

***CITY OF WASHINGTON, GEORGIA***

***Annual Financial Report***

***For the year ended December 31, 2016***

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**CITY OF WASHINGTON, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
**For the year ended December 31, 2016**

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## Independent Auditor's Report

Honorable Mayor and  
Members of the City Council  
City of Washington, 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 Washington, Georgia, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, 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 Washington, Georgia, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of 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 the required supplementary information on pages 4 through 14 and 63 through 66, respectively to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Washington, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax 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 fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Washington, Georgia's basic financial statements for the year ended December 31, 2015, which are not presented with the accompanying financial statements. In our report dated June 17, 2016, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Washington's basic financial statements as a whole. The individual fund financial statements and schedules related to the 2015 financial statements are presented for the purposes of additional analysis and are not a required part of the financial statements.

The individual fund financial statements and schedules related to the 2015 financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2015 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2015 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

### **Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2017, on our consideration of the City of Washington, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Washington, Georgia's internal control over financial reporting and compliance.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
June 5, 2017

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# City of Washington

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Sherri D. Bailey, City Administrator  
Debbie L. Danner, Clerk  
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**Council Members**  
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Travis Armour  
Maceo Mahoney  
Kimberly J. Rainey  
Mike Scarborough  
Marion Tutt, Jr.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

City of Washington management is proud to present this narrative discussion and analysis of the City of Washington’s financial performance, making available an overview of the activities for the year ended December 31, 2016. This report is drafted annually to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Washington. As required by the Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis affords comparisons with the previous fiscal year.

### Financial Highlights

- The City of Washington’s assets exceeded its liabilities at December 31, 2016 by \$17,600,551 (*net position*). Of this amount, \$3,542,685 is reported as unrestricted net position. This is an increase of \$504,063 from the previous year for unrestricted. Total net position increased by \$775,741 from the previous year due mostly to increases in deferred outflows of resources.
- As of December 31, 2016, The City of Washington’s governmental funds reported combined ending fund balances of \$815,810. Approximately 54%, or \$439,434, is reported as restricted. Approximately 38%, or \$312,174, is reported as assigned. Information about the City of Washington’s Policy on Fund Balance can be found in Note 2R in the *Notes to the Financial Statements* beginning on page 29.

More detailed information regarding these activities and funds begins on page 15.

### Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to the City of Washington’s basic financial statements. The City of Washington’s basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

**Government-wide Financial Statements (Reporting the City as a whole).** The focus of the government-wide financial statements is on the overall financial position and activities of the City of Washington and is designed to provide a broad overview of the City’s financial activities in a manner similar to a private business enterprise.

The City's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These two statements report information about the City of Washington using the accrual basis of accounting, which is similar to the accounting used by non-public businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the **Statement of Net Position** (pages 15-16) is to report all of the assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net position*. While the purpose of City Government is not to accumulate net position, as this amount increases it can indicate the strength of the City's financial position as a whole. When this amount decreases it can indicate a weakening of the City's financial position.

The **Statement of Activities** (page 17) presents the revenues and expenses of the City. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position*. The Statement of Activities primary focus is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through user fees, special revenues, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, we divide the City of Washington into three types of activities:

- **Governmental activities** – Most of the City's basic services are reported under this category which includes: judicial, public safety, public works, and general administration. Taxes such as real property, sales, insurance premium and intangible finance most of these services.
- **Business-type or Enterprise activities** – The City charges fees to customers to assist in recovering the cost for providing certain services. The City's water and sewer system, electric system, solid waste services, and internet telecommunications system are reported in this category.
- **Discretely Presented Component Unit** – A component unit is a legally separate organization for which the elected officials of the City can be financially accountable. The Downtown Development Authority of Washington, Georgia, although legally separate, functions for all practical purposes as a department of the City of Washington and has been included as an integral part of the government.

The City's government-wide financial statements are presented on pages 15-17.

## **Fund Financial Statements (Reporting the City's Major Funds).**

The focus of fund financial statements is directed at specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 68. The City's funds are divided into two broad categories: governmental and proprietary. They use different prescribed accounting methodologies.

- **Governmental Funds** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By so doing, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided following each statement.

The City of Washington maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered a major governmental fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 67-70 of this report.

The City of Washington adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been included for the General Fund to show the final result of actual revenues and expenditures as compared to the initial projections.

The City's basic governmental fund financial statements are presented on pages 15-28 of this report.

- **Proprietary Funds** – When the City charges customers for the services it provides, whether to outside customers or internally to departments of the City, these services are generally reported in proprietary funds. The City maintains one type of proprietary funds: Enterprise Funds. These proprietary funds are prepared using the same accrual basis of accounting as the government-wide financial statements.

Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Washington uses enterprise funds to account for its Water and Sewer, Electric, Solid Waste, and Internet Telecommunications functions.

The City's proprietary fund financial statements are presented on pages 24-28.

**Notes to the financial statements.**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-62 of this report.

**Other Supplementary Information.**

Other supplementary information includes combining financial statements for non-major governmental and proprietary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 19 and 21) which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statements but as deferred inflows of resources on the fund statements.
- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.



## Overview of the City's Financial Position and Operations

The City's overall financial position and operations for this fiscal year is summarized as follows based on the information included in the government-wide financial statements (see pages 15-17):

### City of Washington Net Position Fiscal Years 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2014
Current assets	\$ 1,160,055	\$ 1,104,175	\$ 5,282,841	\$ 4,642,440	\$ 6,442,896	\$ 5,746,615
Capital assets	7,071,514	6,997,720	16,109,412	16,127,779	23,180,926	23,125,499
Other noncurrent assets	22,000	0	486,389	499,750	508,389	499,750
<b>Total assets</b>	<u>8,253,569</u>	<u>8,101,895</u>	<u>21,878,642</u>	<u>21,269,969</u>	<u>30,132,211</u>	<u>29,371,864</u>
<b>Total deferred outflows of resources</b>	<u>436,999</u>	<u>133,107</u>	<u>223,100</u>	<u>66,093</u>	<u>660,099</u>	<u>199,200</u>
Current liabilities	499,137	379,962	1,840,179	1,677,824	2,339,316	2,057,786
Noncurrent liabilities	1,553,183	1,150,764	9,203,281	9,505,104	10,756,464	10,655,868
<b>Total liabilities</b>	<u>2,052,320</u>	<u>1,530,726</u>	<u>11,043,460</u>	<u>11,182,928</u>	<u>13,095,780</u>	<u>12,713,654</u>
<b>Total deferred inflows of resources</b>	<u>64,458</u>	<u>88,603</u>	<u>31,521</u>	<u>43,997</u>	<u>95,979</u>	<u>132,600</u>
<b>Net position:</b>						
Net investment in capital assets	6,288,806	6,278,407	6,719,420	6,381,326	13,008,226	12,659,733
Restricted	439,434	338,138	610,206	788,317	1,049,640	1,126,455
Unrestricted	<u>(154,450)</u>	<u>(872)</u>	<u>3,697,135</u>	<u>3,039,494</u>	<u>3,542,685</u>	<u>3,038,622</u>
<b>Total net position</b>	<u>\$ 6,573,790</u>	<u>\$ 6,615,673</u>	<u>\$ 11,026,761</u>	<u>\$ 10,209,137</u>	<u>\$ 17,600,551</u>	<u>\$ 16,824,810</u>

Net position may serve over time as a useful indicator of a government's financial position. Assets for the City of Washington exceeded liabilities by \$17,600,551 at the close of 2016. Approximately 74% of the City of Washington's net position is reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire them. This is down 1% from 75% at December 31, 2015. The City uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position comprises 6% of total net position. This amount represents resources that are subject to external restrictions or enabling legislation on how they may be used. Unrestricted net position makes up the remaining 20%.

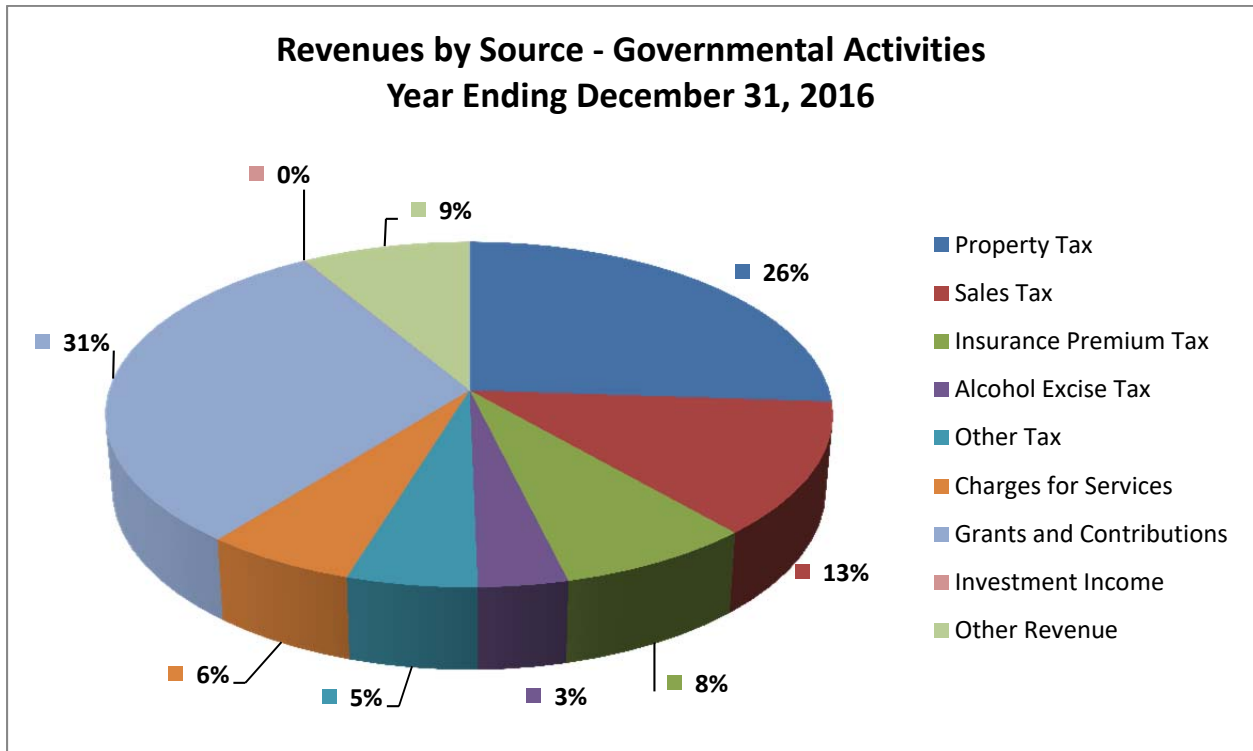
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Washington's net position changed during the year.

**City of Washington  
Changes in Net Position  
Fiscal Years 2016 and 2015**

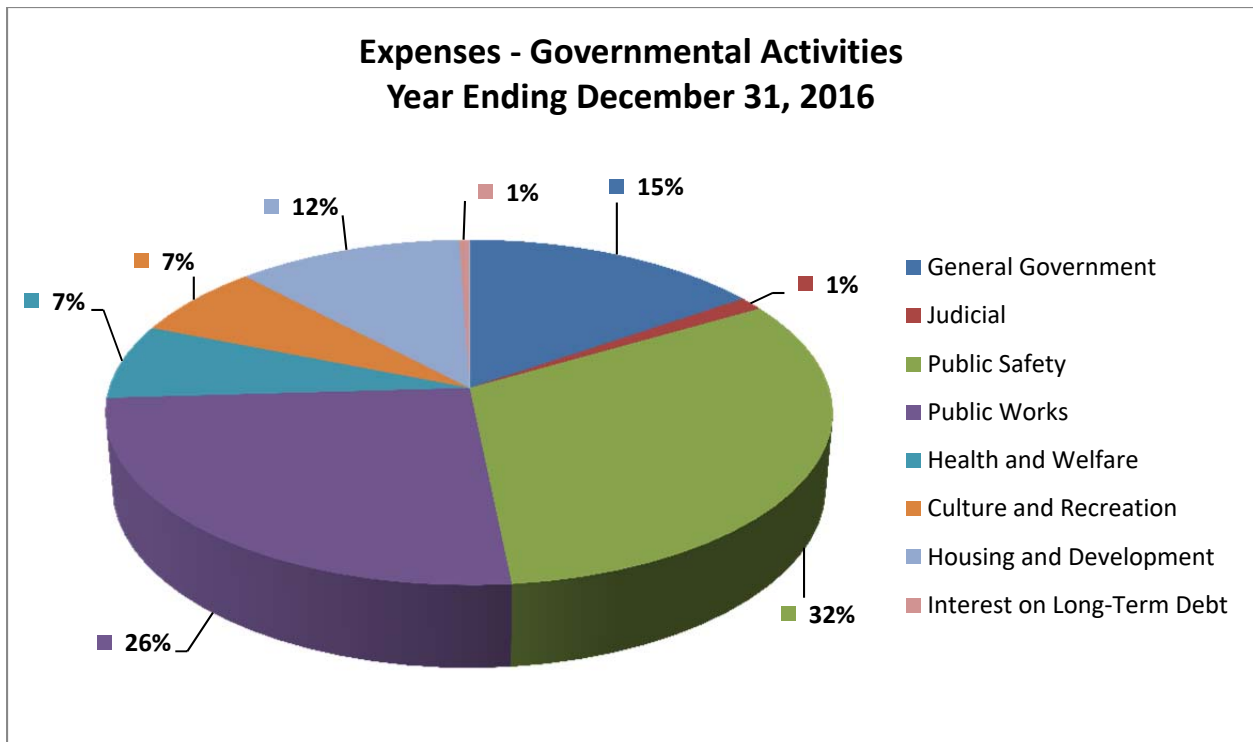
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 199,118	\$ 177,079	\$ 14,096,570	\$ 13,624,037	\$ 14,295,688	\$ 13,801,116
Operating grants and contributions	110,558	97,544	1,258,231	1,415,337	1,368,789	1,512,881
Capital grants and contributions	925,824	1,325,384	13,000	0	938,824	1,325,384
General revenues:						
Property tax	878,034	868,064	0	0	878,034	868,064
Sales tax	421,590	416,690	0	0	421,590	416,690
Insurance premium tax	258,020	238,203	0	0	258,020	238,203
Alcohol excise tax	117,686	120,766	0	0	117,686	120,766
Other taxes	171,037	167,126	0	0	171,037	167,126
Interest & investment earnings	1,129	1,367	29,342	34,761	30,471	36,128
Other revenue	288,902	353,171	29,724	6,337	318,626	359,508
<b>Total revenues</b>	<b>3,371,898</b>	<b>3,765,394</b>	<b>15,426,867</b>	<b>15,080,472</b>	<b>18,798,765</b>	<b>18,845,866</b>
<b>Expenses</b>						
General government	871,541	1,160,368	0	0	871,541	1,160,368
Judicial	72,520	55,516	0	0	72,520	55,516
Public Safety	1,804,107	1,687,845	0	0	1,804,107	1,687,845
Public Works	1,457,695	1,164,514	0	0	1,457,695	1,164,514
Health and Welfare	398,360	349,880	0	0	398,360	349,880
Culture and Recreation	389,122	361,865	0	0	389,122	361,865
Housing and Development	655,461	416,014	0	0	655,461	416,014
Interest on long-term debt	29,956	33,535	0	0	29,956	33,535
Water and Sewer	0	0	2,439,037	2,558,173	2,439,037	2,558,173
Electric	0	0	9,328,233	9,257,976	9,328,233	9,257,976
Solid Waste	0	0	557,042	570,433	557,042	570,433
Internet Telecommunications	0	0	19,950	23,649	19,950	23,649
<b>Total expenses</b>	<b>5,678,762</b>	<b>5,229,537</b>	<b>12,344,262</b>	<b>12,410,231</b>	<b>18,023,024</b>	<b>17,639,768</b>
Indirect costs	653,340	677,315	(653,340)	(677,315)	0	0
<b>Increase (decrease) in net position before transfers</b>	<b>(1,653,524)</b>	<b>(786,828)</b>	<b>2,429,265</b>	<b>1,992,926</b>	<b>775,741</b>	<b>1,206,098</b>
Transfers	1,611,641	1,179,098	(1,611,641)	(1,179,098)	0	0
<b>Increase (decrease) in net position</b>	<b>(41,883)</b>	<b>392,270</b>	<b>817,624</b>	<b>813,828</b>	<b>775,741</b>	<b>1,206,098</b>
<b>Net position - beginning (original)</b>	<b>6,615,673</b>	<b>6,734,101</b>	<b>10,209,137</b>	<b>9,586,690</b>	<b>16,824,810</b>	<b>16,320,791</b>
<b>Prior period adjustments</b>	<b>0</b>	<b>(510,698)</b>	<b>0</b>	<b>(191,381)</b>	<b>0</b>	<b>(702,079)</b>
<b>Net position - beginning (restated)</b>	<b>6,615,673</b>	<b>6,223,403</b>	<b>10,209,137</b>	<b>9,395,309</b>	<b>16,824,810</b>	<b>15,618,712</b>
<b>Net position - ending</b>	<b>\$ 6,573,790</b>	<b>\$ 6,615,673</b>	<b>\$ 11,026,761</b>	<b>\$ 10,209,137</b>	<b>\$ 17,600,551</b>	<b>\$ 16,824,810</b>

## Governmental Activities –

The following chart illustrates revenues of the governmental activities for the fiscal year:



The following chart illustrates the expenses of the governmental activities for the fiscal year:



## Business-Type Activities –

Business-type activities increased the City of Washington's net position by \$817,624, or 8.0%. This increase is due to a large increase in net position in the Electric Fund and Water / Sewer Fund that was offset partially by a small decrease in net position in Non-major enterprise funds.

## Financial Analysis of the City's Funds

The City of Washington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The main focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of unrestricted resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

- 1) As the City completed this fiscal year, its governmental funds reported a combined ending fund balance of \$815,810. Of this amount, \$0 (0%) has been assigned for the 2017 budget.

The General Fund is the chief operating fund of the City. At the end of the current year, fund balance of the General Fund was \$151,567. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 23% of total fund balance in the General Fund. Unassigned fund balance represents 0.7% of total General Fund expenditures, while total fund balance represents approximately 2.9% of that same amount. The City ended the year realizing a decrease in the overall fund balance in the General Fund by \$142,159, or approximately 48%. The City decreased unassigned fund balance in the General Fund by \$218,733.

## General Fund Budget Highlights

The original budget for the General Fund was amended by various appropriations approved after the beginning of the fiscal year. Budgeted revenues in total increased over the original budgeted amount. Some unbudgeted expenditures occurred which were completely offset by either unbudgeted revenue or by a decrease in budgeted expenditures. There were also some amendments made to transfer revenues and expenses between departments due to government structure changes.

**Proprietary Funds.** The City of Washington's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the City's four proprietary funds totaled as follows:

▪ Water and Sewer	\$ 443,230
▪ Electric	\$ 2,795,681
▪ Solid Waste	\$ (52,980)
▪ Internet Telecommunications	\$ 511,204

The Water and Sewer Fund increased net position by \$76,857. The Increase is due to a reduction in liabilities, specifically long-term notes payable. The Electric Fund increased net position by \$639,877. The increase is due to an increase in cash and cash equivalents, an increase in accounts and intergovernmental receivables, and increase in deferred outflows of resources. The Solid Waste Fund increased net position by approximately \$103,804. The increase is due to capital asset additions. The Internet Telecommunications Fund decreased net position by \$15,914. The decrease is due to an increase in liability at year end for Accounts Payable.

## Capital Assets and Debt Administration

**Capital Assets.** The City of Washington has invested \$23,180,926 in capital assets (net of accumulated depreciation) compared to \$23,225,499 in the previous year. This represents a decrease of 0.2%. Approximately 70% of this investment is related to business-type activities and includes infrastructure, land, buildings, and equipment and vehicles. Capital assets held by the City at year-end are summarized as follows:

### City of Washington Capital Assets (net of accumulated depreciation) Fiscal Years 2016 and 2015

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 707,819	\$ 703,904	\$ 203,190	\$ 203,190	\$ 911,009	\$ 907,094
Historical treasures	81,718	81,718	0	0	81,718	81,718
Construction in progress	0	26,825	0	0	-	26,825
Buildings and improvements	3,906,042	3,906,042	726,825	726,825	4,632,867	4,632,867
Equipment and vehicles	3,412,201	3,274,437	2,523,007	2,124,594	5,935,208	5,399,031
Software	75,335	0	0	0	75,335	0
Infrastructure	3,944,045	3,838,524	24,286,921	24,244,395	28,230,966	28,082,919
<b>Total</b>	<b>12,127,160</b>	<b>11,831,450</b>	<b>27,739,943</b>	<b>27,299,004</b>	<b>39,867,103</b>	<b>39,130,454</b>
Accumulated Depreciation	(5,055,646)	(4,833,730)	(11,630,531)	(11,071,225)	(16,686,177)	(15,904,955)
<b>Net Capital Assets</b>	<b>\$ 7,071,514</b>	<b>\$ 6,997,720</b>	<b>\$ 16,109,412</b>	<b>\$ 16,227,779</b>	<b>\$ 23,180,926</b>	<b>\$ 23,225,499</b>

Major capital asset expenditures during the current fiscal year for governmental activities included the following:

- New Accounting Software
- Road Resurfacing Projects
- New Lawnmower - Street department
- New Tractor - Street department
- New SUV – Fire department
- Shop Equipment
- New Pick-up Truck-Street department
- New Debris Grapple Truck – Street department

Major capital asset expenditures during the current year for business-type activities included the following:

- Pick-up Trucks- Water / Sewer department
- Mini-excavator Tractor – Water / Sewer department
- Utility trailer – Water / Sewer department
- Upgrades to Kubota RTVs – Water / Sewer department
- Power poles and lines for HWY 17 widening – Electric department
- Pick-up Truck – Electric department
- Upgrades to Kubota RTVs – Solid Waste department
- New Kubota RTV – Solid Waste department
- Semi Trucks – Solid Waste department

Additional information on the City of Washington's capital assets can be found in Note 7 on pages 47-48 of this report.

**Debt/Capital Leases.** On December 31, 2016, the City of Washington had a total debt balance outstanding for governmental activities in the amount of \$782,457, as compared to \$719,313 the previous year. The City of Washington's outstanding debt for governmental activities has increased by \$63,144 during the course of the year. On December 31, 2016, the City of Washington had a total debt balance outstanding for business-type activities in the amount of \$9,381,493, as compared to \$9,846,453 the previous year. The City of Washington's outstanding debt for business-type activities has decreased by \$464,960 during the course of the year.

Additional information on the City's long-term debt can be found in Notes 10 and 11 on pages 50-53 of this report.

### **Economic Condition and Outlook**

The City of Washington was once a thriving manufacturing community. Over the years the City has seen many manufacturing companies close. There are currently three manufacturing companies still in operation, two of which are the City's top utility customers. The City also benefits from the wood processing market. The City is actively pursuing companies to invest in our town, to bring more diversity to our market and thus more stability to our economic future.

The City of Washington is actively engaged with the Payroll Development Authority in partnership with the County. The PDA is working with various businesses to fill our industrial park. We recently had one new business to locate into the Industrial Park this year. The City also works with the Urban Redevelopment Authority and the Downtown Development Authority. Both of these subunits of the City are actively engaged in new business development and retaining of our current businesses.

The City has recently made an investment in their downtown in an attempt to draw in new business to the downtown area. The City has vamped up the Main Street Department offering incentives for local businesses to grow and prosper in Washington.

The City employs a full-time director to manage the Main Street program and serves as director of downtown. This person works with businesses in the historic downtown area to plan and promote events that attract commerce to the downtown area. Main Street also recruits small businesses to occupy vacant commercial spaces in the area.

Over the past couple of years, the City of Washington has been able to increase its fund balance as well as increase its investment in Capital assets. The City has accomplished this by paying down debt and investing in capital items with capital reserves. The City is seeing an upsurge in economic growth. The local housing market appears to be getting better with vacant houses finding new tenants and an increase in houses being built in the area. The City was able to reduce property taxes for citizens in 2016 by 1.45%. The City has not gone up on property taxes in several years.

The City continues to absorb the rising costs of electric prices due to State and Federal regulations being mandated on sources of power, specifically coal units. However, the City does anticipate a reduction in fixed cost through MEAG in the next year due to a restructuring of financial arrangements. The City continues to look for ways to decrease costs through efficient operations and to increase the City's tax base with improvements to residential communities and actively pursuing businesses to locate here in Washington. All of these items were considered in the 2017 budget process:

- The need for efficient operations and innovative ways to cut costs
- Rising cost of retirement benefits-the City restructured the employee retirement plan in 2016 for new hires, thus reducing cost
- Cost of Water / Sewer Treatment operations-The City effectively took over operations of the Water / Waste Water plants in 2016 cutting costs by over \$140,000 in the first year. 2016 was a partial year of operations for the City and there were startup costs in the first year of the City taking over operations. It is expected to save over \$350,000 in 2017.
- Restructuring of the Sanitation Department to reduce costs
- Continued investment in Capital outlay and Infrastructure Improvements
- Continued investment in the Capital Reserve account to build back funds that had been depleted in years past
- Rising cost of healthcare and other insurance benefits

### **Contacting the City**

This financial report is designed to provide City citizens, taxpayers, customers, and creditors with a general overview of the City of Washington's finances and to demonstrate the City's high level of accountability for the revenue it receives and the services it provides. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

#### **Administration**

City of Washington  
ATTN: City Administrator  
P.O. Box 9  
Washington, Georgia 30673

#### **Website**

<http://www.cityofwashingtonga.gov>

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***BASIC FINANCIAL STATEMENTS***

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 446,108	\$ 1,093,939	\$ 1,540,047	\$ 3,887
Investments	280,294	588,726	869,020	2,333
Restricted assets				
Cash and cash equivalents	107,345	166,596	273,941	0
Investments	0	710,389	710,389	0
Receivables (net)				
Accounts	4,862	1,680,239	1,685,101	0
Intergovernmental	121,500	538,184	659,684	0
Taxes	190,829	0	190,829	0
Inventories	0	452,151	452,151	0
Prepaid items	9,117	52,617	61,734	0
Total current assets	<u>1,160,055</u>	<u>5,282,841</u>	<u>6,442,896</u>	<u>6,220</u>
<b>Noncurrent assets</b>				
Investment in joint venture	0	486,389	486,389	0
Notes receivable	22,000	0	22,000	0
Capital assets				
Non-depreciable	789,537	203,190	992,727	0
Depreciable (net)	6,281,977	15,906,222	22,188,199	0
Total noncurrent assets	<u>7,093,514</u>	<u>16,595,801</u>	<u>23,689,315</u>	<u>0</u>
<b>Total assets</b>	<u>8,253,569</u>	<u>21,878,642</u>	<u>30,132,211</u>	<u>6,220</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension contributions subsequent to the measurement date	88,523	43,709	132,232	0
Pension investment return differences	247,150	127,690	374,840	0
Pension experience differences	101,326	51,701	153,027	0
<b>Total deferred outflows of resources</b>	<u>436,999</u>	<u>223,100</u>	<u>660,099</u>	<u>0</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	139,041	813,329	952,370	0
Accrued salaries and payroll liabilities	73,183	54,880	128,063	0
Compensated absences	58,214	42,386	100,600	0
Accrued interest payable	2,802	9,386	12,188	0
Unearned revenue	55,395	0	55,395	0
Capital leases payable	34,312	67,708	102,020	0
Notes payable	136,190	585,711	721,901	0
Liabilities payable from restricted assets				
Customer deposits payable	0	266,779	266,779	0
Total current liabilities	<u>499,137</u>	<u>1,840,179</u>	<u>2,339,316</u>	<u>0</u>
<b>Noncurrent liabilities</b>				
Net pension liability	940,977	475,208	1,416,185	0
Capital leases payable	95,660	214,519	310,179	0
Notes payable	516,546	8,513,554	9,030,100	0
Total noncurrent liabilities	<u>1,553,183</u>	<u>9,203,281</u>	<u>10,756,464</u>	<u>0</u>
<b>Total liabilities</b>	<u>2,052,320</u>	<u>11,043,460</u>	<u>13,095,780</u>	<u>0</u>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension assumption changes	\$ 18,668	\$ 9,086	\$ 27,754	\$ 0
Pension investment return differences	45,790	22,435	68,225	0
<b>Total deferred inflows of resources</b>	<u>64,458</u>	<u>31,521</u>	<u>95,979</u>	<u>0</u>
<b>NET POSITION</b>				
Net investment in capital assets	6,288,806	6,719,420	13,008,226	0
Restricted for:				
MEAG Generation Trust	0	610,206	610,206	0
Public Works	227,140	0	227,140	0
Culture and Recreation	48,504	0	48,504	0
Housing and Development	105,081	0	105,081	0
Capital Outlay	58,709	0	58,709	0
Unrestricted	<u>(154,450)</u>	<u>3,697,135</u>	<u>3,542,685</u>	<u>6,220</u>
<b>Total net position</b>	<u>\$ 6,573,790</u>	<u>\$ 11,026,761</u>	<u>\$ 17,600,551</u>	<u>\$ 6,220</u>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2016

	Expenses	Indirect Costs	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>FUNCTIONS/PROGRAMS</b>						
<b>Primary government</b>						
Governmental activities						
General Government	\$ 871,541	\$ (653,340)	\$ 25,350	\$ 0	\$ 0	\$ (192,851)
Judicial	72,520	0	3,533	0	0	(68,987)
Public Safety	1,804,107	0	52,761	102,573	21,000	(1,627,773)
Public Works	1,457,695	0	30,376	0	459,387	(967,932)
Health and Welfare	398,360	0	0	273	0	(398,087)
Culture and Recreation	389,122	0	34,998	5,847	3,900	(344,377)
Housing and Development	655,461	0	52,100	1,865	441,537	(159,959)
Interest on long-term debt	29,956	0	0	0	0	(29,956)
Total governmental activities	<u>5,678,762</u>	<u>(653,340)</u>	<u>199,118</u>	<u>110,558</u>	<u>925,824</u>	<u>(3,789,922)</u>
<b>Business-type activities</b>						
Water and Sewer	2,439,037	218,172	2,821,449	0	13,000	177,240
Electric	9,328,233	435,168	10,748,931	1,258,231	0	2,243,761
Solid Waste	557,042	0	518,769	0	0	(38,273)
Internet Telecommunications	19,950	0	7,421	0	0	(12,529)
Total business-type activities	<u>12,344,262</u>	<u>653,340</u>	<u>14,096,570</u>	<u>1,258,231</u>	<u>13,000</u>	<u>2,370,199</u>
Total primary government	<u>18,023,024</u>	<u>0</u>	<u>14,295,688</u>	<u>1,368,789</u>	<u>938,824</u>	<u>(1,419,723)</u>
<b>Component Unit</b>						
Downtown Development Authority						
Housing and Development	<u>2,344</u>	<u>0</u>	<u>0</u>	<u>6,100</u>	<u>0</u>	<u>3,756</u>
<b>Primary Government</b>						
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Unit</b>		
<b>Change in net position</b>						
Net (expense) revenue	<u>\$ (3,789,922)</u>	<u>\$ 2,370,199</u>	<u>\$ (1,419,723)</u>	<u>\$</u>	<u>3,756</u>	
General revenues						
Taxes						
Property		878,034	0	878,034	0	
Sales		421,590	0	421,590	0	
Insurance premium		258,020	0	258,020	0	
Alcohol Excise		117,686	0	117,686	0	
Franchise		93,126	0	93,126	0	
Occupational		52,922	0	52,922	0	
Other		24,989	0	24,989	0	
Interest and investment earnings		1,129	29,342	30,471	0	
Gain on sale of assets		144,475	0	144,475	0	
Other		144,427	29,724	174,151	0	
Transfers		1,611,641	(1,611,641)	0	0	
Total general revenues and transfers		<u>3,748,039</u>	<u>(1,552,575)</u>	<u>2,195,464</u>	<u>0</u>	
Change in net position		(41,883)	817,624	775,741	3,756	
Net position - beginning		<u>6,615,673</u>	<u>10,209,137</u>	<u>16,824,810</u>	<u>2,464</u>	
Net position - ending		<u>\$ 6,573,790</u>	<u>\$ 11,026,761</u>	<u>\$ 17,600,551</u>	<u>\$ 6,220</u>	

**CITY OF WASHINGTON, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2016**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 125,066	\$ 321,042	\$ 446,108
Investments	3,196	277,098	280,294
Restricted cash and cash equivalents	107,345	0	107,345
Receivables (net)			
Accounts	4,862	0	4,862
Intergovernmental	63,796	57,704	121,500
Taxes	177,878	12,951	190,829
Notes	0	22,000	22,000
Prepaid items	9,117	0	9,117
Due from other funds	0	14,968	14,968
<b>Total assets</b>	<b>\$ 491,260</b>	<b>\$ 705,763</b>	<b>\$ 1,197,023</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 119,521	\$ 19,520	\$ 139,041
Accrued salaries and payroll liabilities	73,183	0	73,183
Due to other funds	14,968	0	14,968
Unearned revenue	33,395	22,000	55,395
<b>Total liabilities</b>	<b>241,067</b>	<b>41,520</b>	<b>282,587</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	98,626	0	98,626
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid items	9,117	0	9,117
Contractually required to be maintained intact	0	19,980	19,980
Restricted for:			
Public Works	0	227,140	227,140
Culture and Recreation	2,264	46,240	48,504
Housing and Development	105,081	0	105,081
Capital projects	0	58,709	58,709
Assigned for:			
Public Works	0	71,514	71,514
Culture and Recreation	0	23,393	23,393
Housing and Development	0	46,792	46,792
Capital projects	0	170,475	170,475
Unassigned	35,105	0	35,105
<b>Total fund balances</b>	<b>151,567</b>	<b>664,243</b>	<b>815,810</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 491,260</b>	<b>\$ 705,763</b>	<b>\$ 1,197,023</b>

**CITY OF WASHINGTON, GEORGIA  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
December 31, 2016**

**Total fund balances - total governmental funds** \$ 815,810

Amounts reported for governmental activities in the statement of net position are different because:

Some assets are not financial resources and therefore are not reported in the funds.

These are:

Capital assets, net of accumulated depreciation	7,071,514
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Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the funds.

These are:

Property taxes	98,626
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:

Deferred outflows of resources:

Pension contributions subsequent to measurement date	\$ 88,523
Pension investment return differences	247,150
Pension experience differences	101,326

Deferred inflows of resources:

Pension assumption changes	(18,668)	
Pension investment return differences	(45,790)	372,541

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These are:

Compensated absences	\$ (58,214)	
Interest payable	(2,802)	
Net pension liability	(940,977)	
Capital leases payable	(129,972)	
Notes payable	(652,736)	(1,784,701)

Net position of governmental activities	\$ 6,573,790
-----------------------------------------	--------------

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the year ended December 31, 2016**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>REVENUES</b>			
Taxes	\$ 1,650,668	\$ 130,059	\$ 1,780,727
Licenses and permits	31,856	0	31,856
Fines, fees and forfeitures	47,461	0	47,461
Charges for services	727,841	0	727,841
Intergovernmental	281,691	770,526	1,052,217
Interest	277	857	1,134
Contributions	8,458	0	8,458
Other	144,427	0	144,427
<b>Total revenues</b>	<u>2,892,679</u>	<u>901,442</u>	<u>3,794,121</u>
<b>EXPENDITURES</b>			
Current			
General Government	921,778	0	921,778
Judicial	70,435	0	70,435
Public Safety	1,489,601	182,120	1,671,721
Public Works	1,551,670	78,696	1,630,366
Health and Welfare	317,936	0	317,936
Culture and Recreation	375,450	2,595	378,045
Housing and Development	338,698	295,773	634,471
Debt service	198,265	0	198,265
<b>Total expenditures</b>	<u>5,263,833</u>	<u>559,184</u>	<u>5,823,017</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,371,154)</u>	<u>342,258</u>	<u>(2,028,896)</u>
Other financing sources (uses)			
Transfers in	2,199,406	220,124	2,419,530
Transfers out	(352,201)	(459,978)	(812,179)
Sale of capital assets	147,284	4,008	151,292
Issuance of capital leases payable	159,171	0	159,171
Issuance of note payable	75,335	0	75,335
<b>Total other financing sources (uses)</b>	<u>2,228,995</u>	<u>(235,846)</u>	<u>1,993,149</u>
Net change in fund balance	(142,159)	106,412	(35,747)
Fund balances, January 1	<u>293,726</u>	<u>557,831</u>	<u>851,557</u>
<b>Fund balances, December 31</b>	<u>\$ 151,567</u>	<u>\$ 664,243</u>	<u>\$ 815,810</u>

**CITY OF WASHINGTON, GEORGIA  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the year ended December 31, 2016**

**Net change in fund balances - total governmental funds** \$ (35,747)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 397,251	
Depreciation	(330,768)	66,483

In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.

Cost of assets disposed	\$ (220,944)	
Related accumulated depreciation	202,965	(17,979)

Contribution of capital assets from individuals increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 21,000

Contributions of capital assets from business-type activities increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Cost of assets contributed	\$ 44,813	
Related accumulated depreciation	(40,523)	4,290

The proceeds of debt issuance, net of premiums, discounts and issuance costs provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.

Net change in interest payable	\$ (2,802)	
Debt proceeds	(234,506)	
Debt principal payments	171,111	(66,197)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ 106,048	
Cost of benefits earned net of employee contributions	(174,293)	(68,245)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable revenues		65,640
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Compensated absences		(11,128)

Change in net position of governmental activities		\$ (41,883)



**CITY OF WASHINGTON, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the year ended December 31, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,738,850	\$ 1,770,140	\$ 1,650,668	\$ (119,472)
Licenses and permits	30,200	30,200	31,856	1,656
Fines, fees and forfeitures	40,100	40,100	47,461	7,361
Charges for services	79,500	603,500	727,841	124,341
Intergovernmental	161,935	280,731	281,691	960
Interest	372	372	277	(95)
Contributions	200	4,665	8,458	3,793
Other	111,420	135,787	144,427	8,640
<b>Total revenues</b>	<b>2,162,577</b>	<b>2,865,495</b>	<b>2,892,679</b>	<b>27,184</b>
<b>EXPENDITURES</b>				
Current				
General Government				
Executive Administration	382,933	922,340	921,778	562
Judicial				
Municipal Court	71,135	71,135	70,435	700
Public Safety				
Police	516,000	516,000	506,959	9,041
Fire	898,375	898,375	863,130	35,245
Animal Control	124,900	124,900	119,512	5,388
Public Works				
Highways and Streets	1,139,145	1,460,641	1,416,868	43,773
Street Lighting	132,100	134,900	134,802	98
Health and Welfare				
Community Services	179,000	164,000	141,079	22,921
Community Center	155,735	177,688	176,857	831
Culture and Recreation				
Libraries	62,900	64,790	64,790	0
Callaway Plantation	78,210	78,210	68,567	9,643
Museum	74,130	74,130	57,703	16,427
Park Areas	110,450	121,650	121,644	6
Booker Park Pool	56,760	62,960	62,746	214
Housing and Development				
Planning and Zoning	130,715	147,715	147,639	76
Community Development and Housing	69,715	133,086	130,421	2,665
Mainstreet Division	50,000	60,645	60,638	7
Debt Service				
Principal	113,244	171,744	171,110	634
Interest	26,699	26,699	27,155	(456)
<b>Total expenditures</b>	<b>4,372,146</b>	<b>5,411,608</b>	<b>5,263,833</b>	<b>147,775</b>
Excess (deficiency) of revenues over expenditures	(2,209,569)	(2,546,113)	(2,371,154)	174,959

**CITY OF WASHINGTON, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the year ended December 31, 2016**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Other financing sources (uses)				
Transfers in	\$ 2,473,969	\$ 2,664,357	\$ 2,199,406	\$ (464,951)
Transfers out	(295,400)	(352,310)	(352,201)	109
Sale of capital assets	5,000	23,895	147,284	123,389
Issuance of capital leases payable	0	159,171	159,171	0
Issuance of notes payable	0	25,000	75,335	50,335
Total other financing sources (uses)	<u>2,183,569</u>	<u>2,520,113</u>	<u>2,228,995</u>	<u>(291,118)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(26,000)	(26,000)	(142,159)	(116,159)
Fund balances, January 1	<u>26,000</u>	<u>26,000</u>	<u>293,726</u>	<u>267,726</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 151,567</u></u>	<u><u>\$ 151,567</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2016**

	Business-Type Activities			Totals
	Water and Sewer	Electric	Nonmajor Enterprise Funds	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 0	\$ 1,093,939	\$ 0	\$ 1,093,939
Investments	55,315	533,411	0	588,726
Restricted assets				
Cash and cash equivalents	0	166,596	0	166,596
Investments	100,183	610,206	0	710,389
Receivables (net)				
Accounts	400,204	1,185,265	94,770	1,680,239
Intergovernmental	0	538,184	0	538,184
Inventories	185,427	266,724	0	452,151
Prepaid items	3,595	47,914	1,108	52,617
<b>Total current assets</b>	<b>744,724</b>	<b>4,442,239</b>	<b>95,878</b>	<b>5,282,841</b>
<b>Noncurrent assets</b>				
Investment in joint venture	0	0	486,389	486,389
Capital assets				
Non-depreciable	194,710	8,480	0	203,190
Depreciable (net)	14,051,552	1,496,289	358,381	15,906,222
<b>Total noncurrent assets</b>	<b>14,246,262</b>	<b>1,504,769</b>	<b>844,770</b>	<b>16,595,801</b>
<b>Total assets</b>	<b>14,990,986</b>	<b>5,947,008</b>	<b>940,648</b>	<b>21,878,642</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension contributions subsequent to the measurement date	9,889	18,622	15,198	43,709
Pension investment return differences	32,792	62,523	32,375	127,690
Pension experience differences	12,849	24,425	14,427	51,701
<b>Total deferred outflows of resources</b>	<b>55,530</b>	<b>105,570</b>	<b>62,000</b>	<b>223,100</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	84,744	701,053	27,532	813,329
Accrued salaries and payroll liabilities	27,055	22,296	5,529	54,880
Compensated absences	15,760	21,322	5,304	42,386
Accrued interest payable	7,543	0	1,843	9,386
Capital lease payable	8,323	32,321	27,064	67,708
Notes payable	585,711	0	0	585,711
Liabilities payable from restricted liabilities				
Customer deposits payable	100,183	166,596	0	266,779
<b>Total current liabilities</b>	<b>829,319</b>	<b>943,588</b>	<b>67,272</b>	<b>1,840,179</b>
<b>Noncurrent liabilities</b>				
Net pension liability	114,818	217,664	142,726	475,208
Capital lease payable	26,214	103,070	85,235	214,519
Notes payable	8,513,554	0	0	8,513,554
<b>Total noncurrent liabilities</b>	<b>8,654,586</b>	<b>320,734</b>	<b>227,961</b>	<b>9,203,281</b>
<b>Total liabilities</b>	<b>9,483,905</b>	<b>1,264,322</b>	<b>295,233</b>	<b>11,043,460</b>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2016**

	<b>Business-Type Activities</b>			<b>Totals</b>
	<b>Water and Sewer</b>	<b>Electric</b>	<b>Nonmajor Enterprise Funds</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension assumption changes	\$ 1,965	\$ 3,682	\$ 3,439	\$ 9,086
Pension investment return differences	4,956	9,309	8,170	22,435
<b>Total deferred inflows of resources</b>	<b>6,921</b>	<b>12,991</b>	<b>11,609</b>	<b>31,521</b>
<b>NET POSITION</b>				
Net investment in capital assets	5,112,460	1,369,378	237,582	6,719,420
Restricted for MEAG Generation Trust	0	610,206	0	610,206
Unrestricted	443,230	2,795,681	458,224	3,697,135
<b>Total net position</b>	<b>\$ 5,555,690</b>	<b>\$ 4,775,265</b>	<b>\$ 695,806</b>	<b>\$ 11,026,761</b>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the year ended December 31, 2016**

	<b>Business-Type Activities</b>			<b>Totals</b>
	<b>Water and Sewer</b>	<b>Electric</b>	<b>Nonmajor Enterprise Funds</b>	
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 2,821,449	\$ 10,748,931	\$ 526,190	\$ 14,096,570
Other	1,653	18,071	10,000	29,724
<b>Total operating revenues</b>	<u>2,823,102</u>	<u>10,767,002</u>	<u>536,190</u>	<u>14,126,294</u>
<b>OPERATING EXPENSES</b>				
Costs of sales and services	1,455,588	9,105,226	286,282	10,847,096
Personal services	681,075	558,808	235,100	1,474,983
Depreciation	443,464	94,138	41,381	578,983
<b>Total operating expenses</b>	<u>2,580,127</u>	<u>9,758,172</u>	<u>562,763</u>	<u>12,901,062</u>
Operating income (loss)	<u>242,975</u>	<u>1,008,830</u>	<u>(26,573)</u>	<u>1,225,232</u>
Non-operating revenues (expenses)				
Intergovernmental revenue	0	1,258,231	0	1,258,231
Interest and investment earnings	643	7,513	21,186	29,342
Interest expense	(55,431)	(4,729)	(2,133)	(62,293)
Net increase (decrease) in the fair value of investments	0	0	(13,704)	(13,704)
Gain (loss) on sale of capital assets	(7,947)	(500)	(12,096)	(20,543)
Distributions of capital assets to Governmental Activities	<u>(2,500)</u>	<u>(1,790)</u>	<u>0</u>	<u>(4,290)</u>
<b>Total non-operating revenues (expenses)</b>	<u>(65,235)</u>	<u>1,258,725</u>	<u>(6,747)</u>	<u>1,186,743</u>
Net income (loss) before capital contributions and transfers	177,740	2,267,555	(33,320)	2,411,975
Capital Contributions				
Capital contributions	<u>13,000</u>	<u>0</u>	<u>0</u>	<u>13,000</u>
Net income (loss) before transfers	<u>190,740</u>	<u>2,267,555</u>	<u>(33,320)</u>	<u>2,424,975</u>
Transfers in (out)				
Transfers in	303,084	414,834	132,077	849,995
Transfers out	<u>(403,967)</u>	<u>(2,042,512)</u>	<u>(10,867)</u>	<u>(2,457,346)</u>
<b>Total transfers in (out)</b>	<u>(100,883)</u>	<u>(1,627,678)</u>	<u>121,210</u>	<u>(1,607,351)</u>
Change in net position	89,857	639,877	87,890	817,624
Net position, January 1	<u>5,465,833</u>	<u>4,135,388</u>	<u>607,916</u>	<u>10,209,137</u>
<b>Net position, December 31</b>	<u><u>\$ 5,555,690</u></u>	<u><u>\$ 4,775,265</u></u>	<u><u>\$ 695,806</u></u>	<u><u>\$ 11,026,761</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the year ended December 31, 2016

	Business-Type Activities			Totals
	Water and Sewer	Electric	Nonmajor Enterprise Funds	
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 2,807,814	\$ 10,686,078	\$ 522,647	\$ 14,016,539
Payments to suppliers	(1,430,648)	(8,974,028)	(258,287)	(10,662,963)
Payments to employees	(644,749)	(531,360)	(227,590)	(1,403,699)
Other receipts	1,653	18,071	10,000	29,724
Net cash provided (used) by operating activities	<u>734,070</u>	<u>1,198,761</u>	<u>46,770</u>	<u>1,979,601</u>
<b>Cash flows from non-capital financing activities:</b>				
Receipts from other funds	0	414,834	213,650	628,484
Payments to other funds	(403,967)	(2,042,512)	(108,570)	(2,555,049)
Receipts from other governments	0	1,140,047	0	1,140,047
Net cash provided (used) by non-capital financing activities	<u>(403,967)</u>	<u>(487,631)</u>	<u>105,080</u>	<u>(786,518)</u>
<b>Cash flows from capital and related financing activities:</b>				
Receipts from other funds	303,084	0	0	303,084
Payments for acquisitions of capital assets	(132,593)	(55,154)	(284,702)	(472,449)
Principal payments - promissory notes	(580,443)	0	0	(580,443)
Proceeds - capital lease	43,618	0	141,825	185,443
Principal payments - capital lease	(9,081)	(31,354)	(29,526)	(69,961)
Interest paid	(56,217)	(4,729)	(290)	(61,236)
Net cash provided (used) by capital and related financing activities	<u>(431,632)</u>	<u>(91,237)</u>	<u>(172,693)</u>	<u>(695,562)</u>
<b>Cash flows from investing activities</b>				
Interest and investment earnings received	643	7,513	20,843	28,999
Proceeds from maturity of investments	155,033	370,000	0	525,033
Purchase of investments	(155,498)	(558,603)	0	(714,101)
Net cash provided (used) by investing activities	<u>178</u>	<u>(181,090)</u>	<u>20,843</u>	<u>(160,069)</u>
Net increase (decrease) in cash and cash equivalents	(101,351)	438,803	0	337,452
Cash and cash equivalents, January 1	<u>101,351</u>	<u>821,732</u>	<u>0</u>	<u>923,083</u>
<b>Cash and cash equivalents, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 1,260,535</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,260,535</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the year ended December 31, 2016

	Business-Type Activities			Totals
	Water and Sewer	Electric	Nonmajor Enterprise Funds	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 242,975	\$ 1,008,830	\$ (26,573)	\$ 1,225,232
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	443,464	94,138	41,381	578,983
(Increase) decrease in accounts receivable	(13,635)	(63,813)	(3,543)	(80,991)
(Increase) decrease in inventories	21,983	(8,106)	0	13,877
(Increase) decrease in prepaid items	1,471	69,483	462	71,416
(Increase) decrease in pension contributions made after measurement date	1,630	3,109	1,610	6,349
(Increase) decrease in pension experience differences	(9,159)	(17,464)	(9,043)	(35,666)
(Increase) decrease in pension investment return differences	(32,792)	(62,523)	(32,375)	(127,690)
Increase (decrease) in accounts payable	1,486	69,821	27,533	98,840
Increase (decrease) in accrued payroll liabilities	27,272	10,184	(1,428)	36,028
Increase (decrease) in customer deposits	0	960	0	960
Increase (decrease) in net pension liability	52,579	100,250	51,910	204,739
Increase (decrease) in pension assumption changes	(1,214)	(2,314)	(1,199)	(4,727)
Increase (decrease) in pension investment return differences	(1,990)	(3,794)	(1,965)	(7,749)
Total adjustments	491,095	189,931	73,343	754,369
Net cash provided (used) by operating activities	\$ 734,070	\$ 1,198,761	\$ 46,770	\$ 1,979,601
<b>Cash and cash equivalents reconciliation</b>				
Cash and cash equivalents	\$ 0	\$ 1,093,939	\$ 0	\$ 1,093,939
Restricted assets				
Cash and cash equivalents	0	166,596	0	166,596
	\$ 0	\$ 1,260,535	\$ 0	\$ 1,260,535

**Noncash investing, capital, and financing activities:**

Contributions of capital assets from individuals totaled \$13,000.

Distributions of capital assets to Governmental Activities totaled \$4,290.

The net increase (decrease) in the fair value of investments totaled \$13,704.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**1. Description of Government Unit**

Incorporated in 1780, under the laws of the State of Georgia, the City of Washington is governed by a seven member Mayor/Council form of government. The Mayor is elected to a four-year term, and the Council members are elected to staggered four-year terms. The Mayor serves as the Chief Executive Officer and the other six Council members serve on a part-time basis. The Mayor is assisted by the City Administrator to handle the daily operations of the City.

**2. Summary of Significant Accounting Policies**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**B. Reporting Entity**

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.



**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

**B. Reporting Entity, continued**

**Downtown Development Authority of Washington, Georgia**

The Downtown Development Authority of Washington, Georgia was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members, who are appointed by the Mayor and Council. The Downtown Development Authority provides for the vitalization of the downtown area of the City of Washington. In many respects, the Authority functions similar to a City department through regular participation in department director meetings, accounting, payroll, etc. The Authority is included in the reporting entity due to the nature and significance of its relationship with the City of Washington.

The Downtown Development Authority of Washington, Georgia is reported in a separate column to emphasize that it is legally separate from the City. Separate financial statements of the component unit can be obtained from the Downtown Development Authority, P.O. Box 9, Washington, Georgia 30673.

**C. Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the government has one discretely presented component unit. While the Downtown Development Authority is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

**General Fund** - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major enterprise funds:

**Water and Sewer Enterprise Fund** - This fund accounts for the operation and maintenance of the City's water and sewer services.

**Electric Enterprise Fund** - This fund accounts for user fees and expenses for the electric services provided to the citizens of the City.

Additionally, the City reports the following fund types:

**Governmental Fund Types**

**Special Revenue Funds** - These funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditures for specific purposes.

**Capital Projects Funds** - These funds are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by the proprietary funds).

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements, continued**

**Governmental Fund Types, continued**

**Permanent Funds** - These funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting City's programs.

**Proprietary Fund Types**

**Enterprise Funds** - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

**Component Units**

The Downtown Development Authority of Washington, Georgia is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements, continued**

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

**E. Measurement Focus and Basis of Accounting, continued**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**F. Revenues and Expenditures/Expenses**

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

**F. Revenues and Expenditures/Expenses, continued**

Certain indirect costs have been included as part of program expenses reported for the various functional activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds are charges to customers for sales and services. 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 non-operating revenues and expenses.

**G. Budgets and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data for the funds reflected in the financial statements.

1. In November, a proposed operating budget for the fiscal year commencing January 1 is submitted to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through passage of an ordinance.
4. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgetary amounts between line items within a fund can be done with the approval of the City Administrator. Transfer of amounts between each department of each fund must be approved by the City Council. This is the legal level of budgetary control.
5. The funds obtained from any source may be used for any appropriations named in said budget, except funds specifically restricted by the City ordinance or State law.
6. The City does not employ the use of encumbrance accounting.
7. Unexpended appropriations lapse at the end of the year.
8. At the end of the fiscal year, all amendments to the budget are approved through passage of an ordinance.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

**H. Cash and Investments**

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

The City reports investments using net asset value (NAV) when NAV is calculated in a manner consistent with fair value measurement guidelines, fair value is not readily determinable, and it is not probable for the investment to be sold at an amount other than NAV.

**I. Property Taxes**

The City bills and collects its own property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables. Assessed values are an approximation of market value. At the government-wide level, property taxes are recognized as revenue when they are levied. The governmental fund statements recognize property taxes as revenue as soon as they are considered to be both measureable and available.

Property taxes are administered based on the following calendar:

<b>Property Tax Year</b>	<b>2016</b>
Levy Date	October 10, 2016
Collection Period	October 10, 2016 – December 20, 2016
Due Date	December 20, 2016

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

**J. Intergovernmental Receivables**

Receivables for state and federal grants are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

**K. Inventories**

The costs of governmental fund-type inventories are recorded as expenditures when purchased. Inventories of the proprietary funds are valued at cost, which approximates market, using the first-in, first-out method.

**L. Prepaid Items**

Certain payments made to vendors that will benefit periods beyond December 31, 2016 are recorded as prepaid items. Prepaid items in the governmental funds are accounted for using the consumption method.

**M. Capital Assets**

Capital assets are defined by the City as assets with an estimated useful life in excess of two years and with an initial, individual cost of more than \$15,000 for streets, buildings, and grounds and \$5,000 for all other capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the lives of the assets are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.



**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

**M. Capital Assets, continued**

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Building and Improvements	12-40
Vehicles	5-20
Machinery & Equipment	7-15
Electric Plant Systems	30

Pursuant to GASB Statement No. 34, Phase 3 governments are not required to report major general infrastructure assets retroactively. General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2004.

**N. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred out flows of resources related to their defined benefit pension plans.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

**N. Deferred Outflows/Inflows of Resources, continued**

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 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 government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable property taxes revenues. The City also reports deferred inflows of resources related to their defined benefit pension plans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**O. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**P. Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

**Q. Restricted Assets and Restricted Net Position**

Restricted assets represent certain resources restricted by funding source or required to be set aside for the repayment of debt. They are maintained in a separate bank account and their use is limited.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of restricted net position.

**R. Fund Balances**

The City of Washington implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2012. In the fund financial statements, governmental funds report the following classifications of fund balance:

**Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

**Restricted** – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

**Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Washington's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution, which shall refer to the original resolution by its number, title, and date of original adoption. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 90 days of fiscal year-end.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

**R. Fund Balances – Governmental Funds, continued**

**Assigned** – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City’s adopted policy, amounts may be assigned by the City Administrator, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year’s budget shall constitute assignments and are documented by adoption of the City’s annual operating budget. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

**Unassigned** – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that should report positive amounts this category of fund balance.

**S. Pensions**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Washington Employees’ Pension Plan (the Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

**T. 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 assets. Bond premiums and discounts, as well as issuance costs, 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.

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 not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**U. Compensation for Future Absences**

It is the City's policy to permit employees to accumulate up to 160 hours of earned but unused vacation benefits which will be paid to the employees upon separation from City service. Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide and proprietary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

**V. Capital Contributions**

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**3. Deposit and Investment Risk**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned. According to State of Georgia law OCGA 50-17-59, all deposits must be secured by certain statutory obligations in an amount equal to 110% of uninsured deposits.

**Interest Rate Risk**

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of any corporation of the United States government, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City does not have a formal investment policy that would further limit its investment choices. Investments are reported at fair value.

**Concentration of Credit Risk**

The City does not have a formal policy on the amount the City may invest in any one issuer.

**Foreign Currency Risk**

The City has no investments denominated in a foreign currency.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**3. Deposit and Investment Risk (continued)**

The City is a participant in the Municipal Electric Authority of Georgia (MEAG). The MEAG board approves an annual system budget from which MEAG bills its participants. At the end of the year, adjustments are made by MEAG to each participant's billings to agree with actual cost. Whenever MEAG recovers funds from the City in excess of its actual costs to serve the City, the City may elect to have their funds deposited in MEAG's Voluntary Flexible Operating Account or Generation Trust Account fund in lieu of receiving a refund. The voluntary stabilization fund is used to reduce future costs of the City at its discretion while also earning interest. The City is authorized to direct MEAG to retain or use the discretionary funds. The generation trust account is used to offset the City's share of future MEAG generation projects.

The Municipal Competitive Trust accounts are held in the Intermediate, Intermediate Extended Maturity, and Short-term Portfolios; these portfolios are not rated. At December 31, 2016, the average weighted maturity of the Intermediate, Intermediate Extended Maturity, and Short-term Portfolios were 14.52, 56.01, and 5.93 months, respectively. At December 31, 2016, the City's balances in the Voluntary Flexible Operating Accounts were \$533,411, and in the Generation Trust Account was \$610,206.

At December 31, 2016, the City had the following investments:

<b>Investment by fair value level</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Major Funds</b>				
General Fund				
Certificates of deposit	\$ 3,196	\$ 0	\$ 0	\$ 3,196
Enterprise funds				
Water and Sewer Fund				
Certificates of deposit	155,498	0	0	155,498
Electric Fund				
MEAG Competitive Trust	0	1,143,617	0	1,143,617
<b>Nonmajor Funds</b>				
Governmental				
Certificates of deposit	102,098	0	0	102,098
Property held for resale	<u>0</u>	<u>0</u>	<u>175,000</u>	<u>175,000</u>
<b>Total</b>	<b><u>\$ 260,792</u></b>	<b><u>\$ 1,143,617</u></b>	<b><u>\$ 175,000</u></b>	<b><u>\$ 1,579,409</u></b>

Certificates of deposit are valued at cost.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**4. Accounts Receivable**

Net accounts receivable at December 31, 2016 consist of the following:

<b>Major Funds</b>		
General Fund	\$ 58,400	
Less: Allowance for Uncollectibles	<u>(53,538)</u>	\$ 4,862
Enterprise Funds		
Water and Sewer Fund	584,254	
Less: Allowance for Uncollectibles	<u>(184,050)</u>	400,204
Electric Fund	1,836,896	
Less: Allowance for Uncollectibles	<u>(651,631)</u>	1,185,265
<b>Nonmajor Funds</b>		
Enterprise Funds		
Solid Waste Fund	101,702	
Less: Allowance for Uncollectibles	<u>(31,747)</u>	69,955
Internet Telecommunications Fund	25,275	
Less: Allowance for Uncollectibles	<u>(460)</u>	<u>24,815</u>
Total primary government		<u><u>\$ 1,685,101</u></u>

**5. Intergovernmental Receivables**

Intergovernmental receivables at December 31, 2016 consist of the following:

<b>Major Funds</b>	
General Fund	
Wilkes County	\$ 63,796
Electric Enterprise Fund	
Municipal Electric Authority of Georgia	538,184
<b>Nonmajor Funds</b>	
SPLOST Capital Projects Fund	
Wilkes County	<u>57,704</u>
Total primary government	<u><u>\$ 659,684</u></u>



**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**6. Interfund Receivables, Payables, and Transfers**

At December 31, 2016, interfund receivables and payables consisted of \$14,968 due from the General Fund to the E-911 Special Revenue Fund as a result of the timing of reimbursements.

A summary of interfund transfers is as follows:

<u>Transfer out Fund</u>	<u>Transfer in Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 220,124
	Nonmajor Enterprise	132,077
Water and Sewer	Electric	403,967
Electric	General	2,042,512
Nonmajor Governmental	General	156,894
	Water and Sewer	303,084
Nonmajor Enterprise	Electric	10,867
		<u>3,269,525</u>
<b>Transfers of capital assets</b>		
Water and Sewer	Governmental Activities	2,500
Electric	Governmental Activities	1,790
		<u>4,290</u>
Total		<u><u>\$ 3,273,815</u></u>

Interfund transfers were used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**7. Capital Assets**

Capital asset activity for the primary government for the year ended December 31, 2016 was as follows:

	<b>Balance 12/31/2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/2016</b>
<b>Governmental activities</b>				
Non-depreciable assets				
Land	\$ 703,904	\$ 3,915	\$ 0	\$ 707,819
Construction in progress	26,825	78,697	(105,522)	0
Historical treasures	81,718	0	0	81,718
Total non-depreciable assets	<u>812,447</u>	<u>82,612</u>	<u>(105,522)</u>	<u>789,537</u>
Depreciable assets				
Buildings and improvements	3,906,042	0	0	3,906,042
Equipment and vehicles	3,328,027	305,117	(220,944)	3,412,200
Software	0	75,335	0	75,335
Infrastructure	3,838,524	105,522	0	3,944,046
Total depreciable assets	<u>11,072,593</u>	<u>485,974</u>	<u>(220,944)</u>	<u>11,337,623</u>
Accumulated depreciation				
Buildings and improvements	(2,286,083)	(58,990)	0	(2,345,073)
Equipment and vehicles	(1,617,271)	(229,593)	202,965	(1,643,899)
Software	0	0	0	0
Infrastructure	(983,966)	(82,708)	0	(1,066,674)
Total accumulated depreciation	<u>(4,887,320)</u>	<u>(371,291)</u>	<u>202,965</u>	<u>(5,055,646)</u>
Total depreciable assets, net	<u>6,185,273</u>	<u>114,683</u>	<u>(17,979)</u>	<u>6,281,977</u>
Governmental activities capital assets, net	<u>\$ 6,997,720</u>	<u>\$ 197,295</u>	<u>\$ (123,501)</u>	<u>\$ 7,071,514</u>
<b>Business-type activities</b>				
Non-depreciable assets				
Land	\$ 203,190	\$ 0	\$ 0	\$ 203,190
Depreciable assets				
Buildings	726,825	0	0	726,825
Machinery and equipment	1,195,769	88,955	(31,111)	1,253,613
Vehicles	1,038,076	353,968	(122,649)	1,269,395
Infrastructure	24,244,395	42,526	0	24,286,921
Total depreciable assets	<u>27,205,065</u>	<u>485,449</u>	<u>(153,760)</u>	<u>27,536,754</u>
Accumulated depreciation				
Buildings	(528,954)	(6,149)	0	(535,103)
Machinery and equipment	(789,209)	(73,090)	21,873	(840,426)
Vehicles	(759,191)	(67,666)	107,054	(719,803)
Infrastructure	(9,103,122)	(432,078)	0	(9,535,200)
Total accumulated depreciation	<u>(11,180,476)</u>	<u>(578,983)</u>	<u>128,927</u>	<u>(11,630,532)</u>
Total depreciable assets, net	<u>16,024,589</u>	<u>(93,534)</u>	<u>(24,833)</u>	<u>15,906,222</u>
Business-type activities capital assets, net	<u>\$ 16,227,779</u>	<u>\$ (93,534)</u>	<u>\$ (24,833)</u>	<u>\$ 16,109,412</u>

As a result of an inventory performed, the beginning balances for cost and accumulated depreciation for equipment and vehicles in the governmental activities and vehicles in the business-type activities have been adjusted by \$53,590 and \$109,251, respectively.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**7. Capital Assets (continued)**

Depreciation expense was charged to functions/programs as follows:

**Primary Government**

**Governmental activities**

General Government	\$	2,750
Public Safety		126,289
Public Works		99,942
Health and Welfare		8,467
Culture and Recreation		77,994
Housing and Development		15,326
Total depreciation expense for governmental activities	<u>\$</u>	<u>330,768</u>

**Business-type activities**

Water and Sewer Enterprise Fund	\$	443,464
Electric Enterprise Fund		94,138
Nonmajor Enterprise Funds		
Solid Waste Enterprise Fund		38,844
Internet Telecommunications Enterprise Fund		2,537
Total depreciation expense for business-type activities	<u>\$</u>	<u>578,983</u>

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
Current year depreciation expense	\$ 330,768	\$ 578,983
Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit	40,523	0
Additions to accumulated depreciation	<u>\$ 371,291</u>	<u>\$ 578,983</u>

**8. Property Held for Resale**

The City has purchased property in conjunction with the HOME and CHIP grants and projects to revitalize the downtown area. The City developed the properties and expects to sell them in the next year. The City has no plans to use the properties. The total investment in property held for resale is \$175,000. The properties are reported as investments in the CDBG/CHIP Grant Capital Projects fund.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**9. Notes Receivable**

During the current year, the City of Washington entered into an owner-financed lending agreement with the Georgia Department of Community Affairs for the purchase of real property in the total amount of \$22,000. Annual principal payments of \$4,400 and interest at 0%. The term of the notes are 5 years.

**10. Capital Lease Agreements**

The City has entered into lease-purchase agreements to finance the purchases of equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of the lease at December 31, 2016 is \$129,972 and \$282,227 for governmental activities and business-type activities, respectively. The total of assets leased under capital leases is equipment and vehicles in the amount of \$188,489 and \$452,188 for governmental activities and business-type activities, respectively. The equipment and vehicles have a five to fifteen year estimated useful life. \$16,894 and \$43,723 was included in depreciation expense for the year ended December 31, 2016.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Machinery & Equipment				
Caterpillar compact loader	\$ 29,318	\$ 1,955	\$ 0	\$ 0
Vehicles				
Ford pole truck	0	0	166,745	33,349
2016 F-150 (2)	0	0	43,618	6,897
2016 Mack Truck	0	0	241,825	20,152
2016 Kenworth Truck	129,574	12,957	0	0
2016 F-250	29,597	2,960	0	0
Total assets under capital leases	<u>\$ 188,489</u>	<u>\$ 17,872</u>	<u>\$ 452,188</u>	<u>\$ 60,398</u>

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**10. Capital Lease Agreements (continued)**

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of December 31, 2016:

<b>Year Ending December 31,</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
2017	\$ 34,312	\$ 67,708
2018	34,505	77,522
2019	34,505	77,521
2020	34,505	77,521
Total minimum lease payments	137,827	300,272
Less amounts representing interest	(7,855)	(18,045)
Present value of minimum lease payments	<u>\$ 129,972</u>	<u>\$ 282,227</u>

The City's lease agreements, other than such agreements described above, are relatively minor commitments (generally for office machines) and are in compliance with state law.

**11. Long-Term Debt**

***Governmental Activities Notes Payable***

Note payable to Farmers State Bank in the original amount of \$1,500,000, bearing interest at 3.94%. The balance of the note was \$602,262 at December 31, 2016. The note calls for 180 monthly payments of \$11,093 beginning January 20, 2007 and matures December 20, 2021. The purpose of the note was to finance renovation of the Pope Center.

Note payable to Edmund & Associates in the original amount of \$75,335, bearing interest at 0%. The balance of the note was \$50,474 at December 31, 2016. The note calls for 3 annual payments of \$25,112 beginning June 1, 2016 and maturing June 1, 2018. The purpose of the note was to upgrade the City's accounting software.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**11. Long-Term Debt (continued)**

***Governmental Activities Notes Payable***

Annual debt service requirements for notes payable are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 136,190	\$ 22,043	\$ 158,233
2018	140,708	17,524	158,232
2019	120,300	12,821	133,121
2020	125,168	7,953	133,121
2021	130,370	3,133	133,503
Totals	<u>\$ 652,736</u>	<u>\$ 63,474</u>	<u>\$ 716,210</u>

***Business-Type Activities Notes Payable***

Note payable to Georgia Environmental Facilities Authority in the original amount of \$789,731, bearing interest at 3.94%. The balance of the note was \$391,186 at December 31, 2016. The note calls for quarterly payments of principal and interest of \$14,313 and matures October 2024. The purpose of the note was for construction of sewer rehabilitation.

Note payable to Georgia Environmental Facilities Authority in the original amount of \$1,599,998, bearing interest at 4.06%. The balance of the note was \$903,514 at December 31, 2016. The note calls for monthly payments of principal and interest of \$9,746 and matures February 1, 2027. The purpose of the note was to finance improvements to the Water and Sewer system.

Note payable to Georgia Environmental Facilities Authority in the original amount of \$7,446,275, bearing zero interest. The balance of the note was \$7,770,520 at December 31, 2016. The note calls for monthly payments of \$37,539 beginning January 31, 2014 and matures December 31, 2034. The purpose of the note was to finance improvements to the Water and Sewer system.

Note payable to Farmers & Merchants Bank in the original amount of \$55,000, bearing interest at 3.09%. The balance of the note was \$34,045 at December 31, 2016. The note calls for 60 monthly payments of \$992 beginning January 15, 2015 and matures December 15, 2019. The purpose of the note was to purchase equipment.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**11. Long-Term Debt (continued)**

***Business-Type Activities Notes Payable, continued***

Annual debt service requirements for notes payable are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 585,711	\$ 50,860	\$ 636,571
2018	591,130	45,440	636,570
2019	596,797	39,792	636,589
2020	590,578	34,095	624,673
2021	596,321	28,351	624,672
2022-2026	2,839,702	52,149	2,891,851
2027-2031	2,285,481	253	2,285,734
2032-2034	1,013,545	0	1,013,545
Totals	<u>\$ 9,099,265</u>	<u>\$ 250,940</u>	<u>\$ 9,350,205</u>

***Changes in Long-Term Debt***

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2016:

	<u>Balance 12/31/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/2016</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Capital leases payable	\$ 10,522	\$ 159,171	\$ (39,721)	\$ 129,972	\$ 34,312
Notes payable	708,791	75,335	(131,390)	652,736	136,190
Compensated absences	47,086	58,424	(47,296)	58,214	58,214
Total Governmental Activities	<u>\$ 766,399</u>	<u>\$ 292,930</u>	<u>\$ (218,407)</u>	<u>\$ 840,922</u>	<u>\$ 228,716</u>
<b>Business-type Activities</b>					
Capital leases payable	\$ 166,745	\$ 185,443	\$ (69,961)	\$ 282,227	\$ 67,708
Notes payable	9,679,708	0	(580,443)	9,099,265	585,711
Compensated absences	36,941	42,609	(37,164)	42,386	42,386
Total Business-type Activities	<u>\$ 9,883,394</u>	<u>\$ 228,052</u>	<u>\$ (687,568)</u>	<u>\$ 9,423,878</u>	<u>\$ 695,805</u>

Compensated absences are liquidated by those funds that have salary and wage expenditures. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund. The total interest incurred and charged to expense for the year ended December 31, 2016 was \$29,956 for governmental activities and \$62,293 for business-type activities.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**12. Restricted, Committed, and Assigned Fund Balances**

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds for fiscal year ended December 31, 2016:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
<b>Restricted for:</b>			
Public Works			
Transportation improvements	\$ 0	\$ 227,140	\$ 227,140
Culture and Recreation			
Historical properties	2,264	7,471	9,735
Callaway Plantation	0	38,769	38,769
Housing and Development			
Economic development	105,081		
Capital Projects	0	58,709	58,709
	<u>\$ 107,345</u>	<u>\$ 332,089</u>	<u>\$ 439,434</u>
<b>Assigned for:</b>			
Public Works			
Cemetery care	\$ 0	\$ 71,514	\$ 71,514
Culture and Recreation			
Callaway Plantation operations	0	2,288	2,288
Callaway Plantation furnishings	0	21,105	21,105
Housing and Development			
Economic development	0	46,792	46,792
Capital Projects	0	170,475	170,475
	<u>\$ 0</u>	<u>\$ 312,174</u>	<u>\$ 312,174</u>

**13. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City purchases commercial insurance.

For the last three years, settled claims have not exceeded commercial insurance coverage, nor has there been any reduction in insurance.



**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**14. Net Investment in Capital Assets**

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows for the fiscal year ended December 31, 2016:

	Governmental Activities	Business-Type Activities
Cost of capital assets	\$ 12,127,160	\$ 27,739,944
Accumulated depreciation	(5,055,646)	(11,630,532)
Book value	7,071,514	16,109,412
Capital-related accounts payable	0	(8,500)
Capital leases payable	(129,972)	(282,227)
Notes payable	(652,736)	(9,099,265)
Net investment in capital assets	<u>\$ 6,288,806</u>	<u>\$ 6,719,420</u>

**15. Pension Plans**

**Defined Benefit Pension Plan**

*Plan Description.* The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Washington Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension 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. Participants are not allowed to contribute to the Plan. 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 Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**15. Pension Plans (continued)**

**Defined Benefit Pension Plan, continued**

At July 1, 2015, the date of the most recent actuarial valuation, there were 151 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	52
Terminated vested participants entitled to but not receiving benefits	34
Active participants - vested	38
Active participants - not vested	27
Total number of participants	151

*Benefits Provided.* As provided by state law, benefit provisions for participants in GMEBS are established 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 eligible employees and elected officials are eligible to participate immediately at the commencement of employment. Benefits vest after ten years of service for employees and immediately for elected officials. The benefit formula is 1.00%-1.75% for employees and 1.25%-2.00% for each year of credited service. An employee may elect early retirement at age 55 provided they have a minimum of 10 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to \$16 for each year of service after reaching normal retirement age.

*Contributions.* Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City's actuarially determined contribution rate for the year ended December 31, 2016 was \$179,490, or 8.56% of covered-employee payroll.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At December 31, 2016, the City reported a net pension liability of \$1,416,185. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. For the year ended December 31, 2016, the City recognized pension expense of \$264,355.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**15. Pension Plans (continued)**

**Defined Benefit Pension Plan, continued**

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 153,027	\$ 0
Changes of assumptions	0	(27,754)
Net difference between projected and actual earnings on pension plan investments	374,840	(68,225)
City contributions subsequent to the measurement date	<u>132,232</u>	<u>0</u>
Totals	<u>\$ 660,099</u>	<u>\$ (95,979)</u>

The \$132,232 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending December 31, 2017. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year Ending December 31,</b>	
<u>2017</u>	\$ 113,470
2018	113,470
2019	111,237
2020	<u>93,711</u>
Totals	<u>\$ 431,888</u>

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

Inflation	3.25%
Projected salary increases	3.25% plus age and service based merit increases
Cost of living adjustments	2.50%
Net investment rate of return	7.75%

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**15. Pension Plans (continued)**

**Defined Benefit Pension Plan, continued**

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

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

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 weighing 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 December 31, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Nominal Real Rate of Return</u>
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	<u>100%</u>		

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**15. Pension Plans (continued)**

**Defined Benefit Pension Plan, continued**

*Discount Rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer 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.

*Changes in Net Pension Liability (Asset)*

	<b>Total Pension Liability (Asset)</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at March 31, 2015</b>	<b>\$ 7,154,238</b>	<b>\$ 6,339,074</b>	<b>\$ 815,165</b>
<b>Changes for the year:</b>			
Service cost	79,302	0	79,302
Interest	542,950	0	542,950
Differences between expected and actual experience	161,076	0	161,076
Contributions—employer	0	179,490	(179,490)
Net investment income	0	17,608	(17,608)
Benefit payments, including refunds of employee contributions	(296,872)	(296,872)	0
Administrative expense	0	(14,790)	14,790
<b>Net changes</b>	<b>486,456</b>	<b>(114,564)</b>	<b>601,020</b>
<b>Balances at March 31, 2016</b>	<b>\$ 7,640,695</b>	<b>\$ 6,224,510</b>	<b>\$ 1,416,185</b>

*Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate.* The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

	<b>Discount Rate</b>	<b>Net Pension Liability (Asset)</b>
1% decrease	6.75%	\$ 2,394,389
Current discount rate	7.75%	1,416,185
1% increase	8.75%	599,599

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**15. Pension Plans (continued)**

**Defined Benefit Pension Plan, continued**

*Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

**Other Plans**

In addition to the plan above, various City employees are also covered under the Peace Officers' Annuity and Benefit Fund of Georgia and the Georgia Firefighters' Pension Fund. Further information regarding these plans can be obtained from the plans' annual reports.

**16. Joint Ventures**

Under Georgia law, the City, in conjunction with other cities and counties in the Central Savannah River Area, is a member of the CSRA Regional Commission (CSRARC) and is required to pay annual dues thereto. During the year ended December 31, 2016, the City paid \$4,134 in such dues. 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 RCs 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. A copy of the CSRARC financial statements can be obtained from the Central Savannah River Area Regional Commission, 3023 Riverwatch Parkway, Suite A, Augusta, Georgia 30907.

The Washington-Wilkes Payroll Development Authority is a governmental organization chartered by the State of Georgia. It is formed for the purpose of promoting business development in Wilkes County, Georgia and the City of Washington, Georgia. The Authority is reported as a discretely presented component unit of Wilkes County, Georgia.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**16. Joint Ventures (continued)**

The Authority has a five member board consisting of the Wilkes County Chairman, the City of Washington Mayor, the President of the Chamber of Commerce, one appointee by the County Chairman and one appointee by the City Mayor. The member governments are contingently liable for the debts of the Authority. At December 31, 2016, the outstanding debt of the Authority was approximately \$148,797. The Authority was current on all debts as of December 31, 2016. The City has a contingency liability of \$74,398 as of December 31, 2016. A copy of the Authority financial statements can be obtained from the Washington-Wilkes Payroll Development Authority, 23 Court Street, Washington, Georgia 30673.

**17. Joint Ventures With Equity Interest**

The City and other members of MEAG's telecommunication project created Georgia Public Web (a Georgia not for profit corporation) to provide internet and telecommunication services to customers in Georgia. On August 1, 2000, the City signed a 50 year commitment to contribute, on a monthly basis, a proportionate share of the difference between GPW's budgeted costs and revenues. The City's proportionate share is 1.93%. For the year ended December 31, 2016, the City's cost was \$17,413 in services obtained from GPW and the City's share of profits was \$21,186. A copy of the Georgia Public Web financial statements can be obtained from Georgia Public Web, 1470 Riveredge Parkway, Atlanta, Georgia 30328.

**18. Related Organizations**

On August 21, 1951, the City of Washington (the "City") entered into a cooperative agreement with the Housing Authority of the City of Washington, Georgia (the "Housing Authority"). Under the terms of this agreement, the Housing Authority agrees to endeavor to secure a contract or contracts with the Public Housing Authority (the "PHA") for loans and annual contributions and agrees to endeavor to develop and administer one or more projects. The obligations of the parties apply only to projects aggregating not more than 250 units of low-rent housing located within the corporate limits of the City of Washington. Under the constitution and statutes of the State of Georgia, all projects are exempt from all real and personal property taxes levied or imposed by any taxing body.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**18. Related Organizations (continued)**

The City agrees that it will not levy or impose real or personal property taxes or special assessments upon such projects or upon the Housing Authority with respect thereto as long as:

- i. the projects are owned or
- ii. a contract exists between the Housing Authority and the PHA, or
- iii. bonds issued in connection with the project are outstanding

During such period, the Housing Authority shall make "Payments in Lieu of Taxes" in lieu of such taxes and special assessments and in payment for the public services and facilities furnished from time to time without other cost or charge for or with respect to such project. The Payment in Lieu of Taxes shall be an amount equal to either:

- i. ten percent (10%) of the aggregate during such fiscal year, or
- ii. the amount permitted to be paid by applicable state law.

For the year ended December 31, 2016, Payment in Lieu of Taxes paid to the City was \$5,299.

**19. Commitments and Contingencies**

**Commitments**

The City has entered into Power Sales Contracts with the Municipal Electric Authority of Georgia (MEAG). The contracts require the City to purchase from MEAG all of the City's bulk power supply, other than power supplied by Federally-owned generation projects. MEAG is authorized to establish rates and charges so as to produce revenues sufficient to cover its costs. The City's payment obligations are general obligations to the payment of which the City's full faith and credit and taxing powers are pledged. The City purchased bulk power totaling \$7,806,819 from MEAG during the year ended December 31, 2016. The City's future minimum payment obligations to the Authority will be based on the Authority's costs and the City's yearly demand for bulk power supply. At December 31, 2016, the outstanding debt of MEAG was approximately \$6.39 billion. The City of Washington's guarantee varies by individual MEAG project and totals \$37,957,877.



**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**19. Commitments and Contingencies (continued)**

**Commitments, continued**

The City has adopted the provisions of a Municipal Competitive Trust agreement between the City and MEAG. MEAG established the Trust for the mutual benefit of MEAG and its wholesale customers who elect to become participants. The Trust was created to provide a means to mitigate the expected differential between “after deregulation” market rates for power and the associated costs of generating that power.

The Trust created four types of accounts that are held by MEAG in the name of the City. The flexible operating trust account includes funds that are available to the City for operating costs and rate stabilization. As of December 31, 2016, the balance in this account was \$533,411. This amount is included in unrestricted investments in the Electric Fund. The generation trust account is used to offset the City’s share of future MEAG generation projects. As of December 31, 2016, the balance in this account was \$610,206. This amount is included in restricted investments in the Electric Fund.

The two additional accounts created were the credit support operating and the reserve funded debt account. The funds in the credit support operating account are restricted for use to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs. The funds in the reserve funded debt account can only be applied to charges related to MEAG’s bond obligations. The balances of these accounts at December 31, 2016, were \$0 and \$843,372, respectively. Due to the restricted nature of these funds, neither is shown in the Electric Fund.

**Contingencies**

The City receives grant funds, principally from the U.S. Government for various programs. Expenditures from these grants are subject to audit and the City is contingently liable to refund amounts received in excess of allowable expenditures.

Based on the advice of the city attorney, there are no measurable, material claims outstanding against the City at December 31, 2016.

Approximately 30% of electric and water/sewer revenues are generated from one customer.

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***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF WASHINGTON, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**LAST TEN YEARS**  
**December 31, 2016**  
**(Unaudited)**

	Year End	
	2016	2015
<b>Total pension liability</b>		
Service cost	\$ 79,302	\$ 104,710
Interest	542,950	515,810
Differences between expected and actual experience	161,076	64,438
Changes of assumptions	0	(55,507)
Benefit payments, including refunds of employee contributions	<u>(296,872)</u>	<u>(261,651)</u>
Net change in total pension liability	486,456	367,800
Total pension liability - beginning	<u>7,154,239</u>	<u>6,786,439</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 7,640,695</u></u>	<u><u>\$ 7,154,239</u></u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 179,490	\$ 254,240
Net investment income	17,608	562,237
Benefit payments, including refunds of employee contributions	(296,872)	(261,651)
Administrative expense	<u>(14,790)</u>	<u>(13,839)</u>
Net change in total pension liability	(114,564)	540,987
Plan fiduciary net position - beginning	<u>6,339,074</u>	<u>5,798,087</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 6,224,510</u></u>	<u><u>\$ 6,339,074</u></u>
<b>Net pension liability (asset) - ending : (a) - (b)</b>	<u><u>\$ 1,416,185</u></u>	<u><u>\$ 815,165</u></u>
Plan's fiduciary net position as a percentage of the total pension liability	81.47%	88.61%
Covered-employee payroll	\$ 2,097,797	\$ 2,020,005
Net pension liability as a percentage of covered-employee payroll	67.51%	40.35%

Note: Year 2015 was the first year of implementation. Therefore, only two years are reported.

**CITY OF WASHINGTON, GEORGIA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST TEN YEARS**  
**December 31, 2016**  
**(Unaudited)**

	Year End	
	2016	2015
Actuarially determined contribution	\$ 179,490	\$ 254,240
Contributions in relation to the actuarially determined contribution	(179,490)	(254,240)
Contribution deficiency (excess)	\$ 0	\$ 0
Covered-employee payroll	\$ 2,097,797	\$ 2,020,005
Contributions as a percentage of covered-employee payroll	8.56%	12.59%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only two years are reported.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2016**

**1. Valuation Date**

The actuarially determined contribution rate was determined as of July 1, 2015, with an interest adjustment to the year.

**2. Methods and Assumptions Used to Determine Contribution Rates**

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.75%

Projected salary increases = 3.25% plus age and service based merit increases

Cost of living adjustments = 2.50%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2016**

**3. Changes in Benefits**

There were no changes in benefits from the prior valuation.

**4. Changes of Assumptions**

As a result of the plan change to provide immediate participation for Employees, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's unfunded liability due to this change is minimal and has been treated as a difference between expected and actuarial experience.

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**COMBINING STATEMENTS**

***Nonmajor Governmental Funds***

**CITY OF WASHINGTON, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2016**

Special Revenue					
	Confiscated Assets	E-911	Urban Redevelopment	Callaway Plantation Operating	Callaway Plantation Furnishings
<b>ASSETS</b>					
Cash and cash equivalents	\$ 0	\$ 0	\$ 46,792	\$ 0	\$ 21,105
Investments	0	0	0	2,288	0
Receivables					
Intergovernmental	0	0	0	0	0
Taxes	0	0	0	0	0
Notes	0	0	0	0	0
Due from other funds	0	14,968	0	0	0
<b>Total assets</b>	<b>\$ 0</b>	<b>\$ 14,968</b>	<b>\$ 46,792</b>	<b>\$ 2,288</b>	<b>\$ 21,105</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 0	\$ 14,968	\$ 0	\$ 0	\$ 0
Unearned revenue	0	0	0	0	0
Total liabilities	0	14,968	0	0	0
<b>FUND BALANCES</b>					
Nonspendable					
Contractually required to be maintained intact	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	0	0	0	0
Assigned	0	0	46,792	2,288	21,105
Total fund balances	0	0	46,792	2,288	21,105
<b>Total liabilities and fund balances</b>	<b>\$ 0</b>	<b>\$ 14,968</b>	<b>\$ 46,792</b>	<b>\$ 2,288</b>	<b>\$ 21,105</b>

Special Revenue	Capital Projects		Permanent			Total Nonmajor Governmental Funds
	TSPLOST Discretionary	SPLOST	CDBG/CHIP Grant	Cemetery Perpetual Care	Historical Properties Commission Trust	
\$ 214,189	\$ 1,005	\$ 27	\$ 0	\$ 0	\$ 37,924	\$ 321,042
0	0	175,000	71,514	17,461	10,835	277,098
0	57,704	0	0	0	0	57,704
12,951	0	0	0	0	0	12,951
0	0	22,000	0	0	0	22,000
0	0	0	0	0	0	14,968
<u>\$ 227,140</u>	<u>\$ 58,709</u>	<u>\$ 197,027</u>	<u>\$ 71,514</u>	<u>\$ 17,461</u>	<u>\$ 48,759</u>	<u>\$ 705,763</u>
\$ 0	\$ 0	\$ 4,552	\$ 0	\$ 0	\$ 0	\$ 19,520
0	0	22,000	0	0	0	22,000
0	0	26,552	0	0	0	41,520
\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,990	\$ 9,990	\$ 19,980
227,140	58,709	0	0	7,471	38,769	332,089
0	0	170,475	71,514	0	0	312,174
<u>227,140</u>	<u>58,709</u>	<u>170,475</u>	<u>71,514</u>	<u>17,461</u>	<u>48,759</u>	<u>664,243</u>
<u>\$ 227,140</u>	<u>\$ 58,709</u>	<u>\$ 197,027</u>	<u>\$ 71,514</u>	<u>\$ 17,461</u>	<u>\$ 48,759</u>	<u>\$ 705,763</u>

**CITY OF WASHINGTON, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the year ended December 31, 2016**

	Special Revenue				
	Confiscated Assets	E-911	Urban Redevelopment	Callaway Plantation Operating	Callaway Plantation Furnishings
<b>REVENUES</b>					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	1,100	40,000	0	0
Interest	0	0	0	7	0
<b>Total revenues</b>	<u>0</u>	<u>1,100</u>	<u>40,000</u>	<u>7</u>	<u>0</u>
<b>EXPENDITURES</b>					
Current					
Public Safety	0	182,120	0	0	0
Public Works	0	0	0	0	0
Culture and Recreation	0	0	0	0	2,595
Housing and Development	0	0	4,529	0	0
<b>Total expenditures</b>	<u>0</u>	<u>182,120</u>	<u>4,529</u>	<u>0</u>	<u>2,595</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>(181,020)</u>	<u>35,471</u>	<u>7</u>	<u>(2,595)</u>
Other financing sources (uses)					
Transfers in	0	181,020	2,449	0	0
Transfers out	0	0	0	0	0
Sale of capital assets	0	0	4,008	0	0
<b>Total other financing sources (uses)</b>	<u>0</u>	<u>181,020</u>	<u>6,457</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>0</u>	<u>41,928</u>	<u>7</u>	<u>(2,595)</u>
Fund balances, January 1	<u>0</u>	<u>0</u>	<u>4,864</u>	<u>2,281</u>	<u>23,700</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 46,792</u></u>	<u><u>\$ 2,288</u></u>	<u><u>\$ 21,105</u></u>

Special Revenue	Capital Projects		Permanent			Total Nonmajor Governmental Funds
TSPLOST Discretionary	SPLOST	CDBG/CHIP Grant	Cemetery Perpetual Care	Historical Properties Commission Trust	Callaway Charitable Trust Endowment Principal	
\$ 130,059	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 130,059
0	304,389	425,037	0	0	0	770,526
267	5	0	417	52	109	857
<u>130,326</u>	<u>304,394</u>	<u>425,037</u>	<u>417</u>	<u>52</u>	<u>109</u>	<u>901,442</u>
0	0	0	0	0	0	182,120
78,696	0	0	0	0	0	78,696
0	0	0	0	0	0	2,595
0	0	291,244	0	0	0	295,773
<u>78,696</u>	<u>0</u>	<u>291,244</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>559,184</u>
<u>51,630</u>	<u>304,394</u>	<u>133,793</u>	<u>417</u>	<u>52</u>	<u>109</u>	<u>342,258</u>
0	0	36,655	0	0	0	220,124
(56,894)	(303,084)	0	(100,000)	0	0	(459,978)
0	0	0	0	0	0	4,008
<u>(56,894)</u>	<u>(303,084)</u>	<u>36,655</u>	<u>(100,000)</u>	<u>0</u>	<u>0</u>	<u>(235,846)</u>
(5,264)	1,310	170,448	(99,583)	52	109	106,412
<u>232,404</u>	<u>57,399</u>	<u>27</u>	<u>171,097</u>	<u>17,409</u>	<u>48,650</u>	<u>557,831</u>
<u>\$ 227,140</u>	<u>\$ 58,709</u>	<u>\$ 170,475</u>	<u>\$ 71,514</u>	<u>\$ 17,461</u>	<u>\$ 48,759</u>	<u>\$ 664,243</u>

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**COMBINING STATEMENTS**

***Nonmajor Enterprise Funds***

**CITY OF WASHINGTON, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**December 31, 2016**

	Business-Type Activities		Total Nonmajor Enterprise Funds
	Solid Waste	Internet Telecommunications	
<b>ASSETS</b>			
<b>Current assets</b>			
Accounts receivable (net)	\$ 69,955	\$ 24,815	\$ 94,770
Prepaid items	1,108	0	1,108
<b>Total current assets</b>	<b>71,063</b>	<b>24,815</b>	<b>95,878</b>
<b>Noncurrent assets</b>			
Investment in joint venture	0	486,389	486,389
Depreciable capital assets (net)	358,381	0	358,381
<b>Total noncurrent assets</b>	<b>358,381</b>	<b>486,389</b>	<b>844,770</b>
<b>Total assets</b>	<b>429,444</b>	<b>511,204</b>	<b>940,648</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions subsequent to the measurement date	15,198	0	15,198
Pension investment return differences	32,375	0	32,375
Pension experience differences	14,427	0	14,427
<b>Total deferred outflows of resources</b>	<b>62,000</b>	<b>0</b>	<b>62,000</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	27,532	0	27,532
Interest payable	1,843	0	1,843
Accrued salaries and payroll liabilities	5,529	0	5,529
Compensated absences	5,304	0	5,304
Capital lease payable	27,064	0	27,064
<b>Total current liabilities</b>	<b>67,272</b>	<b>0</b>	<b>67,272</b>
<b>Noncurrent liabilities</b>			
Net pension liability	142,726	0	142,726
Capital lease payable	85,235	0	85,235
<b>Total noncurrent liabilities</b>	<b>227,961</b>	<b>0</b>	<b>227,961</b>
<b>Total liabilities</b>	<b>295,233</b>	<b>0</b>	<b>295,233</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension assumption changes	3,439	0	3,439
Pension investment return differences	8,170	0	8,170
<b>Total deferred inflows of resources</b>	<b>11,609</b>	<b>0</b>	<b>11,609</b>
<b>NET POSITION</b>			
Net investment in capital assets	237,582	0	237,582
Unrestricted	(52,980)	511,204	458,224
<b>Total net position</b>	<b>\$ 184,602</b>	<b>\$ 511,204</b>	<b>\$ 695,806</b>



**CITY OF WASHINGTON, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the year ended December 31, 2016**

	<b>Business-Type Activities</b>		<b>Total Nonmajor Enterprise Funds</b>
	<b>Solid Waste</b>	<b>Internet Telecommunications</b>	
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 518,769	\$ 7,421	\$ 526,190
Other	10,000	0	10,000
<b>Total operating revenues</b>	<b>528,769</b>	<b>7,421</b>	<b>536,190</b>
<b>OPERATING EXPENSES</b>			
Costs of sales and services	268,869	17,413	286,282
Personal services	235,100	0	235,100
Depreciation	38,844	2,537	41,381
<b>Total operating expenses</b>	<b>542,813</b>	<b>19,950</b>	<b>562,763</b>
Operating income (loss)	<u>(14,044)</u>	<u>(12,529)</u>	<u>(26,573)</u>
Non-operating revenues (expenses)			
Interest and investment earnings	0	21,186	21,186
Interest expense	(2,133)	0	(2,133)
Net increase (decrease) in the fair value of investments	0	(13,704)	(13,704)
Gain (loss) on sale of capital assets	(12,096)	0	(12,096)
<b>Total non-operating revenues (expenses)</b>	<b>(14,229)</b>	<b>7,482</b>	<b>(6,747)</b>
Net income (loss) before transfers	<u>(28,273)</u>	<u>(5,047)</u>	<u>(33,320)</u>
Transfers in (out)			
Transfers in	132,077	0	132,077
Transfers out	0	(10,867)	(10,867)
<b>Total transfers in (out)</b>	<b>132,077</b>	<b>(10,867)</b>	<b>121,210</b>
Change in net position	103,804	(15,914)	87,890
Net position, January 1 (original)	<u>80,798</u>	<u>527,118</u>	<u>607,916</u>
<b>Net position, December 31</b>	<b><u>\$ 184,602</u></b>	<b><u>\$ 511,204</u></b>	<b><u>\$ 695,806</u></b>

**CITY OF WASHINGTON, GEORGIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the year ended December 31, 2016**

	<b>Business-Type Activities</b>		<b>Total Nonmajor Enterprise Funds</b>
	<b>Solid Waste</b>	<b>Internet Telecommunications</b>	
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 515,210	\$ 7,437	\$ 522,647
Payments to suppliers	(240,874)	(17,413)	(258,287)
Payments to employees	(227,590)	0	(227,590)
Other receipts	10,000	0	10,000
Net cash provided (used) by operating activities	<u>56,746</u>	<u>(9,976)</u>	<u>46,770</u>
<b>Cash flows from non-capital financing activities:</b>			
Receipts from other funds	213,650	0	213,650
Payments to other funds	(97,703)	(10,867)	(108,570)
Net cash provided (used) by non-capital financing activities	<u>115,947</u>	<u>(10,867)</u>	<u>105,080</u>
<b>Cash flows from capital and related financing activities:</b>			
Payments for acquisitions of capital assets	(284,702)	0	(284,702)
Proceeds - capital lease	141,825	0	141,825
Principal payments - capital lease	(29,526)	0	(29,526)
Interest paid	(290)	0	(290)
Net cash provided (used) by capital and related financing activities	<u>(172,693)</u>	<u>0</u>	<u>(172,693)</u>
<b>Cash flows from investing activities</b>			
Interest and investment earnings received	0	20,843	20,843
Net increase (decrease) in cash and cash equivalents	0	0	0
Cash and cash equivalents, January 1	0	0	0
<b>Cash and cash equivalents, December 31</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (14,044)	\$ (12,529)	\$ (26,573)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	38,844	2,537	41,381
(Increase) decrease in accounts receivable	(3,559)	16	(3,543)
(Increase) decrease in prepaid items	462	0	462
(Increase) decrease in pension contributions made after measurement date	1,610	0	1,610
(Increase) decrease in pension experience differences	(9,043)	0	(9,043)
(Increase) decrease in pension investment return differences	(32,375)	0	(32,375)
Increase (decrease) in accounts payable	27,533	0	27,533
Increase (decrease) in accrued payroll liabilities	(1,428)	0	(1,428)
Increase (decrease) in net pension liability	51,910	0	51,910
Increase (decrease) in pension assumption changes	(1,199)	0	(1,199)
Increase (decrease) in pension investment return differences	(1,965)	0	(1,965)
Total adjustments	<u>70,790</u>	<u>2,553</u>	<u>73,343</u>
Net cash provided (used) by operating activities	<u>\$ 56,746</u>	<u>\$ (9,976)</u>	<u>\$ 46,770</u>

**Noncash investing, capital, and financing activities:**

The net increase (decrease) in the fair value of investments totaled \$13,704.

***GENERAL FUND***

The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

**CITY OF WASHINGTON, GEORGIA  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 125,066	\$ 111,162
Investments	3,196	3,188
Restricted cash and cash equivalents	107,345	2,256
Receivables (net)		
Accounts	4,862	6,644
Intergovernmental	63,796	44,152
Taxes	177,878	367,310
Prepaid items	<u>9,117</u>	<u>11,632</u>
<b>Total assets</b>	<u><u>\$ 491,260</u></u>	<u><u>\$ 546,344</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 119,521	\$ 124,975
Accrued salaries and payroll liabilities	73,183	60,942
Due to other funds	14,968	0
Unearned revenue	<u>33,395</u>	<u>33,715</u>
<b>Total liabilities</b>	<u>241,067</u>	<u>219,632</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	<u>98,626</u>	<u>32,986</u>
<b>FUND BALANCES</b>		
Nonspendable		
Prepaid items	9,117	11,632
Restricted	107,345	2,256
Assigned	0	26,000
Unassigned	<u>35,105</u>	<u>253,838</u>
<b>Total fund balances</b>	<u>151,567</u>	<u>293,726</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 491,260</u></u>	<u><u>\$ 546,344</u></u>

**CITY OF WASHINGTON, GEORGIA  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
For the years ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Taxes	\$ 1,650,668	\$ 1,699,895
Licenses and permits	31,856	30,663
Fines, fees and forfeitures	47,461	56,301
Charges for services	727,841	760,618
Intergovernmental	281,691	1,021,276
Interest	277	346
Contributions	8,458	9,355
Other	144,427	352,573
<b>Total revenues</b>	<u>2,892,679</u>	<u>3,931,027</u>
<b>EXPENDITURES</b>		
Current		
General Government	921,778	1,161,887
Judicial	70,435	55,660
Public Safety	1,489,601	2,328,521
Public Works	1,551,670	1,023,381
Health and Welfare	317,936	272,086
Culture and Recreation	375,450	358,156
Housing and Development	338,698	275,017
Debt Service	198,265	151,035
<b>Total expenditures</b>	<u>5,263,833</u>	<u>5,625,743</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,371,154)</u>	<u>(1,694,716)</u>
Other financing sources (uses)		
Transfers in (out)		
Confiscated Assets Special Revenue Fund	0	4,797
E-911 Special Revenue Fund	(181,020)	(107,622)
Urban Redevelopment Special Revenue Fund	(2,449)	(28,289)
TSPLOST Discretionary Special Revenue Fund	56,894	0
CDBG/CHIP Grant Capital Projects Fund	(36,655)	(15,447)
Cemetery Perpetual Care Permanent Fund	100,000	19,000
Water and Sewer Enterprise Fund	0	(493,087)
Electric Enterprise Fund	2,042,512	2,649,848
Solid Waste Enterprise Fund	(132,077)	(352,991)
Sale of capital assets	147,284	598
Issuance of capital leases payable	159,171	0
Issuance of notes payable	75,335	0
<b>Total other financing sources (uses)</b>	<u>2,228,995</u>	<u>1,676,807</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(142,159)</u>	<u>(17,909)</u>
Fund balances, January 1	<u>293,726</u>	<u>311,635</u>
<b>Fund balances, December 31</b>	<u>\$ 151,567</u>	<u>\$ 293,726</u>

**CITY OF WASHINGTON, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2016**  
*(With comparative actual amounts for the year ended December 31, 2015)*

	2016			2015
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes				
Real and personal tax	\$ 770,500	\$ 674,354	\$ (96,146)	\$ 720,593
Motor vehicle tax	120,000	93,068	(26,932)	128,837
Mobile home tax	5,000	4,302	(698)	4,258
Cost, penalties and interest	42,500	40,670	(1,830)	34,862
Total general property taxes	<u>938,000</u>	<u>812,394</u>	<u>(125,606)</u>	<u>888,550</u>
Local option sales tax	291,500	291,531	31	285,250
Insurance premium tax	254,700	258,020	3,320	238,203
Intangibles tax	2,900	3,426	526	3,278
Real estate transfer tax	1,650	1,652	2	929
Franchise tax	95,890	93,126	(2,764)	94,948
Beer and wine tax	120,400	117,686	(2,714)	120,766
Occupational tax	46,500	52,922	6,422	49,475
Energy excise tax	18,600	19,911	1,311	18,496
Total taxes	<u>1,770,140</u>	<u>1,650,668</u>	<u>(119,472)</u>	<u>1,699,895</u>
<b>Licenses and permits</b>				
Alcohol licenses	24,200	25,350	1,150	26,400
Building permits	5,000	5,616	616	4,263
Other	1,000	890	(110)	0
Total licenses and permits	<u>30,200</u>	<u>31,856</u>	<u>1,656</u>	<u>30,663</u>
<b>Fines, fees and forfeitures</b>	<u>40,100</u>	<u>47,461</u>	<u>7,361</u>	<u>56,301</u>
<b>Charges for Services</b>				
Indirect cost allocation charges	524,000	653,340	129,340	677,315
Fire protection charges	0	0	0	2,461
Recreation fees	34,600	34,885	285	41,999
Cemetery charges	2,700	3,375	675	2,775
Other charges for services	42,200	36,241	(5,959)	36,068
Total charges for services	<u>603,500</u>	<u>727,841</u>	<u>124,341</u>	<u>760,618</u>
<b>Intergovernmental</b>	<u>280,731</u>	<u>281,691</u>	<u>960</u>	<u>1,021,276</u>
<b>Interest</b>	<u>372</u>	<u>277</u>	<u>(95)</u>	<u>346</u>
<b>Contributions</b>	<u>4,665</u>	<u>8,458</u>	<u>3,793</u>	<u>9,355</u>
<b>Other</b>				
Rental Income	118,245	125,686	7,441	110,791
Miscellaneous	17,542	18,741	1,199	241,782
Total other	<u>135,787</u>	<u>144,427</u>	<u>8,640</u>	<u>352,573</u>
<b>Total revenues</b>	<u>\$ 2,865,495</u>	<u>\$ 2,892,679</u>	<u>\$ 27,184</u>	<u>\$ 3,931,027</u>

**CITY OF WASHINGTON, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2016**  
*(With comparative actual amounts for the year ended December 31, 2015)*

	2016			2015
	Final Budget	Actual	Variance	Actual
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
Executive Administration				
Personal services	\$ 446,172	\$ 442,584	\$ 3,588	\$ 477,058
Contract services	319,300	334,262	(14,962)	388,699
Materials and supplies	63,018	69,257	(6,239)	57,863
Capital outlay	93,250	75,335	17,915	0
Payments to others	600	340	260	832
Total Executive Administration	922,340	921,778	562	924,452
City Hall Annex				
Personal services	0	0	0	4,044
Contract services	0	0	0	5,656
Materials and supplies	0	0	0	7,135
Total City Hall Annex	0	0	0	16,835
General Government Buildings				
Personal services	0	0	0	188,494
Contract services	0	0	0	13,860
Materials and supplies	0	0	0	13,226
Capital Outlay	0	0	0	5,020
Total General Government Buildings	0	0	0	220,600
Total General Government	922,340	921,778	562	1,161,887
<b>Judicial</b>				
Municipal Court				
Personal services	39,810	43,856	(4,046)	28,794
Contract services	30,325	21,039	9,286	25,070
Materials and supplies	1,000	2,187	(1,187)	1,406
Payments to others	0	3,353	(3,353)	390
Total Municipal Court	71,135	70,435	700	55,660
<b>Public Safety</b>				
Police				
Personal services	0	0	0	1,529
Contract services	516,000	506,959	9,041	522,959
Materials and supplies	0	0	0	230
Total Police	516,000	506,959	9,041	524,718
Fire				
Personal services	673,790	700,699	(26,909)	683,108
Contract services	108,760	57,983	50,777	92,019
Materials and supplies	65,825	76,507	(10,682)	37,375
Capital outlay	50,000	27,941	22,059	875,553
Total Fire	898,375	863,130	35,245	1,688,055

**CITY OF WASHINGTON, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2016**  
*(With comparative actual amounts for the year ended December 31, 2015)*

	2016			2015
	Final Budget	Actual	Variance	Actual
<b>Public Safety (continued)</b>				
Animal Control				
Contract services	\$ 41,400	\$ 37,012	\$ 4,388	\$ 29,978
Materials and supplies	1,000	0	1,000	970
Payments to others	82,500	82,500	0	84,500
Total Animal Control	<u>124,900</u>	<u>119,512</u>	<u>5,388</u>	<u>115,448</u>
Emergency Management				
Payments to others	0	0	0	300
Total Public Safety	<u>1,539,275</u>	<u>1,489,601</u>	<u>49,674</u>	<u>2,328,521</u>
<b>Public Works</b>				
Highways and Streets				
Personal services	693,320	699,510	(6,190)	450,003
Contract services	280,365	346,886	(66,521)	255,918
Materials and supplies	172,485	155,193	17,292	117,344
Capital outlay	314,471	215,279	99,192	51,869
Total Highways and Streets	<u>1,460,641</u>	<u>1,416,868</u>	<u>43,773</u>	<u>875,134</u>
Street Lighting				
Payments to others	134,900	134,802	98	132,441
Cemetery				
Personal services	0	0	0	5,606
Contract services	0	0	0	41
Materials and supplies	0	0	0	852
Capital outlay	0	0	0	9,307
Total Cemetery	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,806</u>
Total Public Works	<u>1,595,541</u>	<u>1,551,670</u>	<u>43,871</u>	<u>1,023,381</u>
<b>Health and Welfare</b>				
Community Services				
Contract services	35,000	21,149	13,851	24,243
Payments to others	129,000	119,930	9,070	122,828
Total Community Services	<u>164,000</u>	<u>141,079</u>	<u>22,921</u>	<u>147,071</u>
Community Center				
Personal services	39,830	57,236	(17,406)	57,518
Contract services	95,858	82,798	13,060	45,427
Materials and supplies	22,000	36,823	(14,823)	22,070
	20,000	0	20,000	0
Total Community Center	<u>177,688</u>	<u>176,857</u>	<u>831</u>	<u>125,015</u>
Total Health and Welfare	<u>341,688</u>	<u>317,936</u>	<u>23,752</u>	<u>272,086</u>



**CITY OF WASHINGTON, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2016**  
*(With comparative actual amounts for the year ended December 31, 2015)*

	2016			2015
	Final Budget	Actual	Variance	Actual
<b>Culture and Recreation</b>				
Libraries				
Payments to others	\$ 64,790	\$ 64,790	\$ 0	\$ 62,900
Callaway Plantation				
Personal services	38,445	36,326	2,119	31,579
Contract services	26,165	19,764	6,401	18,535
Materials and supplies	13,600	12,477	1,123	11,644
Total Callaway Plantation	78,210	68,567	9,643	61,758
Museum				
Personal services	42,375	44,702	(2,327)	42,577
Contract services	22,455	7,242	15,213	14,958
Materials and supplies	9,300	5,759	3,541	6,277
Capital outlay	0	0	0	6,012
Total Museum	74,130	57,703	16,427	69,824
Park Areas				
Payments to others	121,650	121,644	6	110,469
Booker Park Pool				
Personal services	40,700	38,865	1,835	38,430
Contract services	7,860	7,953	(93)	949
Materials and supplies	14,400	15,928	(1,528)	13,826
Total Booker Park Pool	62,960	62,746	214	53,205
Total Culture & Recreation	401,740	375,450	26,290	358,156
<b>Housing and Development</b>				
Planning and Zoning				
Personal services	120,115	126,791	(6,676)	125,876
Contract services	21,350	17,595	3,755	5,302
Materials and supplies	4,250	3,253	997	3,532
Payments to others	2,000	0	2,000	0
Total Planning and Zoning	147,715	147,639	76	134,710
Community Development and Housing				
Personal services	107,611	108,803	(1,192)	60,317
Contract services	19,650	17,413	2,237	3,787
Materials and supplies	2,000	1,569	431	2,423
Payments to others	3,825	2,636	1,189	2,812
Total Community Development and Housing	133,086	130,421	2,665	69,339

**CITY OF WASHINGTON, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2016**  
*(With comparative actual amounts for the year ended December 31, 2015)*

	2016			2015
	Final Budget	Actual	Variance	Actual
<b>Housing and Development (continued)</b>				
Mainstreet Division				
Personal services	\$ 31,745	\$ 31,506	\$ 239	\$ 42,939
Contract services	12,310	16,326	(4,016)	24,678
Materials and supplies	16,590	12,806	3,784	1,250
Payments to others	0	0	0	2,101
Total Mainstreet Division	60,645	60,638	7	70,968
Total Housing and Development	341,446	338,698	2,748	275,017
Total Current	5,213,165	5,065,568	147,597	5,474,708
<b>Debt Service</b>				
Principal	171,744	171,110	634	117,500
Interest	26,699	27,155	(456)	33,535
Total Debt Service	198,443	198,265	178	151,035
Total Expenditures	\$ 5,411,608	\$ 5,263,833	\$ 147,775	\$ 5,625,743

## ***SPECIAL REVENUE FUNDS***

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Confiscated Assets Fund – This fund is used to account for the cash or property received from drug confiscations restricted for law enforcement.

E-911 Fund – This fund is used to account for the fiscal activity relating to the imposition, collection, and uses of the E-911 emergency telephone number system fees.

Urban Redevelopment Fund – This fund is used to account for receipts and disbursements of Urban Redevelopment activity.

Callaway Plantation Operating Trust Fund – This fund is used to account for receipts and disbursements of monies collected from operating the Callaway Plantation Tourism Center.

Callaway Plantation Furnishings Trust Fund – This fund is used to account for receipts and disbursements of funds collected for maintaining the furnishings of the Callaway Plantation Tourism Center.

TSPLOST Discretionary Fund – This fund is used to account for TSPLOST funds received from the Georgia Financing Authority.

**CITY OF WASHINGTON, GEORGIA**  
**CONFISCATED ASSETS SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCES</b>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF WASHINGTON, GEORGIA  
CONFISCATED ASSETS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the year ended December 31, 2016  
(With comparative actual amounts for the year ended December 31, 2015)**

	2016			2015
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Interest income	\$ 0	\$ 0	\$ 0	\$ 2
<b>Total revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	0	2
Other financing sources (uses)				
Transfer out	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,797)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures  and other financing uses	0	0	0	(4,795)
Fund balance, January 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,795</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**E-911 SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Due from other funds	\$ 14,968	\$ 0
<b>Total assets</b>	<b>\$ 14,968</b>	<b>\$ 0</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 14,968	\$ 0
<b>Total liabilities and fund balances</b>	<b>\$ 14,968</b>	<b>\$ 0</b>

**CITY OF WASHINGTON, GEORGIA  
E-911 SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the year ended December 31, 2016**

*(With comparative actual amounts for the year ended December 31, 2015)*

	<u>2016</u>			<u>2015</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
Intergovernmental	\$ 0	\$ 1,100	\$ 1,100	\$ 0
<b>Total revenue</b>	<u>0</u>	<u>1,100</u>	<u>1,100</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Contract services	188,600	132,620	55,980	113,106
Materials and supplies	49,500	49,500	0	0
<b>Total expenditures</b>	<u>238,100</u>	<u>182,120</u>	<u>55,980</u>	<u>113,106</u>
Excess (deficiency) of revenues over (under) expenditures	(238,100)	(181,020)	(57,080)	(113,106)
Other financing sources (uses)				
Transfers in (out)				
General Fund	238,100	181,020	(57,080)	107,622
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	(5,484)
Fund balance, January 1	0	0	0	5,484
<b>Fund balances, December 31</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF WASHINGTON, GEORGIA**  
**URBAN REDEVELOPMENT SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 46,792	\$ 4,864
<b>Total assets</b>	<b>\$ 46,792</b>	<b>\$ 4,864</b>
 <b>FUND BALANCES</b>		
Assigned	\$ 46,792	\$ 4,864
<b>Total liabilities and fund balances</b>	<b>\$ 46,792</b>	<b>\$ 4,864</b>



**CITY OF WASHINGTON, GEORGIA**  
**URBAN REDEVELOPMENT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2016**

*(With comparative actual amounts for the year ended December 31, 2015)*

	2016			2015
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 0	\$ 0
<b>Total revenues</b>	<u>40,000</u>	<u>40,000</u>	<u>0</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Contract services	2,100	4,479	(2,379)	28,399
Supplies	1,000	50	950	360
Capital outlay	36,900	0	36,900	0
<b>Total expenditures</b>	<u>40,000</u>	<u>4,529</u>	<u>35,471</u>	<u>28,759</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>35,471</u>	<u>35,471</u>	<u>(28,759)</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	2,449	2,449	28,289
Sale of capital assets	0	4,008	4,008	0
<b>Total other financing sources (uses)</b>	<u>0</u>	<u>6,457</u>	<u>6,457</u>	<u>28,289</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>41,928</u>	<u>41,928</u>	<u>(470)</u>
Fund balance, January 1	<u>0</u>	<u>4,864</u>	<u>4,864</u>	<u>5,334</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 46,792</u></u>	<u><u>\$ 46,792</u></u>	<u><u>\$ 4,864</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**CALLAWAY PLANTATION OPERATING TRUST SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Investments	\$ 2,288	\$ 2,281
<b>Total assets</b>	<b>\$ 2,288</b>	<b>\$ 2,281</b>
 <b>FUND BALANCES</b>		
Assigned	\$ 2,288	\$ 2,281
<b>Total liabilities and fund balances</b>	<b>\$ 2,288</b>	<b>\$ 2,281</b>

**CITY OF WASHINGTON, GEORGIA**  
**CALLAWAY PLANTATION OPERATING TRUST SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2016**  
*(With comparative actual amounts for the year ended December 31, 2015)*

	2016			2015
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Interest	\$ 10	\$ 7	\$ (3)	\$ 6
<b>Total revenues</b>	<u>10</u>	<u>7</u>	<u>(3)</u>	<u>6</u>
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	10	7	(3)	6
Other financing sources (uses)				
Contingency	<u>(10)</u>	<u>0</u>	<u>10</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	7	7	6
Fund balance, January 1	<u>0</u>	<u>2,281</u>	<u>2,281</u>	<u>2,275</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 2,288</u></u>	<u><u>\$ 2,288</u></u>	<u><u>\$ 2,281</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**CALLAWAY PLANTATION FURNISHINGS TRUST SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 21,105	\$ 23,700
<b>Total assets</b>	<b>\$ 21,105</b>	<b>\$ 23,700</b>
 <b>FUND BALANCES</b>		
Assigned	\$ 21,105	\$ 23,700
<b>Total liabilities and fund balances</b>	<b>\$ 21,105</b>	<b>\$ 23,700</b>

**CITY OF WASHINGTON, GEORGIA**  
**CALLAWAY PLANTATION FURNISHINGS TRUST SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2016**  
*(With comparative actual amounts for the year ended December 31, 2015)*

	2016			2015
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Charges for services	\$ 0	\$ 0	\$ 0	\$ 200
<b>Total revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>200</u>
<b>EXPENDITURES</b>				
Current				
Culture and Recreation				
Contract services	2,595	415	2,180	0
Supplies	<u>0</u>	<u>2,180</u>	<u>(2,180)</u>	<u>0</u>
<b>Total expenditures</b>	<u>2,595</u>	<u>2,595</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	(2,595)	(2,595)	0	200
Fund balances, January 1	<u>2,595</u>	<u>23,700</u>	<u>21,105</u>	<u>23,500</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 21,105</u></u>	<u><u>\$ 21,105</u></u>	<u><u>\$ 23,700</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**TSPLOST DISCRETIONARY SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 214,189	\$ 219,965
Taxes receivable	12,951	12,439
<b>Total assets</b>	<b>\$ 227,140</b>	<b>\$ 232,404</b>
 <b>FUND BALANCES</b>		
Restricted	\$ 227,140	\$ 232,404
<b>Total liabilities and fund balances</b>	<b>\$ 227,140</b>	<b>\$ 232,404</b>

**CITY OF WASHINGTON, GEORGIA**  
**TSPLOST DISCRETIONARY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2016**  
*(With comparative actual amounts for the year ended December 31, 2015)*

	2016			2015
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Taxes	\$ 100,000	\$ 130,059	\$ 30,059	\$ 131,441
Interest	300	267	(33)	298
<b>Total revenue</b>	100,300	130,326	30,026	131,739
<b>EXPENDITURES</b>				
Current				
Public Works	100,300	78,696	21,604	116,630
Excess (deficiency) of revenues over (under) expenditures	0	51,630	51,630	15,109
Other financing sources (uses)				
Transfers in (out)				
General fund	(35,500)	(56,894)	(21,394)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(35,500)	(5,264)	30,236	15,109
Fund balances, January 1	35,500	232,404	196,904	217,295
<b>Fund balances, December 31</b>	<u>\$ 0</u>	<u>\$ 227,140</u>	<u>\$ 227,140</u>	<u>\$ 232,404</u>

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## ***CAPITAL PROJECTS FUNDS***

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

SPLOST Fund – This fund is used to account for the SPLOST monies received from Wilkes County to be used for water and sewer capital improvements and debt relief.

CDBG/CHIP Grant Fund – This fund is used to account for CDBG grant activity.

**CITY OF WASHINGTON, GEORGIA  
 SPLOST CAPITAL PROJECTS FUND  
 COMPARATIVE BALANCE SHEETS  
 December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,005	\$ 3,347
Intergovernmental receivable	57,704	54,052
<b>Total assets</b>	\$ 58,709	\$ 57,399
 <b>FUND BALANCES</b>		
Restricted	\$ 58,709	\$ 57,399
<b>Total liabilities and fund balances</b>	\$ 58,709	\$ 57,399

**CITY OF WASHINGTON, GEORGIA**  
**SPLOST CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
*For the years ended December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>		
Intergovernmental	\$ 304,389	\$ 297,827
Interest	5	209
	<b>304,394</b>	<b>298,036</b>
 <b>EXPENDITURES</b>		
<b>Total expenditures</b>	<b>0</b>	<b>0</b>
Excess (deficiency) of revenues over (under) expenditures	304,394	298,036
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Enterprise Fund	(303,084)	(624,672)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,310	(326,636)
Fund balances, January 1	57,399	384,035
<b>Fund balances, December 31</b>	<b>\$ 58,709</b>	<b>\$ 57,399</b>

**CITY OF WASHINGTON, GEORGIA**  
**CDBG/CHIP GRANT CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 27	\$ 27
Notes receivable	22,000	0
Investments	175,000	0
<b>Total assets</b>	<b>\$ 197,027</b>	<b>\$ 27</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 4,552	\$ 0
Unearned revenue	22,000	0
Total liabilities	26,552	0
 <b>FUND BALANCES</b>		
Restricted	170,475	27
<b>Total liabilities and fund balances</b>	<b>\$ 197,027</b>	<b>\$ 27</b>

**CITY OF WASHINGTON, GEORGIA**  
**CDBG/CHIP GRANT CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
*For the years ended December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>		
Intergovernmental	\$ 425,037	\$ 100,374
Contributions	0	500
	<b>425,037</b>	<b>100,874</b>
 <b>EXPENDITURES</b>		
Capital outlay		
Housing and Development		
Community Development and Housing	291,244	117,052
	<b>291,244</b>	<b>117,052</b>
<b>Total expenditures</b>	<b>291,244</b>	<b>117,052</b>
Excess (deficiency) of revenues over (under) expenditures	133,793	(16,178)
Other financing sources (uses)		
Transfers in (out)		
General Fund	36,655	15,447
	<b>36,655</b>	<b>15,447</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	170,448	(731)
Fund balances, January 1	27	758
	<b>27</b>	<b>758</b>
<b>Fund balances, December 31</b>	<b>\$ 170,475</b>	<b>\$ 27</b>

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## ***PERMANENT FUNDS***

Debt service funds are used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

Cemetery Perpetual Care Fund – This fund is used to account for monies collected from the sale of perpetual care contracts at City-owned cemeteries, as well as receipt of investment earnings on all perpetual care investments and payment of cemetery maintenance expenditures.

Historical Properties Commission Trust Fund – This fund is used to account for receipts and disbursements of contributions for City-owned historical properties. The principal must be maintained intact.

Callaway Charitable Trust Endowment Principal Fund – This fund is used to account for the principal originally donated for the Callaway Charitable Endowment Trust. The principal must be maintained intact and invested.

**CITY OF WASHINGTON, GEORGIA  
 CEMETERY PERPETUAL CARE PERMANENT FUND  
 COMPARATIVE BALANCE SHEETS  
 December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Investments	\$ 71,514	\$ 171,097
<b>Total assets</b>	<b>\$ 71,514</b>	<b>\$ 171,097</b>
 <b>FUND BALANCES</b>		
Assigned	\$ 71,514	\$ 171,097
<b>Total liabilities and fund balances</b>	<b>\$ 71,514</b>	<b>\$ 171,097</b>



**CITY OF WASHINGTON, GEORGIA  
CEMETERY PERPETUAL CARE PERMANENT FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
For the years ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Interest	\$ 417	\$ 558
	<u>417</u>	<u>558</u>
<b>EXPENDITURES</b>		
<b>Total expenditures</b>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	417	558
Other financing sources (uses)		
Transfers in (out)		
General Fund	<u>(100,000)</u>	<u>(19,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(99,583)	(18,442)
Fund balances, January 1	<u>171,097</u>	<u>189,539</u>
<b>Fund balances, December 31</b>	<u><u>\$ 71,514</u></u>	<u><u>\$ 171,097</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**HISTORICAL PROPERTIES COMMISSION TRUST PERMANENT FUND**  
**COMPARATIVE BALANCE SHEETS**  
**December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Investments	\$ 17,461	\$ 17,409
	<u>17,461</u>	<u>17,409</u>
<b>Total assets</b>	<u><u>\$ 17,461</u></u>	<u><u>\$ 17,409</u></u>
 <b>FUND BALANCES</b>		
Nonspendable		
Contractually required to be maintained intact	\$ 9,990	\$ 9,990
Restricted	<u>7,471</u>	<u>7,419</u>
	<u>17,461</u>	<u>17,409</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 17,461</u></u>	<u><u>\$ 17,409</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**HISTORICAL PROPERTIES COMMISSION TRUST PERMANENT FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
*For the years ended December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>		
Interest	\$ 52	\$ 53
<b>Total revenues</b>	52	53
<b>EXPENDITURES</b>		
<b>Total expenditures</b>	0	0
Excess (deficiency) of revenues over (under) expenditures	52	53
Fund balances, January 1	17,409	17,356
<b>Fund balances, December 31</b>	<b>\$ 17,461</b>	<b>\$ 17,409</b>

**CITY OF WASHINGTON, GEORGIA  
 CALLAWAY CHARITABLE TRUST ENDOWMENT PRINCIPAL  
 PERMANENT FUND  
 COMPARATIVE BALANCE SHEETS  
 December 31, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 37,924	\$ 37,848
Investments	10,835	10,802
<b>Total assets</b>	<b>\$ 48,759</b>	<b>\$ 48,650</b>
 <b>FUND BALANCES</b>		
Nonspendable		
Contractually required to be maintained intact	\$ 9,990	\$ 9,990
Restricted	38,769	38,660
<b>Total liabilities and fund balances</b>	<b>\$ 48,759</b>	<b>\$ 48,650</b>

**CITY OF WASHINGTON, GEORGIA**  
**CALLAWAY CHARITABLE TRUST ENDOWMENT PRINCIPAL**  
**PERMANENT FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the years ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Interest	\$ 109	\$ 108
<b>Total revenues</b>	<u>109</u>	<u>108</u>
<b>EXPENDITURES</b>		
<b>Total expenditures</b>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	109	108
Fund balances, January 1	<u>48,650</u>	<u>48,542</u>
<b>Fund balances, December 31</b>	<u><u>\$ 48,759</u></u>	<u><u>\$ 48,650</u></u>

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## ***ENTERPRISE FUNDS***

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Water and Sewer Fund – This fund is used to account for the operation and maintenance of the City's water and sewer services.

Electric Fund – This fund is used to account for user fees and expenses for the electric services provided to the citizens of the City.

Solid Waste Fund – This fund is used to account for user fees and expenses for the sanitation services provided to the citizens of the City.

Internet Telecommunications Fund – This fund is used to account for user fees and expenses for the internet services available to the citizens of the City.

**CITY OF WASHINGTON, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
*For the years ended December 31, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	\$ 55,315	\$ 0
Restricted assets		
Cash and cash equivalents	0	101,351
Investments	100,183	155,033
Accounts receivable (net)	400,204	386,569
Inventories	185,427	207,410
Prepaid items	3,595	5,066
	<u>744,724</u>	<u>855,429</u>
<b>Total current assets</b>		
<b>Capital assets</b>		
Land	194,710	194,710
Buildings	57,481	57,481
Infrastructure	21,780,384	21,780,384
Machinery and equipment	418,527	370,861
Vehicles	234,260	162,825
Accumulated depreciation	<u>(8,439,100)</u>	<u>(8,011,681)</u>
	<u>14,246,262</u>	<u>14,554,580</u>
<b>Total capital assets (net of accumulated depreciation)</b>		
	<u>14,990,986</u>	<u>15,410,009</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension contributions subsequent to the measurement date	9,889	11,519
Pension investment return differences	32,792	0
Pension experience differences	12,849	3,690
	<u>55,530</u>	<u>15,209</u>
<b>Total deferred outflows of resources</b>		



**CITY OF WASHINGTON, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
*For the years ended December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 84,744	\$ 83,258
Accrued salaries and payroll liabilities	27,055	5,806
Compensated absences	15,760	9,737
Accrued interest payable	7,543	8,329
Customer deposits payable	0	84,680
Capital lease payable	8,323	0
Notes payable	585,711	339,583
Current liabilities payable from restricted assets		
Customer deposits payable	100,183	15,503
Notes payable	0	240,881
	<b>829,319</b>	<b>787,777</b>
<b>Noncurrent liabilities</b>		
Net pension liability	114,818	62,239
Capital lease payable	26,214	0
Notes payable	8,513,554	9,099,244
	<b>8,654,586</b>	<b>9,161,483</b>
<b>Total liabilities</b>	<b>9,483,905</b>	<b>9,949,260</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension assumption changes	1,965	3,179
Pension investment return differences	4,956	6,946
	<b>6,921</b>	<b>10,125</b>
<b>NET POSITION</b>		
Net investment in capital assets	5,112,460	4,874,872
Restricted for debt service	0	240,881
Unrestricted	443,230	350,080
	<b>5,555,690</b>	<b>5,465,833</b>
<b>Total net position</b>	<b>\$ 5,555,690</b>	<b>\$ 5,465,833</b>

**CITY OF WASHINGTON, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the years ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Water sales	\$ 1,515,737	\$ 1,503,330
Sewer sales	1,305,712	1,311,550
Tap fees	0	889
Other	1,653	611
<b>Total operating revenues</b>	<u>2,823,102</u>	<u>2,816,380</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	1,455,588	2,038,554
Personal services	681,075	258,145
Depreciation	443,464	427,622
<b>Total operating expenses</b>	<u>2,580,127</u>	<u>2,724,321</u>
Operating income (loss)	<u>242,975</u>	<u>92,059</u>
Non-operating revenues (expenses)		
Interest and investment earnings	643	1,394
Interest expense	(55,431)	(61,100)
Gain (loss) on sale of capital assets	(7,947)	0
Distribution of capital assets to the Governmental Activities	(2,500)	0
<b>Total non-operating revenues (expenses)</b>	<u>(65,235)</u>	<u>(59,706)</u>
Net income (loss) before capital contributions and transfers	177,740	32,353
Capital contributions		
Capital contributions	13,000	0
Net income (loss) before transfers	<u>190,740</u>	<u>32,353</u>
Transfers in (out)		
General Fund	0	493,087
SPLOST Capital Projects Fund	303,084	624,672
Electric Enterprise Fund	(403,967)	(840,575)
<b>Total transfers in (out)</b>	<u>(100,883)</u>	<u>277,184</u>
Change in net position	<u>89,857</u>	<u>309,537</u>
Net position, January 1 (original)	5,465,833	5,214,650
Prior period adjustments	0	(58,354)
Net position, January 1 (restated)	<u>5,465,833</u>	<u>5,156,296</u>
<b>Net position, December 31</b>	<u><u>\$ 5,555,690</u></u>	<u><u>\$ 5,465,833</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
*For the years ended December 31, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 2,807,814	\$ 2,910,807
Payments to suppliers	(1,430,648)	(2,008,811)
Payments to employees	(644,749)	(257,493)
Other receipts	1,653	611
	<u>734,070</u>	<u>645,114</u>
<b>Net cash provided (used) by operating activities</b>		
<b>Cash flows from non-capital financing activities:</b>		
Receipts from other funds	0	493,087
Payments to other funds	(403,967)	(1,055,036)
	<u>(403,967)</u>	<u>(561,949)</u>
<b>Net cash provided (used) by non-capital financing activities</b>		
<b>Cash flows from capital and related financing activities:</b>		
Receipts from other funds	303,084	624,672
Receipts from other governments	0	118,419
Payments for acquisitions of capital assets	(132,593)	(87,448)
Payment of prior year capital related payables	0	(90,546)
Principal payments - promissory notes	(580,443)	(575,470)
Proceeds - capital leases	43,618	0
Principal payments - capital leases	(9,081)	0
Interest paid	(56,217)	(61,100)
	<u>(431,632)</u>	<u>(71,473)</u>
<b>Net cash provided (used) by capital and related financing activities</b>		
<b>Cash flows from investing activities:</b>		
Interest and investment earnings received	643	1,394
Proceeds from maturity of investments	155,033	154,491
Purchase of investments	(155,498)	(155,033)
	<u>178</u>	<u>852</u>
<b>Net cash provided (used) by investing activities</b>		
<b>Net increase (decrease) in cash and cash equivalents</b>	(101,351)	12,544
<b>Cash and cash equivalents, January 1</b>	<u>101,351</u>	<u>88,807</u>
<b>Cash and cash equivalents, December 31</b>	<u>\$ 0</u>	<u>\$ 101,351</u>

**CITY OF WASHINGTON, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
*For the years ended December 31, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 242,975	\$ 92,059
 Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	443,464	427,622
(Increase) decrease in accounts receivable	(13,635)	95,038
(Increase) decrease in inventories	21,983	(47,124)
(Increase) decrease in prepaid items	1,471	766
(Increase) decrease in pension contributions made after measurement date	1,630	(11,519)
(Increase) decrease in pension experience differences	(9,159)	(3,690)
(Increase) decrease in pension investment return differences	(32,792)	0
Increase (decrease) in accounts payable	1,486	76,101
Increase (decrease) in accrued payroll liabilities	27,272	1,851
Increase (decrease) in net pension liability	52,579	3,885
Increase (decrease) in pension assumption changes	(1,214)	3,179
Increase (decrease) in pension investment return differences	(1,990)	6,946
 Total adjustments	<u>491,095</u>	<u>553,055</u>
 Net cash provided (used) by operating activities	<u>\$ 734,070</u>	<u>\$ 645,114</u>

**Noncash investing, capital, and financing activities:**

Contributions of capital assets from individuals totaled \$13,000 and \$0 for the fiscal years ended December 31, 2016 and 2015, respectively.

Distributions of capital assets to Governmental Activities totaled \$2,500 and \$0 for the fiscal years ended December 31, 2016 and 2015, respectively.

**CITY OF WASHINGTON, GEORGIA**  
**ELECTRIC ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,093,939	\$ 656,096
Investments	533,411	407,578
Receivables (net)		
Accounts	1,185,265	1,121,452
Intergovernmental	538,184	420,000
Inventories	266,724	258,618
Prepaid items	47,914	117,397
	<b>3,665,437</b>	<b>2,981,141</b>
<b>Total current assets</b>		
<b>Restricted assets</b>		
MEAG Generation Trust		
Investments	610,206	547,436
Customer deposits		
Cash and cash equivalents	166,596	165,636
	<b>776,802</b>	<b>713,072</b>
<b>Total restricted assets</b>		
<b>Capital assets</b>		
Land	8,480	8,480
Buildings	494,044	494,044
Infrastructure	2,506,534	2,464,008
Machinery and equipment	226,067	220,917
Vehicles	495,154	529,405
Accumulated depreciation	(2,225,510)	(2,170,811)
	<b>1,504,769</b>	<b>1,546,043</b>
<b>Total capital assets (net of accumulated depreciation)</b>		
	<b>5,947,008</b>	<b>5,240,256</b>
<b>Total assets</b>		
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension contributions subsequent to the measurement date	18,622	21,731
Pension investment return differences	62,523	0
Pension experience differences	24,425	6,961
	<b>105,570</b>	<b>28,692</b>
<b>Total deferred outflows of resources</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	701,053	631,232
Accrued salaries and payroll liabilities	22,296	10,850
Compensated absences	21,322	22,584
Capital lease payable	32,321	31,354
Current liabilities payable from restricted assets		
Customer deposits payable	166,596	165,636
	<b>943,588</b>	<b>861,656</b>
<b>Total current liabilities</b>		

**CITY OF WASHINGTON, GEORGIA**  
**ELECTRIC ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Noncurrent liabilities</b>		
Net pension liability	\$ 217,664	\$ 117,414
Capital lease payable	103,070	135,391
Total noncurrent liabilities	320,734	252,805
<b>Total liabilities</b>	1,264,322	1,114,461
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension assumption changes	3,682	5,996
Pension investment return differences	9,309	13,103
<b>Total deferred inflows of resources</b>	12,991	19,099
<b>NET POSITION</b>		
Net investment in capital assets	1,369,378	1,379,298
Restricted for MEAG Generation Trust	610,206	547,436
Unrestricted	2,795,681	2,208,654
<b>Total net position</b>	\$ 4,775,265	\$ 4,135,388

**CITY OF WASHINGTON, GEORGIA**  
**ELECTRIC ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Electric sales	\$ 10,748,931	\$ 10,282,414
Other	18,071	5,726
<b>Total operating revenues</b>	<u>10,767,002</u>	<u>10,288,140</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	9,105,226	9,162,648
Personal services	558,808	451,726
Depreciation	94,138	93,669
<b>Total operating expenses</b>	<u>9,758,172</u>	<u>9,708,043</u>
Operating income (loss)	<u>1,008,830</u>	<u>580,097</u>
Non-operating revenues (expenses)		
Intergovernmental revenues	1,258,231	1,415,337
Interest and investment earnings	7,513	12,866
Interest expense	(4,729)	0
Gain (loss) on sale of capital assets	(500)	0
Distribution of capital assets to the Governmental Activities	(1,790)	0
<b>Total non-operating revenues (expenses)</b>	<u>1,258,725</u>	<u>1,428,203</u>
Net income (loss) before transfers	<u>2,267,555</u>	<u>2,008,300</u>
Transfers in (out)		
General Fund	(2,042,512)	(2,649,848)
Water and Sewer Enterprise Fund	403,967	840,575
Solid Waste Enterprise Fund	0	405,700
Internet Telecommunications Enterprise Fund	10,867	10,393
<b>Total transfers in (out)</b>	<u>(1,627,678)</u>	<u>(1,393,180)</u>
Change in net position	<u>639,877</u>	<u>615,120</u>
Net position, January 1 (original)	4,135,388	3,568,148
Prior period adjustments	0	(47,880)
Net position, January 1 (restated)	<u>4,135,388</u>	<u>3,520,268</u>
<b>Net position, December 31</b>	<u><u>\$ 4,775,265</u></u>	<u><u>\$ 4,135,388</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**ELECTRIC ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
*For the years ended December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 10,686,078	\$ 10,368,913
Payments to suppliers	(8,974,028)	(9,213,586)
Payments to employees	(531,360)	(387,879)
Other receipts	18,071	5,726
	<u>1,198,761</u>	<u>773,174</u>
<b>Net cash provided (used) by operating activities</b>		
<b>Cash flows from non-capital financing activities:</b>		
Receipts from other funds	414,834	1,472,774
Payments to other funds	(2,042,512)	(2,750,188)
Receipts from other governments	1,140,047	1,292,337
	<u>(487,631)</u>	<u>14,923</u>
<b>Net cash provided (used) by non-capital financing activities</b>		
<b>Cash flows from capital and related financing activities:</b>		
Payments for acquisitions of capital assets	(55,154)	(191,534)
Principal payments - capital lease	(31,354)	166,745
Interest paid	(4,729)	0
	<u>(91,237)</u>	<u>(24,789)</u>
<b>Net cash provided (used) by capital and related financing activities</b>		
<b>Cash flows from investing activities:</b>		
Interest and investment earnings received	7,513	12,866
Proceeds from sale of investments	0	344
Proceeds from maturity of investments	370,000	200,000
Purchase of investments	(558,603)	(455,957)
	<u>(181,090)</u>	<u>(242,747)</u>
<b>Net cash provided (used) by investing activities</b>		
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>438,803</u>	<u>520,561</u>
<b>Cash and cash equivalents, January 1</b>	<u>821,732</u>	<u>301,171</u>
<b>Cash and cash equivalents, December 31</b>	<u><u>\$ 1,260,535</u></u>	<u><u>\$ 821,732</u></u>



**CITY OF WASHINGTON, GEORGIA**  
**ELECTRIC ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
*For the years ended December 31, 2016 and 2015*

	2016	2015
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 1,008,830	\$ 580,097
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	94,138	93,669
(Increase) decrease in accounts receivable	(63,813)	145,503
(Increase) decrease in inventories	(8,106)	(16,495)
(Increase) decrease in prepaid items	69,483	(99,986)
(Increase) decrease in pension contributions made after measurement date	3,109	(21,731)
(Increase) decrease in pension experience differences	(17,464)	(6,961)
(Increase) decrease in pension investment return differences	(62,523)	0
Increase (decrease) in accounts payable	69,821	65,199
Increase (decrease) in accrued payroll liabilities	10,184	3,906
Increase (decrease) in customer deposits	960	(58,660)
Increase (decrease) in net pension liability	100,250	69,534
Increase (decrease) in pension assumption changes	(2,314)	5,996
Increase (decrease) in pension investment return differences	(3,794)	13,103
Total adjustments	189,931	193,077
Net cash provided (used) by operating activities	\$ 1,198,761	\$ 773,174
<b>Cash and cash equivalents reconciliation</b>		
Cash and cash equivalents	\$ 1,093,939	\$ 656,096
Restricted cash and cash equivalents	166,596	165,636
Total cash and cash equivalents	\$ 1,260,535	\$ 821,732

**Noncash investing, capital, and financing activities:**

Distributions of capital assets to Governmental Activities totaled \$1,790 and \$0 for the fiscal years ended December 31, 2016 and 2015, respectively.

**CITY OF WASHINGTON, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**December 31, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
<b>Current assets</b>		
Accounts receivable (net)	\$ 69,955	\$ 66,397
Prepaid items	1,108	1,570
Total current assets	71,063	67,967
<b>Capital assets</b>		
Buildings	175,300	175,300
Machinery and equipment	89,308	84,280
Vehicles	539,981	236,595
Accumulated depreciation	(446,208)	(371,556)
Total capital assets (net of accumulated depreciation)	358,381	124,619
<b>Total assets</b>	429,444	192,586
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension contributions subsequent to the measurement date	15,198	16,808
Pension investment return differences	32,375	0
Pension experience differences	14,427	5,384
<b>Total deferred outflows of resources</b>	62,000	22,192
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	27,532	16,130
Interest payable	1,843	0
Accrued salaries and payroll liabilities	5,529	7,641
Compensated absences	5,304	4,620
Capital lease payable	27,064	0
Total current liabilities	67,272	28,391
<b>Noncurrent liabilities</b>		
Net pension liability	142,726	90,816
Capital lease payable	85,235	0
Total noncurrent liabilities	85,235	0
<b>Total liabilities</b>	152,507	28,391
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension assumption changes	3,439	4,638
Pension investment return differences	8,170	10,135
<b>Total deferred inflows of resources</b>	11,609	14,773
<b>NET POSITION</b>		
Net investment in capital assets	237,582	124,619
Unrestricted	(52,980)	(43,821)
<b>Total net position</b>	\$ 184,602	\$ 80,798

**CITY OF WASHINGTON, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the years ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Sanitation fees	\$ 518,769	\$ 517,648
Other	10,000	0
<b>Total operating revenues</b>	<u>528,769</u>	<u>517,648</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	268,869	190,797
Personal services	235,100	353,254
Depreciation	38,844	26,382
<b>Total operating expenses</b>	<u>542,813</u>	<u>570,433</u>
Operating income (loss)	<u>(14,044)</u>	<u>(52,785)</u>
Non-operating revenues (expenses)		
Interest expense	(2,133)	0
Gain (loss) on sale of capital assets	(12,096)	0
<b>Total non-operating revenues (expenses)</b>	<u>(14,229)</u>	<u>0</u>
Net income (loss) before transfers	<u>(28,273)</u>	<u>(52,785)</u>
Transfers in (out)		
General Fund	132,077	352,991
Electric Fund	0	(405,700)
<b>Total transfers in (out)</b>	<u>132,077</u>	<u>(52,709)</u>
Change in net position	<u>103,804</u>	<u>(105,494)</u>
Net position, January 1 (original)	80,798	271,439
Prior period adjustments	0	(85,147)
Net position, January 1 (restated)	<u>80,798</u>	<u>186,292</u>
<b>Net position, December 31</b>	<u><u>\$ 184,602</u></u>	<u><u>\$ 80,798</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2016 and 2015**

	2016	2015
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 515,210	\$ 516,162
Payments to suppliers	(240,874)	(173,373)
Payments to employees	(227,590)	(358,361)
Other receipts	10,000	0
	56,746	(15,572)
<b>Cash flows from non-capital financing activities:</b>		
Receipts from other funds	213,650	447,847
Payments to other funds	(97,703)	(405,700)
	115,947	42,147
<b>Cash flows from capital and related financing activities:</b>		
Payments for acquisitions of capital assets	(284,702)	(26,575)
Proceeds - capital lease	141,825	0
Principal payments - capital lease	(29,526)	0
Interest paid	(290)	0
	(172,693)	(26,575)
Net cash provided (used) by capital and related financing activities	(172,693)	(26,575)
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents, January 1	0	0
<b>Cash and cash equivalents, December 31</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (14,044)	\$ (52,785)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	38,844	26,382
(Increase) decrease in accounts receivable	(3,559)	(1,486)
(Increase) decrease in prepaid items	462	1,294
(Increase) decrease in pension contributions made after measurement date	1,610	(16,808)
(Increase) decrease in pension experience differences	(9,043)	(5,384)
(Increase) decrease in pension investment return differences	(32,375)	0
Increase (decrease) in accounts payable	27,533	16,130
Increase (decrease) in accrued payroll liabilities	(1,428)	(3,356)
Increase (decrease) in net pension liability	51,910	5,668
Increase (decrease) in pension assumption changes	(1,199)	4,638
Increase (decrease) in pension investment return differences	(1,965)	10,135
	70,790	37,213
Total adjustments	70,790	37,213
Net cash provided (used) by operating activities	\$ 56,746	\$ (15,572)

**CITY OF WASHINGTON, GEORGIA**  
**INTERNET TELECOMMUNICATIONS ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
*December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Accounts receivable	\$ 24,815	\$ 24,831
<b>Noncurrent assets</b>		
Investment in joint venture	486,389	499,750
<b>Capital assets</b>		
Machinery and equipment	519,711	519,711
Accumulated depreciation	(519,711)	(517,174)
Total capital assets (net of accumulated depreciation)	0	2,537
<b>Total assets</b>	511,204	527,118
<b>NET POSITION</b>		
Investment in capital assets	0	2,537
Unrestricted	511,204	524,581
<b>Total net position</b>	\$ 511,204	\$ 527,118

**CITY OF WASHINGTON, GEORGIA**  
**INTERNET TELECOMMUNICATIONS ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the years ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Telecommunications charges	\$ 7,421	\$ 8,206
<b>Total operating revenues</b>	<u>7,421</u>	<u>8,206</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	17,413	18,878
Depreciation	2,537	4,771
<b>Total operating expenses</b>	<u>19,950</u>	<u>23,649</u>
Operating income (loss)	<u>(12,529)</u>	<u>(15,443)</u>
Non-operating revenues (expenses)		
Interest and investment earnings	21,186	20,501
Net increase (decrease) in the fair value of investments	<u>(13,704)</u>	<u>0</u>
<b>Total non-operating revenues (expenses)</b>	<u>7,482</u>	<u>20,501</u>
Net income (loss) before transfers	(5,047)	5,058
Transfers in (out)		
Electric Enterprise Fund	<u>(10,867)</u>	<u>(10,393)</u>
Change in net position	(15,914)	(5,335)
Net position, January 1	<u>527,118</u>	<u>532,453</u>
<b>Net position, December 31</b>	<u><u>\$ 511,204</u></u>	<u><u>\$ 527,118</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**INTERNET TELECOMMUNICATIONS ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2016 and 2015**

	2016	2015
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 7,437	\$ 8,428
Payments to suppliers	(17,413)	(18,878)
Net cash provided (used) by operating activities	(9,976)	(10,450)
<b>Cash flows from non-capital financing activities:</b>		
Payments to other funds	(10,867)	(10,393)
<b>Cash flows from investing activities:</b>		
Interest and investment earnings received	20,843	20,501
Proceeds from sale of investments	0	342
Net cash provided (used) by investing activities	20,843	20,843
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents, January 1	0	0
<b>Cash and cash equivalents, December 31</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (12,529)	\$ (15,443)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	2,537	4,771
(Increase) decrease in accounts receivable	16	222
Total adjustments	2,553	4,993
Net cash provided (used) by operating activities	\$ (9,976)	\$ (10,450)

**Noncash investing, capital, and financing activities:**

The net increase (decrease) in the fair value of investments totaled \$13,704 and \$0 for the years ended December 31, 2016 and 2015, respectively.

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***OTHER REPORTING SECTION***

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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards***

Honorable Mayor and  
Members of the City Council  
City of Washington, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Washington, Georgia, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Washington, Georgia's basic financial statements and have issued our report thereon dated June 5, 2017.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in internal control to be a material weakness:

**2016-001**

*Condition:* While performing audit procedures on water and sewer inventory, we noted incorrect pricing data on the inventory listing.

*Criteria:* Generally accepted accounting principles require that assets be properly calculated and recorded.

*Effect:* Failure to properly apply generally accepted accounting principles may lead to materially misstated financial statements.

*Recommendation:* Management should review and update inventory item costs to reflect accurate values.

## **2016-001 (continued)**

*Management Response:* Management concurs with this finding. City staff will review and update inventory item costs to reflect accurate values. This action was taken immediately upon receipt of the comment from our auditors.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency:

### **2016-002**

*Condition:* The auditors were unable to perform audit procedures on traffic citations. We noted that the City does not receive supporting documentation from the County for traffic citations issued by County officers within the City's limits.

*Criteria:* Adequate internal control requires adequate supporting documentation for citations issued by County officers.

*Effect:* Failure to maintain adequate supporting documentation for traffic citations issued by County officers exposes the City to a greater risk of loss due to fraud.

*Recommendation:* In order to maintain adequate internal control over traffic citations, a log of traffic citations issued by County officers should be requested from the County monthly and reconciled to traffic citation cases tried in the City's Municipal Court.

*Management Response:* Management concurs with this finding. However, due to the fact that the issuing of traffic citations has been outsourced to the County concurrence with this finding is difficult. Management intends to work with County personnel to establish sufficient procedures to reconcile traffic citations issued by the County's officers to the City's Municipal Court records.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Washington, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Washington, Georgia's Responses to Findings**

The City of Washington, Georgia's responses to the findings identified in our audit are described previously. The City of Washington, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 City of Washington, Georgia's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rushton & Company, LLC*

Certified Public Accountants  
Gainesville, Georgia  
June 5, 2017

***STATE REPORTING SECTION***

This section contains additional reports required by the State of Georgia.

**CITY OF WASHINGTON, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH SPECIAL**  
**PURPOSE LOCAL OPTION SALES TAX**  
**For the year ended December 31, 2016**

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b><u>2011 SPLOST</u></b>					
Water and Sewer Improvements	\$ 2,025,960	\$ 2,025,960	\$ 1,708,552	\$ 303,084	\$ 2,011,636

\* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.