CITY OF WAYNESBORO, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017

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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, 2017, 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, 2017, 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 9 and pages 48 through 49, 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 October 18, 2018, 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
October 18, 2018

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 10 and 11 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 12 through 16 of this report.

The City maintains two major and seven 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, Community Home Investment Program, Family Connection Grant, the SPLOST II 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 17 through 20 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 21 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 50.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is $23,756,247, as compared to $23,049,222 at December 31, 2016. The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	$ 3,330,013	4,167,202	$ 1,174,663	$ 1,165,351	$ 4,504,676	$ 5,332,553
Capital assets	9,263,283	8,455,787	20,317,218	20,750,283	29,580,501	29,206,070
Total assets	12,593,296	12,622,989	21,491,881	21,915,634	34,085,177	34,538,623
Deferred outflows of resources	190,411	300,274	51,350	73,853	241,761	374,127
Liabilities:						
Long-term liabilities	1,200,363	2,623,460	8,088,974	8,656,862	9,289,337	11,280,322
Other liabilities	926,010	380,422	326,651	181,008	1,252,661	561,430
Total liabilities	2,126,373	3,003,882	8,415,625	8,837,870	10,541,998	11,841,752
Deferred inflows of resources	22,598	17,477	6,095	4,299	28,693	21,776
Net position:						
Net investment in capital assets	9,020,234	6,895,932	12,759,994	12,686,299	21,780,228	19,582,231
Restricted	753,931	1,333,018	56,225	-	810,156	1,333,018
Unrestricted	860,571	1,672,954	305,292	461,019	1,165,863	2,133,973
Total Net Position	$ 10,634,736	$ 9,901,904	$ 13,121,511	$ 13,147,318	$ 23,756,247	$ 23,049,222

The current ratio is used to measure an entity's ability to meet current obligations. The City of Waynesboro, Georgia has a 3.60 to 1 ratio for governmental activities. The current ratio for business-type activities is 3.60 to 1, as compared to 6.44 to 1 at December 31, 2016.

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 $13,121,511. The table below focuses on the net position and revenues and expenses of the City's governmental and business-type activities. Net position increased $732,832 for governmental activities and decreased $25,807 for business-type activities. The City's overall financial position improved during the year ended December 31, 2017.

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	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program						
Charges for services	$ 362,758	$ 248,218	$ 3,969,997	$ 4,207,313	$ 4,332,755	$ 4,455,531
Operating grants	318,435	71,320	-	564	318,435	71,884
Capital grants / contributions	1,496,227	1,239,591	-	-	1,496,227	1,239,591
General						
Property taxes	1,649,742	1,582,528	-	-	1,649,742	1,582,528
Sales taxes	1,280,249	1,051,963	-	-	1,280,249	1,051,963
Franchise taxes	378,944	414,625	-	-	378,944	414,625
Insurance premium taxes	391,787	367,931	-	-	391,787	367,931
Financial institution taxes	22,781	28,177	-	-	22,781	28,177
Alcoholic beverage taxes	168,243	173,070	-	-	168,243	173,070
Hotel/Motel occupancy taxes	176,187	150,043	-	-	176,187	150,043
Intangible and other taxes	29,327	30,311	-	-	29,327	30,311
Interest	3,013	2,895	2,071	1,419	5,084	4,314
Gain (loss) on sale of assets	1	14,387	-	-	1	14,387
Other income	64,278	19,098	-	-	64,278	19,098
Total revenues	6,341,972	5,394,157	3,972,068	4,209,296	10,314,040	9,603,453
Program expenses:						
General government	1,027,529	929,429	-	-	1,027,529	929,429
Judicial	44,351	39,472	-	-	44,351	39,472
Public safety	2,213,574	1,992,274	-	-	2,213,574	1,992,274
Public works	999,128	1,030,899	-	-	999,128	1,030,899
Public health and welfare	382,134	233,950	-	-	382,134	233,950
Housing and development	270,877	18,731	-	-	270,877	18,731
Economic development	386,426	389,310	-	-	386,426	389,310
Interest	35,678	38,090	-	-	35,678	38,090
Water	-	-	2,548,050	2,768,958	2,548,050	2,768,958
Gas	-	-	921,654	895,180	921,654	895,180
Solid waste	-	-	777,614	768,859	777,614	768,859
Total expenses	5,359,697	4,672,155	4,247,318	4,432,997	9,607,015	9,105,152
Increase (decrease) in total net position before transfers and special items	982,275	722,002	(275,250)	(223,701)	707,025	498,301
Transfers	(249,443)	(786,757)	249,443	786,757	Nil	Nil
Increase (decrease) in net position	732,832	(64,755)	(25,807)	563,056	707,025	498,301
Total net position, beginning of year (as restated)	9,901,904	9,966,659	13,147,318	12,584,262	23,049,222	22,550,921
Total net position, end of year	$ 10,634,736	$ 9,901,904	$ 13,121,511	$ 13,147,318	$ 23,756,247	$ 23,049,222

Governmental Revenues

The City's governmental activities are heavily reliant on property taxes and sales taxes, which collectively make up 46.20% of governmental revenues. Note that program revenues made up 59.61% 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 23.04% of the City's total expenses, while water and sewer and gas made up 26.53% and 9.59%, respectively.

There was an excess of $982,275 in governmental activities and a deficit of $275,250 in business-type activities. Transfers to (from) governmental activities resulted in a total excess in governmental activities of $732,832 and a net deficit in business-type activities of $25,807. The total change in net position was $707,025. As stated earlier, the financial position of the City improved in the year ended December 31, 2017.

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 $1,929,949. Of this year-end total, $724,641 is restricted for capital projects and $27,858 for other uses. The unassigned portion of governmental fund balances was $1,176,018. The total ending fund balances of governmental funds shows a decrease of $701,159, or a 26.65% 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 $1,181,097. 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 $1,176,018 is unassigned. The total ending fund balance of the general fund shows a decrease of $122,072. The decrease in the current year was a result of the purchase of a building to be renovated for a new City Hall in the Administration Department and an increase in the salaries in the Police Department.

Total revenues of the General Fund were $5,009,063, an increase of $1,158,925 from fiscal year 2016. This equates to an increase of 30.10% in total revenues. This increase was primarily due to collections of deferred property taxes from 2016 and an increase in sales tax collections.

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 $3,969,997, a decrease of $237,316 over fiscal year 2016. After considering expenditures, the net income of these funds before capital contributions and transfers is $(275,250).

Budgetary Highlights

Revenues in the General Fund were over the budget by $553,463. This increase resulted primarily from the collection of deferred 2016 property taxes.

Expenditures in the General Fund were under the budget by $71,645 primarily due to excess funds in the Police Department budget.

A budget amendment was adopted during the year ended December 31, 2017 which resulted in an increase in General Fund expenditures of $978,000. The budget amendment was necessary to account for the purchase of a building to be renovated and used as a new City Hall and the purchase of two (2) sets of playground equipment and a new entrance sign.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, as of December 31, 2017, was $29,580,501 as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Nondepreciable assets:						
Land	$ 178,289	$ 139,872	$ 113,317	$ 113,317	$ 291,606	$ 253,189
Construction in progress	1,695	74,997	343,494	25,021	345,189	100,018
Book value - nondepreciable assets	179,984	214,869	456,811	138,338	636,795	353,207
Depreciable assets:						
Buildings and plant	9,667,059	8,643,510	30,942,305	30,924,608	40,609,364	39,568,118
Machinery and equipment	1,152,246	979,612	3,662,908	3,554,242	4,815,154	4,533,854
Office equipment	787,289	743,783	-	-	787,289	743,783
Vehicles	1,731,177	1,670,527	1,339,645	1,282,013	3,070,822	2,952,540
Total depreciable assets	13,337,771	12,037,432	35,944,858	35,760,863	49,282,629	47,798,295
Less accumulated depreciation	4,254,472	3,796,514	16,084,451	15,148,918	20,338,923	18,945,432
Book value - depreciable assets	9,083,299	8,240,918	19,860,407	20,611,945	28,943,706	28,852,863
Percentage depreciated	31.90 %	31.54 %	44.75 %	42.36 %	41.27 %	39.64 %
Total Capital Assets	$ 9,263,283	$ 8,455,787	$ 20,317,218	$ 20,750,283	$ 29,580,501	$ 29,206,070

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, 2017, the City had total outstanding long-term debt of $9,289,337 as follows:

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Accumulated leave benefits	$ 81,575	$ 77,959	$ 23,589	$ 18,308	$ 105,164	$ 96,267
Net pension liability	875,739	985,646	236,168	242,421	1,111,907	1,228,067
GEFA Loan - Solid Waste	-	-	271,993	332,149	271,993	332,149
Capital leases						
Public Works Building	-	1,290,830	-	-	-	1,290,830
Fire Truck	243,049	269,025	-	-	243,049	269,025
Sanitation equipment	-	-	162,224	228,984	162,224	228,984
Refunding Revenue Bond, Series 2016	-	-	7,395,000	7,835,000	7,395,000	7,835,000
Total Long-Term Debt	$ 1,200,363	$ 2,623,460	$ 8,088,974	$ 8,656,862	$ 9,289,337	$ 11,280,322

During the year ended December 31, 2017, the City issued long-term debt totaling $8,897. The City retired $1,999,882 of existing debt.

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

Economic Conditions Affecting the City

As reported in prior years, construction at Alvin Vogtle Electric Generating Plant decreased in 2016 and 2017. Plant Vogtle is the site of the largest construction project in the United States. Southern Company and the other owners of Plant Vogtle are building two (2) additional nuclear reactors. During 2017, Westinghouse, the designer and construction manager on the project declared bankruptcy. The project has had problems with cost overruns and construction delays. These problems amounted to a small overall decrease in construction activity during 2017. After the bankruptcy, Georgia Power has assumed the construction management role. At mid-year 2018, construction is in full operation and approximately 7,000 construction workers are on site continuing to build units 3 and 4.

Waynesboro/Burke County continues to see growth at a small but steady pace. Several commercial and residential projects have been completed.

Although, poverty is a significant issue in the community, the unemployment rate for Waynesboro continued its declined from 6.6 percent in 2017 to 5.3 in April of 2018. A significant portion of the construction related jobs at Plant Vogtle are held by skilled employees from outside the area.

The City of Waynesboro continues to work to improve its financial position. The elected officials and staff are working to continue increases in net position and decreases in outstanding debt. The City will continue using and refining 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, 2017

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Current Assets				
Cash	$ 1,155,951	$ 554,224	$ 1,710,175	$ 965
Receivables, net of allowance for uncollectibles:				
Taxes	1,594,589	-	1,594,589	-
Intergovernmental	80,457	-	80,457	-
Other	497,584	563,390	1,060,974	-
Accrued interest receivable	-	824	824	-
Note receivable	1,432	-	1,432	-
Restricted assets:				
Cash	-	56,225	56,225	-
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	179,984	456,811	636,795	-
Depreciable assets, net	9,083,299	19,860,407	28,943,706	-
Total Assets	12,593,296	21,491,881	34,085,177	965
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows of resources	190,411	51,350	241,761	Nil
LIABILITIES				
Current Liabilities				
Accounts payable	433,153	248,618	681,771	-
Accrued salaries	64,761	11,440	76,201	-
Accrued interest payable	4,604	15,614	20,218	-
Other liabilities	11,592	50,979	62,571	-
Tax anticipation notes	411,900	-	411,900	-
Noncurrent Liabilities				
Due within one year:				
Compensated absences	16,315	4,717	21,032	-
Notes payable	-	61,875	61,875	-
Capital lease payable	26,746	62,637	89,383	-
Revenue bonds payable	-	495,000	495,000	-
Due in more than one year:			-	-
Compensated absences, net of current portion	65,260	18,872	84,132	-
Notes payable, net of current portion	-	210,118	210,118	-
Capital lease payable, net of current portion	216,303	99,587	315,890	-
Revenue bonds payable, net of current portion	-	6,900,000	6,900,000	-
Net pension liability	875,739	236,168	1,111,907	-
Total Liabilities	2,126,373	8,415,625	10,541,998	Nil
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows of resources	22,598	6,095	28,693	Nil
NET POSITION				
Net investment in capital assets	9,020,234	12,759,994	21,780,228	-
Restricted for:				
Capital projects	724,641	-	724,641	-
Public Safety	3,042	-	3,042	-
Debt service	-	56,225	56,225	-
Community Development	26,248	-	26,248	-
Unrestricted	860,571	305,292	1,165,863	965
Total Net Position	$ 10,634,736	$ 13,121,511	$ 23,756,247	$ 965

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, 2017

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	$ 1,027,529	$ 201,289	$ 299	$ -	$ (825,941)	$ -	$ (825,941)	$ -
Judicial	44,351	-	-	-	(44,351)	-	(44,351)	-
Public safety	2,213,574	157,869	-	9,107	(2,046,598)	-	(2,046,598)	-
Public works	999,128	3,600	-	1,487,120	491,592	-	491,592	-
Public health and welfare	382,134	-	47,259	-	(334,875)	-	(334,875)	-
Housing and development	270,877	-	270,877	-	-	-	-	-
Economic development	386,426	-	-	-	(386,426)	-	(386,426)	-
Interest	35,678	-	-	-	(35,678)	-	(35,678)	-
Total governmental activities	5,359,697	362,758	318,435	1,496,227	(3,182,277)	Nil	(3,182,277)	Nil
Business-type activities:								
Water and sewer	2,548,050	1,856,904	-	-	-	(691,146)	(691,146)	-
Gas	921,654	1,048,078	-	-	-	126,424	126,424	-
Solid waste	777,614	1,065,015	-	-	-	287,401	287,401	-
Total business-type activities	4,247,318	3,969,997	Nil	Nil	Nil	(277,321)	(277,321)	Nil
Total	$ 9,607,015	$ 4,332,755	$ 318,435	$ 1,496,227	(3,182,277)	(277,321)	(3,459,598)	Nil
Component unit:								
Downtown Development Authority	$ 19,048	$ 13,745	$ Nil	$ Nil	Nil	Nil	Nil	(5,303)
General Revenues								
Property taxes					1,649,742	-	1,649,742	-
Sales taxes					1,280,249	-	1,280,249	-
Franchise taxes					378,944	-	378,944	-
Insurance premium taxes					391,787	-	391,787	-
Financial institution taxes					22,781	-	22,781	-
Alcoholic beverage taxes					168,243	-	168,243	-
Hotel/Motel occupancy taxes					176,187	-	176,187	-
Intangible and other taxes					29,327	-	29,327	-
Interest					3,013	2,071	5,084	-
Other revenues					64,278	-	64,278	-
Gain (loss) on sale of assets					1	-	1	-
Total general revenues					4,164,552	2,071	4,166,623	-
Transfers					(249,443)	249,443	-	-
Total general revenues and transfers					3,915,109	251,514	4,166,623	-
Change in net position					732,832	(25,807)	707,025	(5,303)
Net position, beginning of year (as restated)					9,901,904	13,147,318	23,049,222	6,268
Net position, end of year					$ 10,634,736	$ 13,121,511	$ 23,756,247	$ 965

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

CITY OF WAYNESBORO, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	SPLOST III Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 270,168	$ 598,232	$ 287,551	$ 1,155,951
Receivables:				
Taxes receivable	1,594,589	-	-	1,594,589
Intergovernmental receivables	-	55,440	25,018	80,458
Notes receivable	-	-	1,432	1,432
Other receivables	479,925	-	17,659	497,584
Due from other funds	-	-	57,275	57,275
Total Assets	$ 2,344,682	$ 653,672	$ 388,935	$ 3,387,289
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	$ 145,489	$ 87,427	$ 200,239	$ 433,155
Accrued salaries	64,761	-	-	64,761
Accrued interest payable	4,468	-	-	4,468
Other liabilities	5,503	-	6,089	11,592
Due to other funds	57,275	-	-	57,275
Tax anticipation notes	411,900	-	-	411,900
Total Liabilities	689,396	87,427	206,328	983,151
Deferred Inflows of Resources	474,189	-	-	474,189
Total Liabilities and Deferred Inflows of Resources	1,163,585	87,427	206,328	1,457,340
FUND BALANCES				
Nonspendable:				
Notes receivable	-	-	1,432	1,432
Restricted for:				
Capital projects	2,579	566,245	155,817	724,641
Public safety	2,500	-	542	3,042
Community development	-	-	24,816	24,816
Unassigned	1,176,018	-	-	1,176,018
Total Fund Balances	1,181,097	566,245	182,607	1,929,949
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,344,682	$ 653,672	$ 388,935	$ 3,387,289

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, 2017

Total Governmental Fund Balances		$ 1,929,949
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	$ 13,517,756	
Accumulated depreciation	(4,254,473)	9,263,283
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Property taxes		474,190
Accrued interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(136)
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	$ 190,411	
Deferred inflows	(22,598)	167,813
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease obligation	$ (243,049)	
Compensated absences	(81,575)	
Net pension liability	(875,739)	(1,200,363)
Total Net Position of Governmental Activities		$ 10,634,736

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, 2017

	General Fund	SPLOST III Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	$ 2,145,613	$ -	$ -	$ 2,145,613
Motor vehicle taxes	164,099	-	-	164,099
Mobile home taxes	1,958	-	-	1,958
Franchise taxes	378,944	-	-	378,944
Sales and use taxes	1,280,249	-	-	1,280,249
Alcoholic beverage taxes	168,243	-	-	168,243
Business and occupation taxes	86,978	-	-	86,978
Insurance premium taxes	391,787	-	-	391,787
Financial institution taxes	22,781	-	-	22,781
Hotel/Motel occupancy taxes	-	-	176,187	176,187
Other taxes	29,327	-	-	29,327
Licenses and permits	98,112	-	-	98,112
Intergovernmental revenues	19,557	1,297,067	507,769	1,824,393
Charges for services	3,600	-	-	3,600
Fees, fines and forfeitures	129,026	-	185	129,211
Investment income	3,000	591	141	3,732
Contributions from private sources	9,107	-	-	9,107
Other revenues	76,682	3,794	-	80,476
Total revenues	5,009,063	1,301,452	684,282	6,994,797
EXPENDITURES				
Current operations:				
General city government	1,535,711	-	-	1,535,711
Judicial	15,693	-	-	15,693
Public safety	2,140,166	-	-	2,140,166
Public works	1,395,543	-	-	1,395,543
Public health and welfare	-	-	47,259	47,259
Economic development	297,456	-	77,730	375,186
Housing and development	-	-	270,877	270,877
Debt service:				
Public safety	33,486	-	-	33,486
Public works	-	1,321,133	-	1,321,133
Capital:				
Public works	-	461,102	289,498	750,600
Total expenditures	5,418,055	1,782,235	685,364	7,885,654
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(408,992)	(480,783)	(1,082)	(890,857)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	1	-	-	1
Transfers in	612,922	-	-	612,922
Transfers out	(326,003)	-	(97,222)	(423,225)
NET CHANGE IN FUND BALANCES	(122,072)	(480,783)	(98,304)	(701,159)
FUND BALANCES, beginning of year	1,303,169	1,047,028	280,911	2,631,108
FUND BALANCES, end of year	$ 1,181,097	$ 566,245	$ 182,607	$ 1,929,949

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, 2017

Net change in fund balances - total governmental funds		$ (701,159)
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.		1,265,452
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.		(457,958)
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		(5,074)
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.		
Principal retirement on long-term debt		1,316,806
Accrued interest expense on long-term debt reported in the government-wide statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.		
Accrued interest on long-term debt at December 31, 2017	$ (136)	
Accrued interest on long-term debt at December 31, 2016	Nil	(136)
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, 2017	$ 474,190	
Deferred property taxes at December 31, 2016	(1,155,673)	(681,483)
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, 2017	$ (81,575)	
Liability at December 31, 2016	77,959	(3,616)
Change in net position in governmental funds		$ 732,832

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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes:				
Property taxes	$ 1,378,600	$ 1,457,400	$ 2,145,613	$ 688,213
Motor vehicle taxes	193,000	165,200	164,099	(1,101)
Mobile home taxes	3,000	1,900	1,958	58
Franchise taxes	431,000	410,800	378,944	(31,856)
Sales and use taxes	1,300,000	1,344,400	1,280,249	(64,151)
Alcoholic beverage taxes	175,000	169,200	168,243	(957)
Business and occupation taxes	68,000	86,900	86,978	78
Insurance premium taxes	360,000	391,700	391,787	87
Financial institution taxes	28,000	22,700	22,781	81
Other taxes	23,400	32,900	29,327	(3,573)
Licenses and permits	51,000	97,900	98,112	212
Intergovernmental revenues	65,000	19,500	19,557	57
Charges for services	6,000	3,600	3,600	-
Fees, fines and forfeitures	110,000	134,300	129,026	(5,274)
Investment income	3,000	2,900	3,000	100
Contributions from private sources	-	9,000	9,107	107
Other revenues	32,700	105,300	76,682	(28,618)
Total revenues	4,227,700	4,455,600	5,009,063	553,463
EXPENDITURES				
Current operations:				
General city government	837,300	1,511,100	1,535,711	(24,611)
Judicial	15,000	15,700	15,693	7
Public safety	2,217,200	2,201,400	2,140,166	61,234
Public works	1,037,800	1,422,900	1,395,543	27,357
Economic development	370,900	305,100	297,456	7,644
Debt service:				
Public safety	33,500	33,500	33,486	14
Total expenditures	4,511,700	5,489,700	5,418,055	71,645
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(284,000)	(1,034,100)	(408,992)	625,108
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	2,000	-	1	1
Transfers in	620,400	1,350,000	612,922	(737,078)
Transfers out	(343,400)	(315,900)	(326,003)	(10,103)
NET CHANGE IN FUND BALANCES	(5,000)	Nil	(122,072)	(122,072)
FUND BALANCES, beginning of year	1,303,169	1,303,169	1,303,169	Nil
FUND BALANCES, end of year	$ 1,298,169	$ 1,303,169	$ 1,181,097	$ (122,072)

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

CITY OF WAYNESBORO, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2017

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
ASSETS				
Current Assets				
Cash	$ 554,224	$ -	$ -	$ 554,224
Accounts receivable	256,029	193,563	113,798	563,390
Accrued interest receivable	823	-	-	823
Restricted assets:				
Cash	56,225	-	-	56,225
Total current assets	867,301	193,563	113,798	1,174,662
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	345,122	3,000	108,689	456,811
Depreciable assets, net	19,468,309	87,258	304,840	19,860,407
Total noncurrent assets	19,813,431	90,258	413,529	20,317,218
Total Assets	20,680,732	283,821	527,327	21,491,880
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows of resources	23,499	11,218	16,633	51,350
LIABILITIES				
Current Liabilities				
Accounts payable	73,059	116,780	58,779	248,618
Accrued salaries	5,116	2,203	4,121	11,440
Accrued interest payable	14,975	-	639	15,614
Compensated absences	2,993	1,059	665	4,717
Other liabilities	14,577	28,584	7,818	50,979
Notes payable - current portion	-	-	61,875	61,875
Capital lease payable - current portion	-	-	62,637	62,637
Revenue bonds payable - current portion	495,000	-	-	495,000
Total current liabilities	605,720	148,626	196,534	950,880
Noncurrent Liabilities				
Compensated absences	11,974	4,236	2,662	18,872
Notes payable, net of current portion	-	-	210,118	210,118
Capital lease payable, net of current portion	-	-	99,587	99,587
Revenue bonds payable, net of current portion	6,900,000	-	-	6,900,000
Net pension liability	108,077	51,592	76,499	236,168
Total noncurrent liabilities	7,020,051	55,828	388,866	7,464,745
Total Liabilities	7,625,771	204,454	585,400	8,415,625
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows of resources	2,789	1,331	1,974	6,094
NET POSITION				
Net investment in capital assets	12,418,431	90,258	251,305	12,759,994
Restricted for debt service	56,225	-	-	56,225
Unrestricted	601,015	(1,004)	(294,719)	305,292
Total Net Position	$ 13,075,671	$ 89,254	$ (43,414)	$ 13,121,511

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, 2017

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Customer charges	$ 1,798,973	$ 1,010,952	$ 1,038,387	$ 3,848,312
Tap fees	1,970	-	-	1,970
Penalties	55,961	27,060	26,628	109,649
Miscellaneous	-	10,066	-	10,066
Total operating revenues	1,856,904	1,048,078	1,065,015	3,969,997
OPERATING EXPENSES				
Salaries	236,691	129,566	184,739	550,996
Employee benefits	67,754	36,015	68,703	172,472
Contractual services	666,777	43,731	20,531	731,039
Repairs, maintenance and other contractual services	114,532	141,301	77,377	333,210
Gas purchases	-	490,724	-	490,724
Communications	18,338	4,600	2,188	25,126
Travel and training	5,374	523	-	5,897
Landfill fees	-	-	174,939	174,939
Supplies and materials	143,679	2,871	48,411	194,961
Utilities	123,140	2,487	-	125,627
Vehicle gasoline	14,683	4,647	26,688	46,018
Depreciation	814,031	31,239	90,263	935,533
Other expenses	153,537	33,950	70,485	257,972
Total operating expenses	2,358,536	921,654	764,324	4,044,514
OPERATING INCOME (LOSS)	(501,632)	126,424	300,691	(74,517)
NONOPERATING REVENUES (EXPENSES)				
Interest earned	2,071	-	-	2,071
Interest expense	(189,514)	-	(13,290)	(202,804)
Total nonoperating revenues (expenses)	(187,443)	Nil	(13,290)	(200,733)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(689,075)	126,424	287,401	(275,250)
Capital contributions	439,140	-	-	439,140
Transfers in	326,003	-	-	326,003
Transfers out	-	(171,214)	(344,486)	(515,700)
CHANGE IN NET POSITION	76,068	(44,790)	(57,085)	(25,807)
TOTAL NET POSITION, beginning of year (as restated)	12,999,603	134,044	13,671	13,147,318
TOTAL NET POSITION, end of year	$ 13,075,671	$ 89,254	$ (43,414)	$ 13,121,511

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, 2017

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 1,894,594	$ 1,033,813	$ 1,090,576	$ 4,018,983
Cash paid for goods and services	(1,252,903)	(736,279)	(422,438)	(2,411,620)
Cash paid to employees for services	(234,224)	(127,830)	(182,290)	(544,344)
Customer deposits received (refunded)	370	1,510	266	2,146
Net cash provided by operating activities	407,837	171,214	486,114	1,065,165
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net transfers in (out)	326,003	(171,214)	(344,486)	(189,697)
Retirement of long-term debt (noncapital)	-	-	(60,156)	(60,156)
Interest and fiscal charges paid	-	-	(13,417)	(13,417)
Net cash provided (used) by noncapital financing activities	326,003	(171,214)	(418,059)	(263,270)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	(62,033)	-	(1,295)	(63,328)
Retirement of revenue bonds	(440,000)	-	-	(440,000)
Capital lease principal payments	-	-	(66,760)	(66,760)
Interest and fiscal charges paid	(175,582)	-	-	(175,582)
Net cash used by capital and related financing activities	(677,615)	Nil	(68,055)	(745,670)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends and interest earned	1,685	-	-	1,685
Net cash provided by investing activities	1,685	Nil	Nil	1,685
NET INCREASE IN CASH AND CASH EQUIVALENTS	57,910	Nil	Nil	57,910
CASH AND EQUIVALENTS, beginning of year	552,539	Nil	Nil	552,539
CASH AND EQUIVALENTS, end of year	$ 610,449	$ Nil	$ Nil	$ 610,449

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, 2017

	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)	$ (501,632)	$ 126,424	$ 300,691	$ (74,517)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Provision for losses on receivables	185,235	38,383	61,185	284,803
Depreciation	814,031	31,239	90,263	935,533
Decrease (increase) in operating assets:				
Accounts receivable	(147,543)	(52,648)	(35,626)	(235,817)
Pension related deferred outflows of revenues	11,033	6,778	4,692	22,503
Increase (decrease) in operating liabilities:				
Accounts payable	48,371	27,809	54,961	131,141
Accrued salaries	592	161	618	1,371
Accrued leave benefits	1,874	1,575	1,832	5,281
Accrued sales tax	-	(2,823)	-	(2,823)
Deposits for services	370	1,510	266	2,146
Net pension liability	(5,273)	(7,478)	733	(12,018)
Pension related deferred inflows of resources	779	284	6,499	7,562
Total adjustments	909,469	44,790	185,423	1,139,682
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 407,837	$ 171,214	$ 486,114	$ 1,065,165

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:

Contribution of capital:				
Capital projects through SPLOST and CDBG Funds	$ 439,140	$ Nil	$ Nil	$ 439,140

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, 2017, the Authority paid the City $19,557 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, 2017, 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 interfused 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, 2017, City Council approved a budget amendment which increased General Fund expenditures by $978,000.

The legal level of budgetary control is the department level.

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

B. Excess of Expenditures over Appropriations

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

General Fund		
General city government: Administration	$	24,656
Revolving Loan Fund	$	6,955

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

At December 31, 2017, the carrying amount of the City's deposits was $1,766,400, which is reflected as cash of $1,710,175 and restricted cash of $56,225. The related bank balance was $1,635,586. Of this bank balance, $634,058 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, 2017, 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, 2017 consist of the following:

Taxes receivable -	Current	$ 1,291,927
	Prior	403,625
Gross receivables		1,695,552
Allowance for uncollectibles		100,963
Total		$ 1,594,589

Other receivables at December 31, 2017, consisted of the following:

	General Fund	SPLOST III	Other Governmental Funds	Enterprise	Total
Intergovernmental receivables	$ -	$ 55,440	$ 25,018	$ -	$ 80,458
Other receivables	479,925	-	17,659	703,227	1,200,811
Gross receivables	479,925	55,440	42,677	703,227	1,281,269
Allowance for uncollectibles	-	-	-	139,837	139,837
Total	$ 479,925	$ 55,440	$ 42,677	$ 563,390	$ 1,141,432

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, 2017 was as follows:

	Balance December 31, 2016	Additions	Retirements	Balance December 31, 2017
Governmental Activities:				
Nondepreciable capital assets:				
Land	$ 139,872	$ 38,417	$ -	$ 178,289
Construction-in-progress	74,997	744,746	818,048	1,695
Total nondepreciable capital assets	214,869	783,163	818,048	179,984
Depreciable assets:				
Buildings and plant	8,643,510	1,023,549	-	9,667,059
Machinery and equipment	979,612	172,634	-	1,152,246
Office equipment	743,783	43,506	-	787,289
Vehicles	1,670,527	60,650	-	1,731,177
Total depreciable capital assets	12,037,432	1,300,339	-	13,337,771
Total capital assets	12,252,301	2,083,502	818,048	13,517,755
Accumulated depreciation:				
Buildings and plant	1,425,870	221,636	-	1,647,506
Machinery and equipment	642,259	80,015	-	722,274
Office equipment	542,855	61,191	-	604,046
Vehicles	1,185,530	95,116	-	1,280,646
Total accumulated depreciation	3,796,514	457,958	Nil	4,254,472
Governmental activities capital assets, net	$ 8,455,787	$ 1,625,544	$ 818,048	$ 9,263,283

Governmental activities depreciation expense:

General city government	$ 88,872
Public safety	145,075
Public works	188,295
Economic development	35,716
Total governmental activities depreciation expense	$ 457,958

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

	Balance December 31, 2016	Additions	Retirements	Balance December 31, 2017
Business-Type Activities:				
Nondepreciable capital assets:				
Land	$ 113,317	$ -	$ -	$ 113,317
Construction-in-progress	25,021	439,140	120,667	343,494
Total nondepreciable capital assets	138,338	439,140	120,667	456,811
Depreciable capital assets:				
Buildings and plant	30,924,608	17,697	-	30,942,305
Machinery and equipment	3,554,242	108,666	-	3,662,908
Vehicles	1,282,013	57,632	-	1,339,645
Total depreciable capital assets	35,760,863	183,995	-	35,944,858
Total capital assets	35,899,201	623,135	120,667	36,401,669
Accumulated depreciation:				
Buildings and plant	13,309,747	692,681	-	14,002,428
Machinery and equipment	890,962	143,532	-	1,034,494
Vehicles	948,209	99,320	-	1,047,529
Total accumulated depreciation	15,148,918	935,533	Nil	16,084,451
Business-type capital assets, net	$ 20,750,283	$ (312,398)	$ 120,667	$ 20,317,218

Business-type activities depreciation expense:

Water and sewer	$ 814,031
Gas	31,239
Solid waste	90,263
Total business-type activities depreciation expense	$ 935,533

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 $474,189 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, 2017, is as follows:

	Due to: Special Revenue Hotel/Motel Tax Fund	Total
Due from:		
Governmental Funds:		
General Fund	$ 57,275	$ 57,275
Total	$ 57,275	$ 57,275

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, 2017, 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	$ -	$ 97,222	$ 171,214	$ 344,486	$ 612,922
Total governmental funds	-	97,222	171,214	344,486	612,922
Proprietary funds:					
Water and Sewer Fund	326,003	-	-	-	326,003
Total proprietary funds	326,003	Nil	Nil	Nil	326,003
Total	$ 326,003	$ 97,222	$ 171,214	$ 344,486	$ 938,925

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

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

Note 3. Detailed Notes on All Funds (continued)

G. Short-Term Debt

The City issued tax anticipation notes on August 07, 2017, bearing interest at 3.50%, due December 31, 2017. The notes were issued for cash flow purposes. It is anticipated that all short-term debt will be repaid from operating revenues. Changes in the short-term obligations for the year ended December 31, 2017 were as follows:

Balance at December 31, 2016	$ Nil
Funds advanced	411,900
Repayments	Nil
Balance at December 31, 2017	$ 411,900

Interest on short-term debt incurred during the year ended December 31, 2017 in governmental activities totaled $4,968, which was charged to expenditures during the year.

H. Long-Term Debt

1. Notes Payable

Notes payable of the City at December 31, 2017 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%.	$ 271,993
Total business-type activities	271,993
Total	$ 271,993

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
2018	$ 61,875	$ 6,875	$ 68,750
2019	63,643	5,107	68,750
2020	65,461	3,289	68,750
2021	67,331	1,419	68,750
2022	13,683	56	13,739
Total	$ 271,993	$ 16,746	$ 288,739

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

2. Bonds Payable

At December 31, 2017, 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%	$ 7,395,000
Total	$ 7,395,000

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.

The annual requirements to each debt type to amortize bonds outstanding at December 31, 2017, are as follows:

	Business-Type Activities		
	Principal	Interest	Total
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	600,000	129,641	729,641
2023 - 2027	3,300,000	418,567	3,718,567
2028 - 2032	1,435,000	52,488	1,487,488
Total	$ 7,395,000	$ 1,245,982	$ 8,640,982

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

3. Obligation Under Capital Leases

The City has the following capital lease obligations at December 31, 2017:

Governmental Activities:	
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	$ 243,049
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	137,026
Capital lease payable to Branch Bank and Trust due in monthly installments of $926.57, including interest at 2.43%, through May, 2020, for the acquisition of sanitation equipment	25,198
Total	$ 405,273

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
Sanitation equipment	$ -	$ 1,055,415
Other equipment	290,101	-
Total original cost	290,101	1,055,415
Accumulated depreciation	35,457	790,300
Total	$ 254,644	$ 265,115

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2017, were as follows:

	Governmental Activities	Business-Type Activities	Total
2018	$ 33,486	$ 65,619	$ 99,105
2019	33,486	71,584	105,070
2020	33,486	36,313	69,799
2021	33,487	-	33,487
2022	33,487	-	33,487
2023 - 2027	106,041	-	106,041
Total minimum lease payments	273,473	173,516	446,989
Less: amount representing interest	30,424	11,292	41,716
Total	$ 243,049	$ 162,224	$ 405,273

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

4. Changes in Long-Term Debt

Transactions for the year ended December 31, 2017 are summarized as follows:

	Balance December 31, 2016	Additions	Retirements	Balance December 31, 2017	Amounts Due Within One Year
Governmental Activities:					
Capital leases	$ 1,559,855	$ -	$ 1,316,806	$ 243,049	$ 26,746
Compensated absences	77,959	3,616	-	81,575	16,315
Net pension liability	985,646	-	109,907	875,739	-
Total governmental activities	2,623,460	3,616	1,426,713	1,200,363	43,061
Business-Type Activities:					
Capital leases	228,984	-	66,760	162,224	62,637
Notes payable	332,149	-	60,156	271,993	61,875
Revenue bonds	7,835,000	-	440,000	7,395,000	495,000
Compensated absences	18,308	5,281	-	23,589	4,717
Net pension liability	242,421	-	6,253	236,168	-
Total business-type activities	8,656,862	5,281	573,169	8,088,974	624,229
Total	$ 11,280,322	$ 8,897	$ 1,999,882	$ 9,289,337	$ 667,290

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 obligation for governmental activities are paid from the General Fund. The capital leases for proprietary funds are paid from the fund for which the equipment was acquired.

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.H.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 $8,640,982. Principal and interest paid for the current year and total customer net revenues were $566,916 and $1,856,904, respectively.

6. Interest

Interest incurred during the year ended December 31, 2017, in governmental activities was $35,678, which was charged to expense during the year. Interest incurred during the year ended December 31, 2017, in business-type activities was $202,804, of which $202,804 was charged to expense during the year and $Nil was capitalized as "Construction in Progress."

Note 3. Detailed Notes on All Funds (continued)

I. Pension Plan

1. Plan Description

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

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

Plan Membership. At July 1, 2017, the date of the most recent actuarial valuation there were 120 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	46
Terminated vested participants not yet receiving benefits	5
Active employees - vested	28
Active employees - nonvested	41
Total	120

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 2017, the actuarially determined contribution rate was 7.31% of covered payroll. For 2017, the City's contribution to the Plan was $177,072.

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, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2017.

Note 3. Detailed Notes on All Funds (continued)

I. Pension Plan (continued)

Actuarial Assumptions. The total pension liability in the July 1, 2017 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, 2017 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, 2017 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, 2017 are summarized in the table below:

	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45 %	6.71 %
International equity	20 %	7.71 %
Real Estate	10 %	5.21 %
Global fixed income	5 %	3.36 %
Domestic fixed income	20 %	2.11 %
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.

Note 3. Detailed Notes on All Funds (continued)

I. Pension Plan (continued)

3. Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at March 31, 2016	$ 3,815,487	$ 2,587,420	$ 1,228,067
Changes for the year:			
Service cost	78,299	-	78,299
Interest	286,778	-	286,778
Differences between expected and actual experience	(14,834)	-	(14,834)
Contributions - employer	-	159,078	(159,078)
Contributions - employee	-	-	-
Net investment income	-	319,734	(319,734)
Benefit payments, including refunds of employee contributions	(230,263)	(230,263)	-
Administrative expense	-	(12,409)	12,409
Net changes	119,980	236,140	(116,160)
Balances at March 31, 2017	$ 3,935,467	$ 2,823,560	$ 1,111,907

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, 2017.

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

	1% Decrease 6.75 %	Current Discount Rate 7.75 %	1% Increase 8.75 %
City's net pension liability	$ 1,621,477	$ 1,111,907	$ 690,548

Note 3. Detailed Notes on All Funds (continued)

I. Pension Plan (continued)

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

For the year ended December 31, 2017, the City recognized pension expense of $209,207. At December 31, 2017, 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	$ 111,318	$ 12,360
Changes in assumptions	-	16,333
Net difference between projected and actual earnings on pension plan investments	527	-
City contributions subsequent to the measurement date	129,916	-
Total	$ 241,761	$ 28,693

City contributions subsequent to the measurement date of $129,916 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, 2018. 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	
2018	$ 29,007
2019	29,007
2020	38,697
2021	(11,087)
2022	(2,472)
Total	$ 83,152

J. Equity

Net position on the government-wide statement of assets as of December 31, 2017, is as follows:

	Governmental Activities	Business-Type Activities	Total
Cost of capital assets	$ 13,517,755	$ 36,401,669	$ 49,919,424
Accumulated depreciation	4,254,472	16,084,451	20,338,923
Book value	9,263,283	20,317,218	29,580,501
Less capital related debt	243,049	7,557,224	7,800,273
Net investment in capital assets	$ 9,020,234	$ 12,759,994	$ 21,780,228

Note 3. Detailed Notes on All Funds (continued)

J. Equity (continued)

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	$ 722,062	$ -	$ 722,062
Community Development capital projects	Grantor agencies	2,579	-	2,579
Total capital projects		724,641	-	724,641
Debt service	Bond covenants	-	56,225	56,225
Other restrictions				
Public safety	Law	542	-	542
Public safety	Donor	2,500	-	2,500
Community Development programs	Grantor agencies	26,248	-	26,248
Total other		29,290	-	29,290
Total restricted net position		$ 753,931	$ 56,225	$ 810,156

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.

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, 2017. No provisions have been made in the financial statements for the year ended December 31, 2017 for any estimate of potential unpaid claims.

Note 4. Other Notes (continued)

A. Risk Management (continued)

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 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 September 19, 2017 the City received a first report of injury on behalf of an employee of the City's fire department who responded to a fire, where he allegedly suffered from extreme heat exhaustion and sustained a back injury. The claim has been forwarded to the City's insurance company for handling. At this time, $22,703 in medical benefits and $1,743 in expenses have been paid. The City intends to contest the case vigorously. The outcome of the case is unknown at the date if this report.

On January 22, 2018, the City received an Ante Litem Notice on behalf of an individual who was arrested as a result of an incident where the individual fled the scene and was charged with Obstructing Law Enforcement. A City Police Department Officer was dispatched to the Burke County Jail to deliver an Arrest and Bookings document for the detainment of the individual who was incarcerated in the Burke County Jail and released on the same date. Following the individual's release from the Burke County Jail, he was seen at Burke County emergency room for tachycardia and dyspnea, and died two days later. The wrongful death claim alleges deliberate indifference by the jail staff to signs and symptoms of a developing sepsis, which ultimately led to septic shock, which further led to pleural effusion, cariodgenic shock and death. The Burke County Jail is operated by the Burke County Sheriff's Office. The claim has been forwarded to the City's insurance carrier 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.

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.

Note 4. Other Notes (continued)

C. Commitments

The City is involved in a continuing plan for various facility improvements. As of December 31, 2017, 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	March, 2019
Renovation of new City Hall property	807,000	807,000	August, 2019
Total	$ 1,702,617	$ 1,702,617	

It is anticipated that funding for the water, sewer and street improvements will be provided through CDBG Funds and SPLOST Funds.

It is anticipate that funding for the City Hall property will be provided through SPLOST Funds.

D. Hotel/Motel Lodging Tax

During the year ended December 31, 2017, 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, 2017 is as follows:

Taxes collected	$ 176,187	
Expended for community development / promotion	$ 70,475	40.00 %

E. Notes Receivable

Notes receivable at December 31, 2017, are as follows:

5% note receivable from Forever Angels, Inc. with monthly installments of $575 including principal and interest (principal only)	$ 1,143
5% note receivable from Forever Angels, Inc. with monthly installments of $145 including principal and interest (principal only)	289
Total	$ 1,432

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.H.1. The City recovered $978,403 from the Hazardous Waste Trust Fund. Amounts recovered were applied to the loan balance.

H. Tax Abatements

The City is subject to tax abatements granted by the Burke County Development Authority (the "Authority"), a component unit of Burke County, Georgia. The Authority can enter into agreements for industrial projects to encourage the creation of jobs and new capital investment through an "Investment Assistance Program." Georgia case law and statutory provision, including the Development Authorities Law (Title 36 Chapter 62 of the Georgia Code Annotated), provide the Authority with the power to enter into such agreements with companies.

The Authority may accept title to real property (land and building) and personal property (machinery and equipment) assets from a company in return for job creation and/or capital investment and provide a tax benefit to the company through a lease agreement with the Authority. Agreements with respect to taxation of such assets under the lease provide the terms and conditions of any tax abatement. In general, failure to create jobs and/or investments as set forth in the agreements would result in a reduction (or claw back) of any tax abatements. The Authority monitors compliance with performance and accountability agreements to ensure the companies meet the agreed-upon commitments.

For the year ended December 31, 2017, real and personal property tax not collected by the City due to incentive agreements was $35,794. Such agreements in effect for Waynesboro resulted in an estimated $41 million in new capital investment and 108 new jobs.

Note 4. Other Notes (continued)

I. Restatement of Prior Year Data

During the year ended December 31, 2017, the City noted that certain revenues and expenditures were over stated for the Community Home Investment Program Fund as of the prior year end. The prior year data has been restated to correct the error. The impact of the restatement on beginning Net Position was $Nil.

During the year ended December 31, 2017, the City noted that certain intergovernmental receivables and revenues were over stated for the Water and Sewer Fund as of the prior year end. The prior year data has been restated to correct the error.

During the year ended December 31, 2017, the City noted that certain liabilities and expenses were under stated for the Water and Sewer 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 fund financial statements is as follows:

	Water and Sewer Fund	Gas Fund
Net position as previously reported	$ 13,015,355	$ 213,979
Correction of receivables / revenues	(15,752)	-
Correction of liabilities / expenditures	-	(79,935)
Beginning net position, restated	$ 12,999,603	$ 134,044

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAYNESBORO, GEORGIA

Required Supplementary Information

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

	2017	2016	2015
Total pension liability			
Service cost	$ 78,299	$ 76,583	$ 75,256
Interest on total pension liability	286,778	270,307	257,211
Difference between expected and actual experience	(14,834)	95,256	95,625
Benefit payments, including refund of employee contributions	(230,263)	(228,971)	(223,948)
Other	-	-	(32,661)
Net change in total pension liability	119,980	213,175	171,483
Total pension liability - beginning	3,815,487	3,602,312	3,430,829
Total pension liability - ending (a)	$ 3,935,467	$ 3,815,487	$ 3,602,312
Plan fiduciary net position			
Contributions - employer	$ 159,078	$ 148,065	$ 146,473
Net investment income	319,734	7,011	240,082
Benefit payments, including refunds of member contributions	(230,263)	(228,971)	(223,948)
Administrative expenses	(12,409)	(8,754)	(7,888)
Net change in plan fiduciary net position	236,140	(82,649)	154,719
Plan fiduciary net position - beginning	2,587,420	2,670,069	2,515,350
Plan fiduciary net position - ending (b)	$ 2,823,560	$ 2,587,420	$ 2,670,069
City's net pension liability - ending (a)-(b)	$ 1,111,907	$ 1,228,067	$ 932,243
Plan fiduciary net position as a percentage of the total pension liability	71.75 %	67.81 %	74.12 %
Covered-employee payroll	2,385,230	2,361,688	$ 2,150,154
Net pension liability as a % of covered-employee payroll	46.62 %	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

	2017	2016	2015
Actuarially determined contribution	*	$ 154,363	$ 145,966
Contributions in relation to the actuarially determined contribution	*	141,499	145,966
Contribution deficiency (excess)	*	12,864	Nil
Covered-employee payroll	*	2,361,688	2,150,154
Contributions as a percentage of covered-employee payroll	*	5.99 %	6.79 %

** 2017 Information will be determined after fiscal year end and will be included in the 2018 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.
Changes in benefits:	There were no changes in benefit provisions in the last two fiscal years.

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

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

Community Home Investment Program - To account for the rehabilitation of private residences which will benefit low and moderate income persons. Funding is being provided through a Community Home Investment Program (CHIP) Grant.

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 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.

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, 2017

	Special Revenue Funds					Capital Projects Funds		
	Hotel / Motel Tax Fund	Confiscated Assets Fund	Revolving Loan Fund	Community Home Investment Program	Family Connection Grant	SPLOST II Fund	TIA SPLOST Fund	Total
ASSETS								
Cash	$ -	$ 6,631	$ 7,157	$ -	$ -	$ 49,824	$ 223,939	$ 287,551
Intergovernmental receivables	-	-	-	-	12,803	-	12,215	25,018
Notes receivable	-	-	1,432	-	-	-	-	1,432
Other receivables	17,659	-	-	-	-	-	-	17,659
Due from other funds	57,275	-	-	-	-	-	-	57,275
Total assets	$ 74,934	$ 6,631	$ 8,589	$ Nil	$ 12,803	$ 49,824	$ 236,154	$ 388,935
LIABILITIES								
Accounts payable	$ 57,275	$ -	$ -	$ -	$ 12,803	$ -	$ 130,161	$ 200,239
Other liabilities	-	6,089	-	-	-	-	-	6,089
Total liabilities	57,275	6,089	Nil	Nil	12,803	Nil	130,161	206,328
FUND BALANCES								
Nonspendable	-	-	1,432	-	-	-	-	1,432
Restricted for:								
Capital projects	-	-	-	-	-	49,824	105,993	155,817
Public safety	-	542	-	-	-	-	-	542
Community development	17,659	-	7,157	-	-	-	-	24,816
Total fund balances	17,659	542	8,589	Nil	Nil	49,824	105,993	182,607
Total liabilities and fund balances	$ 74,934	$ 6,631	$ 8,589	$ Nil	$ 12,803	$ 49,824	$ 236,154	$ 388,935

CITY OF WAYNESBORO, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Special Revenue Funds					Capital Projects Funds		
	Hotel / Motel Tax Fund	**Confiscated Assets Fund**	**Revolving Loan Fund**	**Community Home Investment Program**	**Family Connection Grant**	**SPLOST II Fund**	**TIA SPLOST Fund**	**Total**
REVENUES								
Taxes	$ 176,187	$ -	$ -	$ -	$ -	$ -	$ -	$ 176,187
Intergovernmental revenues	-	-	299	270,877	47,259	-	189,334	507,769
Fees, fines and forfeitures	-	185	-	-	-	-	-	185
Investment income	-	7	7	-	-	23	104	141
Total revenues	176,187	192	306	270,877	47,259	23	189,438	684,282
EXPENDITURES								
Current operations:								
Public health and welfare	-	-	-	-	47,259	-	-	47,259
Economic development	70,475	-	7,255	-	-	-	-	77,730
Housing and development	-	-	-	270,877	-	-	-	270,877
Capital:								
Public works	-	-	-	-	-	-	289,498	289,498
Total expenditures	70,475	Nil	7,255	270,877	47,259	Nil	289,498	685,364
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	105,712	192	(6,949)	Nil	Nil	23	(100,060)	(1,082)
OTHER FINANCING SOURCES (USES)								
Transfers out	(97,222)	-	-	-	-	-	-	(97,222)
NET CHANGE IN FUND BALANCES	8,490	192	(6,949)	Nil	Nil	23	(100,060)	(98,304)
FUND BALANCES, beginning of year	9,169	350	15,538	Nil	Nil	49,801	206,053	280,911
FUND BALANCES, end of year	$ 17,659	$ 542	$ 8,589	$ Nil	$ Nil	$ 49,824	$ 105,993	$ 182,607

CITY OF WAYNESBORO, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	2017				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2016 Actual
REVENUES					
Taxes:					
Property taxes	$ 1,378,600	$ 1,457,400	$ 2,145,613	$ 688,213	$ 1,284,701
Motor vehicle taxes	193,000	165,200	164,099	(1,101)	173,330
Mobile home taxes	3,000	1,900	1,958	58	4,636
Franchise taxes	431,000	410,800	378,944	(31,856)	414,625
Sales and use taxes	1,300,000	1,344,400	1,280,249	(64,151)	1,051,963
Alcoholic beverage taxes	175,000	169,200	168,243	(957)	173,070
Business and occupation taxes	68,000	86,900	86,978	78	53,654
Insurance premium taxes	360,000	391,700	391,787	87	367,931
Financial institution taxes	28,000	22,700	22,781	81	28,177
Other taxes	23,400	32,900	29,327	(3,573)	30,311
Licenses and permits	51,000	97,900	98,112	212	48,982
Intergovernmental revenues	65,000	19,500	19,557	57	67,323
Charges for services	6,000	3,600	3,600	-	4,221
Fees, fines and forfeitures	110,000	134,300	129,026	(5,274)	101,033
Investment income	3,000	2,900	3,000	100	2,882
Contributions from private sources	-	9,000	9,107	107	9,839
Other revenues	32,700	105,300	76,682	(28,618)	33,460
Total revenues	4,227,700	4,455,600	5,009,063	553,463	3,850,138
EXPENDITURES					
Current operations:					
General city government					
Elections	15,000	25,100	25,055	45	-
Administration	822,300	1,486,000	1,510,656	(24,656)	860,309
Judicial					
Municipal court	15,000	15,700	15,693	7	14,232
Public safety					
Police	1,609,600	1,558,000	1,531,332	26,668	1,353,119
Fire	607,100	643,200	608,621	34,579	887,610
Public works					
Street	580,300	617,000	601,367	15,633	629,798
Maintenance	151,100	173,600	167,613	5,987	153,784
Cemetery and beautification	306,900	632,500	626,776	5,724	398,514
Economic development					
Urban redevelopment and housing	370,900	305,100	297,456	7,644	287,386
Debt service:					
Public safety	33,500	33,500	33,486	14	27,905
Total expenditures	4,511,700	5,489,700	5,418,055	71,645	4,612,657
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(284,000)	(1,034,100)	(408,992)	625,108	(762,519)

(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, 2017
With Comparative Totals for the Year Ended December 31, 2016

	2017				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2016 Actual
OTHER FINANCING SOURCES (USES)					
Proceeds of capital lease	$ -	$ -	$ -	$ -	$ 290,101
Sale of capital assets	2,000	-	1	1	14,387
Transfers in	620,400	1,350,000	612,922	(737,078)	552,297
Transfers out	(343,400)	(315,900)	(326,003)	(10,103)	(420,661)
NET CHANGE IN FUND BALANCES	(5,000)	Nil	(122,072)	(122,072)	(326,395)
FUND BALANCES, beginning of year	1,303,169	1,303,169	1,303,169	Nil	1,629,564
FUND BALANCES, end of year	$ 1,298,169	$ 1,303,169	$ 1,181,097	$ (122,072)	$ 1,303,169

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, 2017
With Comparative Totals for the Year Ended December 31, 2016

	2017				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2016 Actual
REVENUES					
Taxes:					
Hotel/Motel occupancy taxes	$ 115,000	$ 167,600	$ 176,187	$ 8,587	$ 150,043
Total revenues	115,000	167,600	176,187	8,587	150,043
EXPENDITURES					
Current operations:					
Economic development					
Community development and tourism	46,000	168,000	70,475	97,525	60,017
Total expenditures	46,000	168,000	70,475	97,525	60,017
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	69,000	(400)	105,712	106,112	90,026
OTHER FINANCING SOURCES (USES)					
Transfers in	-	(400)	-	400	-
Transfers out	(69,000)	-	(97,222)	(97,222)	(87,546)
NET CHANGE IN FUND BALANCES	Nil	(800)	8,490	9,290	2,480
FUND BALANCES, beginning of year	9,169	9,169	9,169	Nil	6,689
FUND BALANCES, end of year	$ 9,169	$ 8,369	$ 17,659	$ 9,290	$ 9,169

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, 2017
With Comparative Totals for the Year Ended December 31, 2016

	2017			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2016 Actual**
REVENUES				
Fees, fines and forfeitures:				
Seizures and condemnations	$ -	$ 185	$ 185	$ -
Investment income	-	7	7	6
Contributions from private sources	-	-	-	87
Total revenues	Nil	192	192	93
EXPENDITURES				
Public safety				
Supplies	-	-	-	-
Equipment purchases	-	-	-	-
NET CHANGE IN FUND BALANCES	Nil	192	192	93
FUND BALANCES, beginning of year	350	350	Nil	257
FUND BALANCES, end of year	$ 350	$ 542	$ 192	$ 350

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, 2017
With Comparative Totals for the Year Ended December 31, 2016

	2017			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2016 Actual**
REVENUES				
Intergovernmental revenues:				
CDBG program income	$ 300	$ 299	$ (1)	$ 705
Investment income	-	7	7	7
Total revenues	300	306	6	712
EXPENDITURES				
Current operations:				
Economic development	300	7,255	(6,955)	5,042
Total expenditures	300	7,255	(6,955)	5,042
NET CHANGE IN FUND BALANCES	Nil	(6,949)	(6,949)	(4,330)
FUND BALANCES, beginning of year	15,538	15,538	Nil	19,868
FUND BALANCES, end of year	$ 15,538	$ 8,589	$ (6,949)	$ 15,538

CITY OF WAYNESBORO, GEORGIA
Community Home Investment Program
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	2017			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2016 Actual**
REVENUES				
Intergovernmental revenues:				
Program (CHIP) grant	$ 287,269	$ 270,877	$ (16,392)	$ 18,731
Total revenues	287,269	270,877	(16,392)	18,731
EXPENDITURES				
Current operations:				
Urban redevelopment and housing				
Rehabilitation of private properties	136,269	247,271	(111,002)	18,731
Lead hazard control	38,750	-	38,750	-
Project Delivery Cost	18,000	-	18,000	-
Administration	6,000	23,606	(17,606)	-
Total expenditures	199,019	270,877	(71,858)	18,731
NET CHANGE IN FUND BALANCES	88,250	Nil	(88,250)	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ 88,250	$ Nil	$ (88,250)	$ Nil

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, 2017
With Comparative Totals for the Year Ended December 31, 2016

	2017			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2016 Actual**
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 47,750	$ 47,259	$ (491)	$ 51,797
Total revenues	47,750	47,259	(491)	51,797
EXPENDITURES				
Current operations:				
Public health and welfare				
Personal services	39,750	39,750	-	40,553
Travel	900	805	95	1,217
Regular operating expenditures	4,750	4,151	599	5,043
Telecommunications	900	957	(57)	1,414
Per diem, fees and contracts	600	543	57	2,408
Other	850	1,053	(203)	1,162
Total expenditures	47,750	47,259	491	51,797
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, 2017
Contract Year Ended June 30, 2017

	Family Connection Grant 93-161600134	Reconciliation to Year End Reports		Total
	Program Year Ended June 30, 2017	July to December, 2016	July to December, 2017	Year Ended December 31, 2017
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 46,000	$ (18,338)	$ 19,597	$ 47,259
Total intergovernmental revenues	$ 46,000	$ (18,338)	$ 19,597	$ 47,259
EXPENDITURES				
Personal services	$ 34,450	$ (13,397)	$ 18,697	$ 39,750
Travel	1,000	(1,506)	1,311	805
Regular operating expenditures	5,550	(2,236)	837	4,151
Telecommunications	1,400	(429)	(14)	957
Per diem, fees and contracts	2,770	(230)	(1,997)	543
Other	830	(540)	763	1,053
Total expenditures	$ 46,000	$ (18,338)	$ 19,597	$ 47,259

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, 2017
With Comparative Totals for the Year Ended December 31, 2016

	2017			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2016 Actual**
REVENUES				
Intergovernmental revenues:				
Local Maintenance & Improvement Grant	$ -	$ -	$ -	$ 49,784
Investment income	-	23	23	55
Total revenues	Nil	23	23	49,839
EXPENDITURES				
Capital:				
Public works				
Water, sewer and storm drainage	49,801	-	49,801	102,227
Total expenditures	49,801	Nil	49,801	102,227
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(49,801)	23	49,824	(52,388)
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term debt	-	-	-	1
NET CHANGE IN FUND BALANCES	(49,801)	23	49,824	(52,387)
FUND BALANCES, beginning of year	49,801	49,801	Nil	102,188
FUND BALANCES, end of year	$ Nil	$ 49,824	$ 49,824	$ 49,801

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, 2017
With Comparative Totals for the Year Ended December 31, 2016

	2017			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2016 Actual**
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ 1,107,119	$ 1,127,067	$ 19,948	$ 993,496
GEMA Hazardous Mitigation Grant	-	170,000	170,000	-
Investment income	-	591	591	652
Other revenues	-	3,794	3,794	724
Total revenues	1,107,119	1,301,452	194,333	994,872
EXPENDITURES				
Debt Service:				
Public works	-	1,321,133	(1,321,133)	421,555
Capital:				
General city government				
Building renovation and construction	54,592	14,904	39,688	155,641
Public safety	-	-	-	23,849
Public works				
Street improvements	397,427	-	397,427	-
Water, sewer and storm drainage	-	-	-	73,423
Water system improvements	655,100	446,198	208,902	692,410
Total expenditures	1,107,119	1,782,235	(675,116)	1,366,878
NET CHANGE IN FUND BALANCES	Nil	(480,783)	(480,783)	(372,006)
FUND BALANCES, beginning of year	1,047,028	1,047,028	Nil	1,419,034
FUND BALANCES, end of year	$ 1,047,028	$ 566,245	$ (480,783)	$ 1,047,028

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, 2017
With Comparative Totals for the Year Ended December 31, 2016

	2017			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2016 Actual**
REVENUES				
Intergovernmental revenues:				
TIA SPLOST revenues	-	119,744	119,744	112,311
Local Maintenance & Improvement Grant	-	69,590	69,590	-
Investment income	-	104	104	104
Total revenues	Nil	189,438	189,438	112,415
EXPENDITURES				
Capital:				
Public works	-	289,498	(289,498)	73,302
Total expenditures	Nil	289,498	(289,498)	73,302
NET CHANGE IN FUND BALANCES	Nil	(100,060)	(100,060)	39,113
FUND BALANCES, beginning of year	206,053	206,053	Nil	166,940
FUND BALANCES, end of year	$ 206,053	$ 105,993	$ (100,060)	$ 206,053

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, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Customer charges	$ 1,798,973	$ 1,972,634
Installation charges	-	18
Tap fees	1,970	2,200
Penalties	55,961	49,521
Total operating revenues	1,856,904	2,024,373
OPERATING EXPENSES		
Salaries	236,691	260,968
Employee benefits	67,754	86,120
Contractual services	666,777	643,398
Repairs, maintenance and other contractual services	114,532	109,361
Communications	18,338	14,226
Travel and training	5,374	3,994
Supplies and materials	143,679	152,186
Utilities	123,140	113,765
Vehicle gasoline	14,683	13,845
Depreciation	814,031	769,170
Other expenses	153,537	134,124
Total operating expenses	2,358,536	2,301,157
OPERATING LOSS	(501,632)	(276,784)
NONOPERATING REVENUES (EXPENSES)		
Bond issuance costs	-	(93,060)
Interest earned	2,071	1,419
Interest expense	(189,514)	(374,739)
Total nonoperating revenues (expenses)	(187,443)	(466,380)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(689,075)	(743,164)
Capital contributions	439,140	830,846
Transfers in	326,003	420,661
CHANGE IN NET POSITION	76,068	508,343
TOTAL NET POSITION, beginning of year	12,999,603	12,491,261
TOTAL NET POSITION, end of year	$ 13,075,671	$ 12,999,604

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,894,594	$ 1,993,038
Cash paid for goods and services	(1,252,903)	(1,244,085)
Cash paid to employees for services	(234,224)	(260,236)
Customer deposits received (refunded)	370	397
Net cash provided by operating activities	407,837	489,114
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	326,003	420,661
Net cash provided by noncapital financing activities	326,003	420,661
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(62,033)	(12,644)
Proceeds from issuance of long-term debt	-	7,835,000
Payment of bond issuance costs	-	(93,060)
Loan repayments	-	(546,209)
Retirement of revenue bonds	(440,000)	(7,689,355)
Interest and fiscal charges paid	(175,582)	(397,543)
Net cash used by capital and related financing activities	(677,615)	(903,811)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	1,685	1,418
Net cash provided by investing activities	1,685	1,418
NET INCREASE IN CASH AND CASH EQUIVALENTS	57,910	7,382
CASH AND EQUIVALENTS, beginning of year	552,539	545,157
CASH AND EQUIVALENTS, end of year	$ 610,449	$ 552,539

(Continued)

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Reconciliation of operating loss to net cash provided by operating activities:		
OPERATING LOSS	$ (501,632)	$ (276,784)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	185,235	34,105
Depreciation	814,031	769,170
Decrease (increase) in operating assets:		
Accounts receivable	(147,543)	(65,439)
Pension related deferred outflows of resources	11,033	(19,758)
Increase (decrease) in operating liabilities:		
Accounts payable	48,371	9,292
Accrued salaries	592	1,119
Accrued leave benefits	1,874	(387)
Deposits for services	370	397
Net pension liability	(5,273)	40,542
Pension related deferred inflows of resources	779	(3,143)
Total adjustments	909,469	765,898
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 407,837	$ 489,114

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:		
Contribution of capital:		
Capital projects through SPLOST and CDBG Funds	$ 439,140	$ 697,789
Debt Service through SPLOST Funds	$ Nil	$ 133,057

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Customer charges	$ 1,010,952	$ 1,128,715
Penalties	27,060	29,047
Miscellaneous	10,066	10,897
Total operating revenues	1,048,078	1,168,659
OPERATING EXPENSES		
Salaries	129,566	136,821
Employee benefits	36,015	39,724
Contractual services	43,731	25,748
Repairs, maintenance and other contractual services	141,301	90,609
Gas purchases	490,724	517,481
Communications	4,600	5,087
Travel and training	523	512
Supplies and materials	2,871	3,817
Utilities	2,487	3,192
Vehicle gasoline	4,647	3,436
Depreciation	31,239	29,495
Other expenses	33,950	39,259
Total operating expenses	921,654	895,181
OPERATING INCOME	126,424	273,478
NONOPERATING REVENUES (EXPENSES)		
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	126,424	273,478
Transfers out	(171,214)	(231,868)
CHANGE IN NET POSITION	(44,790)	41,610
TOTAL NET POSITION, beginning of year (as restated)	134,044	92,434
TOTAL NET POSITION, end of year	$ 89,254	$ 134,044

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,033,813	$ 1,135,652
Cash paid for goods and services	(736,279)	(711,074)
Cash paid to employees for services	(127,830)	(139,649)
Customer deposits received (refunded)	1,510	1,022
Net cash provided by operating activities	171,214	285,951
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(171,214)	(231,868)
Net cash used by noncapital financing activities	(171,214)	(231,868)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	-	(54,083)
Net cash provided (used) by capital and related financing activities	Nil	(54,083)
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	$ 126,424	$ 353,414
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	38,383	-
Depreciation	31,239	29,495
Decrease (increase) in operating assets:		
Accounts receivable	(52,648)	(33,007)
Pension related deferred outflows of resources	6,778	(8,310)
Increase (decrease) in operating liabilities:		
Accounts payable	27,809	(59,790)
Accrued salaries	161	278
Accrued leave benefits	1,575	(3,106)
Accrued sales tax	(2,823)	(3,054)
Deposits for services	1,510	1,022
Net pension liability	(7,478)	11,339
Pension related deferred inflows of resources	284	(2,330)
Total adjustments	44,790	(67,463)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 171,214	$ 285,951

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Customer charges	$ 1,038,387	$ 989,809
Penalties	26,628	24,472
Total operating revenues	1,065,015	1,014,281
OPERATING EXPENSES		
Salaries	184,739	171,191
Employee benefits	68,703	50,890
Contractual services	20,531	-
Repairs, maintenance and other contractual services	77,377	55,383
Communications	2,188	2,110
Landfill fees	174,939	198,100
Supplies and materials	48,411	21,769
Vehicle gasoline	26,688	25,781
Depreciation	90,263	139,242
Other expenses	70,485	79,041
Total operating expenses	764,324	743,507
OPERATING INCOME	300,691	270,774
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental revenues - FEMA/GEMA	-	564
Interest expense	(13,290)	(25,354)
Total nonoperating revenues (expenses)	(13,290)	(24,790)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	287,401	245,984
Transfers out	(344,486)	(232,883)
CHANGE IN NET POSITION	(57,085)	13,101
TOTAL NET POSITION, beginning of year	13,671	570
TOTAL NET POSITION, end of year	$ (43,414)	$ 13,671

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,090,576	$ 981,779
Cash paid for goods and services	(422,438)	(442,001)
Cash paid to employees for services	(182,290)	(170,981)
Customer deposits received (refunded)	266	596
Net cash provided by operating activities	486,114	369,393
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(344,486)	(232,884)
Retirement of long-term debt (noncapital)	(60,156)	(698,166)
Environmental remediation (recovery)	-	679,324
Interest and fiscal charges paid	(13,417)	(20,584)
Net cash used by noncapital financing activities	(418,059)	(272,310)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital	-	565
Purchase of property and equipment	(1,295)	(26,064)
Capital lease principal payments	(66,760)	(65,159)
Interest and fiscal charges paid	-	(6,425)
Net cash used by capital and related financing activities	(68,055)	(97,083)
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, 2017 and 2016

	2017	2016
Reconciliation of operating income to net cash provided by operating activities:		
OPERATING INCOME	$ 300,691	$ 270,774
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	61,185	1,865
Depreciation	90,263	139,242
Decrease (increase) in operating assets:		
Accounts receivable	(35,626)	(34,365)
Pension related deferred outflows of resources	4,692	(8,273)
Increase (decrease) in operating liabilities:		
Accounts payable	54,961	(3,020)
Accrued salaries	618	1,079
Accrued leave benefits	1,832	(869)
Deposits for services	266	596
Net pension liability	733	5,675
Pension related deferred inflows of resources	6,499	(3,311)
Total adjustments	185,423	98,619
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 486,114	$ 369,393
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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 18, 2018.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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 2017-001 and Finding 2017-002.

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
October 18, 2018

CITY OF WAYNESBORO, GEORGIA
Schedule of Findings and Questioned Costs
December 31, 2017

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies not considered to be material weaknesses?	None Reported
Noncompliance material to the financial statements noted?	Yes

None Noted

Finding 2017 - 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, 2017, the administrative department exceeded its budget by $24,656, while the Revolving Loan Fund exceeded its budget by $6,955.
Context:	While a budget amendment was adopted, it appears that the amendment did not correctly allocate property and liability insurance premiums. Additionally, the budget for the Revolving Loan Fund did not include intergovernmental payments to the Georgia Department of Community Affairs.
Cause:	During the year, the City's property and insurance liabilities were incorrectly allocated. The City's amended budget did not contemplate the correction of this item. In addition, unanticipated expenditures caused the Revolving Loan Fund to exceed its 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 findings of the auditors. An additional review of general liability and other types of insurance and other types of end of the year adjustments between funds will be conducted to anticipate potential overages at year end.

Findings and Questioned Costs (continued)

Finding 2017 - 002

Criteria:	Georgia law authorizes the governing authority to incur temporary loans which shall not exceed 75 percent of the total gross income collected in the previous year and requires that such loans be payable on or before December 31.
Condition:	At December 31, 2017, the City's tax anticipation loan remained outstanding.
Context:	The remaining debt outstanding at December 31, 2017 was $411,900.
Cause:	It appears that inability to repay the loan at year end was a result of delays in the approval of the City's digest, causing delays in billing of property taxes.
Effect:	The failure to repay the loan at year end is a violation of state law.
Recommendation:	We recommend that the City establish a repayment plan as soon as possible in order to repay this loan and bring the City into compliance with state law.
Comments:	Management concurs with the finding of the auditors. Every effort will be made to expedite the property tax digest approval process once it has been provided to the City. Alternate measures are being made to build an additional reserve fund to prevent the reliance on tax anticipation loans.

** Indicates uncorrected prior year finding*

CITY OF WAYNESBORO, GEORGIA
Schedule of State Awards Expended
For the Year Ended December 31, 2017

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, 2017

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
Related debt service	364,104	-	2,199,956	-	2,199,956
Total	$ 3,312,979	$ -	$ 2,944,822	$ -	$ 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	6,962,348	6,912,524	-	6,912,524
Total	$ 4,301,605	$ 8,266,768	$ 8,216,944	$ Nil	$ 8,216,944
SPLOST III					
Building renovation and construction	$ 1,310,200	$ 1,517,852	$ 1,514,656	$ 1,328,798	$ 2,843,454
Patrol vehicles and utility equipment	327,550	265,800	100,532	-	100,532
Roads, streets, sidewalks and drainage improvements	2,384,564	1,935,031	173,668	7,240	180,908
Water and sewer improvements	2,620,400	2,126,408	1,885,884	276,199	2,162,083
Total	$ 6,642,714	$ 5,845,091	$ 3,674,740	$ 1,612,237	$ 5,286,977

Reconciliation to Fund Financial Statements:

	SPLOST II	SPLOST III
Total expenditures per fund financial statements	$ Nil	$ 1,782,235
Adjustments:		
Amounts paid from Hazard Mitigation Grant from GEMA & Homeland Security Agency	-	(170,000)
Total project expenses per Schedule of Projects Construction with Special Purpose Local Option Sales Tax Proceeds	$ Nil	$ 1,612,235