,497	393,808	20,611,945
Total noncurrent assets	20,126,289	121,497	502,497	20,750,283
Total Assets	20,988,737	300,794	641,855	21,931,386
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows of resources	34,532	17,996	21,325	73,853
LIABILITIES				
Current Liabilities				
Accounts payable	24,686	9,035	3,819	37,540
Accrued salaries	4,524	2,042	3,504	10,070
Accrued interest payable	1,043	-	766	1,809
Compensated absences	2,619	744	299	3,662
Other liabilities	14,207	29,897	7,551	51,655
Notes payable - current portion	-	-	60,156	60,156
Capital lease payable - current portion	-	-	61,135	61,135
Revenue bonds payable - current portion	440,000	-	-	440,000
Total current liabilities	487,079	41,718	137,230	666,027
Noncurrent Liabilities				
Compensated absences	10,474	2,976	1,196	14,646
Notes payable, net of current portion	-	-	271,993	271,993
Capital lease payable, net of current portion	-	-	167,849	167,849
Revenue bonds payable, net of current portion	7,395,000	-	-	7,395,000
Net pension liability	113,351	59,070	70,000	242,421
Total noncurrent liabilities	7,518,825	62,046	511,038	8,091,909
Total Liabilities	8,005,904	103,764	648,268	8,757,936
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows of resources	2,010	1,047	1,241	4,298
NET POSITION				
Net investment in capital assets	12,291,289	121,497	273,513	12,686,299
Unrestricted	724,066	92,482	(259,842)	556,706
Total Net Position	$ 13,015,355	$ 213,979	$ 13,671	$ 13,243,005

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, 2016

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Customer charges	$ 1,972,634	$ 1,128,715	$ 989,809	$ 4,091,158
Installation charges	18	-	-	18
Tap fees	2,200	-	-	2,200
Penalties	49,521	29,047	24,472	103,040
Miscellaneous	-	10,897	-	10,897
Total operating revenues	2,024,373	1,168,659	1,014,281	4,207,313
OPERATING EXPENSES				
Salaries	260,968	136,821	171,191	568,980
Employee benefits	86,120	39,724	50,890	176,734
Contractual services	643,398	25,748	-	669,146
Repairs, maintenance and other contractual services	109,361	90,609	55,383	255,353
Gas purchases	-	437,545	-	437,545
Communications	14,226	5,087	2,110	21,423
Travel and training	3,994	512	-	4,506
Landfill fees	-	-	198,100	198,100
Supplies and materials	152,186	3,817	21,769	177,772
Utilities	113,765	3,192	-	116,957
Vehicle gasoline	13,845	3,436	25,781	43,062
Depreciation	769,169	29,495	139,242	937,906
Other expenses	134,125	39,259	79,041	252,425
Total operating expenses	2,301,157	815,245	743,507	3,859,909
OPERATING INCOME (LOSS)	(276,784)	353,414	270,774	347,404
NONOPERATING REVENUES (EXPENSES)				
Bond issuance costs	(93,060)	-	-	(93,060)
Intergovernmental revenues - FEMA/GEMA	-	-	564	564
Interest earned	1,419	-	-	1,419
Interest expense	(358,988)	-	(25,354)	(384,342)
Total nonoperating revenues (expenses)	(450,629)	Nil	(24,790)	(475,419)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(727,413)	353,414	245,984	(128,015)
Capital contributions	830,846	-	-	830,846
Transfers in	420,661	-	-	420,661
Transfers out	-	(231,868)	(232,884)	(464,752)
CHANGE IN NET POSITION	524,094	121,546	13,100	658,740
TOTAL NET POSITION, beginning of year	12,491,261	92,433	571	12,584,265
TOTAL NET POSITION, end of year	$ 13,015,355	$ 213,979	$ 13,671	$ 13,243,005

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, 2016

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 1,993,038	$ 1,135,652	$ 981,779	$ 4,110,469
Cash paid for goods and services	(1,244,085)	(711,074)	(442,001)	(2,397,160)
Cash paid to employees for services	(260,236)	(139,649)	(170,981)	(570,866)
Customer deposits received (refunded)	397	1,022	596	2,015
Net cash provided by operating activities	489,114	285,951	369,393	1,144,458
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net transfers in (out)	420,661	(231,868)	(232,884)	(44,091)
Retirement of long-term debt (noncapital)	-	-	(698,166)	(698,166)
Environmental remediation (recovery)	-	-	679,324	679,324
Interest and fiscal charges paid	-	-	(20,584)	(20,584)
Net cash provided (used) by noncapital financing activities	420,661	(231,868)	(272,310)	(83,517)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Contributed capital	-	-	565	565
Purchase of property and equipment	(12,644)	(54,083)	(26,064)	(92,791)
Proceeds from issuance of long-term debt	7,835,000	-	-	7,835,000
Payment of bond issuance costs	(93,060)	-	-	(93,060)
Loan repayments	(546,209)	-	-	(546,209)
Retirement of revenue bonds	(7,689,355)	-	-	(7,689,355)
Capital lease principal payments	-	-	(65,159)	(65,159)
Interest and fiscal charges paid	(397,543)	-	(6,425)	(403,968)
Net cash used by capital and related financing activities	(903,811)	(54,083)	(97,083)	(1,054,977)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends and interest earned	1,418	-	-	1,418
Net cash provided by investing activities	1,418	Nil	Nil	1,418
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,382	Nil	Nil	7,382
CASH AND EQUIVALENTS, beginning of year	545,157	Nil	Nil	545,157
CASH AND EQUIVALENTS, end of year	$ 552,539	$ Nil	$ Nil	$ 552,539

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, 2016

	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)	$ (276,784)	$ 353,414	$ 270,774	$ 347,404
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Provision for losses on receivables	34,105	-	1,865	35,970
Depreciation	769,170	29,495	139,242	937,907
Decrease (increase) in operating assets:				
Accounts receivable	(65,439)	(33,007)	(34,365)	(132,811)
Pension related deferred outflows of revenues	(19,758)	(8,310)	(8,273)	(36,341)
Increase (decrease) in operating liabilities:				
Accounts payable	9,292	(59,790)	(3,020)	(53,518)
Accrued salaries	1,119	278	1,079	2,476
Accrued leave benefits	(387)	(3,106)	(869)	(4,362)
Accrued sales tax	-	(3,054)	-	(3,054)
Deposits for services	397	1,022	596	2,015
Net pension liability	40,542	11,339	5,675	57,556
Pension related deferred inflows of resources	(3,143)	(2,330)	(3,311)	(8,784)
Total adjustments	765,898	(67,463)	98,619	797,054
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 489,114	$ 285,951	$ 369,393	$ 1,144,458

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:

Contribution of capital:				
Capital projects through SPLOST and CDBG Funds	$ 697,789	$ Nil	$ Nil	$ 697,789
Debt service through SPLOST Funds	$ 133,057	$ Nil	$ Nil	$ 133,057

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, 2016, the Authority paid the City $17,323 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, 2016, 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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

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

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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

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

6. Capital Assets (continued)

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

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.

Note 1. Summary of Significant Accounting Policies (continued)

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

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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

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

11. Fund Net Assets or Equity (continued)

- **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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

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

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.

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, 2016, City Council approved a budget amendment which increased General Fund expenditures by $748,800.

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:

Hotel/Motel Tax Fund	$	32,017
Revolving Loan Fund	$	4,292
Family Connection Grant	$	5,297

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

At December 31, 2016, the carrying amount of the City's deposits was $2,428,848, which is reflected as cash of $2,428,848 and restricted cash of $Nil. The related bank balance was $2,560,751. Of this bank balance, $638,549 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.

Note 3. Detailed Notes on All Funds (continued)

B. Receivables

Receivables at December 31, 2016, 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, 2016 consist of the following:

Taxes receivable -	Current	$ 1,356,894
	Prior	326,321
Gross receivables		1,683,215
Allowance for uncollectibles		81,580
Total		$ 1,601,635

Other receivables at December 31, 2016, consisted of the following:

	General Fund	SPLOST III	Other Governmental Funds	Enterprise	Total
Intergovernmental receivables	$ -	$ 64,860	$ 23,699	$ 15,751	$ 104,310
Other receivables	581,757	-	9,169	710,597	1,301,523
Gross receivables	581,757	64,860	32,868	726,348	1,405,833
Allowance for uncollectibles	-	-	-	98,221	98,221
Total	$ 581,757	$ 64,860	$ 32,868	$ 628,127	$ 1,307,612

Intergovernmental receivables consist of SPLOST revenues due from Burke County, Georgia, and reimbursements for program expenditures under the City's Family Collaborative Grant, as well as amounts overpaid to the United States Department of Agriculture, Rural Development..

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, 2016 was as follows:

	Balance December 31, 2015	Additions	Retirements	Balance December 31, 2016
Governmental Activities:				
Nondepreciable capital assets:				
Land	$ 139,872	$ -	$ -	$ 139,872
Construction-in-progress	2,524,944	991,395	3,441,342	74,997
Total nondepreciable capital assets	2,664,816	991,395	3,441,342	214,869
Depreciable assets:				
Buildings and plant	5,835,414	2,808,096	-	8,643,510
Machinery and equipment	845,211	134,401	-	979,612
Office equipment	713,573	30,210	-	743,783
Vehicles	1,306,545	396,848	32,866	1,670,527
Total depreciable capital assets	8,700,743	3,369,555	32,866	12,037,432
Total capital assets	11,365,559	4,360,950	3,474,208	12,252,301
Accumulated depreciation:				
Buildings and plant	1,247,854	178,016	-	1,425,870
Machinery and equipment	569,822	72,437	-	642,259
Office equipment	477,676	65,179	-	542,855
Vehicles	1,123,262	95,134	32,866	1,185,530
Total accumulated depreciation	3,418,614	410,766	32,866	3,796,514
Governmental activities capital assets, net	$ 7,946,945	$ 3,950,184	$ 3,441,342	$ 8,455,787

Governmental activities depreciation expense:

General city government	$ 74,579
Public safety	145,835
Public works	152,560
Economic development	37,792
Total governmental activities depreciation expense	$ 410,766

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

	Balance December 31, 2015	Additions	Retirements	Balance December 31, 2016
Business-Type Activities:				
Nondepreciable capital assets:				
Land	$ 113,317	$ -	$ -	$ 113,317
Construction-in-progress	1,439,477	610,831	2,025,287	25,021
Total nondepreciable capital assets	1,552,794	610,831	2,025,287	138,338
Depreciable capital assets:				
Buildings and plant	29,611,834	1,312,774	-	30,924,608
Machinery and equipment	2,661,980	892,262	-	3,554,242
Vehicles	1,282,013	-	-	1,282,013
Total depreciable capital assets	33,555,827	2,205,036	-	35,760,863
Total capital assets	35,108,621	2,815,867	2,025,287	35,899,201
Accumulated depreciation:				
Buildings and plant	12,638,040	671,707	-	13,309,747
Machinery and equipment	784,121	106,841	-	890,962
Vehicles	788,851	159,358	-	948,209
Total accumulated depreciation	14,211,012	937,906	Nil	15,148,918
Business-type capital assets, net	$ 20,897,609	$ 1,877,961	$ 2,025,287	$ 20,750,283

Business-type activities depreciation expense:

Water and sewer	$ 769,169
Gas	29,495
Solid waste	139,242
Total business-type activities depreciation expense	$ 937,906

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 $1,155,673 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, 2016, is as follows:

	Due to: Special Revenue Hotel/Motel Tax Fund	Total
Due from:		
Governmental Funds:		
General Fund	$ 46,817	$ 46,817
Total	$ 46,817	$ 46,817

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, 2016, 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	$ -	$ 87,546	$ 231,868	$ 232,884	$ 552,298
Total governmental funds	-	87,546	231,868	232,884	552,298
Proprietary funds:					
Water and Sewer Fund	420,661	-	-	-	420,661
Total proprietary funds	420,661	Nil	Nil	Nil	420,661
Total	$ 420,661	$ 87,546	$ 231,868	$ 232,884	$ 972,959

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. Long-Term Debt

1. Notes Payable

Notes payable of the City at December 31, 2016 consisted of the following:

Business-type Activities:	
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%.	$ 332,149
Total business-type activities	332,149
Total	$ 332,149

The note payable of the business-type activities was obtained for the purpose of completing the City's environmental remediation plan as described at Note 4.G.

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

	Business-Type Activities		
	Principal	Interest	Total
2017	$ 60,156	$ 8,593	$ 68,749
2018	61,875	6,874	68,749
2019	63,642	5,107	68,749
2020	65,461	3,288	68,749
2021	67,331	1,418	68,749
2022 - 2026	13,684	56	13,740
Total	$ 332,149	$ 25,336	$ 357,485

2. Bonds Payable

At December 31, 2016, bonds payable consisted of the following:

Revenue Bonds:	
Combined Public Utility System Refunding Revenue Bonds, Series 2016 issued December 29, 2016 in the original amount of $7,835,000, due in annual installments ranging from $$615,582 to $744,871 through December 1, 2029, with interest at $2.43%	$ 7,835,000
Total	$ 7,835,000

The refunding revenue bonds were issued through BB&T Governmental Finance and were used to retire a loan and various bonds which provided funding for expansion and renovation of the City's water and sewer system, as well as issuance costs. The current refunding retired a loan with the Georgia Environmental Facilities Authority, as well as Water and Sewerage Revenue Bonds, Series 1992, Water and Sewerage Revenue Bonds, Series 2002, Water and Sewerage Revenue Bonds, Series 2003 (Loan number 4 and Loan number 6). The refunding resulted in no gain or loss. 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)

G. Long-Term Debt (continued)

2. Bonds Payable (continued)

The annual requirements to each debt type to amortize bonds outstanding at December 31, 2016, are as follows:

	Business-Type Activities		
	Principal	Interest	Total
2017	$ 440,000	$ 175,582	$ 615,582
2018	495,000	179,698	674,698
2019	510,000	167,670	677,670
2020	520,000	155,277	675,277
2021	535,000	142,641	677,641
2022 - 2026	3,210,000	496,571	3,706,571
2027 - 2031	2,125,000	104,125	2,229,125
Total	$ 7,835,000	$ 1,421,564	$ 9,256,564

3. Obligation Under Capital Leases

The City has the following capital lease obligations at December 31, 2016:

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	$ 1,290,830
Capital lease payable to Branch Bank and Trust due in monthly installments of $2,790.54, including interest at 2.92%, through February, 2026, for the acquisition of a fire truck	269,025
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	228,984
Total	$ 1,788,839

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	$ 2,670,249	$ -
Sanitation equipment	-	1,055,415
Total original cost	2,670,249	1,055,415
Accumulated depreciation	44,504	704,285
Total	$ 2,625,745	$ 351,130

Note 3. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

3. Obligation Under Capital Leases (continued)

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2016, were as follows:

	Governmental Activities	Business-Type Activities	Total
2017	$ 455,042	$ 65,619	$ 520,661
2018	455,042	71,584	526,626
2019	455,042	71,584	526,626
2020	103,746	29,827	133,573
2021	33,487	-	33,487
2022 - 2026	139,527	-	139,527
Total minimum lease payments	1,641,886	238,614	1,880,500
Less: amount representing interest	82,031	9,630	91,661
Total	$ 1,559,855	$ 228,984	$ 1,788,839

4. Changes in Long-Term Debt

Transactions for the year ended December 31, 2016 are summarized as follows:

	Balance December 31, 2015	Additions	Retirements	Balance December 31, 2016	Amounts Due Within One Year
Governmental Activities:					
Capital leases	$ 1,681,124	$ 290,101	$ 411,370	$ 1,559,855	$ 424,468
Compensated absences	79,045	-	1,086	77,959	15,592
Net pension liability	747,379	238,267	-	985,646	-
Total governmental activities	2,507,548	528,368	412,456	2,623,460	440,060
Business-Type Activities:					
Capital leases	294,143	-	65,159	228,984	61,135
Notes payable	1,678,751	-	1,346,602	332,149	60,156
Revenue bonds	7,720,186	7,835,000	7,720,186	7,835,000	440,000
Compensated absences	22,669	-	4,361	18,308	3,662
Net pension liability	184,864	57,557	-	242,421	-
Total business-type activities	9,900,613	7,892,557	9,136,308	8,656,862	564,953
Total	$ 12,408,161	$ 8,420,925	$ 9,548,764	$ 11,280,322	$ 1,005,013

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)

G. Long-Term Debt (continued)

5. Pledged Revenues

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay refunding bonds in the original amount of $7,835,000 as described at 3.G.2. Proceeds from the bonds provided refinancing 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 2029. The total principal and interest remaining to be paid on the bonds is $9,256,564. Principal and interest paid for the current year and total customer net revenues were $Nil and $2,024,373, respectively.

6. Interest

Interest incurred during the year ended December 31, 2016, in governmental activities was $38,090, which was charged to expense during the year. Interest incurred during the year ended December 31, 2016, in business-type activities was $384,342, of which $384,342 was charged to expense during the year and $Nil was capitalized as "Construction in Progress."

H. 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, 2016, the date of the most recent actuarial valuation there were 119 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	45
Terminated vested participants not yet receiving benefits	4
Active employees - vested	27
Active employees - nonvested	43
Total	119

Note 3. Detailed Notes on All Funds (continued)

H. 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 2016, the actuarially determined contribution rate was 7.22% of covered payroll. For 2016, the City's contribution to the Plan was $173,222.

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, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2016.

Actuarial Assumptions. The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 %
Salary increases	3.75 %
Investment rate of return	7.75 %

Mortality rates for the July 1, 2016 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, 2016 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, 2016 are summarized in the table below:

Note 3. Detailed Notes on All Funds (continued)

H. Pension Plan (continued)

	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45 %	6.75 %
International equity	20 %	7.45 %
Fixed income	10 %	4.55 %
Real Estate	5 %	3.30 %
Cash	20 %	1.75 %
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 March 31, 2015	$ 3,602,312	$ 2,670,069	$ 932,243
Changes for the year:			
Service cost	76,583	-	76,583
Interest	270,307	-	270,307
Differences between expected and actual experience	95,256	-	95,256
Contributions - employer	-	148,065	(148,065)
Contributions - employee	-	-	-
Net investment income	-	7,011	(7,011)
Benefit payments, including refunds of employee contributions	(228,971)	(228,971)	-
Administrative expense	-	(8,754)	8,754
Net changes	213,175	(82,649)	295,824
Balances at March 31, 2016	$ 3,815,487	$ 2,587,420	$ 1,228,067

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, 2016.

Note 3. Detailed Notes on All Funds (continued)

H. 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	$ 172,608	$ 1,228,067	$ 817,222

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

For the year ended December 31, 2016, the City recognized pension expense of $208,157. At December 31, 2016, 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	$ 143,132	$ -
Changes in assumptions	-	21,776
Net difference between projected and actual earnings on pension plan investments	128,086	-
City contributions subsequent to the measurement date	102,908	-
Total	$ 374,126	$ 21,776

City contributions subsequent to the measurement date of $102,908 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending December 31, 2017. 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	
2017	$ 55,969
2018	55,969
2019	55,969
2020	65,659
2021	15,876
Total	$ 249,442

Note 3. Detailed Notes on All Funds (continued)

I. Equity

Net position on the government-wide statement of assets as of December 31, 2016, is as follows:

	Governmental Activities	Business-Type Activities	Total
Cost of capital assets	$ 12,252,301	$ 35,899,201	$ 48,151,502
Accumulated depreciation	3,796,514	15,148,918	18,945,432
Book value	8,455,787	20,750,283	29,206,070
Less capital related debt	1,559,855	8,063,984	9,623,839
Net investment in capital assets	$ 6,895,932	$ 12,686,299	$ 19,582,231

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	$ 1,302,882	$ -	$ 1,302,882
Community Development capital projects	Grantor agencies	2,579	-	2,579
Total capital projects		1,305,461	-	1,305,461
Other restrictions				
Public safety	Law	350	-	350
Public safety	Donor	2,500	-	2,500
Community Development programs	Grantor agencies	24,707	-	24,707
Total other		27,557	-	27,557
Total restricted net position		$ 1,333,018	$ -	$ 1,333,018

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, 2016. No provisions have been made in the financial statements for the year ended December 31, 2016 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 July 11, 2016, the City received a first report of injury from an employee in the City's Gas Department, who was reaching for a roll of pipe and his finger became pinned between the pipe and wall. The employee allegedly received injuries to his finger as a result of the incident. The claim has been forwarded to the City's carrier, Key Risk Insurance Company for handling. At this time, $1,959 in medical benefits and $116 in expenses have been paid. The City intends to pursue settlement with the claimant. 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, 2016, the City had the following commitments with respect to unfinished capital projects:

	Total Project Cost	Remaining Construction Commitment	Expected Date of Completion
Water and sewer facilities, street improvements and reconstruction of private properties	$ 895,617	$ 895,617	October, 2018

It is anticipated that funding for the above project will be provided through CDBG Funds and SPLOST Funds.

D. Hotel/Motel Lodging Tax

During the year ended December 31, 2016, 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, 2016 is as follows:

Taxes collected	$ 150,043	
Expended for community development / promotion	$ 60,017	40.00 %

E. Notes Receivable

Notes receivable at December 31, 2016, are as follows:

5% note receivable from Forever Angels, Inc. with monthly installments of $575 including principal and interest (principal only)	$ 7,800
5% note receivable from Forever Angels, Inc. with monthly installments of $145 including principal and interest (principal only)	1,973
Total	$ 9,773

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%.

Note 4. Other Notes (continued)

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 remediation was substantially completed by December 31, 2015 at a total cost, including engineering and other related items, of $1,486,781, which was financed through a loan with the Georgia Environmental Facilities Authority as described at Note 3.G.1. The City recovered $978,403 from the Hazardous Waste Trust Fund. Amounts recovered were applied to the loan balance.

H. Restatement of Prior Year Data

During the year ended December 31, 2016, the City noted that certain liabilities and expenditures were over stated for the TIA SPLOST Fund as of the prior year end. The prior year data has been restated to correct the error.

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

	Governmental Activities
Net position as previously reported	$ 9,907,337
Correction of expenses	59,320
Beginning net position, restated	$ 9,966,657

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

	TIA SPLOST Fund
Net position as previously reported	$ 107,620
Correction of expenditures	59,320
Beginning net position, restated	$ 166,940

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAYNESBORO, GEORGIA

Required Supplementary Information

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

	2016	2015
Total pension liability		
Service cost	$ 76,583	$ 75,256
Interest on total pension liability	270,307	257,211
Difference between expected and actual experience	95,256	95,625
Benefit payments, including refund of employee contributions	(228,971)	(223,948)
Other	-	(32,661)
Net change in total pension liability	213,175	171,483
Total pension liability - beginning	3,602,312	3,430,829
Total pension liability - ending (a)	$ 3,815,487	$ 3,602,312
Plan fiduciary net position		
Contributions - employer	$ 148,065	$ 146,473
Net investment income	7,011	240,082
Benefit payments, including refunds of member contributions	(228,971)	(223,948)
Administrative expenses	(8,754)	(7,888)
Net change in plan fiduciary net position	(82,649)	154,719
Plan fiduciary net position - beginning	2,670,069	2,515,350
Plan fiduciary net position - ending (b)	$ 2,587,420	$ 2,670,069
City's net pension liability - ending (a)-(b)	$ 1,228,067	$ 932,243
Plan fiduciary net position as a percentage of the total pension liability	67.81 %	74.12 %
Covered-employee payroll	2,361,688	$ 2,150,154
Net pension liability as a % of covered-employee payroll	52.00 %	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

	2016	2015
Actuarially determined contribution	*	$ 145,966
Contributions in relation to the actuarially determined contribution	*	145,966
Contribution deficiency (excess)	*	Nil
Covered-employee payroll	*	2,150,154
Contributions as a percentage of covered-employee payroll	*	6.79 %

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

Notes to schedule of Contributions:

Valuation Date:	The actuarially determined contribution rate was determined as of July 1, 2016, 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, 2017.
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 11 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:	As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was changed for fiscal years beginning in 2016.
	Amounts reported for the fiscal year ending in 2015 and later reflect the following assumption changes approved by the Board in December, 2014 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:
	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.
	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%.
Changes in benefits:	Effective January 1, 2015, the Plan was amended to provide for immediate participation for Employees. This change has no impact on service credited under the Plan and has no impact on benefits.

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

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

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.

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.

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, 2016

	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	2014 CDBG Grant Fund	TIA SPLOST Fund	Total
ASSETS										
Cash	$ -	$ 6,624	$ 5,765	$ -	$ -	$ 49,828	$ -	$ -	$ 267,704	$ 329,921
Intergovernmental receivables	-	-	-	12,048	-	-	-	-	11,651	23,699
Notes receivable	-	-	9,773	-	-	-	-	-	-	9,773
Other receivables	9,169	-	-	-	-	-	-	-	-	9,169
Due from other funds	46,817	-	-	-	-	-	-	-	-	46,817
Total assets	$ 55,986	$ 6,624	$ 15,538	$ 12,048	$ Nil	$ 49,828	$ Nil	$ Nil	$ 279,355	$ 419,379
LIABILITIES										
Accounts payable	$ 46,817	$ -	$ -	$ 12,048	$ -	$ 27	$ -	$ -	$ 73,302	$ 132,194
Other liabilities	-	6,274	-	-	-	-	-	-	-	6,274
Total liabilities	46,817	6,274	Nil	12,048	Nil	27	Nil	Nil	73,302	138,468
FUND BALANCES										
Nonspendable	-	-	9,773	-	-	-	-	-	-	9,773
Restricted for:										
Capital projects	-	-	-	-	-	49,801	-	-	206,053	255,854
Public safety	-	350	-	-	-	-	-	-	-	350
Community development	9,169	-	5,765	-	-	-	-	-	-	14,934
Total fund balances	9,169	350	15,538	Nil	Nil	49,801	Nil	Nil	206,053	280,911
Total liabilities and fund balances	$ 55,986	$ 6,624	$ 15,538	$ 12,048	$ Nil	$ 49,828	$ Nil	$ Nil	$ 279,355	$ 419,379

CITY OF WAYNESBORO, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	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	2014 CDBG Grant Fund	TIA SPLOST Fund	Total
REVENUES										
Taxes	$ 150,043	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 150,043
Intergovernmental revenues	-	-	705	51,797	-	49,784	5,972	17,377	112,311	237,946
Investment income	-	6	7	-	1	55	-	-	104	173
Contributions from private sources	-	87	-	-	-	-	-	-	-	87
Total revenues	150,043	93	712	51,797	1	49,839	5,972	17,377	112,415	388,249
EXPENDITURES										
Current operations:										
Public health and welfare	-	-	-	51,797	-	-	-	-	-	51,797
Economic development	60,017	-	5,042	-	-	-	-	-	-	65,059
Debt Service:										
Public works	-	-	-	-	30,830	102,227	-	-	-	133,057
Capital:										
Public works	-	-	-	-	-	-	5,972	17,377	73,302	96,651
Total expenditures	60,017	Nil	5,042	51,797	30,830	102,227	5,972	17,377	73,302	346,564
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	90,026	93	(4,330)	Nil	(30,829)	(52,388)	Nil	Nil	39,113	41,685
OTHER FINANCING SOURCES (USES)										
Transfers out	(87,546)	-	-	-	-	-	-	-	-	(87,546)
NET CHANGE IN FUND BALANCES	2,480	93	(4,330)	Nil	(30,829)	(52,388)	Nil	Nil	39,113	(45,861)
FUND BALANCES, beginning of year (as restated)	6,689	257	19,868	Nil	30,829	102,189	Nil	Nil	166,940	326,772
FUND BALANCES, end of year	$ 9,169	$ 350	$ 15,538	$ Nil	$ Nil	$ 49,801	$ Nil	$ Nil	$ 206,053	$ 280,911

CITY OF WAYNESBORO, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2015 Actual
REVENUES					
Taxes:					
	$ 1,378,500	$ 1,387,100	$ 1,284,701	$ (102,399)	$ 1,333,570
Motor vehicle taxes	195,000	173,000	173,330	330	194,095
Mobile home taxes	1,500	4,600	4,636	36	1,828
Franchise taxes	433,000	433,700	414,625	(19,075)	433,640
Sales and use taxes	1,300,000	1,185,000	1,051,963	(133,037)	1,563,634
Alcoholic beverage taxes	163,000	173,000	173,070	70	164,538
Business and occupation taxes	77,000	53,600	53,654	54	51,297
Insurance premium taxes	335,000	367,000	367,931	931	338,866
Financial institution taxes	29,000	28,000	28,177	177	26,856
Other taxes	24,300	29,800	30,311	511	15,834
Licenses and permits	47,600	48,900	48,982	82	49,071
Intergovernmental revenues	63,000	17,300	67,323	50,023	41,391
Charges for services	7,500	4,100	4,221	121	14,445
Fees, fines and forfeitures	124,900	100,900	101,033	133	113,785
Investment income	2,000	2,800	2,882	82	2,616
Contributions from private sources	-	9,800	9,839	39	6,841
Other revenues	32,500	31,700	33,460	1,760	26,587
Total revenues	4,213,800	4,050,300	3,850,138	(200,162)	4,378,894
EXPENDITURES					
Current operations:					
General city government					
Elections	-	-	-	-	11,090
Administration	871,600	971,600	860,310	111,290	1,017,325
Judicial					
Municipal court	15,000	15,000	14,232	768	10,121
Public safety					
Police	1,512,700	1,512,700	1,353,119	159,581	1,431,176
Fire	587,400	917,200	887,610	29,590	605,087
Public works					
Street	487,100	658,500	629,798	28,702	587,949
Maintenance	138,000	160,500	153,784	6,716	164,760
Cemetery and beautification	282,300	416,100	398,218	17,882	214,458
Economic development					
Urban redevelopment and housing	374,100	371,600	287,681	83,919	326,897
Debt service:					
General city government	19,000	19,000	-	19,000	1,575
Public safety	35,200	29,000	27,905	1,095	-
Total expenditures	4,322,400	5,071,200	4,612,657	458,543	4,370,438
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(108,600)	(1,020,900)	(762,519)	258,381	8,456

(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, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2015 Actual
OTHER FINANCING SOURCES (USES)					
Proceeds of capital lease	$ -	$ 290,100	$ 290,101	$ 1	$ -
Sale of capital assets	3,000	14,300	14,387	87	400
Transfers in	417,200	720,200	552,298	(167,902)	681,261
Transfers out	(311,600)	(3,700)	(420,661)	(416,961)	(86,462)
NET CHANGE IN FUND BALANCES	Nil	Nil	(326,394)	(326,394)	603,655
FUND BALANCES, beginning of year	1,629,563	1,629,563	1,629,563	Nil	1,025,908
FUND BALANCES, end of year	$ 1,629,563	$ 1,629,563	$ 1,303,169	$ (326,394)	$ 1,629,563

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, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2015 Actual
REVENUES					
Taxes:					
Hotel/Motel occupancy taxes	$ 77,000	$ 147,000	$ 150,043	$ 3,043	$ 87,013
Total revenues	77,000	147,000	150,043	3,043	87,013
EXPENDITURES					
Current operations:					
Economic development					
Community development and tourism	28,000	28,000	60,017	(32,017)	34,806
Total expenditures	28,000	28,000	60,017	(32,017)	34,806
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	49,000	119,000	90,026	(28,974)	52,207
OTHER FINANCING SOURCES (USES)					
Transfers out	(49,000)	(119,000)	(87,546)	31,454	(50,286)
NET CHANGE IN FUND BALANCES	Nil	Nil	2,480	2,480	1,921
FUND BALANCES, beginning of year	6,689	6,689	6,689	Nil	4,768
FUND BALANCES, end of year	$ 6,689	$ 6,689	$ 9,169	$ 2,480	$ 6,689

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, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2015 Actual**
REVENUES				
Investment income	$ -	$ 6	$ 6	$ 4
Contributions from private sources	-	87	87	-
Other revenues	-	-	-	1
Total revenues	Nil	93	93	5
EXPENDITURES				
Current operations:				
Public safety				
Supplies	-	-	-	41
Equipment purchases	-	-	-	-
Total expenditures	Nil	Nil	Nil	41
NET CHANGE IN FUND BALANCES	Nil	93	93	(36)
FUND BALANCES, beginning of year	257	257	Nil	293
FUND BALANCES, end of year	$ 257	$ 350	$ 93	$ 257

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, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2015 Actual**
REVENUES				
Intergovernmental revenues:				
CDBG program income	$ 750	$ 705	$ (45)	$ 1,091
Investment income	-	7	7	2
Total revenues	750	712	(38)	1,093
EXPENDITURES				
Current operations:				
Economic development	750	5,042	(4,292)	7,202
Total expenditures	750	5,042	(4,292)	7,202
NET CHANGE IN FUND BALANCES	Nil	(4,330)	(4,330)	(6,109)
FUND BALANCES, beginning of year	19,868	19,868	Nil	25,977
FUND BALANCES, end of year	$ 19,868	$ 15,538	$ (4,330)	$ 19,868

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, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2015 Actual**
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 46,500	$ 51,797	$ 5,297	$ 44,641
Total revenues	46,500	51,797	5,297	44,641
EXPENDITURES				
Current operations:				
Public health and welfare				
Personal services	36,725	40,553	(3,828)	28,897
Travel	1,000	1,217	(217)	727
Regular operating expenditures	5,025	5,043	(18)	8,744
Telecommunications	1,200	1,414	(214)	1,355
Per diem, fees and contracts	1,685	2,408	(723)	2,765
Other	865	1,162	(297)	2,153
Total expenditures	46,500	51,797	(5,297)	44,641
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, 2016
Contract Year Ended June 30, 2016

	Family Connection Grant 93-161600134	Reconciliation to Year End Reports		Total
	Program Year Ended June 30, 2016	July to December, 2015	July to December, 2016	Year Ended December 31, 2016
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 46,000	$ (18,338)	$ 24,135	$ 51,797
Total intergovernmental revenues	$ 46,000	$ (18,338)	$ 24,135	$ 51,797
EXPENDITURES				
Personal services	$ 34,450	$ (13,397)	$ 19,500	$ 40,553
Travel	1,000	(1,506)	1,723	1,217
Regular operating expenditures	5,550	(2,236)	1,729	5,043
Telecommunications	1,400	(429)	443	1,414
Per diem, fees and contracts	2,770	(230)	(132)	2,408
Other	830	(540)	872	1,162
Total expenditures	$ 46,000	$ (18,338)	$ 24,135	$ 51,797

CITY OF WAYNESBORO, GEORGIA
SPLOST Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2015 Actual**
REVENUES				
Investment income	$ -	$ 1	$ 1	$ 59
Total revenues	Nil	1	1	59
EXPENDITURES				
Debt service:				
Public works				
Water and sewer system debt on improvements	30,829	30,830	(1)	168,048
Total expenditures	30,829	30,830	(1)	168,048
NET CHANGE IN FUND BALANCES	(30,829)	(30,829)	Nil	(167,989)
FUND BALANCES, beginning of year	30,829	30,829	Nil	198,818
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ 30,829

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, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2015 Actual**
REVENUES				
Intergovernmental revenues:				
Local Maintenance & Improvement Grant	$ -	$ 49,784	$ 49,784	$ 50,589
Off-System Safety Improvement Grant	-	-	-	169,778
Investment income	-	55	55	97
Total revenues	Nil	49,839	49,839	220,464
EXPENDITURES				
Capital:				
Public works				
Water, sewer and storm drainage	102,189	102,227	(38)	85,538
Street improvements	-	-	-	220,366
Total expenditures	102,189	102,227	(38)	305,904
NET CHANGE IN FUND BALANCES	(102,189)	(52,388)	49,801	(85,440)
FUND BALANCES, beginning of year	102,189	102,189	Nil	187,629
FUND BALANCES, end of year	$ Nil	$ 49,801	$ 49,801	$ 102,189

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, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2015 Actual**
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ 1,107,119	$ 993,496	$ (113,623)	$ 1,133,330
Investment income	-	652	652	865
Other revenues	-	724	724	-
Total revenues	1,107,119	994,872	(112,247)	1,134,195
EXPENDITURES				
Debt Service:				
Public works	-	421,555	(421,555)	-
Capital:				
General city government				
Building renovation and construction	54,592	155,641	(101,049)	2,735,538
Public safety	-	23,849	(23,849)	-
Public works				
Street improvements	397,427	-	397,427	10,065
Water, sewer and storm drainage	-	73,423	(73,423)	-
Water system improvements	655,100	692,410	(37,310)	383,882
Total expenditures	1,107,119	1,366,878	(259,759)	3,129,485
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	Nil	(372,006)	(372,006)	(1,995,290)
OTHER FINANCING SOURCES (USES)				
Proceeds of capital lease	-	-	-	2,000,000
NET CHANGE IN FUND BALANCES	Nil	(372,006)	(372,006)	4,710
FUND BALANCES, beginning of year	1,419,034	1,419,034	Nil	1,414,324
FUND BALANCES, end of year	$ 1,419,034	$ 1,047,028	$ (372,006)	$ 1,419,034

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, 2016

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG grant	$ 250,000	$ 244,028	$ 5,972	$ 250,000
Total revenues	250,000	244,028	5,972	250,000
EXPENDITURES				
Capital:				
Public works				
Economic development				
Public facilities and improvements	220,118	220,118	-	220,118
Engineering - commercial/industrial infrastructure development	14,882	13,710	1,172	14,882
Grant administration	15,000	10,200	4,800	15,000
Total expenditures	250,000	244,028	5,972	250,000
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, 2016

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	$ 220,118	$ 220,118	$ 196,932	$ 417,050	$ -
Engineering - commercial/industrial infrastructure development	T-17B-000	14,882	14,882	47,346	62,228	-
Grant administration	A-21A-00	15,000	15,000	-	15,000	-
Grand Total		$ 250,000	$ 250,000	$ 244,278	$ 494,278	$ 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, 2016

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG grant	$ 800,000	$ 782,623	$ 17,377	$ 800,000
Total revenues	800,000	782,623	17,377	800,000
EXPENDITURES				
Capital:				
Public works				
Water facilities	98,010	98,010	-	98,010
Engineering - water / sewer improvements	10,000	10,000	-	10,000
Sewer facilities	361,990	361,990	3,579	365,569
Rehabilitation of private properties	121,651	117,672	400	118,072
Reconstruction of private properties	167,750	167,750	-	167,750
Grant administration	40,599	27,201	13,398	40,599
Total expenditures	800,000	782,623	17,377	800,000
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, 2016

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	$ 216,949	$ 314,959	$ -
Engineering - water / sewer improvements	T-03J-02	10,000	10,000	39,779	49,779	-
Sewer facilities	P-03J-02	361,990	365,569	-	365,569	-
Rehabilitation of private properties	H-14A-01	121,651	118,072	-	118,072	-
Reconstruction of private properties	H-14A-02	167,750	167,750	-	167,750	-
Grant administration	A-21A-00	40,599	40,599	-	40,599	-
Grand Total		$ 800,000	$ 800,000	$ 256,728	$ 1,056,728	$ Nil

Source of other funds: SPLOST III Fund

CITY OF WAYNESBORO, GEORGIA
TIA SPLOST Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2015 Actual**
REVENUES				
Intergovernmental revenues:				
TIA SPLOST revenues	111,912	112,311	399	111,490
Investment income	-	104	104	67
Total revenues	111,912	112,415	503	111,557
EXPENDITURES				
Economic development				
Railroad spur development	-	-	-	1
Capital:				
Public works	111,912	73,302	38,610	43,135
Total expenditures	111,912	73,302	38,610	43,136
NET CHANGE IN FUND BALANCES	Nil	39,113	39,113	68,421
FUND BALANCES, beginning of year (as restated)	166,940	166,940	Nil	98,519
FUND BALANCES, end of year	$ 166,940	$ 206,053	$ 39,113	$ 166,940

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, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Customer charges	$ 1,972,634	$ 1,881,883
Installation charges	18	-
Tap fees	2,200	3,995
Penalties	49,521	47,122
Recovery of bad debts	-	600
Total operating revenues	2,024,373	1,933,600
OPERATING EXPENSES		
Salaries	260,968	243,910
Employee benefits	86,120	68,353
Contractual services	643,398	649,852
Repairs, maintenance and other contractual services	109,361	124,137
Communications	14,226	13,603
Travel and training	3,994	6,680
Supplies and materials	152,186	134,454
Utilities	113,765	112,787
Vehicle gasoline	13,845	12,291
Depreciation	769,169	762,543
Other expenses	134,125	71,981
Total operating expenses	2,301,157	2,200,591
OPERATING LOSS	(276,784)	(266,991)
NONOPERATING REVENUES (EXPENSES)		
Bond issuance costs	(93,060)	-
Interest earned	1,419	1,412
Interest expense	(358,988)	(401,491)
Total nonoperating revenues (expenses)	(450,629)	(400,079)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(727,413)	(667,070)
Capital contributions	830,846	1,334,503
Transfers in	420,661	86,462
CHANGE IN NET POSITION	524,094	753,895
TOTAL NET POSITION, beginning of year	12,491,261	11,737,366
TOTAL NET POSITION, end of year	$ 13,015,355	$ 12,491,261

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,993,038	$ 1,923,501
Cash paid for goods and services	(1,244,085)	(1,187,447)
Cash paid to employees for services	(260,236)	(246,180)
Customer deposits received (refunded)	397	142
Net cash provided by operating activities	489,114	490,016
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	420,661	86,462
Net cash provided by noncapital financing activities	420,661	86,462
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(12,644)	(5,140)
Proceeds from issuance of long-term debt	7,835,000	-
Payment of bond issuance costs	(93,060)	-
Loan repayments	(546,209)	(148,126)
Retirement of revenue bonds	(7,689,355)	(149,283)
Interest and fiscal charges paid	(397,543)	(273,928)
Net cash used by capital and related financing activities	(903,811)	(576,477)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	1,418	1,410
Net cash provided by investing activities	1,418	1,410
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,382	1,411
CASH AND EQUIVALENTS, beginning of year	545,157	543,746
CASH AND EQUIVALENTS, end of year	$ 552,539	$ 545,157

(Continued)

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
Reconciliation of operating loss to net cash provided by operating activities:		
OPERATING LOSS	$ (276,784)	$ (266,991)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	34,105	24,861
Depreciation	769,170	762,543
Decrease (increase) in operating assets:		
Accounts receivable	(65,439)	(34,961)
Pension related deferred outflows of resources	(19,758)	(6,184)
Increase (decrease) in operating liabilities:		
Accounts payable	9,292	6,413
Accrued salaries	1,119	(2,894)
Accrued leave benefits	(387)	625
Deposits for services	397	142
Net pension liability	40,542	1,309
Pension related deferred inflows of resources	(3,143)	5,153
Total adjustments	765,898	757,007
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 489,114	$ 490,016

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:		
Contribution of capital:		
Capital projects through SPLOST and CDBG Funds	$ 697,789	$ 1,080,916
Debt Service through SPLOST Funds	$ 133,057	$ 253,587

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Customer charges	$ 1,128,715	$ 1,305,762
Penalties	29,047	32,315
Miscellaneous	10,897	7,193
Total operating revenues	1,168,659	1,345,270
OPERATING EXPENSES		
Salaries	136,821	149,683
Employee benefits	39,724	51,343
Contractual services	25,748	51,084
Repairs, maintenance and other contractual services	90,609	31,651
Gas purchases	437,545	561,783
Communications	5,087	5,080
Travel and training	512	861
Supplies and materials	3,817	1,560
Utilities	3,192	6,986
Vehicle gasoline	3,436	4,204
Depreciation	29,495	28,363
Other expenses	39,259	27,677
Total operating expenses	815,245	920,275
OPERATING INCOME	353,414	424,995
Transfers out	(231,868)	(413,738)
CHANGE IN NET POSITION	121,546	11,257
TOTAL NET POSITION, beginning of year	92,433	81,176
TOTAL NET POSITION, end of year	$ 213,979	$ 92,433

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,135,652	$ 1,362,042
Cash paid for goods and services	(711,074)	(791,737)
Cash paid to employees for services	(139,649)	(151,918)
Customer deposits received (refunded)	1,022	(715)
Net cash provided by operating activities	285,951	417,672
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(231,868)	(413,738)
Net cash used by noncapital financing activities	(231,868)	(413,738)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(54,083)	(3,934)
Net cash used by capital and related financing activities	(54,083)	(3,934)
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	$ 353,414	$ 424,995
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	-	2,230
Depreciation	29,495	28,363
Decrease (increase) in operating assets:		
Accounts receivable	(33,007)	14,542
Pension related deferred outflows of resources	(8,310)	(4,054)
Increase (decrease) in operating liabilities:		
Accounts payable	(59,790)	(43,854)
Accrued salaries	278	(1,519)
Accrued leave benefits	(3,106)	(716)
Accrued sales tax	(3,054)	(5,836)
Deposits for services	1,022	(715)
Net pension liability	11,339	857
Pension related deferred inflows of resources	(2,330)	3,379
Total adjustments	(67,463)	(7,323)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 285,951	$ 417,672

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Customer charges	$ 989,809	$ 987,681
Penalties	24,472	24,470
Total operating revenues	1,014,281	1,012,151
OPERATING EXPENSES		
Salaries	171,191	158,020
Employee benefits	50,890	63,201
Contractual services	-	21
Repairs, maintenance and other contractual services	55,383	82,490
Communications	2,110	2,180
Landfill fees	198,100	145,885
Supplies and materials	21,769	13,977
Vehicle gasoline	25,781	29,165
Depreciation	139,242	112,366
Other expenses	79,041	115,173
Total operating expenses	743,507	722,478
OPERATING INCOME	270,774	289,673
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental revenues - FEMA/GEMA	564	-
Interest expense	(25,354)	(34,871)
Pollution remediation expense	-	(34,079)
Total nonoperating revenues (expenses)	(24,790)	(68,950)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	245,984	220,723
Transfers out	(232,884)	(217,236)
CHANGE IN NET POSITION	13,100	3,487
TOTAL NET POSITION, beginning of year	571	(2,916)
TOTAL NET POSITION, end of year	$ 13,671	$ 571

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 981,779	$ 1,023,102
Cash paid for goods and services	(442,001)	(475,772)
Cash paid to employees for services	(170,981)	(161,691)
Customer deposits received (refunded)	596	(15)
Net cash provided by operating activities	369,393	385,624
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(232,884)	(217,237)
Proceeds of long-term debt (noncapital)	-	7,427
Retirement of long-term debt (noncapital)	(698,166)	(19,685)
Environmental remediation (recovery)	679,324	(34,079)
Interest and fiscal charges paid	(20,584)	(29,357)
Net cash used by noncapital financing activities	(272,310)	(292,931)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital	565	-
Purchase of property and equipment	(26,064)	(12,590)
Capital lease principal payments	(65,159)	(74,592)
Interest and fiscal charges paid	(6,425)	(5,511)
Net cash used by capital and related financing activities	(97,083)	(92,693)
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, 2016 and 2015

	2016	2015
Reconciliation of operating income to net cash provided by operating activities:		
OPERATING INCOME	$ 270,774	$ 289,673
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	1,865	2,303
Depreciation	139,242	112,366
Decrease (increase) in operating assets:		
Accounts receivable	(34,365)	8,646
Pension related deferred outflows of resources	(8,273)	(5,464)
Increase (decrease) in operating liabilities:		
Accounts payable	(3,020)	(23,923)
Accrued salaries	1,079	(2,574)
Accrued leave benefits	(869)	(1,097)
Deposits for services	596	(15)
Net pension liability	5,675	1,156
Pension related deferred inflows of resources	(3,311)	4,553
Total adjustments	98,619	95,951
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 369,393	$ 385,624
Supplemental Disclosure of Cash Flow Information		
Noncash investing and financing activities:		
Property and equipment acquired through capital lease	$ Nil	$ 336,712

OTHER REPORTS

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

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

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2017.

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 Finding 2016-002, that we consider to be a material weakness.

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GEORGIA 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 2016-001.

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 and Hunter, P. C.

Statesboro, Georgia
June 22, 2017

CITY OF WAYNESBORO, GEORGIA
Schedule of Findings and Questioned Costs
December 31, 2016

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

Finding 2016 - 001*

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:	Although the General Fund did not exceed budgeted appropriations, during the year ended December 31, 2016, several special revenue 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 Hotel/Motel Tax Fund, the Revolving Loan Fund, and the Family Connection Grant.
Cause:	During the year, the City's Hotel/Motel taxes increased significantly. The City's amended budget did not contemplate the portion of this increase that was to be remitted to another agency for Tourism. In addition, unanticipated expenditures caused the Revolving Loan Fund and the Family Connection Grant to exceed their budget.
Effect:	The budget and amended budget approved by City Council did not adequately project final expenditures for the City.
Recommendation:	We recommend that in addition to adopting an amended budget for the General Fund, the City consider adopting an amended budget for all special revenue funds to adequately reflect all program expenditures.
Comments:	Management concurs with the finding of the auditors. The budget amendment was presented to council and approved but the special revenue funds revenues and expenditures were not reflected in the budget amendment. For future budget amendments, the City Manager will include all special revenue funds expenditures and revenues.

Findings and Questioned Costs (continued)

Finding 2016 - 002*

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 to the general ledger 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 inability to reconcile the taxes receivable were due unresolved balancing errors from the prior year, combined with the City's software conversion.
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 of the auditors. The Finance Director will work with the accountant to correct any conversion issues and reconcile monthly.

** Indicates uncorrected prior year finding*

CITY OF WAYNESBORO, GEORGIA
Schedule of State Awards Expended
For the Year Ended December 31, 2016

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	93-161600134	-	46,000	-	46,000	-	-
Total		$ 2,579	$ 46,000	$ Nil	$ 46,000	$ 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, 2016

Project	Original Estimated Cost	Estimated Cost	Prior Years	Current Year	Total
SPLOST I					
Water and sewer improvements					
Construction	$ 2,948,875	$ 744,866	$ 744,866	$ -	$ 744,866
Related debt service	364,104	2,199,956	2,169,126	30,830	2,199,956
Total	$ 3,312,979	$ 2,944,822	$ 2,913,992	$ 30,830	$ 2,944,822
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	6,912,524	6,810,297	102,227	6,912,524
Total	$ 4,301,605	$ 8,216,944	$ 8,114,717	$ 102,227	$ 8,216,944
SPLOST III					
Building renovation and construction	$ 1,310,200	$ 1,514,656	$ 937,460	$ 577,196	$ 1,514,656
Patrol vehicles and utility equipment	327,550	265,001	76,683	23,849	100,532
Roads, streets, sidewalks and drainage improvements	2,384,564	1,929,214	100,245	73,423	173,668
Water and sewer improvements	2,620,400	2,120,016	1,193,474	692,410	1,885,884
Total	$ 6,642,714	$ 5,828,887	$ 2,307,862	$ 1,366,878	$ 3,674,740