CITY OF WAYNESBORO, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2018

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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, 2018, 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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GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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, 2018, 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 49 through 50, 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 2, 2019, 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 2, 2019

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 three major and eight nonmajor governmental funds. The City's major governmental funds are the General Fund, the SPLOST IV Fund and the 2016 CDBG 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, the SPLOST III 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 51.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is $25,150,128, as compared to $23,780,856 at December 31, 2017. The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	(As Restated) 2017	2018	(As Restated) 2017
Assets:						
Current and other assets	$ 4,499,171	3,330,013	$ 1,240,341	$ 1,199,272	$ 5,739,512	$ 4,529,285
Capital assets	9,255,053	9,263,283	20,075,080	20,317,218	29,330,133	29,580,501
Total assets	13,754,224	12,593,296	21,315,421	21,516,490	35,069,645	34,109,786
Deferred outflows of resources	376,049	190,411	83,725	51,350	459,774	241,761
Liabilities:						
Long-term liabilities	1,280,665	1,200,363	7,452,565	8,088,974	8,733,230	9,289,337
Other liabilities	957,118	926,010	479,226	326,652	1,436,344	1,252,662
Total liabilities	2,237,783	2,126,373	7,931,791	8,415,626	10,169,574	10,541,999
Deferred inflows of resources	171,527	22,598	38,190	6,094	209,717	28,692
Net position:						
Net investment in capital assets	9,040,550	9,020,234	13,081,078	12,759,994	22,121,628	21,780,228
Restricted	1,876,418	753,931	56,473	56,225	1,932,891	810,156
Unrestricted	803,995	860,571	291,614	329,901	1,095,609	1,190,472
Total Net Position	$ 11,720,963	$ 10,634,736	$ 13,429,165	$ 13,146,120	$ 25,150,128	$ 23,780,856

The current ratio is used to measure an entity's ability to meet current obligations. The City of Waynesboro, Georgia has a 4.70 to 1 ratio for governmental activities. The current ratio for business-type activities is 2.59 to 1, as compared to 3.67 to 1 at December 31, 2017.

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 $13,429,165. The table below focuses on the net position and revenues and expenses of the City's governmental and business-type activities. Net position increased $1,086,227 for governmental activities and increased $283,045 for business-type activities. The City's overall financial position improved during the year ended December 31, 2018.

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	
	2018	(As Restated) 2017	2018	(As Restated) 2017	2018	(As Restated) 2017
Revenues:						
Program						
Charges for services	$ 398,083	$ 362,758	$ 4,148,879	$ 3,969,997	$ 4,546,962	$ 4,332,755
Operating grants	73,022	327,542	-	-	73,022	327,542
Capital grants / contributions	2,129,437	1,487,120	-	-	2,129,437	1,487,120
General						
Property taxes	1,589,267	1,649,742	-	-	1,589,267	1,649,742
Sales taxes	1,455,925	1,280,249	-	-	1,455,925	1,280,249
Franchise taxes	385,411	378,944	-	-	385,411	378,944
Insurance premium taxes	422,524	391,787	-	-	422,524	391,787
Financial institution taxes	23,316	22,781	-	-	23,316	22,781
Alcoholic beverage taxes	169,657	168,243	-	-	169,657	168,243
Hotel/Motel occupancy taxes	192,510	176,187	-	-	192,510	176,187
Intangible and other taxes	23,200	29,327	-	-	23,200	29,327
Interest	3,214	3,013	2,525	2,071	5,739	5,084
Gain (loss) on sale of assets	-	1	-	-	-	1
Other income	19,018	64,278	-	-	19,018	64,278
Total revenues	6,884,584	6,341,972	4,151,404	3,972,068	11,035,988	10,314,040
Program expenses:						
General government	1,090,727	1,027,529	-	-	1,090,727	1,027,529
Judicial	52,742	44,351	-	-	52,742	44,351
Public safety	2,437,349	2,213,574	-	-	2,437,349	2,213,574
Public works	1,273,302	999,128	-	-	1,273,302	999,128
Public health and welfare	91,515	382,134	-	-	91,515	382,134
Housing and development	95,218	270,877	-	-	95,218	270,877
Economic development	396,420	386,426	-	-	396,420	386,426
Interest	18,445	35,678	-	-	18,445	35,678
Water	-	-	2,591,887	2,548,050	2,591,887	2,548,050
Gas	-	-	951,046	921,655	951,046	921,655
Solid waste	-	-	668,065	777,613	668,065	777,613
Total expenses	5,455,718	5,359,697	4,210,998	4,247,318	9,666,716	9,607,015
Increase (decrease) in total net position before transfers and special items	1,428,866	982,275	(59,594)	(275,250)	1,369,272	707,025
Transfers	(342,639)	(249,443)	342,639	249,443	Nil	Nil
Increase (decrease) in net position	1,086,227	732,832	283,045	(25,807)	1,369,272	707,025
Total net position, beginning of year	10,634,736	9,901,904	13,146,120	13,171,927	23,780,856	23,073,831
Total net position, end of year	$ 11,720,963	$ 10,634,736	$ 13,429,165	$ 13,146,120	$ 25,150,128	$ 23,780,856

Governmental Revenues

The City's governmental activities are heavily reliant on property taxes and sales taxes, which collectively make up 44.23% of governmental revenues. Note that program revenues made up 61.16% 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 25.21% of the City's total expenses, while water and sewer and gas made up 26.81% and 9.84%, respectively.

There was an excess of $1,428,866 in governmental activities and a deficit of $59,594 in business-type activities. Transfers to (from) governmental activities resulted in a total excess in governmental activities of $1,086,227 and a total excess in business-type activities of $283,045. The total change in net position was $1,369,272. As stated earlier, the financial position of the City improved in the year ended December 31, 2018.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

Governmental funds reported ending fund balances of $3,106,784. Of this year-end total, $1,862,246 is restricted for capital projects and $14,172 for other uses. The unassigned portion of governmental fund balances was $1,230,366. The total ending fund balances of governmental funds shows an increase of $1,176,836, or a 60.98% increase.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund reported an ending fund balance of $1,288,475. Of this total, $56,489 is restricted for use under state grants or community development programs, and $1,620 is restricted for public safety. The remaining balance of $1,230,366 is unassigned. The total ending fund balance of the general fund shows an increase of $107,378. The increase in the current year was a result of carrying several vacant positions in the Police Department throughout the year

Total revenues of the General Fund were $4,548,297, a decrease of $460,766 from fiscal year 2017. This equates to a decrease of 9.20% in total revenues. This decrease was primarily due to lager deferred tax collection in 2018.

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Operating revenues for the proprietary funds were $4,148,879, an increase of $178,882 over fiscal year 2017. After considering expenditures, the net income (loss) of these funds before capital contributions and transfers is $(59,594).

Budgetary Highlights

Revenues in the General Fund were over the budget by $262,997. This increase resulted primarily from higher than expected Sales and Use Taxes.

Expenditures in the General Fund were under the budget by $97,007 primarily due a decrease in Police Department salaries, which were down due to vacancies within the Department.

A budget amendment was adopted during the year ended December 31, 2018 which resulted in an increase in General Fund expenditures of $205,500.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, as of December 31, 2018, was $29,330,133 as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Nondepreciable assets:						
Land	$ 178,289	$ 178,289	$ 113,317	$ 113,317	$ 291,606	$ 291,606
Construction in progress	14,122	1,695	-	343,494	14,122	345,189
Book value - nondepreciable assets	192,411	179,984	113,317	456,811	305,728	636,795
Depreciable assets:						
Buildings and plant	9,950,372	9,667,059	31,379,084	30,942,305	41,329,456	40,609,364
Machinery and equipment	1,172,187	1,152,246	4,224,325	3,662,908	5,396,512	4,815,154
Office equipment	832,674	787,289	-	-	832,674	787,289
Vehicles	1,819,057	1,731,177	1,339,645	1,339,645	3,158,702	3,070,822
Total depreciable assets	13,774,290	13,337,771	36,943,054	35,944,858	50,717,344	49,282,629
Less accumulated depreciation	4,711,648	4,254,472	16,981,291	16,084,451	21,692,939	20,338,923
Book value - depreciable assets	9,062,642	9,083,299	19,961,763	19,860,407	29,024,405	28,943,706
Percentage depreciated	34.21 %	31.90 %	45.97 %	44.75 %	42.77 %	41.27 %
Total Capital Assets	$ 9,255,053	$ 9,263,283	$ 20,075,080	$ 20,317,218	$ 29,330,133	$ 29,580,501

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

Debt Outstanding

As of December 31, 2018, the City had total outstanding long-term debt of $8,733,230 as follows:

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Accumulated leave benefits	$ 82,392	$ 81,575	$ 29,416	$ 23,589	$ 111,808	$ 105,164
Net pension liability	983,770	875,739	219,029	236,168	1,202,799	1,111,907
GEFA Loan - Solid Waste	-	-	210,118	271,993	210,118	271,993
Capital leases						
Public Works Building	-	1	-	-	-	1
Fire Truck	214,503	243,048	-	-	214,503	243,048
Sanitation equipment	-	-	94,002	162,224	94,002	162,224
Refunding Revenue Bond, Series 2016	-	-	6,900,000	7,395,000	6,900,000	7,395,000
Total Long-Term Debt	$ 1,280,665	$ 1,200,363	$ 7,452,565	$ 8,088,974	$ 8,733,230	$ 9,289,337

During the year ended December 31, 2018, the City issued long-term debt totaling $114,675. The City retired $670,782 of existing debt.

Capital Assets and Debt Administration (continued)

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

Economic Conditions Affecting the City

Construction at Alvin Vogtle Electric Generating Plant has hit its maximum number of employees over the prior 12 months and is near 80 percent complete. 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. With existing employment at reactors 1 and 2 and all the required staff and construction employment for units 3 and 4, approximately 10,000 employees are on site during a given day, impacting the economy of the surrounding area.

Waynesboro is continuing to grow at a slow rate. New home construction is up over three times the amount in prior years. Several new commercial projects have been completed. The downtown building and industrial park building vacancy rates are better than it has been in 20 years

Although, poverty is a significant issue in the community, the unemployment rate for Waynesboro continued has improved over the last few years and averaged 5.3 in 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, 2018

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Current Assets				
Cash	$ 2,160,533	$ 606,577	$ 2,767,110	$ 6,760
Receivables, net of allowance for uncollectibles:				
Taxes	1,309,682	-	1,309,682	-
Intergovernmental	188,873	-	188,873	-
Other	790,249	626,296	1,416,545	-
Accrued interest receivable	-	829	829	-
Internal balances	49,834	(49,834)	-	-
Restricted assets:				
Cash	-	56,473	56,473	-
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	192,411	113,317	305,728	-
Depreciable assets, net	9,062,642	19,961,763	29,024,405	-
Total Assets	13,754,224	21,315,421	35,069,645	6,760
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows of resources	376,049	83,725	459,774	Nil
LIABILITIES				
Current Liabilities				
Accounts payable	301,631	387,827	689,458	-
Accrued salaries	66,696	11,712	78,408	-
Accrued interest payable	7,528	14,467	21,995	-
Other liabilities	11,088	65,220	76,308	-
Tax anticipation notes	570,175	-	570,175	-
Noncurrent Liabilities				
Due within one year:				
Compensated absences	16,478	5,883	22,361	-
Notes payable	-	63,643	63,643	-
Capital lease payable	24,821	64,229	89,050	-
Revenue bonds payable	-	510,000	510,000	-
Due in more than one year:			-	-
Compensated absences, net of current portion	65,914	23,533	89,447	-
Notes payable, net of current portion	-	146,475	146,475	-
Capital lease payable, net of current portion	189,682	29,773	219,455	-
Revenue bonds payable, net of current portion	-	6,390,000	6,390,000	-
Net pension liability	983,770	219,029	1,202,799	-
Total Liabilities	2,237,783	7,931,791	10,169,574	Nil
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows of resources	171,527	38,190	209,717	Nil
NET POSITION				
Net investment in capital assets	9,040,550	13,081,078	22,121,628	-
Restricted for:				
Capital projects	1,862,246	-	1,862,246	-
Public safety	2,785	-	2,785	-
Debt service	-	56,473	56,473	-
Community development	11,387	-	11,387	-
Unrestricted	803,995	291,614	1,095,609	6,760
Total Net Position	$ 11,720,963	$ 13,429,165	$ 25,150,128	$ 6,760

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, 2018

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	$ 1,090,727	$ 186,707	$ -	$ -	$ (904,020)	$ -	$ (904,020)	$ -
Judicial	52,742	-	-	-	(52,742)	-	(52,742)	-
Public safety	2,437,349	205,526	-	-	(2,231,823)	-	(2,231,823)	-
Public works	1,273,302	5,850	-	2,129,437	861,985	-	861,985	-
Public health and welfare	91,515	-	48,480	-	(43,035)	-	(43,035)	-
Housing and development	95,218	-	16,382	-	(78,836)	-	(78,836)	-
Economic development	396,420	-	8,160	-	(388,260)	-	(388,260)	-
Interest	18,445	-	-	-	(18,445)	-	(18,445)	-
Total governmental activities	5,455,718	398,083	73,022	2,129,437	(2,855,176)	Nil	(2,855,176)	Nil
Business-type activities:								
Water and sewer	2,591,887	1,894,245	-	-	-	(697,642)	(697,642)	-
Gas	951,046	1,151,848	-	-	-	200,802	200,802	-
Solid waste	668,065	1,102,786	-	-	-	434,721	434,721	-
Total business-type activities	4,210,998	4,148,879	Nil	Nil	Nil	(62,119)	(62,119)	Nil
Total	$ 9,666,716	$ 4,546,962	$ 73,022	$ 2,129,437	(2,855,176)	(62,119)	(2,917,295)	Nil
Component unit:								
Downtown Development Authority	$ Nil	$ 5,795	$ Nil	$ Nil	Nil	Nil	Nil	5,795
General Revenues								
Property taxes					1,589,267	-	1,589,267	-
Sales taxes					1,455,925	-	1,455,925	-
Franchise taxes					385,411	-	385,411	-
Insurance premium taxes					422,524	-	422,524	-
Financial institution taxes					23,316	-	23,316	-
Alcoholic beverage taxes					169,657	-	169,657	-
Hotel/Motel occupancy taxes					192,510	-	192,510	-
Intangible and other taxes					23,200	-	23,200	-
Interest					3,214	2,525	5,739	-
Other revenues					19,018	-	19,018	-
Total general revenues					4,284,042	2,525	4,286,567	-
Transfers					(342,639)	342,639	-	-
Total general revenues and transfers					3,941,403	345,164	4,286,567	-
Change in net position					1,086,227	283,045	1,369,272	5,795
Net position, beginning of year (as restated)					10,634,736	13,146,120	23,780,856	965
Net position, end of year					$ 11,720,963	$ 13,429,165	$ 25,150,128	$ 6,760

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

CITY OF WAYNESBORO, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	SPLOST IV Fund	2016 CDBG Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 482,344	$ 763,869	$ -	$ 914,320	$ 2,160,533
Receivables:					
Taxes receivable	1,309,682	-	-	-	1,309,682
Intergovernmental receivables	-	87,874	77,736	23,262	188,872
Other receivables	778,822	-	-	11,427	790,249
Due from other funds	-	-	-	112,438	112,438
Total Assets	$ 2,570,848	$ 851,743	$ 77,736	$ 1,061,447	$ 4,561,774
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Accounts payable	$ 135,103	$ -	$ 77,736	$ 88,792	$ 301,631
Accrued salaries	66,696	-	-	-	66,696
Accrued interest payable	7,528	-	-	-	7,528
Other liabilities	4,998	-	-	6,089	11,087
Due to other funds	62,604	-	-	-	62,604
Tax anticipation notes	570,175	-	-	-	570,175
Total Liabilities	847,104	Nil	77,736	94,881	1,019,721
Deferred Inflows of Resources	435,269	-	-	-	435,269
Total Liabilities and Deferred Inflows of Resources	1,282,373	Nil	77,736	94,881	1,454,990
FUND BALANCES					
Nonspendable:					
Notes receivable	-	-	-	-	-
Restricted for:					
Capital projects	56,489	851,743	-	954,014	1,862,246
Public safety	1,620	-	-	1,165	2,785
Community development	-	-	-	11,387	11,387
Unassigned	1,230,366	-	-	-	1,230,366
Total Fund Balances	1,288,475	851,743	Nil	966,566	3,106,784
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,570,848	$ 851,743	$ 77,736	$ 1,061,447	$ 4,561,774

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, 2018

Total Governmental Fund Balances		$ 3,106,784
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	$ 13,966,702	
Accumulated depreciation	(4,711,649)	9,255,053
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Property taxes		435,269
Deferred outflows are not current assets or financial resources and deferred inflows are not due and payable in the current period and therefore are not reported in governmental funds.		
Deferred outflows	$ 376,049	
Deferred inflows	(171,527)	204,522
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease obligation	$ (214,503)	
Compensated absences	(82,392)	
Net pension liability	(983,770)	(1,280,665)
Total Net Position of Governmental Activities		$ 11,720,963

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, 2018

	General Fund	SPLOST IV Fund	2016 CDBG Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property taxes	$ 1,405,673	$ -	$ -	$ -	$ 1,405,673
Motor vehicle taxes	202,858	-	-	-	202,858
Mobile home taxes	1,914	-	-	-	1,914
Franchise taxes	385,411	-	-	-	385,411
Sales and use taxes	1,455,925	-	-	-	1,455,925
Alcoholic beverage taxes	169,657	-	-	-	169,657
Business and occupation taxes	85,714	-	-	-	85,714
Insurance premium taxes	422,524	-	-	-	422,524
Financial institution taxes	23,316	-	-	-	23,316
Hotel/Motel occupancy taxes	-	-	-	192,510	192,510
Other taxes	23,200	-	-	-	23,200
Licenses and permits	82,543	-	-	-	82,543
Intergovernmental revenues	17,742	1,011,326	582,717	545,166	2,156,951
Charges for services	5,850	-	-	-	5,850
Fees, fines and forfeitures	163,229	-	-	616	163,845
Investment income	3,201	707	-	484	4,392
Contributions from private sources	62,070	-	-	-	62,070
Other revenues	37,470	-	-	-	37,470
Total revenues	4,548,297	1,012,033	582,717	738,776	6,881,823
EXPENDITURES					
Current operations:					
General city government	1,021,257	-	-	-	1,021,257
Judicial	11,061	-	-	-	11,061
Public safety	2,342,828	-	-	-	2,342,828
Public works	1,110,303	-	-	-	1,110,303
Public health and welfare	-	-	-	48,480	48,480
Economic development	276,761	-	-	85,600	362,361
Housing and development	-	-	-	16,382	16,382
Debt service:					
Public safety	36,883	-	-	-	36,883
Capital:					
General city government	-	-	-	11,250	11,250
Public safety	-	23,700	-	-	23,700
Public works	-	136,590	582,717	237,571	956,878
Total expenditures	4,799,093	160,290	582,717	399,283	5,941,383
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(250,796)	851,743	-	339,493	940,440
OTHER FINANCING SOURCES (USES)					
Transfers in	571,459	-	-	-	571,459
Transfers out	(213,285)	-	-	(121,778)	(335,063)
NET CHANGE IN FUND BALANCES	107,378	851,743	Nil	217,715	1,176,836
FUND BALANCES, beginning of year (as restated)	1,181,097	Nil	Nil	748,851	1,929,948
FUND BALANCES, end of year	$ 1,288,475	$ 851,743	$ Nil	$ 966,566	$ 3,106,784

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, 2018

Net change in fund balances - total governmental funds		$ 1,176,836
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.		448,945
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.		(457,176)
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		(71,322)
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		28,545
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, 2018	$ Nil	
Accrued interest on long-term debt at December 31, 2017	136	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, 2018	$ 435,269	
Deferred property taxes at December 31, 2017	(474,189)	(38,920)
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, 2018	$ (82,392)	
Liability at December 31, 2017	81,575	(817)
Change in net position in governmental funds		$ 1,086,227

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes:				
Property taxes	$ 1,417,700	$ 1,366,700	$ 1,405,673	$ 38,973
Motor vehicle taxes	175,000	202,900	202,858	(42)
Mobile home taxes	1,914	1,900	1,914	14
Franchise taxes	425,000	372,900	385,411	12,511
Sales and use taxes	1,300,000	1,240,600	1,455,925	215,325
Alcoholic beverage taxes	170,000	169,700	169,657	(43)
Business and occupation taxes	60,000	85,700	85,714	14
Insurance premium taxes	390,000	422,500	422,524	24
Financial institution taxes	28,000	23,300	23,316	16
Other taxes	27,100	23,200	23,200	-
Licenses and permits	55,000	82,600	82,543	(57)
Intergovernmental revenues	89,700	17,700	17,742	42
Charges for services	3,300	5,900	5,850	(50)
Fees, fines and forfeitures	138,000	166,900	163,229	(3,671)
Investment income	2,500	3,200	3,201	1
Contributions from private sources	-	62,100	62,070	(30)
Other revenues	41,000	37,500	37,470	(30)
Total revenues	4,324,214	4,285,300	4,548,297	262,997
EXPENDITURES				
Current operations:				
General city government	898,600	1,022,600	1,021,257	1,343
Judicial	-	12,000	11,061	939
Public safety	2,316,700	2,351,200	2,342,828	8,372
Public works	1,174,500	1,194,800	1,110,303	84,497
Economic development	267,300	278,500	276,761	1,739
Debt service:				
Public safety	33,500	37,000	36,883	117
Total expenditures	4,690,600	4,896,100	4,799,093	97,007
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(366,386)	(610,800)	(250,796)	360,004
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	2,000	-	-	-
Use (return) of prior year surplus	-	207,600	-	(207,600)
Transfers in	592,200	718,100	571,459	(146,641)
Transfers out	(216,900)	(314,900)	(213,285)	101,615
NET CHANGE IN FUND BALANCES	10,914	Nil	107,378	107,378
FUND BALANCES, beginning of year	1,181,097	1,181,097	1,181,097	Nil
FUND BALANCES, end of year	$ 1,192,011	$ 1,181,097	$ 1,288,475	$ 107,378

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

CITY OF WAYNESBORO, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2018

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
ASSETS				
Current Assets				
Cash	$ 606,577	$ -	$ -	$ 606,577
Accounts receivable	242,422	253,192	130,682	626,296
Accrued interest receivable	829	-	-	829
Restricted assets:				
Cash	56,473	-	-	56,473
Total current assets	906,301	253,192	130,682	1,290,175
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	1,628	3,000	108,689	113,317
Depreciable assets, net	19,555,633	139,859	266,271	19,961,763
Total noncurrent assets	19,557,261	142,859	374,960	20,075,080
Total Assets	20,463,562	396,051	505,642	21,365,255
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows of resources	41,472	16,460	25,793	83,725
LIABILITIES				
Current Liabilities				
Accounts payable	202,742	154,323	30,762	387,827
Accrued salaries	5,507	2,234	3,971	11,712
Accrued interest payable	13,973	-	494	14,467
Due to other funds	49,834	-	-	49,834
Compensated absences	3,580	1,122	1,181	5,883
Other liabilities	14,797	42,276	8,148	65,221
Notes payable - current portion	-	-	63,643	63,643
Capital lease payable - current portion	-	-	64,229	64,229
Revenue bonds payable - current portion	510,000	-	-	510,000
Total current liabilities	800,433	199,955	172,428	1,172,816
Noncurrent Liabilities				
Compensated absences	14,319	4,489	4,725	23,533
Notes payable, net of current portion	-	-	146,475	146,475
Capital lease payable, net of current portion	-	-	29,773	29,773
Revenue bonds payable, net of current portion	6,390,000	-	-	6,390,000
Net pension liability	108,492	43,060	67,477	219,029
Total noncurrent liabilities	6,512,811	47,549	248,450	6,808,810
Total Liabilities	7,313,244	247,504	420,878	7,981,626
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows of resources	18,916	7,508	11,765	38,189
NET POSITION				
Net investment in capital assets	12,657,261	142,859	280,958	13,081,078
Restricted for debt service	56,473	-	-	56,473
Unrestricted	459,140	14,640	(182,166)	291,614
Total Net Position	$ 13,172,874	$ 157,499	$ 98,792	$ 13,429,165

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, 2018

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Customer charges	$ 1,823,263	$ 1,102,629	$ 1,075,732	$ 4,001,624
Tap fees	16,960	-	-	16,960
Penalties	50,122	30,560	27,054	107,736
Miscellaneous	-	18,659	-	18,659
Recovery of bad debts	3,900	-	-	3,900
Total operating revenues	1,894,245	1,151,848	1,102,786	4,148,879
OPERATING EXPENSES				
Salaries	261,729	118,917	196,045	576,691
Employee benefits	61,309	25,866	62,767	149,942
Contractual services	653,011	28,475	4,097	685,583
Repairs, maintenance and other contractual services	163,737	86,860	78,834	329,431
Gas purchases	-	594,135	-	594,135
Communications	16,527	4,207	2,006	22,740
Travel and training	4,605	1,398	-	6,003
Landfill fees	-	-	183,265	183,265
Supplies and materials	148,340	4,576	19,566	172,482
Utilities	136,778	8,394	-	145,172
Vehicle gasoline	17,695	4,958	40,824	63,477
Depreciation	835,206	23,065	38,569	896,840
Other expenses	114,254	50,195	31,700	196,149
Total operating expenses	2,413,191	951,046	657,673	4,021,910
OPERATING INCOME (LOSS)	(518,946)	200,802	445,113	126,969
NONOPERATING REVENUES (EXPENSES)				
Interest earned	2,525	-	-	2,525
Interest expense	(178,696)	-	(10,392)	(189,088)
Total nonoperating revenues (expenses)	(176,171)	Nil	(10,392)	(186,563)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(695,117)	200,802	434,721	(59,594)
Capital contributions	579,035	-	-	579,035
Transfers in	213,285	-	-	213,285
Transfers out	-	(138,688)	(310,993)	(449,681)
CHANGE IN NET POSITION	97,203	62,114	123,728	283,045
TOTAL NET POSITION, beginning of year (as restated)	13,075,671	95,385	(24,936)	13,146,120
TOTAL NET POSITION, end of year	$ 13,172,874	$ 157,499	$ 98,792	$ 13,429,165

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, 2018

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 1,907,849	$ 1,098,352	$ 1,104,382	$ 4,110,583
Cash paid for goods and services	(1,188,001)	(765,991)	(459,469)	(2,413,461)
Cash paid to employees for services	(258,406)	(118,569)	(193,616)	(570,591)
Customer deposits received (refunded)	220	562	330	1,112
Net cash provided by operating activities	461,662	214,354	451,627	1,127,643
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net borrowings from other funds	49,834	-	-	49,834
Net transfers in (out)	213,285	(138,688)	(310,993)	(236,396)
Retirement of long-term debt (noncapital)	-	-	(61,875)	(61,875)
Interest and fiscal charges paid	-	-	(6,875)	(6,875)
Net cash provided (used) by noncapital financing activities	263,119	(138,688)	(379,743)	(255,312)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	-	(75,666)	-	(75,666)
Retirement of revenue bonds	(495,000)	-	-	(495,000)
Capital lease principal payments	-	-	(68,221)	(68,221)
Interest and fiscal charges paid	(179,699)	-	(3,663)	(183,362)
Net cash used by capital and related financing activities	(674,699)	(75,666)	(71,884)	(822,249)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends and interest earned	2,519	-	-	2,519
Net cash provided by investing activities	2,519	Nil	Nil	2,519
NET INCREASE IN CASH AND CASH EQUIVALENTS	52,601	Nil	Nil	52,601
CASH AND EQUIVALENTS, beginning of year	610,449	Nil	Nil	610,449
CASH AND EQUIVALENTS, end of year	$ 663,050	$ Nil	$ Nil	$ 663,050

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, 2018

	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)	$ (518,946)	$ 200,802	$ 445,113	$ 126,969
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Provision for losses on receivables	11,387	29,829	12,118	53,334
Depreciation	835,205	23,065	38,569	896,839
Decrease (increase) in operating assets:				
Accounts receivable	2,219	(83,326)	(10,524)	(91,631)
Pension related deferred outflows of revenues	(17,972)	(5,242)	(9,160)	(32,374)
Increase (decrease) in operating liabilities:				
Accounts payable	129,684	37,542	(28,017)	139,209
Accrued salaries	391	32	(150)	273
Accrued leave benefits	2,931	316	2,579	5,826
Accrued sales tax	-	13,130	-	13,130
Deposits for services	220	562	330	1,112
Net pension liability	415	(8,533)	(9,022)	(17,140)
Pension related deferred inflows of resources	16,128	6,177	9,791	32,096
Total adjustments	980,608	13,552	6,514	1,000,674
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 461,662	$ 214,354	$ 451,627	$ 1,127,643

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:

Contribution of capital:				
Capital projects through SPLOST and CDBG Funds	$ 579,035	$ Nil	$ Nil	$ 579,035

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, 2018, the Authority paid the City $17,742 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, 2018, the City paid the RC $5,766 and $34,799 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 program or function and, therefore, are 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 IV 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.

2016 Community Development Block Grant Fund - To account for the costs of certain public facility improvements, including sidewalks, flood and drainage facilities, and water and sewer facilities, which will benefit low and moderate income persons. Financing is being provided through a Community Development Block Grant (CDBG) program.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

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

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

Note 1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The City considers revenues to be available if they are collected within 60 days after year end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales tax, property taxes, grants and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the calendar year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected by year end or within 60 days) before it can be recognized. Under the modified accrual basis, the revenues susceptible to accrual are property taxes, franchise taxes, licenses, and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue.

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

E. Assets, Liabilities and Net Position or Equity

1. Cash, Cash Equivalents and Investments

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

State statute authorizes municipalities to invest in the following type of obligations:

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

2. Receivables

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

3. Interfund Balances

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

4. Interfund Activities

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

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

5. Inventories and Prepaid Expenses

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

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

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, 2018, City Council approved a budget amendment which increased General Fund expenditures by $205,500.

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.

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

At December 31, 2018, the carrying amount of the City's deposits was $2,823,583, which is reflected as cash of $2,767,110 and restricted cash of $56,473. The related bank balance was $2,803,748. Of this bank balance, $648,311 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, 2018, 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, 2018 consist of the following:

Taxes receivable -	Current	$ 1,074,401
	Prior	326,219
Gross receivables		1,400,620
Allowance for uncollectibles		90,938
Total		$ 1,309,682

Other receivables at December 31, 2018, consisted of the following:

	General Fund	SPLOST IV Fund	2016 CDBG Grant Fund	Other Governmental Funds	Enterprise Funds	Total
Intergovernmental receivables	$ -	$ 87,874	$ 77,736	$ 23,262	$ -	$ 188,872
Other receivables	778,822	-	-	11,427	819,468	1,609,717
Gross receivables	778,822	87,874	77,736	34,689	819,468	1,798,589
Allowance for uncollectibles	-	-	-	-	193,172	193,172
Total	$ 778,822	$ 87,874	$ 77,736	$ 34,689	$ 626,296	$ 1,605,417

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 grants receivable under the City's Community Development Block Grant.

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, 2018 was as follows:

	Balance December 31, 2017	Additions	Retirements	Balance December 31, 2018
Governmental Activities:				
Nondepreciable capital assets:				
Land	$ 178,289	$ -	$ -	$ 178,289
Construction in progress	1,695	838,673	826,246	14,122
Total nondepreciable capital assets	179,984	838,673	826,246	192,411
Depreciable assets:				
Buildings and plant	9,667,059	283,313	-	9,950,372
Machinery and equipment	1,152,246	19,941	-	1,172,187
Office equipment	787,289	45,385	-	832,674
Vehicles	1,731,177	87,880	-	1,819,057
Total depreciable capital assets	13,337,771	436,519	-	13,774,290
Total capital assets	13,517,755	1,275,192	826,246	13,966,701
Accumulated depreciation:				
Buildings and plant	1,647,506	235,046	-	1,882,552
Machinery and equipment	722,274	70,983	-	793,257
Office equipment	604,046	62,600	-	666,646
Vehicles	1,280,646	88,547	-	1,369,193
Total accumulated depreciation	4,254,472	457,176	Nil	4,711,648
Governmental activities capital assets, net	$ 9,263,283	$ 818,016	$ 826,246	$ 9,255,053

Governmental activities depreciation expense:

General city government	$ 94,637
Public safety	133,984
Public works	193,381
Economic development	35,174
Total governmental activities depreciation expense	$ 457,176

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

	Balance December 31, 2017	Additions	Retirements	Balance December 31, 2018
Business-Type Activities:				
Nondepreciable capital assets:				
Land	$ 113,317	$ -	$ -	$ 113,317
Construction in progress	343,494	461,435	804,929	-
Total nondepreciable capital assets	456,811	461,435	804,929	113,317
Depreciable capital assets:				
Buildings and plant	30,942,305	436,779	-	31,379,084
Machinery and equipment	3,662,908	561,417	-	4,224,325
Vehicles	1,339,645	-	-	1,339,645
Total depreciable capital assets	35,944,858	998,196	-	36,943,054
Total capital assets	36,401,669	1,459,631	804,929	37,056,371
Accumulated depreciation:				
Buildings and plant	14,002,428	692,729	-	14,695,157
Machinery and equipment	1,034,494	158,635	-	1,193,129
Vehicles	1,047,529	45,476	-	1,093,005
Total accumulated depreciation	16,084,451	896,840	Nil	16,981,291
Business-type capital assets, net	$ 20,317,218	$ 562,791	$ 804,929	$ 20,075,080

Business-type activities depreciation expense:

Water and sewer	$ 835,206
Gas	23,065
Solid waste	38,569
Total business-type activities depreciation expense	$ 896,840

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 $435,269 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, 2018, is as follows:

	Due to:		
	Special Revenue	Capital Projects	
	Hotel/Motel Tax Fund	TIA SPLOST FUND	Total
Due from:			
Governmental Funds:			
General Fund	$ 62,604	$ -	$ 62,604
Proprietary Funds:			
Water and Sewer Fund	-	49,834	49,834
Total	$ 62,604	$ 49,834	$ 112,438

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. Amounts due to the TIA SPLOST Fund represents reimbursements for certain prior year expenditures.

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

A summary of interfund transfers during the year ended December 31, 2018, 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	$ -	$ 121,778	$ 138,688	$ 310,993	$ 571,459
Total governmental funds	-	121,778	138,688	310,993	571,459
Proprietary funds:					
Water and Sewer Fund	213,285	-	-	-	213,285
Total proprietary funds	213,285	Nil	Nil	Nil	213,285
Total	$ 213,285	$ 121,778	$ 138,688	$ 310,993	$ 784,744

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 06, 2018, bearing interest at 4.00%, due December 31, 2018. 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, 2018 were as follows:

Balance at December 31, 2017	$ 411,900
Funds advanced	570,175
Repayments	(411,900)
Balance at December 31, 2018	$ 570,175

Interest on short-term debt incurred during the year ended December 31, 2018 in governmental activities totaled $10,244, which was charged to expenditures during the year.

H. Long-Term Debt

1. Notes Payable

Notes payable of the City at December 31, 2018 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%.	$ 210,118
Total business-type activities	210,118
Total	$ 210,118

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.F.

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

	Business-Type Activities		
	Principal	Interest	Total
2019	$ 63,643	$ 5,107	$ 68,750
2020	65,460	3,290	68,750
2021	67,331	1,419	68,750
2022	13,684	56	13,740
Total	$ 210,118	$ 9,872	$ 219,990

Note 3. Detailed Notes on All Funds (continued)

H. Long-Term Debt (continued)

2. Bonds Payable

At December 31, 2018, 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%	$ 6,900,000
Total	$ 6,900,000

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, 2018, are as follows:

	Business-Type Activities		
	Principal	Interest	Total
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	630,000	115,061	745,061
2024 - 2028	3,380,000	338,378	3,718,378
2029 - 2033	725,000	17,618	742,618
Total	$ 6,900,000	$ 1,066,286	$ 7,966,286

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, 2018:

Governmental Activities:	
Capital lease payable to BB&T Governmental Finance due in monthly installments of $2,790.54, including interest at 2.92%, through February, 2026, for the acquisition of a fire truck	$ 214,503
Business-type Activities:	
Capital lease payable to BB&T Governmental Financedue in monthly installments of $5,038.79, including interest at 2.43%, through May, 2020, for the acquisition of sanitation equipment	79,401
Capital lease payable to BB&T Governmental Finance due in monthly installments of $926.57, including interest at 2.43%, through May, 2020, for the acquisition of sanitation equipment	14,601
Total	$ 308,505

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	54,797	824,571
Total	$ 235,304	$ 230,844

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2018, were as follows:

	Governmental Activities	Business-Type Activities	Total
2019	$ 31,436	$ 65,986	$ 97,422
2020	34,294	29,993	64,287
2021	34,294	-	34,294
2022	34,294	-	34,294
2023	34,294	-	34,294
2024 - 2028	74,305	-	74,305
Total minimum lease payments	242,917	95,979	338,896
Less: amount representing interest	28,414	1,977	30,391
Total	$ 214,503	$ 94,002	$ 308,505

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, 2018 are summarized as follows:

	Balance December 31, 2017	Additions	Retirements	Balance December 31, 2018	Amounts Due Within One Year
Governmental Activities:					
Capital leases	$ 243,049	$ -	$ 28,546	$ 214,503	$ 24,821
Compensated absences	81,575	817	-	82,392	16,478
Net pension liability	875,739	108,031	-	983,770	-
Total governmental activities	1,200,363	108,848	28,546	1,280,665	41,299
Business-Type Activities:					
Capital leases	162,224	-	68,222	94,002	64,229
Notes payable	271,993	-	61,875	210,118	63,643
Revenue bonds	7,395,000	-	495,000	6,900,000	510,000
Compensated absences	23,589	5,827	-	29,416	5,883
Net pension liability	236,168	-	17,139	219,029	-
Total business-type activities	8,088,974	5,827	642,236	7,452,565	643,755
Total	$ 9,289,337	$ 114,675	$ 670,782	$ 8,733,230	$ 685,054

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 $7,966,286. Principal and interest paid for the current year and total customer net revenues were $674,699 and $1,894,245, respectively.

6. Interest

Interest incurred during the year ended December 31, 2018, in governmental activities was $18,445, which was charged to expense during the year. Interest incurred during the year ended December 31, 2018, in business-type activities was $189,089, of which $189,089 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, 2018, the date of the most recent actuarial valuation, there were 123 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	47
Terminated vested participants not yet receiving benefits	5
Active employees - vested	28
Active employees - nonvested	43
Total	123

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 2018, the actuarially determined contribution rate was 8.40% of covered payroll. For 2018, the City's contribution to the plan was $217,298.

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, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 with updated procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2018.

Note 3. Detailed Notes on All Funds (continued)

I. Pension Plan (continued)

Actuarial Assumptions. The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases	3.25 %
Investment rate of return	7.50 %

Mortality rates for the July 1, 2018 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, 2018 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 3.25% to 8.25% 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, 2018 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 7.50%, a decrease from 7.75% at 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, 2017	$ 3,935,467	$ 2,823,560	$ 1,111,907
Changes for the year:			
Service cost	75,662	-	75,662
Interest	295,812	-	295,812
Differences between expected and actual experience	173,876	-	173,876
Contributions - employer	-	174,185	(174,185)
Contributions - employee	-	-	-
Net investment income	-	348,143	(348,143)
Benefit payments, including refunds of employee contributions	(237,082)	(237,082)	-
Administrative expense	-	(12,189)	12,189
Other	55,681	-	55,681
Net changes	363,949	273,057	90,892
Balances at March 31, 2018	$ 4,299,416	$ 3,096,617	$ 1,202,799

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, 2018.

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 7.50%, 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate.

	1% Decrease 6.50 %	Current Discount Rate 7.50 %	1% Increase 8.50 %
City's net pension liability	$ 1,760,240	$ 1,202,799	$ 740,989

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, 2018, the City recognized pension expense of $216,220. At December 31, 2018, 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	$ 218,604	$ 9,888
Changes in assumptions	44,544	10,888
Net difference between projected and actual earnings on pension plan investments	78,578	188,941
City contributions subsequent to the measurement date	118,048	-
Total	$ 459,774	$ 209,717

City contributions subsequent to the measurement date of $118,048 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, 2019. 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	
2019	$ 48,473
2020	58,163
2021	8,380
2022	16,993
Total	$ 132,009

J. Equity

Net position on the government-wide statement of assets as of December 31, 2018, is as follows:

	Governmental Activities	Business-Type Activities	Total
Cost of capital assets	$ 13,966,701	$ 37,056,371	$ 51,023,072
Accumulated depreciation	4,711,648	16,981,291	21,692,939
Book value	9,255,053	20,075,080	29,330,133
Less capital related debt	214,503	6,994,002	7,208,505
Net investment in capital assets	$ 9,040,550	$ 13,081,078	$ 22,121,628

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	$ 1,805,757	$ -	$ 1,805,757
Community development capital projects	Grantor agencies	56,489	-	56,489
Total capital projects		1,862,246	-	1,862,246
Debt service	Bond covenants	-	56,473	56,473
Other restrictions				
Public safety	Law	1,165	-	1,165
Public safety	Donor	1,620	-	1,620
Community development programs	Grantor agencies	11,387	-	11,387
Total other		14,172	-	14,172
Total restricted net position		$ 1,876,418	$ 56,473	$ 1,932,891

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, 2018. No provisions have been made in the financial statements for the year ended December 31, 2018 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, $34,269 in medical benefits, $4,728 in expenses and $27,627 indemnification have been paid. The City intends to contest the case vigorously. The outcome of the case is unknown at the date of 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. The Burke County Sherriff's Office was the arresting agent. The City Police Department officer's only action was to deliver the Arrest and Booking document for the detainment of the individual. The individual was incarcerated 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, cardiogenic shock and death. The Burke County Jail is operated by the Burke County Sheriff's Office. The plaintiff's attorney passed away subsequent to December 31, 2019. 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.

On August 7, 2018, the City received a first report of damage to a vehicle. The vehicle was parked on a City street when a limb fell allegedly damaging the driver side fender. The claim has been forwarded to the City's insurance company, who denied the claim. The City intends to contest the claim vigorously. The outcome of the case is unknown at the date of this report.

Note 4. Other Notes (continued)

B. Contingencies and Pending Litigation (continued)

On May 2, 2017 the City received a first report of injury on behalf of an employee of the City's utilities department who was repairing a water main and stepped down from equipment onto uneven ground, allegedly twisting his right knee. The claim has been forwarded to the City's insurance company for handling. At this time, $8,640 in medical benefits, $888 in expenses and $888 indemnification have been paid. The City intends to contest the case vigorously. The outcome of the case is unknown at the date of this report.

On May 21, 2018 the City received a first report of injury on behalf of an employee of the City's police department who was was injured in tackling a suspect. The employee and the suspect hit heads, causing a laceration to his right eyebrow requiring four stitches. The claim has been forwarded to the City's insurance company for handling. At this time, $303 in medical benefits and $238 in expenses have been paid. The City intends to contest the case vigorously. The outcome of the case is unknown at the date of this report.

On May 21, 2018 the City received a first report of injury on behalf of an employee of the City's police department who was was injured in chasing a suspect. The employee fell on uneven ground, injuring his right knee, wrist and left elbow. The claim has been forwarded to the City's insurance company for handling. At this time, $432 in medical benefits and $62 in expenses have been paid. 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.

C. Commitments

The City is involved in a continuing plan for various facility improvements. As of December 31, 2018, 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	$ 266,293	January, 2020
Renovation of new City Hall property	807,000	807,000	December, 2020
Total	$ 1,702,617	$ 1,073,293	

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

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

Note 4. Other Notes (continued)

D. Hotel/Motel Lodging Tax

During the year ended December 31, 2018, 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, 2018 is as follows:

Taxes collected	$ 192,510	
Expended for community development / promotion	$ 77,004	40.00 %

E. 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.

Note 4. Other Notes (continued)

F. 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.

G. 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, 2018, real and personal property tax not collected by the City due to incentive agreements was $60,048. Such agreements in effect for Waynesboro resulted in an estimated $29 million in new capital investment and 155 new jobs.

Note 4. Other Notes (continued)

H. Restatement of Prior Year Data

During the year ended December 31, 2018, the City noted that certain revenues and expenditures were understated 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, 2018, the City noted that certain street and road improvements were paid through the TIA SPLOST Fund, while the related revenues were recorded in the SPLOST II Fund in a prior year, resulting in a reimbursement due from SPLOST II to the TIA SPLOST Fund at the prior year end. The prior year data has been restated to correct the error.

During the year ended December 31, 2018, the City noted that certain utilities receivable were understated for the Gas and Solid Waste Funds as of the prior year end. The prior year data has been restated to correct the error.

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

	Governmental Activities	Business-Type Activities
Net position as previously reported	$ 10,634,736	$ 13,121,511
Correction of revenues / receivables	-	24,609
Beginning net position, restated	$ 10,634,736	$ 13,146,120

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

	SPLOST II Fund	TIA SPLOST Fund	Gas Fund	Solid Waste Fund
Net position as previously reported	$ 49,824	$ 105,993	$ 89,254	$ (43,414)
Correction of receivables / revenues	(49,834)	49,834	6,131	18,478
Rounding	(1)	-	-	-
Beginning net position, restated	$ (11)	$ 155,827	$ 95,385	$ (24,936)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAYNESBORO, GEORGIA

Required Supplementary Information

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

	2018	2017	2016	2015
Total pension liability				
Service cost	$ 75,662	$ 78,299	$ 76,583	$ 75,256
Interest on total pension liability	295,812	286,778	270,307	257,211
Difference between expected and actual experience	173,876	(14,834)	95,256	95,625
Changes of assumptions	55,681	-	-	0
Benefit payments, including refund of employee contributions	(237,082)	(230,263)	(228,971)	(223,948)
Other	-	-	-	(32,661)
Net change in total pension liability	363,949	119,980	213,175	171,483
Total pension liability - beginning	3,935,467	3,815,487	3,602,312	3,430,829
Total pension liability - ending (a)	$ 4,299,416	$ 3,935,467	$ 3,815,487	$ 3,602,312
Plan fiduciary net position				
Contributions - employer	$ 174,185	$ 159,078	$ 148,065	$ 146,473
Net investment income	348,143	319,734	7,011	240,082
Benefit payments, including refunds of member contributions	(237,082)	(230,263)	(228,971)	(223,948)
Administrative expenses	(12,189)	(12,409)	(8,754)	(7,888)
Net change in plan fiduciary net position	273,057	236,140	(82,649)	154,719
Plan fiduciary net position - beginning	2,823,560	2,587,420	2,670,069	2,515,350
Plan fiduciary net position - ending (b)	$ 3,096,617	$ 2,823,560	$ 2,587,420	$ 2,670,069
City's net pension liability - ending (a)-(b)	$ 1,202,799	$ 1,111,907	$ 1,228,067	$ 932,243
Plan fiduciary net position as a percentage of the total pension liability	72.02 %	71.75 %	67.81 %	74.12 %
Covered-employee payroll	$ 2,551,324	$ 2,385,230	$ 2,361,688	$ 2,150,154
Net pension liability as a % of covered-employee payroll	47.14 %	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

	2018	2017	2016	2015
Actuarially determined contribution	*	$ 173,222	$ 154,363	$ 145,966
Contributions in relation to the actuarially determined contribution	*	$ 186,086 **	$ 141,499 **	$ 145,966 **
Contribution deficiency (excess)	*	$ (12,864)	$ 12,864	$ Nil
Covered-employee payroll	*	$ 2,385,230 *	$ 2,361,688	$ 2,150,154
Contributions as a percentage of covered-employee payroll	*	7.80 %	5.99 %	6.79 %

** 2018 Information will be determined after fiscal year end and will be included in the 2018 valuation report*

*** Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of noncompliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.*

**** 2017 covered payroll is based on data collected as of February 28, 2017 for the 2017 actuarial valuations*

Notes to schedule of Contributions:

Valuation Date:	The actuarially determined contribution rate was determined as of July 1, 2018, 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, 2019.
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	7.50%
Projected salary increases	2.75% 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.
	Based on the results of an actuarial study in September, 2017, the following assumptions were changed in this valuation:
	The investment return assumption was reduced from 7.75% to 7.50%.
	The inflation assumption was reduced from 3.25% to 2.75%.
	The Social Security wage base increase assumption was reduced from 3.25% to 2.75% (if applicable).
	The inflation assumption was decreased from 3.50% to 3.25%.
	The salary increase rates were reduced by .50% for all years of service consistent with the reduction in the inflation assumption.
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.

SPLOST III 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, 2018

	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	SPLOST III Fund	TIA SPLOST Fund	Total
ASSETS									
Cash	$ -	$ 7,254	$ 7,164	$ 3,888	$ -	$ -	$ 636,568	$ 259,446	$ 914,320
Intergovernmental receivables	-	-	-	-	12,225	-	-	11,037	23,262
Other receivables	11,387	-	-	40	-	-	-	-	11,427
Due from other funds	62,604	-	-	-	-	-	-	49,834	112,438
Total assets	$ 73,991	$ 7,254	$ 7,164	$ 3,928	$ 12,225	$ Nil	$ 636,568	$ 320,317	$ 1,061,447
LIABILITIES									
Accounts payable	$ 62,604	$ -	$ 7,164	$ 3,928	$ 12,225	$ -	$ -	$ 2,871	$ 88,792
Other liabilities	-	6,089	-	-	-	-	-	-	6,089
Total liabilities	62,604	6,089	7,164	3,928	12,225	Nil	Nil	2,871	94,881
FUND BALANCES									
Restricted for:									
Capital projects	-	-	-	-	-	-	636,568	317,446	954,014
Public safety	-	1,165	-	-	-	-	-	-	1,165
Community development	11,387	-	-	-	-	-	-	-	11,387
Total fund balances	11,387	1,165	Nil	Nil	Nil	Nil	636,568	317,446	966,566
Total liabilities and fund balances	$ 73,991	$ 7,254	$ 7,164	$ 3,928	$ 12,225	$ Nil	$ 636,568	$ 320,317	$ 1,061,447

CITY OF WAYNESBORO, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	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	SPLOST III Fund	TIA SPLOST Fund	Total
REVENUES									
Taxes	$ 192,510	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 192,510
Intergovernmental revenues	-	-	-	16,382	48,480	-	285,367	194,937	545,166
Fees, fines and forfeitures	-	616	-	-	-	-	-	-	616
Investment income	-	7	7	-	-	11	344	115	484
Total revenues	192,510	623	7	16,382	48,480	11	285,711	195,052	738,776
EXPENDITURES									
Current operations:									
Public health and welfare	-	-	-	-	48,480	-	-	-	48,480
Economic development	77,004	-	8,596	-	-	-	-	-	85,600
Housing and development	-	-	-	16,382	-	-	-	-	16,382
Capital:									
General city government	-	-	-	-	-	-	11,250	-	11,250
Public works	-	-	-	-	-	-	204,138	33,433	237,571
Total expenditures	77,004	Nil	8,596	16,382	48,480	Nil	215,388	33,433	399,283
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	115,506	623	(8,589)	Nil	Nil	11	70,323	161,619	339,493
OTHER FINANCING SOURCES (USES)									
Transfers out	(121,778)	-	-	-	-	-	-	-	(121,778)
NET CHANGE IN FUND BALANCES	(6,272)	623	(8,589)	Nil	Nil	11	70,323	161,619	217,715
FUND BALANCES, beginning of year (as restated)	17,659	542	8,589	Nil	Nil	(11)	566,245	155,827	748,851
FUND BALANCES, end of year	$ 11,387	$ 1,165	$ Nil	$ Nil	$ Nil	$ Nil	$ 636,568	$ 317,446	$ 966,566

CITY OF WAYNESBORO, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	2018				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2017 Actual
REVENUES					
Taxes:					
Property taxes	$ 1,417,700	$ 1,366,700	$ 1,405,673	$ 38,973	$ 2,145,613
Motor vehicle taxes	175,000	202,900	202,858	(42)	164,099
Mobile home taxes	1,914	1,900	1,914	14	1,958
Franchise taxes	425,000	372,900	385,411	12,511	378,944
Sales and use taxes	1,300,000	1,240,600	1,455,925	215,325	1,280,249
Alcoholic beverage taxes	170,000	169,700	169,657	(43)	168,243
Business and occupation taxes	60,000	85,700	85,714	14	86,978
Insurance premium taxes	390,000	422,500	422,524	24	391,787
Financial institution taxes	28,000	23,300	23,316	16	22,781
Other taxes	27,100	23,200	23,200	-	29,327
Licenses and permits	55,000	82,600	82,543	(57)	98,112
Intergovernmental revenues	89,700	17,700	17,742	42	19,557
Charges for services	3,300	5,900	5,850	(50)	3,600
Fees, fines and forfeitures	138,000	166,900	163,229	(3,671)	129,026
Investment income	2,500	3,200	3,201	1	3,000
Contributions from private sources	-	62,100	62,070	(30)	9,107
Other revenues	41,000	37,500	37,470	(30)	76,682
Total revenues	4,324,214	4,285,300	4,548,297	262,997	5,009,063
EXPENDITURES					
Current operations:					
General city government					
Elections	-	-	-	-	25,055
Administration	898,600	1,022,600	1,021,257	1,343	1,510,656
Judicial					
Municipal court	-	12,000	11,061	939	15,693
Public safety					
Police	1,712,600	1,716,600	1,711,004	5,596	1,531,332
Fire	603,700	634,200	631,296	2,904	608,621
Public works					
Street	652,800	709,800	631,868	77,932	601,367
Maintenance	165,200	173,500	172,210	1,290	167,613
Cemetery and beautification	356,900	311,900	306,753	5,147	626,776
Economic development					
Urban redevelopment and housing	267,300	278,500	276,761	1,739	297,456
Debt service:					
Public safety	33,500	37,000	36,883	117	33,486
Total expenditures	4,690,600	4,896,100	4,799,093	97,007	5,418,055
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(366,386)	(610,800)	(250,796)	360,004	(408,992)

(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, 2018
With Comparative Totals for the Year Ended December 31, 2017

	2018				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2017 Actual
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	$ 2,000	$ -	$ -	$ -	$ 1
Use (return) of prior year surplus	-	207,600	-	(207,600)	-
Transfers in	592,200	718,100	571,459	(146,641)	612,922
Transfers out	(216,900)	(314,900)	(213,285)	101,615	(326,003)
NET CHANGE IN FUND BALANCES	10,914	Nil	107,378	107,378	(122,072)
FUND BALANCES, beginning of year	1,181,097	1,181,097	1,181,097	Nil	1,303,169
FUND BALANCES, end of year	$ 1,192,011	$ 1,181,097	$ 1,288,475	$ 107,378	$ 1,181,097

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, 2018
With Comparative Totals for the Year Ended December 31, 2017

	2018				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2017 Actual
REVENUES					
Taxes:					
Hotel/Motel occupancy taxes	$ 172,000	$ 192,500	$ 192,510	$ 10	$ 176,187
Total revenues	172,000	192,500	192,510	10	176,187
EXPENDITURES					
Current operations:					
Economic development					
Community development and tourism	68,000	78,000	77,004	996	70,475
Total expenditures	68,000	78,000	77,004	996	70,475
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	104,000	114,500	115,506	1,006	105,712
OTHER FINANCING SOURCES (USES)					
Transfers out	(104,000)	(114,500)	(121,778)	(7,278)	(97,222)
NET CHANGE IN FUND BALANCES	Nil	Nil	(6,272)	(6,272)	8,490
FUND BALANCES, beginning of year (as restated)	17,659	17,659	17,659	Nil	9,169
FUND BALANCES, end of year	$ 17,659	$ 17,659	$ 11,387	$ (6,272)	$ 17,659

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, 2018
With Comparative Totals for the Year Ended December 31, 2017

	2018			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2017 Actual**
REVENUES				
Fees, fines and forfeitures:				
Seizures and condemnations	$ -	$ 616	$ 616	$ 185
Investment income	-	7	7	7
Total revenues	Nil	623	623	192
EXPENDITURES				
Public safety				
Supplies	-	-	-	-
Equipment purchases	-	-	-	-
NET CHANGE IN FUND BALANCES	Nil	623	623	192
FUND BALANCES, beginning of year	542	542	Nil	350
FUND BALANCES, end of year	$ 542	$ 1,165	$ 623	$ 542

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, 2018
With Comparative Totals for the Year Ended December 31, 2017

	2018			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2017 Actual**
REVENUES				
Intergovernmental revenues:				
CDBG program income	$ -	$ -	$ -	$ 299
Investment income	-	7	7	7
Total revenues	Nil	7	7	306
EXPENDITURES				
Current operations:				
Economic development	8,589	8,596	(7)	7,255
Total expenditures	8,589	8,596	(7)	7,255
NET CHANGE IN FUND BALANCES	(8,589)	(8,589)	Nil	(6,949)
FUND BALANCES, beginning of year	8,589	8,589	Nil	15,538
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ 8,589

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, 2018
With Comparative Totals for the Year Ended December 31, 2017

	2018			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2017 Actual**
REVENUES				
Intergovernmental revenues:				
Program (CHIP) grant	$ 16,382	$ 16,382	$ -	$ 270,877
Total revenues	16,382	16,382	Nil	270,877
EXPENDITURES				
Current operations:				
Urban redevelopment and housing				
Rehabilitation of private properties	16,382	14,388	1,994	247,271
Administration	-	1,994	(1,994)	23,606
Total expenditures	16,382	16,382	Nil	270,877
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
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	2018			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2017 Actual**
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 49,250	$ 48,480	$ (770)	$ 47,259
Total revenues	49,250	48,480	(770)	47,259
EXPENDITURES				
Current operations:				
Public health and welfare				
Personal services	42,750	42,750	-	39,750
Travel	600	421	179	805
Regular operating expenditures	4,250	3,794	456	4,151
Telecommunications	650	650	-	957
Per diem, fees and contracts	600	550	50	543
Other	400	315	85	1,053
Total expenditures	49,250	48,480	770	47,259
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, 2018
Contract Year Ended June 30, 2018

	Family Connection Grant 93-161600134	Reconciliation to Year End Reports		Total
	Program Year Ended June 30, 2018	July to December, 2017	July to December, 2018	Year Ended December 31, 2018
REVENUES				
Intergovernmental revenues:				
Family Connection grant	$ 48,500	$ (24,394)	$ 24,374	$ 48,480
Total intergovernmental revenues	$ 48,500	$ (24,394)	$ 24,374	$ 48,480
EXPENDITURES				
Personal services	$ 40,500	$ (20,250)	$ 22,500	$ 42,750
Travel	800	(501)	122	421
Regular operating expenditures	5,000	(2,408)	1,202	3,794
Telecommunications	800	(400)	250	650
Per diem, fees and contracts	600	(350)	300	550
Other	800	(485)	-	315
Total expenditures	$ 48,500	$ (24,394)	$ 24,374	$ 48,480

CITY OF WAYNESBORO, GEORGIA
2016 Community Development Block Grant
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
From Inception and For the Year Ended December 31, 2018

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG grant	$ 800,000	$ -	$ 582,717	$ 582,717
Total revenues	800,000	Nil	582,717	582,717
EXPENDITURES				
Capital:				
Public works				
Street improvements	79,669	-	98,321	98,321
Flood and drainage facilities	23,475	-	23,475	23,475
Water facilities	67,860	-	117,470	117,470
Sewer facilities	232,966	-	231,810	231,810
Reconstruction of private properties	346,700	-	78,836	78,836
Grant administration	43,299	-	32,805	32,805
Contingencies	6,031	-	-	-
Total expenditures	800,000	Nil	582,717	582,717
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

(Continued)

CITY OF WAYNESBORO, GEORGIA
2016 Community Development Block Grant
Project Cost Schedule
From Inception and For the Year Ended December 31, 2018

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Latest Accumulated Expenditures to Date		Grand Total Expenditures to Date	Questioned Costs
			CDBG Funds	Other Funds		
Public Facilities Grant (Grant number 03p-x-017-2-2835)						
Construction						
Water facilities	P-03J-01	$ 67,860	$ 117,470	$ -	$ 117,470	$ -
Engineering - water / sewer improvements	T-03J-02	-	-	49,000	49,000	-
Sewer facilities	P-03J-02	232,966	231,810	17,663	249,473	-
Street improvements	P-03K-01	79,669	98,321	-	98,321	-
Flood and drainage facilities	P-03K-02	23,475	23,475	29,360	52,835	-
Reconstruction of private properties	H-14A-02	346,700	78,836	-	78,836	-
Grant administration	A-21A-00	43,299	32,805	-	32,805	-
Contingencies	C-022-00	6,031	-	-	-	-
Grand Total		$ 800,000	$ 582,717	$ 96,023	$ 678,740	$ Nil

Source of other funds: SPLOST III Fund

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, 2018
With Comparative Totals for the Year Ended December 31, 2017

	2018			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2017 Actual**
REVENUES				
Investment income	$ -	$ 11	$ 11	$ 23
Total revenues	Nil	11	11	23
EXPENDITURES				
Total expenditures	Nil	Nil	Nil	Nil
NET CHANGE IN FUND BALANCES	Nil	11	11	23
FUND BALANCES, beginning of year (as restated)	(11)	(11)	Nil	(34)
FUND BALANCES, end of year	$ (11)	$ Nil	$ 11	$ (11)

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, 2018
With Comparative Totals for the Year Ended December 31, 2017

	2018			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2017 Actual**
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ 276,780	$ 243,682	$ (33,098)	$ 1,127,067
GEMA Hazardous Mitigation Grant	-	41,685	41,685	170,000
Investment income	-	344	344	591
Other revenues	-	-	-	3,794
Total revenues	276,780	285,711	8,931	1,301,452
EXPENDITURES				
Debt Service:				
Public works	-	-	-	1,313,894
Capital:				
General city government				
Building renovation and construction	54,592	11,250	43,342	14,904
Public safety	13,648	-	13,648	-
Public works				
Streets and drainage improvements	99,357	29,360	69,997	7,239
Water system improvements	109,183	174,778	(65,595)	446,198
Total expenditures	276,780	215,388	61,392	1,782,235
NET CHANGE IN FUND BALANCES	Nil	70,323	70,323	(480,783)
FUND BALANCES, beginning of year (as restated)	566,245	566,245	Nil	1,047,028
FUND BALANCES, end of year	$ 566,245	$ 636,568	$ 70,323	$ 566,245

(Continued)

CITY OF WAYNESBORO, GEORGIA
SPLOST IV Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	2018			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2017 Actual**
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ 939,300	$ 1,011,326	$ 72,026	$ -
Investment income	-	707	707	-
Total revenues	939,300	1,012,033	72,733	Nil
EXPENDITURES				
Capital:				
General city government				
Building renovation and construction	93,750	-	93,750	-
Public safety	58,050	23,700	34,350	-
Recreation	37,500	-	37,500	-
Public works				
Road and street improvements	125,000	-	125,000	-
Storm drainage improvements	125,000	100,488	24,512	-
Water system improvements	250,000	36,102	213,898	-
Sewer system improvements	250,000	-	250,000	-
Total expenditures	939,300	160,290	779,010	Nil
NET CHANGE IN FUND BALANCES	Nil	851,743	851,743	Nil
FUND BALANCES, beginning of year (as restated)	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ 851,743	$ 851,743	$ Nil

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, 2018
With Comparative Totals for the Year Ended December 31, 2017

	2018			
	Budget (Original and Final)	**Actual**	**Variance with Final Budget**	**2017 Actual**
REVENUES				
Intergovernmental revenues:				
TIA SPLOST revenues	$ 111,912	$ 120,169	$ 8,257	$ 119,744
Local Maintenance & Improvement Grant	-	74,767	74,767	69,590
Investment income	-	116	116	104
Total revenues	111,912	195,052	83,140	189,438
EXPENDITURES				
Capital:				
Public works	111,912	33,433	78,479	289,498
Total expenditures	111,912	33,433	78,479	289,498
NET CHANGE IN FUND BALANCES	Nil	161,619	161,619	(100,060)
FUND BALANCES, beginning of year	155,827	155,827	Nil	255,887
FUND BALANCES, end of year	$ 155,827	$ 317,446	$ 161,619	$ 155,827

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, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Customer charges	$ 1,823,263	$ 1,798,973
Tap fees	16,960	1,970
Penalties	50,122	55,961
Recovery of bad debts	3,900	-
Total operating revenues	1,894,245	1,856,904
OPERATING EXPENSES		
Salaries	261,729	236,691
Employee benefits	61,309	67,754
Contractual services	653,011	666,777
Repairs, maintenance and other contractual services	163,737	114,532
Communications	16,527	18,338
Travel and training	4,605	5,374
Supplies and materials	148,340	143,679
Utilities	136,778	123,140
Vehicle gasoline	17,695	14,683
Depreciation	835,206	814,031
Other expenses	114,254	153,537
Total operating expenses	2,413,191	2,358,536
OPERATING LOSS	(518,946)	(501,632)
NONOPERATING REVENUES (EXPENSES)		
Interest earned	2,525	2,071
Interest expense	(178,696)	(189,514)
Total nonoperating revenues (expenses)	(176,171)	(187,443)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(695,117)	(689,075)
Capital contributions	579,035	439,140
Transfers in	213,285	326,003
CHANGE IN NET POSITION	97,203	76,068
TOTAL NET POSITION, beginning of year	13,075,671	12,999,603
TOTAL NET POSITION, end of year	$ 13,172,874	$ 13,075,671

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,907,849	$ 1,894,594
Cash paid for goods and services	(1,188,001)	(1,252,903)
Cash paid to employees for services	(258,406)	(234,224)
Customer deposits received (refunded)	220	370
Net cash provided by operating activities	461,662	407,837
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net borrowings from other funds	49,834	-
Net transfers in (out)	213,285	326,003
Net cash provided by noncapital financing activities	263,119	326,003
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	-	(62,033)
Retirement of revenue bonds	(495,000)	(440,000)
Interest and fiscal charges paid	(179,699)	(175,582)
Net cash used by capital and related financing activities	(674,699)	(677,615)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	2,519	1,685
Net cash provided by investing activities	2,519	1,685
NET INCREASE IN CASH AND CASH EQUIVALENTS	52,601	57,910
CASH AND EQUIVALENTS, beginning of year	610,449	552,539
CASH AND EQUIVALENTS, end of year	$ 663,050	$ 610,449

(Continued)

CITY OF WAYNESBORO, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Reconciliation of operating loss to net cash provided by operating activities:		
OPERATING LOSS	$ (518,946)	$ (501,632)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	11,387	185,235
Depreciation	835,205	814,031
Decrease (increase) in operating assets:		
Accounts receivable	2,219	(147,543)
Pension related deferred outflows of resources	(17,972)	11,033
Increase (decrease) in operating liabilities:		
Accounts payable	129,684	48,371
Accrued salaries	391	592
Accrued leave benefits	2,931	1,874
Deposits for services	220	370
Net pension liability	415	(5,273)
Pension related deferred inflows of resources	16,128	779
Total adjustments	980,608	909,469
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 461,662	$ 407,837

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:		
Contribution of capital:		
Capital projects through SPLOST and CDBG Funds	$ 579,035	$ 439,140

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Customer charges	$ 1,102,629	$ 1,010,952
Penalties	30,560	27,060
Miscellaneous	18,659	10,066
Total operating revenues	1,151,848	1,048,078
OPERATING EXPENSES		
Salaries	118,917	129,566
Employee benefits	25,866	36,015
Contractual services	28,475	43,731
Repairs, maintenance and other contractual services	86,860	141,301
Gas purchases	594,135	490,724
Communications	4,207	4,600
Travel and training	1,398	523
Supplies and materials	4,576	2,871
Utilities	8,394	2,487
Vehicle gasoline	4,958	4,647
Depreciation	23,065	31,239
Other expenses	50,195	33,950
Total operating expenses	951,046	921,654
OPERATING INCOME	200,802	126,424
NONOPERATING REVENUES (EXPENSES)		
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	200,802	126,424
Transfers out	(138,688)	(171,214)
CHANGE IN NET POSITION	62,114	(44,790)
TOTAL NET POSITION, beginning of year (as restated)	95,385	140,175
TOTAL NET POSITION, end of year	$ 157,499	$ 95,385

CITY OF WAYNESBORO, GEORGIA
Gas Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,098,352	$ 1,033,813
Cash paid for goods and services	(765,991)	(736,279)
Cash paid to employees for services	(118,569)	(127,830)
Customer deposits received (refunded)	562	1,510
Net cash provided by operating activities	214,354	171,214
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(138,688)	(171,214)
Net cash used by noncapital financing activities	(138,688)	(171,214)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(75,666)	-
Net cash used by capital and related financing activities	(75,666)	Nil
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	$ 200,802	$ 126,424
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	29,829	38,383
Depreciation	23,065	31,239
Decrease (increase) in operating assets:		
Accounts receivable	(83,326)	(52,648)
Pension related deferred outflows of resources	(5,242)	6,778
Increase (decrease) in operating liabilities:		
Accounts payable	37,542	27,809
Accrued salaries	32	161
Accrued leave benefits	316	1,575
Accrued sales tax	13,130	(2,823)
Deposits for services	562	1,510
Net pension liability	(8,533)	(7,478)
Pension related deferred inflows of resources	6,177	284
Total adjustments	13,552	44,790
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 214,354	$ 171,214

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Customer charges	$ 1,075,732	$ 1,038,387
Penalties	27,054	26,628
Total operating revenues	1,102,786	1,065,015
OPERATING EXPENSES		
Salaries	196,045	184,739
Employee benefits	62,767	68,703
Contractual services	4,097	20,531
Repairs, maintenance and other contractual services	78,834	77,377
Communications	2,006	2,188
Landfill fees	183,265	174,939
Supplies and materials	19,566	48,411
Vehicle gasoline	40,824	26,688
Depreciation	38,569	90,263
Other expenses	31,700	70,485
Total operating expenses	657,673	764,324
OPERATING INCOME	445,113	300,691
NONOPERATING REVENUES (EXPENSES)		
Interest expense	(10,392)	(13,290)
Total nonoperating revenues (expenses)	(10,392)	(13,290)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	434,721	287,401
Transfers out	(310,993)	(344,485)
CHANGE IN NET POSITION	123,728	(57,084)
TOTAL NET POSITION, beginning of year	(24,936)	32,148
TOTAL NET POSITION, end of year	$ 98,792	$ (24,936)

CITY OF WAYNESBORO, GEORGIA
Solid Waste Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,104,382	$ 1,090,576
Cash paid for goods and services	(459,469)	(422,438)
Cash paid to employees for services	(193,616)	(182,290)
Customer deposits received (refunded)	330	266
Net cash provided by operating activities	451,627	486,114
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(310,993)	(344,486)
Retirement of long-term debt (noncapital)	(61,875)	(60,156)
Interest and fiscal charges paid	(6,875)	(13,417)
Net cash used by noncapital financing activities	(379,743)	(418,059)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	-	(1,295)
Capital lease principal payments	(68,221)	(66,760)
Interest and fiscal charges paid	(3,663)	-
Net cash used by capital and related financing activities	(71,884)	(68,055)
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, 2018 and 2017

	2018	2017
Reconciliation of operating income to net cash provided by operating activities:		
OPERATING INCOME	$ 445,113	$ 300,691
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivables	12,118	61,185
Depreciation	38,569	90,263
Decrease (increase) in operating assets:		
Accounts receivable	(10,524)	(35,626)
Pension related deferred outflows of resources	(9,160)	4,692
Increase (decrease) in operating liabilities:		
Accounts payable	(28,017)	54,961
Accrued salaries	(150)	618
Accrued leave benefits	2,579	1,832
Deposits for services	330	266
Net pension liability	(9,022)	733
Pension related deferred inflows of resources	9,791	6,499
Total adjustments	6,514	185,423
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 451,627	$ 486,114
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, 2018, 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 2, 2019.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2018-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2018-003 to be a significant deficiency.

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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 2018-001.

City of Waynesboro, Georgia's Response to Findings

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

Purpose of this Report

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

Reddick, Riggs and Hunter, P. C.

Statesboro, Georgia
October 2, 2019

CITY OF WAYNESBORO, GEORGIA
Schedule of Findings and Questioned Costs
December 31, 2018

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements noted?	Yes

Finding 2018 - 001*

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, 2018, the City's tax anticipation loan remained outstanding.
Context:	The remaining debt outstanding at December 31, 2018 was $570,400.
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 ot the City. Alternate measures are being made to build an additional reserve fund to prevent the reliance on tax anticipation loans.

Findings and Questioned Costs (continued)

Finding 2018 - 002

Criteria:	An important control over fines and forfeitures is control over the issuance and disposition of citations. In order to accomplish this, the City's policy is that citations, once issued, can only be reduced to a warning status by the Municipal Court judge or solicitor.
Condition:	During our review of citations that were issued and subsequently reduced to warning status, we noted instances in which no documentation of approval by the judge or the solicitor could be provided. We also noted that documentation for such approval varied from case to case, to include email, text messages, and notations on the court docket. Finally, we noted that citations which were originally issued as warnings in the in-car citation system bring over dollar amounts when imported into Courtware. These tickets must manually be zeroed out and closed.
Context:	During our review of 25 tickets which were reduced after-the-fact to warnings, we noted seven instances in which there was no documentation for the reduction
Cause:	It appears the inconsistency of the documentation was due to a lack of understanding of the importance of this process by the officer handling court. It appears that the items incorrectly transfer from the in-car systems due to a lack of integration between the City's two software systems.
Effect:	The ability to reduce a ticket to warning status creates the potential that tickets could be reduced to warnings to cover amounts which have been fraudulently taken from cash payments.
Recommendation:	We recommend that the City reinstate the use of the Citation Evaluation Form previously adopted, or a similar form which details at least the citation number, offender name and a space for approval by the Municipal Court judge or solicitor, and that such form be required for all citations which are reduced to a warning after-the-fact. We also recommend that the City contact its software companies to determine if better integration can be achieved for citations which are originally issued as warnings in order to reduce the time required to handle these citations and to provide better controls over the citation system.
Comments:	Management concurs with the finding of the auditors. Any approval of a reduction of an issued citation will be approved by the Municipal Court judge or solicitor, and the City will work with the software company to streamline the citation system.

Finding 2018 - 003

Criteria:	An important control over cash is the balancing of the teller drawers daily.
Condition:	During our surprise cash count, we noted one teller drawer contained a check dated three weeks prior to the date of the cash count, as well as a second check which was over a week old.
Context:	The checks totaled $156 and appeared to be for two customer deposits.
Cause:	While the noted teller had been out for over a week due to a medical condition, it appears that the two checks were not deposited due to failure to properly balance the drawer.
Effect:	Holding checks for an extended period of time could lead to a customer's service being disconnected or not set up on a timely basis. Also, holding checks in the drawer increases the risk that the customer may not have adequate funds to cover the checks.
Recommendation:	We recommend management emphasize the policy of balancing all drawers and depositing all receipts daily. We also recommend that management periodically conduct unannounced cash counts to ensure compliance with this policy.
Comments:	Management concurs with the finding of the auditors and will conduct unannounced cash drawer counts and emphasize cash drawer balancing and depositing all receipts daily to staff.

Findings and Questioned Costs (continued)

** Indicates uncorrected prior year finding*

CITY OF WAYNESBORO, GEORGIA
Schedule of State Awards Expended
For the Year Ended December 31, 2018

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	-	48,500	-	48,500	-	-
Total		$ 2,579	$ 48,500	$ Nil	$ 48,500	$ 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, 2018

Project	Original Estimated Cost	Estimated Cost	(As Restated) Prior Years	Current Year	Total
SPLOST II					
Building renovation and construction	$ 500,000	$ 1,304,420	$ 1,304,420	$ -	$ 1,304,420
Water, sewer and storm drainage improvements	3,801,605	6,912,524	6,912,524	-	6,912,524
Total	$ 4,301,605	$ 8,216,944	$ 8,216,944	$ Nil	$ 8,216,944
SPLOST III					
Building renovation and construction	$ 1,310,200	$ 757,259	$ 2,843,454	$ 11,250	$ 2,854,704
Patrol vehicles and utility equipment	327,550	468,895	100,532	29,361	129,893
Roads, streets, sidewalks and drainage improvements	2,384,564	832,955	180,908	-	180,908
Water and sewer improvements	2,620,400	2,295,175	2,162,083	133,092	2,295,175
Total	$ 6,642,714	$ 4,354,284	$ 5,286,977	$ 173,703	$ 5,460,680
SPLOST IV					
Building capital improvements	$ 750,000	$ 757,259	$ -	$ -	$ -
Equipment	464,400	468,895	-	23,700	23,700
Recreation	300,000	302,905	-	-	-
Road improvements	1,000,000	1,009,679	-	-	-
Storm drain improvements	1,000,000	1,009,679	-	100,488	100,488
Water improvements	2,000,000	2,019,358	-	36,102	36,102
Sewer improvements	2,000,000	2,019,358	-	-	-
Total	$ 7,514,400	$ 7,587,133	$ Nil	$ 160,290	$ 160,290

Reconciliation to Fund Financial Statements:

	SPLOST II	SPLOST III	SPLOST IV
Total expenditures per fund financial statements	$ Nil	$ 215,388	$ 160,290
Adjustments:			
Amounts paid from Hazard Mitigation Grant from GEMA & Homeland Security Agency	-	(41,685)	-
Total project expenses per Schedule of Projects Construction with Special Purpose Local Option Sales Tax Proceeds	$ Nil	$ 173,703	$ 160,290