

***CITY OF WASHINGTON, GEORGIA***

***Annual Financial Report***

***For the year ended December 31, 2017***

This page intentionally left blank.

**CITY OF WASHINGTON, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the year ended December 31, 2017*

**TABLE OF CONTENTS**

<b>Exhibit</b>		<b>PAGE</b>
	<b>INTRODUCTORY SECTION</b>	
	Table of Contents	i-iii
	<b>FINANCIAL SECTION</b>	
	Independent Auditor's Report.....	1-3
	Management's Discussion and Analysis.....	4-14
	<b>Basic Financial Statements:</b>	
	Government-wide Financial Statements:	
A-1	Statement of Net Position.....	15-16
A-2	Statement of Activities.....	17
	Fund Financial Statements:	
	Governmental Funds:	
A-3	Balance Sheet.....	18
A-4	Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	19
A-5	Statement of Revenues, Expenditures and Changes in Fund Balances.....	20
A-6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
A-7	General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual.....	22-23
	Proprietary Funds:	
A-8	Statement of Net Position.....	24-25
A-9	Statement of Revenues, Expenses, and Changes in Net Position.....	26
A-10	Statement of Cash Flows.....	27-28
A-11	Notes to the Financial Statements.....	29-64
	<b>Required Supplementary Information:</b>	
B-1	Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios.....	65
B-2	Schedule of Contributions.....	66
B-3	Notes to the Required Supplementary Information.....	67-68
	<b>Combining and Individual Fund Statements and Schedules:</b>	
C-1	Combining Balance Sheet - Nonmajor Governmental Funds.....	69-70
C-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	71-72
C-3	Combining Statement of Net Position - Nonmajor Enterprise Funds.....	73
C-4	Combining Statement of Revenues, Expenditures and Changes in Net Position - Nonmajor Enterprise Funds.....	74
C-5	Combining Statement of Cash Flows - Nonmajor Enterprise Funds	75
D-1	Comparative Balance Sheets - General Fund.....	76
D-2	Comparative Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund.....	77
D-3	Schedule of Revenues - Budget and Actual - General Fund.....	78
D-4	Schedule of Expenditures - Budget and Actual - General Fund.....	79-81

**CITY OF WASHINGTON, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the year ended December 31, 2017*

**TABLE OF CONTENTS**

<b>Exhibit</b>		<b>PAGE</b>
	<b>FINANCIAL SECTION (continued)</b>	
	<b>Combining and Individual Fund Statements and Schedules (continued)</b>	
E-1	Comparative Balance Sheets - E-911 Special Revenue Fund.....	82
E-2	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - E-911 Special Revenue Fund.....	83
E-3	Comparative Balance Sheets - Urban Revelopment Special Revenue Fund.....	84
E-4	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Urban Redevelopment Special Revenue Fund.....	85
E-5	Comparative Balance Sheets - Callaway Plantation Operating Trust Special Revenue Fund....	86
E-6	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Callaway Plantation Operating Trust Special Revenue Fund.....	87
E-7	Comparative Balance Sheets - Callaway Plantation Furnishings Trust Special Revenue Fund..	88
E-8	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Callaway Plantation Furnishings Trust Special Revenue Fund.....	89
E-9	Comparative Balance Sheets - T-SPLOST Special Revenue Fund.....	90
E-10	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - T-SPLOST Special Revenue Fund.....	91
F-1	Comparative Balance Sheets - SPLOST Capital Projects Fund.....	92
F-2	Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances - SPLOST Capital Projects Fund.....	93
F-3	Balance Sheet - 2017 SPLOST Capital Projects Fund.....	94
F-4	Statement of Revenues, Expenditures, and Changes in Fund Balances - 2017 SPLOST Capital Projects Fund.....	95
F-5	Comparative Balance Sheets - CDBG/CHIP Grant Capital Projects Fund.....	96
F-6	Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances - CDBG/CHIP Grant Capital Projects Fund.....	97
G-1	Comparative Balance Sheets - Cemetery Perpetual Care Permanent Fund.....	98
G-2	Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances - Cemetery Perpetual Care Permanent Fund.....	99
G-3	Comparative Balance Sheets - Historical Properties Commission Trust Permanent Fund.....	100
G-4	Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances - Historical Properties Commission Trust Permanent Fund.....	101
G-5	Comparative Balance Sheets - Callaway Charitable Trust Endowment Principal Permanent Fu	102
G-6	Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances - Callaway Charitable Trust Endowment Principal Permanent Fund.....	103
H-1	Comparative Statements of Net Position - Water and Sewer Enterprise Fund.....	104-105
H-2	Comparative Statements of Revenues, Expenses, and Changes in Net Position - Water and Sewer Enterprise Fund.....	106
H-3	Comparative Statements of Cash Flows - Water and Sewer Enterprise Fund.....	107-108
H-4	Comparative Statements of Net Position - Electric Enterprise Fund.....	109-110
H-5	Comparative Statements of Revenues, Expenses, and Changes in Net Position - Electric Enterprise Fund.....	111
H-6	Comparative Statements of Cash Flows - Electric Enterprise Fund.....	112-113

**CITY OF WASHINGTON, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the year ended December 31, 2017*

**TABLE OF CONTENTS**

<b>Exhibit</b>		<b>PAGE</b>
	<b>FINANCIAL SECTION (continued)</b>	
	<b>Combining and Individual Fund Statements and Schedules (continued)</b>	
H-7	Comparative Statements of Net Position - Solid Waste Enterprise Fund.....	114
H-8	Comparative Statements of Revenues, Expenses, and Changes in Net Position - Solid Waste Enterprise Fund.....	115
H-9	Comparative Statements of Cash Flows - Solid Waste Enterprise Fund.....	116
H-10	Comparative Statements of Net Position - Internet Telecommunications Enterprise Fund.....	117
H-11	Comparative Statements of Revenues, Expenses, and Changes in Net Position - Internet Telecommunications Enterprise Fund.....	118
H-12	Comparative Statements of Cash Flows - Internet Telecommunications Enterprise Fund.....	119
	<b>OTHER REPORTING SECTION</b>	
	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.....	120-121
	<b>State Reporting Section</b>	
I-1	Schedule of Projects Financed with Special Purpose Local Option Sales Tax.....	122

## 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2017, 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 65 through 68, 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, 2016, which are not presented with the accompanying financial statements. In our report dated June 5, 2017, 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 2016 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 2016 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 2016 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 2016 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 12, 2018, 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 12, 2018



# City of Washington

Post Office Box 9  
Washington, Georgia 30673  
706-678-3277  
Fax: 706-678-3752

Ames M. Barnett, Mayor  
Sherri D. Bailey, Administrator  
Debbie L. Danner, Clerk  
Barry A. Fleming, Attorney

**Council Members**  
Robert S. Armour  
Travis Armour  
Nathaniel Cullars, Sr.  
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, 2017. 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, 2017 by \$17,866,712 (*net position*). Of this amount, \$3,103,949 is reported as unrestricted net position. This is a decrease of \$438,736 from the previous year for unrestricted. Total net position increased by \$266,161 from the previous year due mostly to increases in net investment in capital assets.
- As of December 31, 2017, The City of Washington's governmental funds reported combined ending fund balances of \$550,326. Approximately 62%, or \$343,095, is reported as restricted. Approximately 32%, or \$177,604, 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 69. 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 69-72 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 15-23 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 29-64 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's defined benefit pension plan. The required supplementary information can be found on pages 65-68 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 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 1,045,785	\$ 1,160,055	\$ 5,289,918	\$ 5,282,841	\$ 6,335,703	\$ 6,442,896
Capital assets	6,932,938	7,071,514	16,135,590	16,109,412	23,068,528	23,180,926
Other noncurrent assets	29,600	22,000	473,403	486,389	503,003	508,389
<b>Total assets</b>	<u>8,008,323</u>	<u>8,253,569</u>	<u>21,898,911</u>	<u>21,878,642</u>	<u>29,907,234</u>	<u>30,132,211</u>
<b>Total deferred outflows of resources</b>	<u>178,428</u>	<u>436,999</u>	<u>93,540</u>	<u>223,100</u>	<u>271,968</u>	<u>660,099</u>
Current liabilities	688,871	499,137	1,784,823	1,840,179	2,473,694	2,339,316
Noncurrent liabilities	1,230,812	1,553,183	8,587,961	9,203,281	9,818,773	10,756,464
<b>Total liabilities</b>	<u>1,919,683</u>	<u>2,052,320</u>	<u>10,372,784</u>	<u>11,043,460</u>	<u>12,292,467</u>	<u>13,095,780</u>
<b>Total deferred inflows of resources</b>	<u>15,496</u>	<u>64,458</u>	<u>4,527</u>	<u>31,521</u>	<u>20,023</u>	<u>95,979</u>
<b>Net position:</b>						
Net investment in capital assets	6,195,798	6,288,806	7,229,677	6,719,420	13,425,475	13,008,226
Restricted	343,095	439,434	994,193	610,206	1,337,288	1,049,640
Unrestricted	<u>(287,321)</u>	<u>(154,450)</u>	<u>3,391,270</u>	<u>3,697,135</u>	<u>3,103,949</u>	<u>3,542,685</u>
<b>Total net position</b>	<u>\$ 6,251,572</u>	<u>\$ 6,573,790</u>	<u>\$ 11,615,140</u>	<u>\$ 11,026,761</u>	<u>\$ 17,866,712</u>	<u>\$ 17,600,551</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 \$17,866,712 at the close of 2017. Approximately 75% 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 up 1% from 74% at December 31, 2016. 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 7% 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 18%.

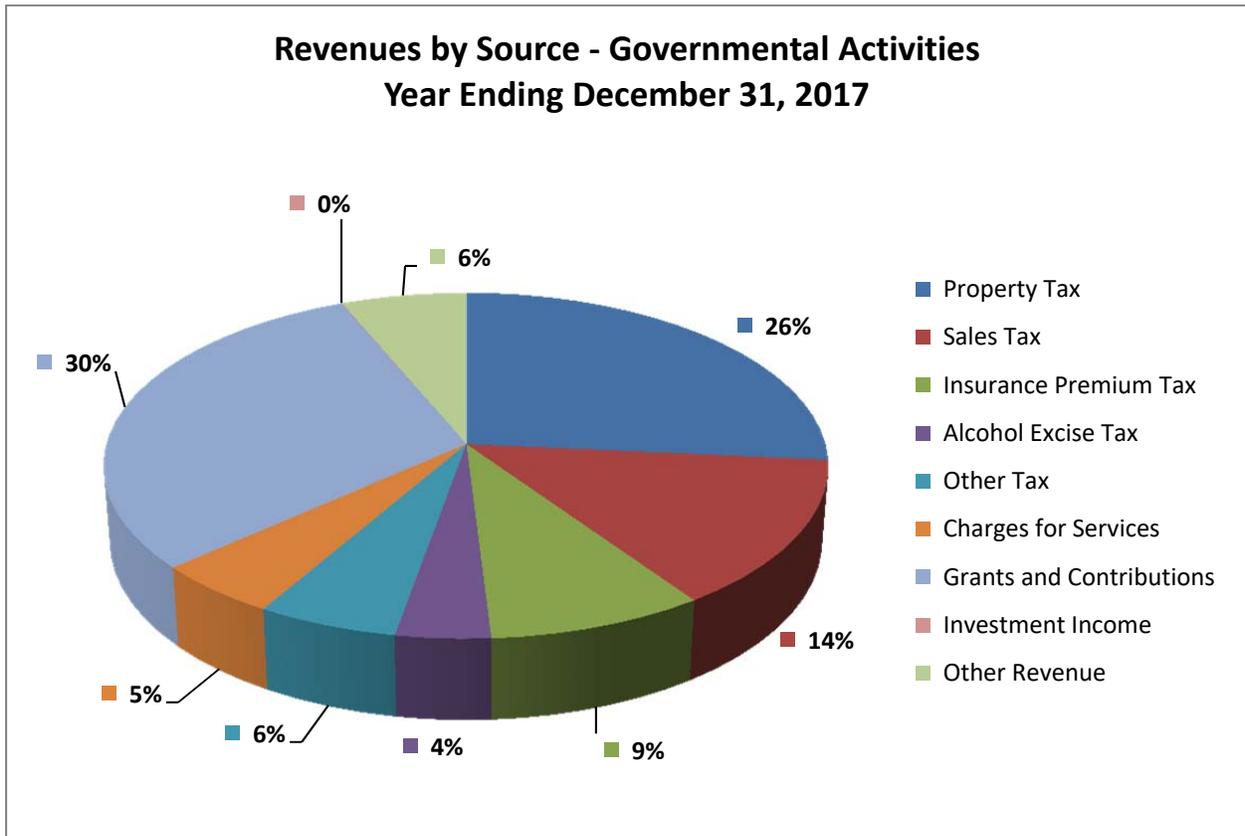
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Washington's net position changed during the year.

**City of Washington  
Changes in Net Position  
Fiscal Years 2017 and 2016**

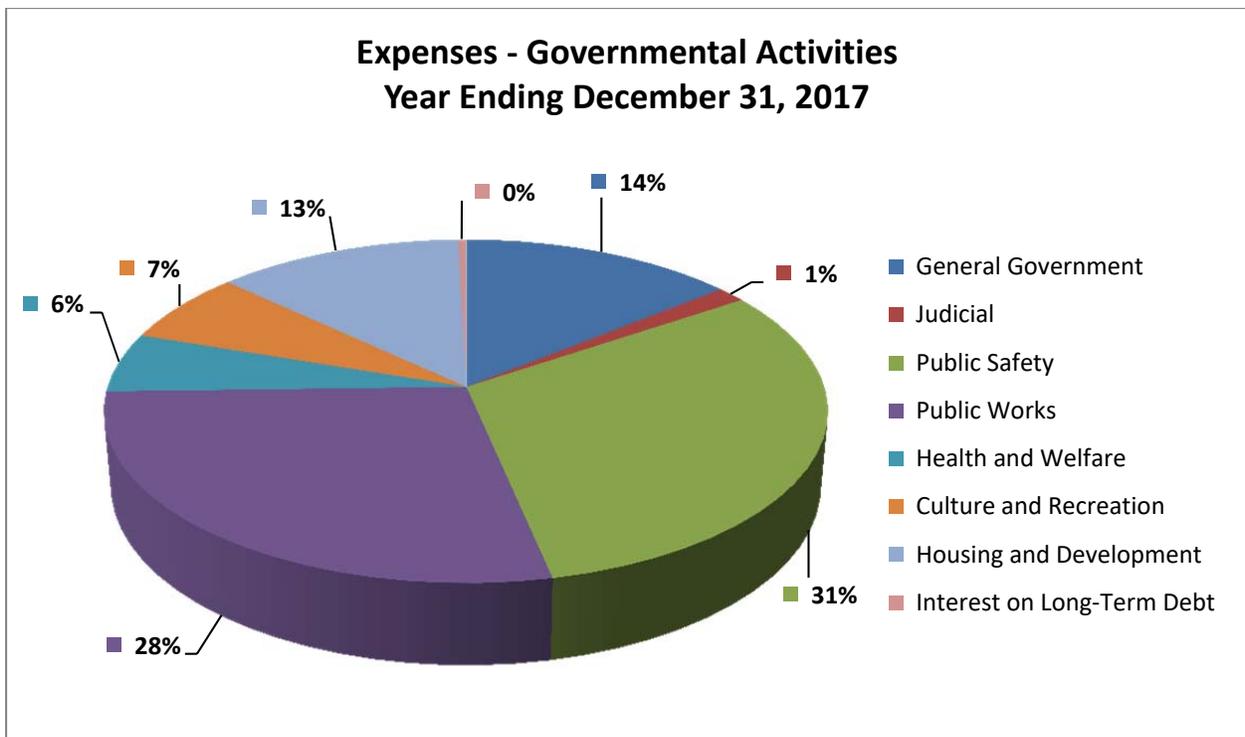
	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 178,734	\$ 199,118	\$ 13,693,782	\$ 14,096,570	\$ 13,872,516	\$ 14,295,688
Operating grants and contributions	104,487	110,558	851,682	1,258,231	956,169	1,368,789
Capital grants and contributions	856,592	925,824	0	13,000	856,592	938,824
General revenues:						
Property tax	839,865	878,034	0	0	839,865	878,034
Sales tax	442,200	421,590	0	0	442,200	421,590
Insurance premium tax	274,750	258,020	0	0	274,750	258,020
Alcohol excise tax	119,311	117,686	0	0	119,311	117,686
Other taxes	177,479	171,037	0	0	177,479	171,037
Interest & investment earnings	922	1,129	71,628	29,342	72,550	30,471
Other revenue	198,336	288,902	29,451	29,724	227,787	318,626
<b>Total revenues</b>	<b>3,192,676</b>	<b>3,371,898</b>	<b>14,646,543</b>	<b>15,426,867</b>	<b>17,839,219</b>	<b>18,798,765</b>
<b>Expenses</b>						
General government	844,119	871,541	0	0	844,119	871,541
Judicial	89,103	72,520	0	0	89,103	72,520
Public Safety	1,860,759	1,804,107	0	0	1,860,759	1,804,107
Public Works	1,668,213	1,457,695	0	0	1,668,213	1,457,695
Health and Welfare	335,208	398,360	0	0	335,208	398,360
Culture and Recreation	407,192	389,122	0	0	407,192	389,122
Housing and Development	756,358	655,461	0	0	756,358	655,461
Interest on long-term debt	24,525	29,956	0	0	24,525	29,956
Water and Sewer	0	0	2,331,488	2,439,037	2,331,488	2,439,037
Electric	0	0	8,788,224	9,328,233	8,788,224	9,328,233
Solid Waste	0	0	450,316	557,042	450,316	557,042
Internet Telecommunications	0	0	17,553	19,950	17,553	19,950
<b>Total expenses</b>	<b>5,985,477</b>	<b>5,678,762</b>	<b>11,587,581</b>	<b>12,344,262</b>	<b>17,573,058</b>	<b>18,023,024</b>
Indirect costs	628,170	653,340	(628,170)	(653,340)	0	0
<b>Increase (decrease) in net position before transfers</b>	<b>(2,164,631)</b>	<b>(1,653,524)</b>	<b>2,430,792</b>	<b>2,429,265</b>	<b>266,161</b>	<b>775,741</b>
Transfers	1,842,413	1,611,641	(1,842,413)	(1,611,641)	0	0
<b>Increase (decrease) in net position</b>	<b>(322,218)</b>	<b>(41,883)</b>	<b>588,379</b>	<b>817,624</b>	<b>266,161</b>	<b>775,741</b>
<b>Net position - beginning</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>
<b>Net position - ending</b>	<b>\$ 6,251,572</b>	<b>\$ 6,573,790</b>	<b>\$ 11,615,140</b>	<b>\$ 11,026,761</b>	<b>\$ 17,866,712</b>	<b>\$ 17,600,551</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 \$588,379, or 5.3%. This increase is due to a large increase in net position in the Water / Sewer Fund that was offset partially by a decrease in net position in the Electric Fund.

## **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 \$550,326. Of this amount, \$0 (0%) has been assigned for the 2018 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 \$113,872. 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. However, as of December 31, 2017, the City has an unassigned fund deficit. Total fund balance represents approximately 2.2% of total General Fund Expenditures. The City ended the year realizing a decrease in the overall fund balance in the General Fund by \$37,395, or approximately 25%. The City decreased unassigned fund balance in the General Fund by \$40,148.

## **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 \$ 595,487
- Electric \$ 2,346,870
- Solid Waste \$ (47,976)
- Internet Telecommunications \$ 496,889

The Water and Sewer Fund increased net position by \$663,710. The Increase is due to a reduction in liabilities, specifically long-term notes payable. The Electric Fund decreased net position by \$106,772. The increase is due to a decrease in cash and cash equivalents, a decrease in intergovernmental receivables, and decrease in deferred outflows of resources. The Solid Waste Fund increased net position by approximately \$45,756. The increase is due to capital asset additions. The Internet Telecommunications Fund decreased net position by \$14,315. The decrease is due to an increase in accounts payable.

## Capital Assets and Debt Administration

**Capital Assets.** The City of Washington has invested \$23,068,528 in capital assets (net of accumulated depreciation) compared to \$23,180,926 in the previous year. This represents a decrease of 0.5%. 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 2017 and 2016

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 714,771	\$ 707,819	\$ 207,190	\$ 203,190	\$ 921,961	\$ 911,009
Historical treasures	81,718	81,718	0	0	81,718	81,718
Construction in progress	117,059	0	359,487	0	476,546	0
Buildings and improvements	3,906,042	3,906,042	726,825	726,825	4,632,867	4,632,867
Equipment and vehicles	3,503,634	3,412,201	2,638,364	2,523,007	6,141,998	5,935,208
Software	75,335	75,335	0	0	75,335	75,335
Infrastructure	3,957,076	3,944,045	24,286,921	24,286,921	28,243,997	28,230,966
<b>Total</b>	<b>12,355,635</b>	<b>12,127,160</b>	<b>28,218,787</b>	<b>27,739,943</b>	<b>40,574,422</b>	<b>39,867,103</b>
Accumulated Depreciation	(5,422,697)	(5,055,646)	(12,083,197)	(11,630,531)	(17,505,894)	(16,686,177)
<b>Net Capital Assets</b>	<b>\$ 6,932,938</b>	<b>\$ 7,071,514</b>	<b>\$ 16,135,590</b>	<b>\$ 16,109,412</b>	<b>\$ 23,068,528</b>	<b>\$ 23,180,926</b>

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

- New Street Sweeper - Street department
- New SUV – Fire department
- New Pick-up Truck-Planning and Zoning department

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

- Pick-up Truck- Water / Sewer department
- Tractor – Water / Sewer department
- Manhole Rehabilitation – Water / Sewer department
- Upgrades to Wastewater Treatment Plant– Water / Sewer 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, 2017, the City of Washington had a total debt balance outstanding for governmental activities in the amount of \$612,086, as compared to \$782,457 the previous year. The City of Washington's outstanding debt for governmental activities has decreased by \$170,621 during the course of the year. On December 31, 2017, the City of Washington had a total debt balance outstanding for business-type activities in the amount of \$8,867,734, as compared to \$9,381,493 the previous year. The City of Washington's outstanding debt for business-type activities has decreased by \$513,759 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 49-53 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 four 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 gained a pole manufacturing company as a water customer in 2017. The City is currently working with two prospects in the wood processing market that would be water & sewer customers and could potentially be electric consumers as well. 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 a vacant site owned by the State to re-open. This facility is a City water & sewer customer which will generate revenue and local tax dollars in the community, employing over 75 people. 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 continued to make 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 new business incentives for businesses looking to locate in downtown Washington to fill some of the vacant store fronts. The City also continues to offer existing businesses incentives in the form of façade grants, and most recently a reduction in electric rates for small commercial customers.

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. The City has recently started hosting downtown movie nights, thanks to a grant the City received. Main Street also supports summer concerts and various children activities to get people downtown. Main Street actively 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 again in 2017. 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 recently requested to get out of their SEPA contract, which accounts for a

portion of their excess power costs. A mandatory 23-month notice is required to SEPA, but the City anticipates being relieved of this excess power cost within the next 12 months. 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. The City recently received a CHIP grant from DCA to build four new homes on City owned property to help low to moderate income families. This grant was in partnership with Hands on Washington. Hands On Washington will spend their portion of the funds in renovating older homes in Washington for low income individuals. In 2018, the City has changed its collection process of recyclables, yet another way to improve the efficiency of the City. The City is also constructing an automotive shop in order to work on the City's fleet of vehicles and equipment, thus saving on outside labor costs and supplies. All of these items were considered in the 2018 budget process:

- The need for efficient operations and innovative ways to cut costs
- 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. Even with some unexpected expenses in 2017 for repairs and maintenance, the City saved over \$409,000 in Water and Sewer Treatment Operations in comparison to 2015 costs contracting with O.M.I.
- Restructuring of the Sanitation Department to reduce costs including recycling
- 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
- Recruiting and Retaining a qualified workforce by increasing the base salaries across the board and offering more training to employees

### **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>

This page intentionally left blank.

***BASIC FINANCIAL STATEMENTS***

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**December 31, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 375,423	\$ 747,475	\$ 1,122,898	\$ 4,474
Investments	158,082	622,994	781,076	2,356
Restricted assets				
Cash and cash equivalents	104,225	174,938	279,163	0
Investments	0	1,091,491	1,091,491	0
Receivables (net)				
Accounts	16,053	1,869,974	1,886,027	0
Intergovernmental	170,044	331,969	502,013	0
Taxes	191,595	0	191,595	0
Internal balances	15,673	(15,673)	0	0
Inventories	0	445,390	445,390	0
Prepaid items	14,690	21,360	36,050	0
<b>Total current assets</b>	<b>1,045,785</b>	<b>5,289,918</b>	<b>6,335,703</b>	<b>6,830</b>
<b>Noncurrent assets</b>				
Investment in joint venture	0	473,403	473,403	0
Notes receivable	29,600	0	29,600	0
Capital assets				
Non-depreciable	913,548	566,677	1,480,225	0
Depreciable (net)	6,019,390	15,568,913	21,588,303	0
<b>Total noncurrent assets</b>	<b>6,962,538</b>	<b>16,608,993</b>	<b>23,571,531</b>	<b>0</b>
<b>Total assets</b>	<b>8,008,323</b>	<b>21,898,911</b>	<b>29,907,234</b>	<b>6,830</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension contributions subsequent to the measurement date	100,051	49,351	149,402	0
Pension investment return differences	0	3,717	3,717	0
Pension experience differences	78,377	40,472	118,849	0
<b>Total deferred outflows of resources</b>	<b>178,428</b>	<b>93,540</b>	<b>271,968</b>	<b>0</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	286,076	730,129	1,016,205	0
Retainages payable	23,482	0	23,482	0
Accrued salaries and payroll liabilities	79,303	47,494	126,797	0
Compensated absences	66,619	45,202	111,821	0
Accrued interest payable	2,275	8,235	10,510	0
Unearned revenue	58,980	0	58,980	0
Capital leases payable	31,177	90,397	121,574	0
Notes payable	140,959	591,130	732,089	0
Liabilities payable from restricted assets				
Customer deposits payable	0	272,236	272,236	0
<b>Total current liabilities</b>	<b>688,871</b>	<b>1,784,823</b>	<b>2,473,694</b>	<b>0</b>
<b>Noncurrent liabilities</b>				
Net pension liability	790,862	401,754	1,192,616	0
Capital leases payable	64,483	238,133	302,616	0
Notes payable	375,467	7,948,074	8,323,541	0
<b>Total noncurrent liabilities</b>	<b>1,230,812</b>	<b>8,587,961</b>	<b>9,818,773</b>	<b>0</b>
<b>Total liabilities</b>	<b>1,919,683</b>	<b>10,372,784</b>	<b>12,292,467</b>	<b>0</b>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**December 31, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension assumption changes	\$ 9,350	\$ 4,527	\$ 13,877	\$ 0
Pension investment return differences	6,146	0	6,146	0
<b>Total deferred inflows of resources</b>	<b>15,496</b>	<b>4,527</b>	<b>20,023</b>	<b>0</b>
<b>NET POSITION</b>				
Net investment in capital assets	6,195,798	7,229,677	13,425,475	0
Restricted for:				
MEAG Generation Trust	0	994,193	994,193	0
Public Works	147,079	0	147,079	0
Culture and Recreation	48,668	0	48,668	0
Housing and Development	101,957	0	101,957	0
Capital Outlay	45,391	0	45,391	0
Unrestricted	(287,321)	3,391,270	3,103,949	6,830
<b>Total net position</b>	<b>\$ 6,251,572</b>	<b>\$ 11,615,140</b>	<b>\$ 17,866,712</b>	<b>\$ 6,830</b>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue	
		Indirect Costs	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Primary government</b>						
Governmental activities						
General Government	\$ 844,119	\$ (628,170)	\$ 29,548	\$ 0	\$ 0	\$ (186,401)
Judicial	89,103	0	0	0	0	(89,103)
Public Safety	1,860,759	0	63,892	102,765	0	(1,694,102)
Public Works	1,668,213	0	30,942	0	391,425	(1,245,846)
Health and Welfare	335,208	0	0	0	0	(335,208)
Culture and Recreation	407,192	0	41,152	1,722	3,900	(360,418)
Housing and Development	756,358	0	13,200	0	461,267	(281,891)
Interest on long-term debt	24,525	0	0	0	0	(24,525)
Total governmental activities	<u>5,985,477</u>	<u>(628,170)</u>	<u>178,734</u>	<u>104,487</u>	<u>856,592</u>	<u>(4,217,494)</u>
<b>Business-type activities</b>						
Water and Sewer	2,331,488	209,390	2,850,208	0	0	309,330
Electric	8,788,224	418,780	10,310,599	851,682	0	1,955,277
Solid Waste	450,316	0	529,280	0	0	78,964
Internet Telecommunications	17,553	0	3,695	0	0	(13,858)
Total business-type activities	<u>11,587,581</u>	<u>628,170</u>	<u>13,693,782</u>	<u>851,682</u>	<u>0</u>	<u>2,329,713</u>
Total primary government	<u>17,573,058</u>	<u>0</u>	<u>13,872,516</u>	<u>956,169</u>	<u>856,592</u>	<u>(1,887,781)</u>
<b>Component Unit</b>						
Downtown Development Authority						
Housing and Development	9,389	0	0	9,976	0	587
<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>\$ (4,217,494)</u>	<u>\$ 2,329,713</u>	<u>\$ (1,887,781)</u>	<u>\$ 587</u>	
<b>General revenues</b>						
Taxes						
Property		839,865	0	839,865	0	
Sales		442,200	0	442,200	0	
Insurance premium		274,750	0	274,750	0	
Alcohol Excise		119,311	0	119,311	0	
Franchise		93,404	0	93,404	0	
Occupational		48,431	0	48,431	0	
Other		35,644	0	35,644	0	
Interest and investment earnings		922	71,628	72,550	23	
Gain on sale of assets		69,383	0	69,383	0	
Other		128,953	29,451	158,404	0	
Transfers		1,842,413	(1,842,413)	0	0	
Total general revenues and transfers		<u>3,895,276</u>	<u>(1,741,334)</u>	<u>2,153,942</u>	<u>23</u>	
Change in net position		(322,218)	588,379	266,161	610	
Net position - beginning		<u>6,573,790</u>	<u>11,026,761</u>	<u>17,600,551</u>	<u>6,220</u>	
Net position - ending		<u>\$ 6,251,572</u>	<u>\$ 11,615,140</u>	<u>\$ 17,866,712</u>	<u>\$ 6,830</u>	

**CITY OF WASHINGTON, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2017**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 134,264	\$ 241,159	\$ 375,423
Investments	3,204	154,878	158,082
Restricted cash and cash equivalents	104,225	0	104,225
Receivables (net)			
Accounts	16,053	0	16,053
Intergovernmental	43,972	126,072	170,044
Taxes	178,136	13,459	191,595
Notes	0	29,600	29,600
Prepaid items	14,690	0	14,690
Due from other funds	0	15,673	15,673
<b>Total assets</b>	<b>\$ 494,544</b>	<b>\$ 580,841</b>	<b>\$ 1,075,385</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 185,729	\$ 100,347	\$ 286,076
Retainages payable	9,042	14,440	23,482
Accrued salaries and payroll liabilities	79,303	0	79,303
Unearned revenue	29,380	29,600	58,980
<b>Total liabilities</b>	<b>303,454</b>	<b>144,387</b>	<b>447,841</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	77,218	0	77,218
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid items	14,690	0	14,690
Contractually required to be maintained intact	0	19,980	19,980
Restricted for:			
Public Works	0	147,079	147,079
Culture and Recreation	2,268	46,400	48,668
Housing and Development	101,957	0	101,957
Capital projects	0	45,391	45,391
Assigned for:			
Public Works	0	36,703	36,703
Culture and Recreation	0	23,400	23,400
Housing and Development	0	44,714	44,714
Capital projects	0	72,787	72,787
Unassigned	(5,043)	0	(5,043)
<b>Total fund balances</b>	<b>113,872</b>	<b>436,454</b>	<b>550,326</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 494,544</b>	<b>\$ 580,841</b>	<b>\$ 1,075,385</b>

**CITY OF WASHINGTON, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**December 31, 2017**

**Total fund balances - total governmental funds** \$ 550,326

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	6,932,938
---	-----------

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	77,218
----------------	--------

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	\$ 100,051
Pension experience differences	78,377

Deferred inflows of resources:

Pension assumption changes	(9,350)
Pension investment return differences	(6,146)
	162,932

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

Compensated absences	\$ (66,619)
Interest payable	(2,275)
Net pension liability	(790,862)
Capital leases payable	(95,660)
Notes payable	(516,426)
	(1,471,842)

Net position of governmental activities	\$ <u><u>6,251,572</u></u>
---	----------------------------

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the year ended December 31, 2017**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>REVENUES</b>			
Taxes	\$ 1,742,500	\$ 132,513	\$ 1,875,013
Licenses and permits	37,621	0	37,621
Fines, fees and forfeitures	47,176	0	47,176
Charges for services	716,808	0	716,808
Intergovernmental	215,724	743,979	959,703
Interest	386	540	926
Contributions	6,672	0	6,672
Other	128,953	0	128,953
<b>Total revenues</b>	<u>2,895,840</u>	<u>877,032</u>	<u>3,772,872</u>
<b>EXPENDITURES</b>			
Current			
General Government	812,324	0	812,324
Judicial	86,558	0	86,558
Public Safety	1,630,774	202,612	1,833,386
Public Works	1,372,913	215,254	1,588,167
Health and Welfare	255,884	0	255,884
Culture and Recreation	396,933	0	396,933
Housing and Development	494,421	279,042	773,463
Debt service	195,673	0	195,673
<b>Total expenditures</b>	<u>5,245,480</u>	<u>696,908</u>	<u>5,942,388</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,349,640)</u>	<u>180,124</u>	<u>(2,169,516)</u>
Other financing sources (uses)			
Transfers in	2,440,627	285,490	2,726,117
Transfers out	(199,915)	(693,403)	(893,318)
Sale of capital assets	71,233	0	71,233
<b>Total other financing sources (uses)</b>	<u>2,311,945</u>	<u>(407,913)</u>	<u>1,904,032</u>
Net change in fund balance	(37,695)	(227,789)	(265,484)
Fund balances, January 1	<u>151,567</u>	<u>664,243</u>	<u>815,810</u>
<b>Fund balances, December 31</b>	<u><u>\$ 113,872</u></u>	<u><u>\$ 436,454</u></u>	<u><u>\$ 550,326</u></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, 2017**

**Net change in fund balances - total governmental funds** \$ (265,484)

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	\$	201,857	
Depreciation		<u>(348,197)</u>	(146,340)

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	\$	(83,289)	
Related accumulated depreciation		<u>81,439</u>	(1,850)

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	\$	109,907	
Related accumulated depreciation		<u>(100,293)</u>	9,614

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	\$	527	
Debt principal payments		<u>170,622</u>	171,149

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	\$	120,578	
Cost of benefits earned net of employee contributions		<u>(180,072)</u>	(59,494)

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

Unavailable revenues			(21,408)
----------------------	--	--	----------

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			<u>(8,405)</u>
----------------------	--	--	----------------

Change in net position of governmental activities			<u><u>\$ (322,218)</u></u>
---	--	--	----------------------------

**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, 2017**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,761,425	\$ 1,823,371	\$ 1,742,500	\$ (80,871)
Licenses and permits	34,050	34,650	37,621	2,971
Fines, fees and forfeitures	41,800	46,500	47,176	676
Charges for services	802,438	803,399	716,808	(86,591)
Intergovernmental	308,610	331,310	215,724	(115,586)
Interest	257	257	386	129
Contributions	750	6,213	6,672	459
Other	131,795	131,795	128,953	(2,842)
<b>Total revenues</b>	<b>3,081,125</b>	<b>3,177,495</b>	<b>2,895,840</b>	<b>(281,655)</b>
<b>EXPENDITURES</b>				
Current				
General Government				
Executive Administration	833,120	833,120	812,324	20,796
Judicial				
Municipal Court	81,870	86,570	86,558	12
Public Safety				
Police	516,000	516,000	518,082	(2,082)
Fire	868,240	994,740	994,731	9
Animal Control	117,500	118,075	117,961	114
Public Works				
Highways and Streets	1,228,580	1,247,380	1,239,243	8,137
Street Lighting	133,925	133,925	133,670	255
Health and Welfare				
Community Services	146,125	146,125	133,658	12,467
Community Center	125,347	125,347	122,226	3,121
Culture and Recreation				
Libraries	64,790	64,790	64,790	0
Callaway Plantation	76,072	76,072	69,812	6,260
Museum	68,895	72,590	72,606	(16)
Park Areas	135,500	139,400	139,389	11
Booker Park Pool	59,690	59,690	50,336	9,354
Housing and Development				
Planning and Zoning	149,555	178,655	178,612	43
Community Development and Housing	484,160	484,160	167,856	316,304
Mainstreet Division	145,425	149,925	147,953	1,972
Debt Service				
Principal	201,045	170,495	170,621	(126)
Interest	49,530	25,180	25,052	128
<b>Total expenditures</b>	<b>5,485,369</b>	<b>5,622,239</b>	<b>5,245,480</b>	<b>376,759</b>
Excess (deficiency) of revenues over expenditures	(2,404,244)	(2,444,744)	(2,349,640)	95,104

**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, 2017**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Other financing sources (uses)				
Transfers in	\$ 2,418,744	\$ 2,418,744	\$ 2,440,627	\$ 21,883
Transfers out	(199,500)	(200,000)	(199,915)	85
Sale of capital assets	185,000	185,000	71,233	(113,767)
Issuance of capital leases payable	0	12,000	0	(12,000)
Total other financing sources (uses)	<u>2,404,244</u>	<u>2,415,744</u>	<u>2,311,945</u>	<u>(103,799)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(29,000)	(37,695)	(8,695)
Fund balances, January 1	<u>0</u>	<u>29,000</u>	<u>151,567</u>	<u>122,567</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 113,872</u></u>	<u><u>\$ 113,872</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2017**

	Business-Type Activities			Totals
	Water and Sewer	Electric	Nonmajor Enterprise Funds	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 0	\$ 747,475	\$ 0	\$ 747,475
Investments	58,668	564,326	0	622,994
<b>Restricted assets</b>				
Cash and cash equivalents	0	174,938	0	174,938
Investments	97,298	994,193	0	1,091,491
<b>Receivables (net)</b>				
Accounts	503,382	1,256,534	110,058	1,869,974
Intergovernmental	8,484	323,485	0	331,969
Inventories	185,427	259,963	0	445,390
Prepaid items	8,474	11,432	1,454	21,360
<b>Total current assets</b>	<b>861,733</b>	<b>4,332,346</b>	<b>111,512</b>	<b>5,305,591</b>
<b>Noncurrent assets</b>				
Investment in joint venture	0	0	473,403	473,403
<b>Capital assets</b>				
Non-depreciable	554,197	8,480	4,000	566,677
Depreciable (net)	13,673,313	1,536,030	359,570	15,568,913
<b>Total noncurrent assets</b>	<b>14,227,510</b>	<b>1,544,510</b>	<b>836,973</b>	<b>16,608,993</b>
<b>Total assets</b>	<b>15,089,243</b>	<b>5,876,856</b>	<b>948,485</b>	<b>21,914,584</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension contributions subsequent to the measurement date	11,648	21,427	16,276	49,351
Pension investment return differences	0	2,731	4,809	7,540
Pension experience differences	9,348	18,842	12,282	40,472
<b>Total deferred outflows of resources</b>	<b>20,996</b>	<b>43,000</b>	<b>33,367</b>	<b>97,363</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	78,536	627,562	24,031	730,129
Accrued salaries and payroll liabilities	25,191	16,118	6,185	47,494
Compensated absences	21,380	17,433	6,389	45,202
Due to other funds	0	15,673	0	15,673
Accrued interest payable	6,735	0	1,500	8,235
Capital lease payable	8,544	54,073	27,780	90,397
Notes payable	591,130	0	0	591,130
<b>Liabilities payable from restricted liabilities</b>				
Customer deposits payable	97,298	174,938	0	272,236
<b>Total current liabilities</b>	<b>828,814</b>	<b>905,797</b>	<b>65,885</b>	<b>1,800,496</b>
<b>Noncurrent liabilities</b>				
Net pension liability	91,915	181,144	128,695	401,754
Capital lease payable	17,670	163,007	57,456	238,133
Notes payable	7,948,074	0	0	7,948,074
<b>Total noncurrent liabilities</b>	<b>8,057,659</b>	<b>344,151</b>	<b>186,151</b>	<b>8,587,961</b>
<b>Total liabilities</b>	<b>8,886,473</b>	<b>1,249,948</b>	<b>252,036</b>	<b>10,388,457</b>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2017**

	Business-Type Activities			Totals
	Water and Sewer	Electric	Nonmajor Enterprise Funds	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension assumption changes	\$ 543	\$ 1,415	\$ 2,569	\$ 4,527
Pension investment return differences	3,823	0	0	3,823
<b>Total deferred inflows of resources</b>	<b>4,366</b>	<b>1,415</b>	<b>2,569</b>	<b>8,350</b>
<b>NET POSITION</b>				
Net investment in capital assets	5,623,913	1,327,430	278,334	7,229,677
Restricted for MEAG Generation Trust	0	994,193	0	994,193
Unrestricted	595,487	2,346,870	448,913	3,391,270
<b>Total net position</b>	<b>\$ 6,219,400</b>	<b>\$ 4,668,493</b>	<b>\$ 727,247</b>	<b>\$ 11,615,140</b>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the year ended December 31, 2017**

	Business-Type Activities			Totals
	Water and Sewer	Electric	Nonmajor Enterprise Funds	
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 2,850,208	\$ 10,310,599	\$ 532,975	\$ 13,693,782
Other	18,104	10,122	1,225	29,451
<b>Total operating revenues</b>	<b>2,868,312</b>	<b>10,320,721</b>	<b>534,200</b>	<b>13,723,233</b>
<b>OPERATING EXPENSES</b>				
Costs of sales and services	1,156,027	8,568,622	205,780	9,930,429
Personal services	865,292	534,963	212,943	1,613,198
Depreciation	451,994	94,727	46,738	593,459
<b>Total operating expenses</b>	<b>2,473,313</b>	<b>9,198,312</b>	<b>465,461</b>	<b>12,137,086</b>
Operating income (loss)	394,999	1,122,409	68,739	1,586,147
Non-operating revenues (expenses)				
Intergovernmental revenue	0	851,682	0	851,682
Interest and investment earnings	468	48,343	22,817	71,628
Interest expense	(54,923)	(4,192)	(2,408)	(61,523)
Net increase (decrease) in the fair value of investments	0	0	(12,642)	(12,642)
Distributions of capital assets to Governmental Activities	0	0	(9,614)	(9,614)
Gain (loss) on sale of capital assets	0	(4,500)	0	(4,500)
<b>Total non-operating revenues (expenses)</b>	<b>(54,455)</b>	<b>891,333</b>	<b>(1,847)</b>	<b>835,031</b>
Net income (loss) before capital contributions and transfers	340,544	2,013,742	66,892	2,421,178
Transfers in (out)				
Transfers in	629,897	539,597	198,913	1,368,407
Transfers out	(306,731)	(2,660,111)	(234,364)	(3,201,206)
<b>Total transfers in (out)</b>	<b>323,166</b>	<b>(2,120,514)</b>	<b>(35,451)</b>	<b>(1,832,799)</b>
Change in net position	663,710	(106,772)	31,441	588,379
Net position, January 1	5,555,690	4,775,265	695,806	11,026,761
<b>Net position, December 31</b>	<b>\$ 6,219,400</b>	<b>\$ 4,668,493</b>	<b>\$ 727,247</b>	<b>\$ 11,615,140</b>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the year ended December 31, 2017

	Business-Type Activities			Totals
	Water and Sewer	Electric	Nonmajor Enterprise Funds	
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 2,744,145	\$ 10,247,672	\$ 517,593	\$ 13,509,410
Payments to suppliers	(1,205,293)	(8,598,870)	(209,533)	(10,013,696)
Payments to employees	(852,460)	(530,556)	(205,640)	(1,588,656)
Other receipts	18,104	10,122	1,225	29,451
Net cash provided (used) by operating activities	704,496	1,128,368	103,645	1,936,509
<b>Cash flows from non-capital financing activities:</b>				
Receipts from other funds	0	555,270	198,913	754,183
Payments to other funds	(306,731)	(2,660,111)	(234,364)	(3,201,206)
Receipts from other governments	0	1,066,381	0	1,066,381
Net cash provided (used) by non-capital financing activities	(306,731)	(1,038,460)	(35,451)	(1,380,642)
<b>Cash flows from capital and related financing activities:</b>				
Receipts from other funds	629,897	0	0	629,897
Payments for acquisitions of capital assets	(395,062)	0	(61,540)	(456,602)
Proceeds - promissory notes	17,140	0	0	17,140
Principal payments - promissory notes	(585,685)	0	0	(585,685)
Principal payments - capital lease	(8,323)	(57,279)	(27,063)	(92,665)
Interest paid	(55,732)	(4,192)	(2,752)	(62,676)
Net cash provided (used) by capital and related financing activities	(397,765)	(61,471)	(91,355)	(550,591)
<b>Cash flows from investing activities</b>				
Interest and investment earnings received	468	48,343	22,817	71,628
Proceeds from maturity of investments	155,498	300,000	344	455,842
Purchase of investments	(155,966)	(714,902)	0	(870,868)
Net cash provided (used) by investing activities	0	(366,559)	23,161	(343,398)
Net increase (decrease) in cash and cash equivalents	0	(338,122)	0	(338,122)
Cash and cash equivalents, January 1	0	1,260,535	0	1,260,535
<b>Cash and cash equivalents, December 31</b>	<b>\$ 0</b>	<b>\$ 922,413</b>	<b>\$ 0</b>	<b>\$ 922,413</b>

**CITY OF WASHINGTON, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the year ended December 31, 2017

	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)	\$ 394,999	\$ 1,122,409	\$ 68,739	\$ 1,586,147
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	451,994	94,727	46,738	593,459
(Increase) decrease in accounts receivable	(103,178)	(71,269)	(15,288)	(189,735)
(Increase) decrease in inventories	0	6,761	0	6,761
(Increase) decrease in prepaid items	(4,879)	36,482	(346)	31,257
(Increase) decrease in pension contributions made after measurement date	(1,759)	(2,805)	(1,078)	(5,642)
(Increase) decrease in pension experience differences	3,501	5,583	2,145	11,229
(Increase) decrease in pension investment return differences	27,836	50,484	19,396	97,716
Increase (decrease) in accounts payable	(44,387)	(73,491)	(3,501)	(121,379)
Increase (decrease) in accrued payroll liabilities	3,756	(10,068)	1,741	(4,571)
Increase (decrease) in customer deposits	(2,885)	8,342	0	5,457
Increase (decrease) in net pension liability	(22,903)	(36,520)	(14,031)	(73,454)
Increase (decrease) in pension assumption changes	(1,422)	(2,267)	(870)	(4,559)
Increase (decrease) in pension investment return differences	3,823	0	0	3,823
Total adjustments	309,497	5,959	34,906	350,362
Net cash provided (used) by operating activities	<u>\$ 704,496</u>	<u>\$ 1,128,368</u>	<u>\$ 103,645</u>	<u>\$ 1,936,509</u>
<b>Cash and cash equivalents reconciliation</b>				
Cash and cash equivalents	\$ 0	\$ 747,475	\$ 0	\$ 747,475
Restricted assets				
Cash and cash equivalents	0	174,938	0	174,938
	<u>\$ 0</u>	<u>\$ 922,413</u>	<u>\$ 0</u>	<u>\$ 922,413</u>

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

Acquisition of capital assets through accounts payable totaled \$38,179  
Acquisition of capital assets through capital leases totaled \$138,968  
Distributions of capital assets to Governmental Activities totaled \$9,614  
The net increase (decrease) in the fair value of investments totaled \$12,642

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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>2017</b>
Levy Date	October 20, 2017
Collection Period	October 20, 2017 – December 20, 2017
Due Date	December 20, 2017

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

**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, 2017 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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017, the average weighted maturity of the Intermediate, Intermediate Extended Maturity, and Short-term Portfolios were 9.36, 61.13, and 1.18 months, respectively. At December 31, 2017, the City's balances in the Voluntary Flexible Operating Accounts were \$564,326, and in the Generation Trust Account was \$994,193.

At December 31, 2017, 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	\$ 3,204	\$ 0	\$ 0	\$ 3,204
Enterprise funds				
Water and Sewer Fund				
Certificates of deposit	155,966	0	0	155,966
Electric Fund				
MEAG Competitive Trust	0	1,558,519	0	1,558,519
<b>Nonmajor Funds</b>				
Governmental				
Certificates of deposit	67,378	0	0	67,378
Property held for resale	0	0	87,500	87,500
<u>Total</u>	<u>\$ 226,548</u>	<u>\$ 1,558,519</u>	<u>\$ 87,500</u>	<u>\$ 1,872,567</u>

Certificates of deposit are valued at cost.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

**4. Accounts Receivable**

Net accounts receivable at December 31, 2017 consist of the following:

<b>Major Funds</b>		
General Fund	\$ 67,186	
Less: Allowance for Uncollectibles	<u>(51,133)</u>	\$ 16,053
 Enterprise Funds		
Water and Sewer Fund	683,856	
Less: Allowance for Uncollectibles	<u>(180,474)</u>	503,382
Electric Fund	1,906,425	
Less: Allowance for Uncollectibles	<u>(649,891)</u>	1,256,534
 <b>Nonmajor Funds</b>		
Enterprise Funds		
Solid Waste Fund	118,553	
Less: Allowance for Uncollectibles	<u>(31,981)</u>	86,572
Internet Telecommunications Fund	23,947	
Less: Allowance for Uncollectibles	<u>(461)</u>	<u>23,486</u>
 Total primary government		 <u><u>\$ 1,886,027</u></u>

**5. Intergovernmental Receivables**

Intergovernmental receivables at December 31, 2017 consist of the following:

<b>Major Funds</b>		
General Fund		
Wilkes County	\$ 13,708	
State of Georgia	<u>30,264</u>	\$ 43,972
Water and Sewer Fund		
Georgia Environmental Finance Authority		8,484
Electric Fund		
Municipal Electric Authority of Georgia		323,485
 <b>Nonmajor Funds</b>		
2017 SPLOST Fund		
Wilkes County		44,332
CDBG/CHIP Grant Fund		
Georgia Department of Community Affairs		<u>81,740</u>
 Total primary government		 <u><u>\$ 502,013</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

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

At December 31, 2017, interfund receivables and payables consisted of \$15,673 due from the Electric 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	\$ 2,500
	Nonmajor Enterprise	197,415
Water and Sewer	Electric	305,233
	Nonmajor Enterprise	1,498
Electric	General	2,377,121
	Nonmajor Governmental	282,990
Nonmajor Governmental	General	63,506
	Water and Sewer	629,897
Nonmajor Enterprise	Electric	234,364
		<u>4,094,524</u>
<b>Transfers of capital assets</b>		
Nonmajor Enterprise	Governmental Activities	<u>9,614</u>
Total		<u><u>\$ 4,104,138</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, 2017**

**7. Capital Assets**

Capital asset activity for the primary government for the year ended December 31, 2017 was as follows:

	<u>Balance 12/31/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2017</u>
<b>Governmental activities</b>				
Non-depreciable assets				
Land	\$ 707,819	\$ 6,952	\$ 0	\$ 714,771
Construction in progress	0	117,059	0	117,059
Historical treasures	81,718	0	0	81,718
Total non-depreciable assets	<u>789,537</u>	<u>124,011</u>	<u>0</u>	<u>913,548</u>
Depreciable assets				
Buildings and improvements	3,906,042	0	0	3,906,042
Equipment and vehicles	3,412,200	174,723	(83,289)	3,503,634
Software	75,335	0	0	75,335
Infrastructure	3,944,046	13,030	0	3,957,076
Total depreciable assets	<u>11,337,623</u>	<u>187,753</u>	<u>(83,289)</u>	<u>11,442,087</u>
Accumulated depreciation				
Buildings and improvements	(2,345,073)	(58,487)	0	(2,403,560)
Equipment and vehicles	(1,643,899)	(291,569)	81,439	(1,854,029)
Software	0	(15,067)	0	(15,067)
Infrastructure	(1,066,674)	(83,367)	0	(1,150,041)
Total accumulated depreciation	<u>(5,055,646)</u>	<u>(448,490)</u>	<u>81,439</u>	<u>(5,422,697)</u>
Total depreciable assets, net	<u>6,281,977</u>	<u>(260,737)</u>	<u>(1,850)</u>	<u>6,019,390</u>
Governmental activities capital assets, net	<u>\$ 7,071,514</u>	<u>\$ (136,726)</u>	<u>\$ (1,850)</u>	<u>\$ 6,932,938</u>
<b>Business-type activities</b>				
Non-depreciable assets				
Land	\$ 203,190	\$ 4,000	\$ 0	\$ 207,190
Construction in progress	0	359,487	0	359,487
Total Non-depreciable assets	<u>203,190</u>	<u>363,487</u>	<u>0</u>	<u>566,677</u>
Depreciable assets				
Buildings	726,825	0	0	726,825
Machinery and equipment	1,253,613	49,556	(16,639)	1,286,530
Vehicles	1,269,395	220,706	(138,267)	1,351,834
Infrastructure	24,286,921	0	0	24,286,921
Total depreciable assets	<u>27,536,754</u>	<u>270,262</u>	<u>(154,906)</u>	<u>27,652,110</u>
Accumulated depreciation				
Buildings	(535,103)	(5,650)	0	(540,753)
Machinery and equipment	(840,426)	(61,451)	7,025	(894,852)
Vehicles	(719,803)	(93,258)	133,769	(679,292)
Infrastructure	(9,535,200)	(433,100)	0	(9,968,300)
Total accumulated depreciation	<u>(11,630,532)</u>	<u>(593,459)</u>	<u>140,794</u>	<u>(12,083,197)</u>
Total depreciable assets, net	<u>15,906,222</u>	<u>(323,197)</u>	<u>(14,112)</u>	<u>15,568,913</u>
Business-type activities capital assets, net	<u>\$ 16,109,412</u>	<u>\$ 40,290</u>	<u>\$ (14,112)</u>	<u>\$ 16,135,590</u>

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

**7. Capital Assets (continued)**

Depreciation expense was charged to functions/programs as follows:

**Primary Government**

**Governmental activities**

General Government	\$	17,817
Public Safety		126,831
Public Works		100,864
Health and Welfare		77,994
Culture and Recreation		7,964
Housing and Development		<u>16,727</u>
Total depreciation expense for governmental activities	<u>\$</u>	<u>348,197</u>

**Business-type activities**

Water and Sewer Enterprise Fund	\$	451,994
Electric Enterprise Fund		94,727
Nonmajor Enterprise Funds		
Solid Waste Enterprise Fund		<u>46,738</u>
Total depreciation expense for business-type activities	<u>\$</u>	<u>593,459</u>

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
Current year depreciation expense	\$ 348,197	\$ 593,459
Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit	<u>100,293</u>	<u>0</u>
Additions to accumulated depreciation	<u>\$ 448,490</u>	<u>\$ 593,459</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 \$87,500. 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, 2017**

**9. Notes Receivable**

The City of Washington entered into owner-financed lending agreements with the Georgia Department of Community Affairs for the purchase of real property in the total amount of \$34,000, with annual principal payments of \$6,800 and interest at 0%. The term of the notes are 5 years. The total remaining balance of the notes receivable at December 31, 2017 is \$29,600.

**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 leases at December 31, 2017 is \$95,660 and \$328,530 for governmental activities and business-type activities, respectively. The total of assets leased under capital leases is made up of vehicles in the amount of \$159,171 and \$591,156 for governmental activities and business-type activities, respectively. The vehicles have a five to fifteen year estimated useful life. Included in depreciation expense was \$15,917 and \$53,055 for the governmental activities and business-type activities, respectively, for the year ended December 31, 2017.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Vehicles				
Ford pole truck	\$ 0	\$ 0	\$ 166,745	\$ 50,024
2016 F-150 (2)	0	0	43,618	15,620
2016 Mack Truck	0	0	241,825	44,335
2017 Bucket Truck	0	0	138,968	3,474
2016 Kenworth Truck	129,574	24,915	0	0
2016 F-250	29,597	5,919	0	0
Total assets under capital leases	<u>\$ 159,171</u>	<u>\$ 30,834</u>	<u>\$ 591,156</u>	<u>\$ 113,453</u>

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

**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 and reflects the interest rate amendments as of December 31, 2017:

<b>Year Ending December 31,</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
2018	\$ 31,177	\$ 90,397
2019	33,690	101,603
2020	36,203	112,649
2021	0	25,947
2022	0	25,948
Total minimum lease payments	101,070	356,544
Less amounts representing interest	(5,410)	(28,014)
Present value of minimum lease payments	<u>\$ 95,660</u>	<u>\$ 328,530</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 \$491,064 at December 31, 2017. 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 \$25,362 at December 31, 2017. 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, 2017**

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

***Governmental Activities Notes Payable***

Annual debt service requirements for notes payable are as follows:

<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 140,959	\$ 17,524	\$ 158,483
2019	120,300	12,821	133,121
2020	125,168	7,953	133,121
2021	129,999	3,122	133,121
Totals	<u>\$ 516,426</u>	<u>\$ 41,420</u>	<u>\$ 557,846</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 \$348,714 at December 31, 2017. 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 \$821,730 at December 31, 2017. 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 \$7,320,055 at December 31, 2017. 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 \$23,081 at December 31, 2017. 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, 2017**

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

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

During the current year, the City also entered into a note agreement with GEFA to borrow up to \$400,000 to fund a manhole refabrication project. As of December 31, 2017, the note has a balance of \$25,624 and is still in draw down phase. Therefore, a future payment schedule has not been established. This note requires interest only payments until the earlier January 1, 2019, the completion date, or the date that the loan is fully disbursed. The note bears interest at a rate of 1.90%. The maturity schedule below does not include this note.

Annual debt service requirements for notes payable are as follows:

<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 591,130	\$ 45,440	\$ 636,570
2019	596,823	39,792	636,615
2020	590,578	34,094	624,672
2021	596,321	28,351	624,672
2022	602,280	22,392	624,672
2023-2027	2,721,043	30,009	2,751,052
2028-2032	2,252,325	0	2,252,325
2033-2034	563,080	0	563,080
Totals	<u>\$ 8,513,580</u>	<u>\$ 200,079</u>	<u>\$ 8,713,659</u>

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

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

***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, 2017:

	<u>Balance 12/31/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/2017</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Capital leases payable	\$ 129,972	\$ 0	\$ (34,312)	\$ 95,660	\$ 31,177
Notes payable	652,736	0	(136,310)	516,426	140,959
Compensated absences	58,214	107,987	(99,582)	66,619	66,619
Total Governmental Activities	<u>\$ 840,922</u>	<u>\$ 107,987</u>	<u>\$ (270,204)</u>	<u>\$ 678,705</u>	<u>\$ 238,755</u>
<b>Business-type Activities</b>					
Capital leases payable	\$ 282,227	\$ 138,968	\$ (92,665)	\$ 328,530	\$ 90,397
Notes payable	9,099,265	25,624	(585,685)	8,539,204	591,130
Compensated absences	42,386	58,504	(55,688)	45,202	45,202
Total Business-type Activities	<u>\$ 9,423,878</u>	<u>\$ 223,096</u>	<u>\$ (734,038)</u>	<u>\$ 8,912,936</u>	<u>\$ 726,729</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, 2017 was \$24,525 for governmental activities and \$61,523 for business-type activities.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

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

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds as of December 31, 2017:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
<b>Restricted for:</b>			
Public Works			
Transportation improvements	\$ 0	\$ 147,079	\$ 147,079
Culture and Recreation			
Historical properties	2,268	7,523	9,791
Callaway Plantation	0	38,877	38,877
Housing and Development			
Economic development	101,957	0	101,957
Capital Projects	0	45,391	45,391
	<u>\$ 104,225</u>	<u>\$ 238,870</u>	<u>\$ 343,095</u>
<b>Assigned for:</b>			
Public Works			
Cemetery care	\$ 0	\$ 36,703	\$ 36,703
Culture and Recreation			
Callaway Plantation operations	0	2,295	2,295
Callaway Plantation furnishings	0	21,105	21,105
Housing and Development			
Economic development	0	44,714	44,714
Capital Projects	0	72,787	72,787
	<u>\$ 0</u>	<u>\$ 177,604</u>	<u>\$ 177,604</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, 2017**

**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 as of December 31, 2017:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Cost of capital assets	\$ 12,355,635	\$ 28,218,787
Accumulated depreciation	(5,422,697)	(12,083,197)
Book value	6,932,938	16,135,590
Capital-related accounts payable	(101,572)	(38,179)
Retainage payable	(23,482)	0
Capital leases payable	(95,660)	(328,530)
Notes payable	(516,426)	(8,539,204)
Net investment in capital assets	<u>\$ 6,195,798</u>	<u>\$ 7,229,677</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. 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, 2017**

**15. Pension Plans (continued)**

**Defined Benefit Pension Plan, continued**

At July 1, 2017, the date of the most recent actuarial valuation, there were 148 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	55
Terminated vested participants entitled to but not receiving benefits	34
Active participants - vested	36
Active participants - not vested	23
Total number of participants	148

*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, 2017 was \$162,412, or 7.78% of covered payroll. The Governmental Activities net pension liability is liquidated by the General Fund.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At December 31, 2017, the City reported a net pension liability of \$1,192,616. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. For the year ended December 31, 2017, the City recognized pension expense of \$268,188.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

**15. Pension Plans (continued)**

**Defined Benefit Pension Plan, continued**

At December 31, 2017, 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	\$ 118,849	\$ 0
Changes of assumptions	0	(13,877)
Net difference between projected and actual earnings on pension plan investments	3,717	(6,146)
City contributions subsequent to the measurement date	149,402	0
Totals	<u>\$ 271,968</u>	<u>\$ (20,023)</u>

The \$149,402 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, 2018. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense (benefit) as follows:

<b>Year Ending December 31,</b>	
2018	\$ 65,051
2019	62,818
2020	34,191
2021	(59,517)
Totals	<u>\$ 102,543</u>

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

Inflation	3.25%
Projected salary increases	3.25% plus 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, 2017**

**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, 2017 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, 2017 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	45%	6.71%	9.96%
International equity	20%	7.71%	10.96%
Real estate	10%	5.21%	8.46%
Global Fixed Income	5%	3.36%	6.61%
Domestic Fixed Income	20%	2.11%	5.36%
Total	<u>100%</u>		

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

**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, 2016</b>	<b>\$ 7,640,695</b>	<b>\$ 6,224,510</b>	<b>\$ 1,416,185</b>
<b>Changes for the year:</b>			
Service cost	78,718	0	78,718
Interest	578,186	0	578,186
Differences between expected and actual experience	33,300	0	33,300
Contributions—employer	0	162,412	(162,412)
Net investment income	0	771,536	(771,536)
Benefit payments, including refunds of employee contributions	(360,458)	(360,458)	0
Administrative expense	0	(20,175)	20,175
<b>Net changes</b>	<b>329,746</b>	<b>553,315</b>	<b>(223,569)</b>
<b>Balances at March 31, 2017</b>	<b>\$ 7,970,441</b>	<b>\$ 6,777,825</b>	<b>\$ 1,192,616</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%	\$ 2,190,384
Current discount rate	7.75%	1,192,616
1% increase	8.75%	356,913

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

**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. These plans are immaterial to the financial statements.

**16. Defined Contribution Plan**

The County participates in a deferred compensation plan, administered by Georgia Municipal Employee Benefit System (GMEBS), for employees under Internal Revenue Code section 457. The plan allows any full time employees to voluntarily defer receipt of their gross compensation, not to exceed the maximum annual contribution established by the Internal Revenue Service. The County contributes 3% of the employees salary and matches up to an additional 2%. The County's match is deposited into the 401(a). All amounts of compensation under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants in the deferred compensation plan.

Additionally, the County provides a single employer 401(a) defined contribution plan established and administered by the County for all full time employees. At December 31, 2017, there were 21 plan members. Employees are not required to contribute to the Plan. Employees are eligible after one months of employment and are fully vested after five years. Plan provisions and contribution requirements are established and may be amended by resolution of the County Commissioner. Separate financial statements are note issued for the Plan.

For year ended December 31, 2017, the County's contributions to the 401(a) Plan were \$24,547 and the employees contributed \$19,807 to the 457 Plan.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

**17. 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, 2017, 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. 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, 2017, the outstanding debt of the Authority was approximately \$126,385. The Authority was current on all debts as of December 31, 2017. The City has a contingency liability of \$63,193 as of December 31, 2017. A copy of the Authority financial statements can be obtained from the Washington-Wilkes Payroll Development Authority, 23 Court Street, Washington, Georgia 30673.

**18. 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, 2017, the City's cost was \$17,553 in services obtained from GPW and the City's share of profits was \$22,817. A copy of the Georgia Public Web financial statements can be obtained from Georgia Public Web, 1470 Riveredge Parkway, Atlanta, Georgia 30328.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

**19. 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. 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, 2017, Payment in Lieu of Taxes paid to the City was \$5,299.

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

**20. 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 \$7,319,647 from MEAG during the year ended December 31, 2017. 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, 2017, the outstanding debt of MEAG was approximately \$6.03 billion. The City of Washington's guarantee varies by individual MEAG project and totals \$49,832,505.

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, 2017, the balance in this account was \$564,326. 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, 2017, the balance in this account was \$994,193. 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, 2017, were \$0 and \$322,265, respectively. Due to the restricted nature of these funds, neither is shown in the Electric Fund

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2017**

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

**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, 2017.

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

**21. Subsequent Event**

**Sale of Property**

On March 15, 2018, the City closed on the contract for the sale of 107 Rusher Street. This property was classified as held for resale at December 31, 2017 and was constructed under the Community Home Investment Program (CHIP) to provide affordable housing. The agreed upon purchase price of the property was \$71,380. After attorney fees and selling costs, the City received \$67,230 for the property.

This page intentionally left blank.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF WASHINGTON, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**LAST TEN YEARS**  
**December 31, 2017**  
**(Unaudited)**

	Year End		
	2017	2016	2015
<b>Total pension liability</b>			
Service cost	\$ 78,718	\$ 79,302	\$ 104,710
Interest	578,186	542,950	515,810
Differences between expected and actual experience	33,300	161,076	64,438
Changes of assumptions	0	0	(55,507)
Benefit payments, including refunds of employee contributions	<u>(360,458)</u>	<u>(296,872)</u>	<u>(261,651)</u>
Net change in total pension liability	329,746	486,456	367,800
Total pension liability - beginning	<u>7,640,695</u>	<u>7,154,239</u>	<u>6,786,439</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 7,970,441</u></u>	<u><u>\$ 7,640,695</u></u>	<u><u>\$ 7,154,239</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 162,412	\$ 179,490	\$ 254,240
Net investment income	771,536	17,608	562,237
Benefit payments, including refunds of employee contributions	(360,458)	(296,872)	(261,651)
Administrative expense	<u>(20,175)</u>	<u>(14,790)</u>	<u>(13,839)</u>
Net change in plan fiduciary net position	553,315	(114,564)	540,987
Plan fiduciary net position - beginning	<u>6,224,510</u>	<u>6,339,074</u>	<u>5,798,087</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 6,777,825</u></u>	<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>\$ 1,192,616</u></u>	<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	85.04%	81.47%	88.61%
Covered payroll	\$ 1,919,920	\$ 2,097,797	\$ 2,020,005
Net pension liability as a percentage of covered payroll	62.12%	67.51%	40.35%

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

**CITY OF WASHINGTON, GEORGIA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST TEN YEARS**  
**December 31, 2017**  
**(Unaudited)**

	Year End		
	2017	2016	2015
Actuarially determined contribution	\$ 162,412	\$ 160,850	\$ 192,511
Contributions in relation to the actuarially determined contribution	<u>(162,412)</u>	<u>(160,973)</u>	<u>(191,976)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ (123)</u>	<u>\$ 535</u>
Covered payroll	\$ 2,087,680	\$ 1,919,920	\$ 2,097,797
Contributions as a percentage of covered payroll	7.78%	8.38%	9.18%

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

**CITY OF WASHINGTON, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2017**

**1. Valuation Date**

The actuarially determined contribution rate was determined as of July 1, 2016, with an interest adjustment to the year.

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

Actuarial cost method = Entry age normal

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 11 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at 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 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, 2017**

**3. Changes in Benefits**

Effective February 15, 2016 participation in the plan is closed to eligible regular employees, who are initially employed or reemployed on or after February 15, 2016 or appointed members of the Governing Authority, who initially take office or return to office on or after February 15, 2016.

**4. Changes of Assumptions**

There have been no changes in assumption since the last actuarial valuation.

This page intentionally left blank.

**COMBINING STATEMENTS**

***Nonmajor Governmental Funds***

**CITY OF WASHINGTON, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2017**

	Special Revenue				
	E-911	Urban Redevelopment	Callaway Plantation Operating	Callaway Plantation Furnishings	TSPLOST Discretionary
<b>ASSETS</b>					
Cash and cash equivalents	\$ 0	\$ 44,714	\$ 0	\$ 21,105	\$ 136,254
Investments	0	0	2,295	0	0
Receivables					
Intergovernmental	0	0	0	0	0
Taxes	0	0	0	0	13,459
Notes	0	0	0	0	0
Due from other funds	15,673	0	0	0	0
<b>Total assets</b>	<b>\$ 15,673</b>	<b>\$ 44,714</b>	<b>\$ 2,295</b>	<b>\$ 21,105</b>	<b>\$ 149,713</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 15,673	\$ 0	\$ 0	\$ 0	\$ 2,634
Retainages payable	0	0	0	0	0
Unearned revenue	0	0	0	0	0
<b>Total liabilities</b>	<b>15,673</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,634</b>
<b>FUND BALANCES</b>					
Nonspendable					
Contractually required to be maintained intact	0	0	0	0	0
Restricted	0	0	0	0	147,079
Assigned	0	44,714	2,295	21,105	0
<b>Total fund balances</b>	<b>0</b>	<b>44,714</b>	<b>2,295</b>	<b>21,105</b>	<b>147,079</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,673</b>	<b>\$ 44,714</b>	<b>\$ 2,295</b>	<b>\$ 21,105</b>	<b>\$ 149,713</b>

Capital Projects			Permanent			
SPLOST	2017 SPLOST	CDBG/CHIP Grant	Cemetery Perpetual Care	Historical Properties Commission Trust	Callaway Charitable Trust Endowment Principal	Total Nonmajor Governmental Funds
\$ 1,008	\$ 51	\$ 27	\$ 0	\$ 0	\$ 38,000	\$ 241,159
0	0	87,500	36,703	17,513	10,867	154,878
0	44,332	81,740	0	0	0	126,072
0	0	0	0	0	0	13,459
0	0	29,600	0	0	0	29,600
0	0	0	0	0	0	15,673
<u>\$ 1,008</u>	<u>\$ 44,383</u>	<u>\$ 198,867</u>	<u>\$ 36,703</u>	<u>\$ 17,513</u>	<u>\$ 48,867</u>	<u>\$ 580,841</u>
\$ 0	\$ 0	\$ 82,040	\$ 0	\$ 0	\$ 0	\$ 100,347
0	0	14,440	0	0	0	14,440
0	0	29,600	0	0	0	29,600
0	0	126,080	0	0	0	144,387
0	0	0	0	9,990	9,990	19,980
1,008	44,383	0	0	7,523	38,877	238,870
0	0	72,787	36,703	0	0	177,604
<u>1,008</u>	<u>44,383</u>	<u>72,787</u>	<u>36,703</u>	<u>17,513</u>	<u>48,867</u>	<u>436,454</u>
<u>\$ 1,008</u>	<u>\$ 44,383</u>	<u>\$ 198,867</u>	<u>\$ 36,703</u>	<u>\$ 17,513</u>	<u>\$ 48,867</u>	<u>\$ 580,841</u>

**CITY OF WASHINGTON, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the year ended December 31, 2017**

	Special Revenue				
	E-911	Urban Redevelopment	Callaway Plantation Operating	Callaway Plantation Furnishings	TSPLOST Discretionary
<b>REVENUES</b>					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 132,513
Intergovernmental	0	0	0	0	0
Interest	0	0	7	0	180
<b>Total revenues</b>	0	0	7	0	132,693
<b>EXPENDITURES</b>					
Current					
Public Safety	202,612	0	0	0	0
Public Works	0	0	0	0	215,254
Housing and Development	0	2,078	0	0	0
<b>Total expenditures</b>	202,612	2,078	0	0	215,254
Excess (deficiency) of revenues over (under) expenditures	(202,612)	(2,078)	7	0	(82,561)
Other financing sources (uses)					
Transfers in	217,580	0	0	0	2,500
Transfers out	(14,968)	0	0	0	0
<b>Total other financing sources (uses)</b>	202,612	0	0	0	2,500
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(2,078)	7	0	(80,061)
Fund balances, January 1	0	46,792	2,288	21,105	227,140
<b>Fund balances, December 31</b>	\$ 0	\$ 44,714	\$ 2,295	\$ 21,105	\$ 147,079

Capital Projects			Permanent			Total Nonmajor Governmental Funds
SPLOST	2017 SPLOST	CDBG/CHIP Grant	Cemetery Perpetual Care	Historical Properties Commission Trust	Callaway Charitable Trust Endowment Principal	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 132,513
160,321	122,391	461,267	0	0	0	743,979
3	1	0	189	52	108	540
<u>160,324</u>	<u>122,392</u>	<u>461,267</u>	<u>189</u>	<u>52</u>	<u>108</u>	<u>877,032</u>
0	0	0	0	0	0	202,612
0	0	0	0	0	0	215,254
0	0	276,964	0	0	0	279,042
<u>0</u>	<u>0</u>	<u>276,964</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>696,908</u>
<u>160,324</u>	<u>122,392</u>	<u>184,303</u>	<u>189</u>	<u>52</u>	<u>108</u>	<u>180,124</u>
0	0	65,410	0	0	0	285,490
(218,025)	(78,009)	(347,401)	(35,000)	0	0	(693,403)
<u>(218,025)</u>	<u>(78,009)</u>	<u>(281,991)</u>	<u>(35,000)</u>	<u>0</u>	<u>0</u>	<u>(407,913)</u>
(57,701)	44,383	(97,688)	(34,811)	52	108	(227,789)
<u>58,709</u>	<u>0</u>	<u>170,475</u>	<u>71,514</u>	<u>17,461</u>	<u>48,759</u>	<u>664,243</u>
<u>\$ 1,008</u>	<u>\$ 44,383</u>	<u>\$ 72,787</u>	<u>\$ 36,703</u>	<u>\$ 17,513</u>	<u>\$ 48,867</u>	<u>\$ 436,454</u>

This page intentionally left blank.

***COMBINING STATEMENTS***

***Nonmajor Enterprise Funds***

**CITY OF WASHINGTON, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**December 31, 2017**

	Business-Type Activities		Total Nonmajor Enterprise Funds
	Solid Waste	Internet Telecommunications	
<b>ASSETS</b>			
<b>Current assets</b>			
Accounts receivable (net)	\$ 86,572	\$ 23,486	\$ 110,058
Prepaid items	1,454	0	1,454
Total current assets	<u>88,026</u>	<u>23,486</u>	<u>111,512</u>
<b>Noncurrent assets</b>			
Investment in joint venture	0	473,403	473,403
Capital assets			
Non-depreciable	4,000	0	4,000
Depreciable (net)	359,570	0	359,570
Total noncurrent assets	<u>363,570</u>	<u>473,403</u>	<u>836,973</u>
<b>Total assets</b>	<u>451,596</u>	<u>496,889</u>	<u>948,485</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions subsequent to the measurement date	16,276	0	16,276
Pension investment return differences	4,809	0	4,809
Pension experience differences	12,282	0	12,282
Total deferred outflows of resources	<u>33,367</u>	<u>0</u>	<u>33,367</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	24,031	0	24,031
Interest payable	1,500	0	1,500
Accrued salaries and payroll liabilities	6,185	0	6,185
Compensated absences	6,389	0	6,389
Capital lease payable	27,780	0	27,780
Total current liabilities	<u>65,885</u>	<u>0</u>	<u>65,885</u>
<b>Noncurrent liabilities</b>			
Net pension liability	128,695	0	128,695
Capital lease payable	57,456	0	57,456
Total noncurrent liabilities	<u>186,151</u>	<u>0</u>	<u>186,151</u>
<b>Total liabilities</b>	<u>252,036</u>	<u>0</u>	<u>252,036</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension assumption changes	2,569	0	2,569
<b>NET POSITION</b>			
Net investment in capital assets	278,334	0	278,334
Unrestricted	(47,976)	496,889	448,913
Total net position	<u>\$ 230,358</u>	<u>\$ 496,889</u>	<u>\$ 727,247</u>

**CITY OF WASHINGTON, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the year ended December 31, 2017**

	Business-Type Activities		Total Nonmajor Enterprise Funds
	Solid Waste	Internet Telecommunications	
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 529,280	\$ 3,695	\$ 532,975
Other	1,225	0	1,225
<b>Total operating revenues</b>	<u>530,505</u>	<u>3,695</u>	<u>534,200</u>
<b>OPERATING EXPENSES</b>			
Costs of sales and services	188,227	17,553	205,780
Personal services	212,943	0	212,943
Depreciation	46,738	0	46,738
<b>Total operating expenses</b>	<u>447,908</u>	<u>17,553</u>	<u>465,461</u>
Operating income (loss)	<u>82,597</u>	<u>(13,858)</u>	<u>68,739</u>
Non-operating revenues (expenses)			
Interest and investment earnings	0	22,817	22,817
Interest expense	(2,408)	0	(2,408)
Net increase (decrease) in the fair value of investments	0	(12,642)	(12,642)
Distribution of capital assets to the Governmental Activities	(9,614)	0	(9,614)
<b>Total non-operating revenues (expenses)</b>	<u>(12,022)</u>	<u>10,175</u>	<u>(1,847)</u>
Net income (loss) before transfers	<u>70,575</u>	<u>(3,683)</u>	<u>66,892</u>
Transfers in (out)			
Transfers in	198,913	0	198,913
Transfers out	(223,732)	(10,632)	(234,364)
<b>Total transfers in (out)</b>	<u>(24,819)</u>	<u>(10,632)</u>	<u>(35,451)</u>
Change in net position	45,756	(14,315)	31,441
Net position, January 1	<u>184,602</u>	<u>511,204</u>	<u>695,806</u>
<b>Net position, December 31</b>	<u>\$ 230,358</u>	<u>\$ 496,889</u>	<u>\$ 727,247</u>

**CITY OF WASHINGTON, GEORGIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the year ended December 31, 2017**

	Business-Type Activities		Total Nonmajor Enterprise Funds
	Solid Waste	Internet Telecommunications	
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 512,569	\$ 5,024	\$ 517,593
Payments to suppliers	(191,980)	(17,553)	(209,533)
Payments to employees	(205,640)	0	(205,640)
Other receipts	1,225	0	1,225
Net cash provided (used) by operating activities	<u>116,174</u>	<u>(12,529)</u>	<u>103,645</u>
<b>Cash flows from non-capital financing activities:</b>			
Receipts from other funds	198,913	0	198,913
Payments to other funds	(223,732)	(10,632)	(234,364)
Net cash provided (used) by non-capital financing activities	<u>(24,819)</u>	<u>(10,632)</u>	<u>(35,451)</u>
<b>Cash flows from capital and related financing activities:</b>			
Payments for acquisitions of capital assets	(61,540)	0	(61,540)
Principal payments - capital lease	(27,063)	0	(27,063)
Interest paid	(2,752)	0	(2,752)
Net cash provided (used) by capital and related financing activities	<u>(91,355)</u>	<u>0</u>	<u>(91,355)</u>
<b>Cash flows from investing activities</b>			
Interest and investment earnings received	0	22,817	22,817
Proceeds from sale of investments	0	344	344
Net cash provided (used) by investing activities	<u>0</u>	<u>23,161</u>	<u>23,161</u>
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)	\$ 82,597	\$ (13,858)	\$ 68,739
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	46,738	0	46,738
(Increase) decrease in accounts receivable	(16,617)	1,329	(15,288)
(Increase) decrease in prepaid items	(346)	0	(346)
(Increase) decrease in pension contributions made after measurement date	(1,078)	0	(1,078)
(Increase) decrease in pension experience differences	2,145	0	2,145
(Increase) decrease in pension investment return differences	19,396	0	19,396
Increase (decrease) in accounts payable	(3,501)	0	(3,501)
Increase (decrease) in accrued payroll liabilities	1,741	0	1,741
Increase (decrease) in net pension liability	(14,031)	0	(14,031)
Increase (decrease) in pension assumption changes	(870)	0	(870)
Total adjustments	<u>33,577</u>	<u>1,329</u>	<u>34,906</u>
Net cash provided (used) by operating activities	<u>\$ 116,174</u>	<u>\$ (12,529)</u>	<u>\$ 103,645</u>

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

Distributions of capital assets to Governmental Activities totaled \$9,614

The net increase (decrease) in the fair value of investments totaled \$12,642.

***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, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 134,264	\$ 125,066
Investments	3,204	3,196
Restricted cash and cash equivalents	104,225	107,345
Receivables (net)		
Accounts	16,053	4,862
Intergovernmental	43,972	63,796
Taxes	178,136	177,878
Prepaid items	14,690	9,117
<b>Total assets</b>	<b>\$ 494,544</b>	<b>\$ 491,260</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 185,729	\$ 119,521
Retainage payable	9,042	0
Accrued salaries and payroll liabilities	79,303	73,183
Due to other funds	0	14,968
Unearned revenue	29,380	33,395
Total liabilities	303,454	241,067
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	77,218	98,626
 <b>FUND BALANCES</b>		
Nonspendable		
Prepaid items	14,690	9,117
Restricted	104,225	107,345
Unassigned	(5,043)	35,105
Total fund balances	113,872	151,567
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 494,544</b>	<b>\$ 491,260</b>

**CITY OF WASHINGTON, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the years ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Taxes	\$ 1,742,500	\$ 1,650,668
Licenses and permits	37,621	31,856
Fines, fees and forfeitures	47,176	47,461
Charges for services	716,808	727,841
Intergovernmental	215,724	281,691
Interest	386	277
Contributions	6,672	8,458
Other	128,953	144,427
<b>Total revenues</b>	<u>2,895,840</u>	<u>2,892,679</u>
<b>EXPENDITURES</b>		
Current		
General Government	812,324	921,778
Judicial	86,558	70,435
Public Safety	1,630,774	1,489,601
Public Works	1,372,913	1,551,670
Health and Welfare	255,884	317,936
Culture and Recreation	396,933	375,450
Housing and Development	494,421	338,698
Debt Service	195,673	198,265
<b>Total expenditures</b>	<u>5,245,480</u>	<u>5,263,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,349,640)</u>	<u>(2,371,154)</u>
Other financing sources (uses)		
Transfers in (out)		
E-911 Special Revenue Fund	14,968	(181,020)
Urban Redevelopment Special Revenue Fund	0	(2,449)
TSPLOST Discretionary Special Revenue Fund	(2,500)	56,894
CDBG/CHIP Grant Capital Projects Fund	13,538	(36,655)
Cemetery Perpetual Care Permanent Fund	35,000	100,000
Electric Enterprise Fund	2,377,121	2,042,512
Solid Waste Enterprise Fund	(197,415)	(132,077)
Sale of capital assets	71,233	147,284
Issuance of capital leases payable	0	159,171
Issuance of notes payable	0	75,335
<b>Total other financing sources (uses)</b>	<u>2,311,945</u>	<u>2,228,995</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(37,695)	(142,159)
Fund balances, January 1	<u>151,567</u>	<u>293,726</u>
<b>Fund balances, December 31</b>	<u><u>\$ 113,872</u></u>	<u><u>\$ 151,567</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2017**  
*(With comparative actual amounts for the year ended December 31, 2016)*

	<b>2017</b>			<b>2016</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes				
Real and personal tax	\$ 762,590	\$ 735,274	\$ (27,316)	\$ 674,354
Motor vehicle tax	120,000	104,097	(15,903)	93,068
Mobile home tax	5,385	4,688	(697)	4,302
Cost, penalties and interest	47,600	17,214	(30,386)	40,670
Total general property taxes	<u>935,575</u>	<u>861,273</u>	<u>(74,302)</u>	<u>812,394</u>
Local option sales tax	309,686	309,687	1	291,531
Insurance premium tax	274,685	274,750	65	258,020
Intangibles tax	4,575	4,632	57	3,426
Real estate transfer tax	1,200	895	(305)	1,652
Franchise tax	101,570	93,404	(8,166)	93,126
Beer and wine tax	120,780	119,311	(1,469)	117,686
Occupational tax	45,200	48,431	3,231	52,922
Energy excise tax	30,100	30,117	17	19,911
Total taxes	<u>1,823,371</u>	<u>1,742,500</u>	<u>(80,871)</u>	<u>1,650,668</u>
<b>Licenses and permits</b>				
Alcohol licenses	26,850	28,800	1,950	25,350
Building permits	7,800	7,596	(204)	5,616
Other	0	1,225	1,225	890
Total licenses and permits	<u>34,650</u>	<u>37,621</u>	<u>2,971</u>	<u>31,856</u>
<b>Fines, fees and forfeitures</b>	<u>46,500</u>	<u>47,176</u>	<u>676</u>	<u>47,461</u>
<b>Charges for Services</b>				
Indirect cost allocation charges	625,025	628,170	3,145	653,340
Recreation fees	961	41,009	40,048	34,885
Cemetery charges	3,700	3,600	(100)	3,375
Other charges for services	173,713	44,029	(129,684)	36,241
Total charges for services	<u>803,399</u>	<u>716,808</u>	<u>(86,591)</u>	<u>727,841</u>
<b>Intergovernmental</b>	<u>331,310</u>	<u>215,724</u>	<u>(115,586)</u>	<u>281,691</u>
<b>Interest</b>	<u>257</u>	<u>386</u>	<u>129</u>	<u>277</u>
<b>Contributions</b>	<u>6,213</u>	<u>6,672</u>	<u>459</u>	<u>8,458</u>
<b>Other</b>				
Rental Income	128,665	123,154	(5,511)	125,686
Miscellaneous	3,130	5,799	2,669	18,741
Total other	<u>131,795</u>	<u>128,953</u>	<u>(2,842)</u>	<u>144,427</u>
<b>Total revenues</b>	<u>\$ 3,177,495</u>	<u>\$ 2,895,840</u>	<u>\$ (281,655)</u>	<u>\$ 2,892,679</u>

**CITY OF WASHINGTON, GEORGIA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the year ended December 31, 2017  
(With comparative actual amounts for the year ended December 31, 2016)**

	2017			2016
	Final Budget	Actual	Variance	Actual
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
Executive Administration				
Personal services	\$ 427,895	\$ 450,702	\$ (22,807)	\$ 442,584
Contract services	339,975	318,457	21,518	334,262
Materials and supplies	39,450	42,329	(2,879)	69,257
Capital outlay	25,000	0	25,000	75,335
Payments to others	800	836	(36)	340
Total Executive Administration	<u>833,120</u>	<u>812,324</u>	<u>20,796</u>	<u>921,778</u>
<b>Judicial</b>				
Municipal Court				
Personal services	55,885	59,066	(3,181)	43,856
Contract services	24,485	22,220	2,265	21,039
Materials and supplies	3,050	2,189	861	2,187
Payments to others	3,150	3,083	67	3,353
Total Municipal Court	<u>86,570</u>	<u>86,558</u>	<u>12</u>	<u>70,435</u>
<b>Public Safety</b>				
Police				
Contract services	<u>516,000</u>	<u>518,082</u>	<u>(2,082)</u>	<u>506,959</u>
Fire				
Personal services	751,115	772,209	(21,094)	700,699
Contract services	92,800	58,312	34,488	57,983
Materials and supplies	58,825	42,505	16,320	76,507
Capital outlay	92,000	121,705	(29,705)	27,941
Total Fire	<u>994,740</u>	<u>994,731</u>	<u>9</u>	<u>863,130</u>
Animal Control				
Contract services	35,575	35,461	114	37,012
Payments to others	82,500	82,500	0	82,500
Total Animal Control	<u>118,075</u>	<u>117,961</u>	<u>114</u>	<u>119,512</u>
Total Public Safety	<u>1,628,815</u>	<u>1,630,774</u>	<u>(1,959)</u>	<u>1,489,601</u>
<b>Public Works</b>				
Highways and Streets				
Personal services	699,375	724,308	(24,933)	699,510
Contract services	275,295	337,980	(62,685)	346,886
Materials and supplies	153,385	137,864	15,521	155,193
Capital outlay	119,325	39,091	80,234	215,279
Total Highways and Streets	<u>1,247,380</u>	<u>1,239,243</u>	<u>8,137</u>	<u>1,416,868</u>
Street Lighting				
Payments to others	<u>133,925</u>	<u>133,670</u>	<u>255</u>	<u>134,802</u>
Total Public Works	<u>1,381,305</u>	<u>1,372,913</u>	<u>8,392</u>	<u>1,551,670</u>

**CITY OF WASHINGTON, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2017**  
**(With comparative actual amounts for the year ended December 31, 2016)**

	2017			2016
	Final Budget	Actual	Variance	Actual
<b>Health and Welfare</b>				
Community Services				
Contract services	\$ 25,000	\$ 21,094	\$ 3,906	\$ 21,149
Payments to others	121,125	112,564	8,561	119,930
Total Community Services	<u>146,125</u>	<u>133,658</u>	<u>12,467</u>	<u>141,079</u>
Community Center				
Personal services	62,497	70,055	(7,558)	57,236
Contract services	32,950	32,934	16	82,798
Materials and supplies	29,900	19,237	10,663	36,823
Total Community Center	<u>125,347</u>	<u>122,226</u>	<u>3,121</u>	<u>176,857</u>
Total Health and Welfare	<u>271,472</u>	<u>255,884</u>	<u>15,588</u>	<u>317,936</u>
<b>Culture and Recreation</b>				
Libraries				
Payments to others	<u>64,790</u>	<u>64,790</u>	<u>0</u>	<u>64,790</u>
Callaway Plantation				
Personal services	40,225	34,115	6,110	36,326
Contract services	24,547	20,374	4,173	19,764
Materials and supplies	11,300	15,323	(4,023)	12,477
Total Callaway Plantation	<u>76,072</u>	<u>69,812</u>	<u>6,260</u>	<u>68,567</u>
Museum				
Personal services	49,690	53,676	(3,986)	44,702
Contract services	16,450	13,218	3,232	7,242
Materials and supplies	6,450	5,712	738	5,759
Total Museum	<u>72,590</u>	<u>72,606</u>	<u>(16)</u>	<u>57,703</u>
Park Areas				
Payments to others	<u>139,400</u>	<u>139,389</u>	<u>11</u>	<u>121,644</u>
Booker Park Pool				
Personal services	39,625	34,784	4,841	38,865
Contract services	3,565	4,666	(1,101)	7,953
Materials and supplies	16,500	10,886	5,614	15,928
Total Booker Park Pool	<u>59,690</u>	<u>50,336</u>	<u>9,354</u>	<u>62,746</u>
Total Culture & Recreation	<u>412,542</u>	<u>396,933</u>	<u>15,609</u>	<u>375,450</u>
<b>Housing and Development</b>				
Planning and Zoning				
Personal services	109,660	117,670	(8,010)	126,791
Contract services	34,095	28,277	5,818	17,595
Materials and supplies	3,900	3,220	680	3,253
Capital outlay	29,000	28,032	968	0
Payments to others	2,000	1,413	587	0
Total Planning and Zoning	<u>178,655</u>	<u>178,612</u>	<u>43</u>	<u>147,639</u>

**CITY OF WASHINGTON, GEORGIA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the year ended December 31, 2017  
(With comparative actual amounts for the year ended December 31, 2016)**

	2017			2016
	Final Budget	Actual	Variance	Actual
<b>Housing and Development (continued)</b>				
Community Development and Housing				
Personal services	\$ 78,235	\$ 73,537	\$ 4,698	\$ 108,803
Contract services	4,925	4,906	19	17,413
Materials and supplies	2,000	1,171	829	1,569
Payments to others	399,000	88,242	310,758	2,636
Total Community Development and Housing	<u>484,160</u>	<u>167,856</u>	<u>316,304</u>	<u>130,421</u>
Mainstreet Division				
Personal services	53,270	57,481	(4,211)	31,506
Contract services	24,345	57,769	(33,424)	16,326
Materials and supplies	20,000	19,673	327	12,806
Capital outlay	52,310	13,030	39,280	0
Total Mainstreet Division	<u>149,925</u>	<u>147,953</u>	<u>1,972</u>	<u>60,638</u>
Total Housing and Development	<u>812,740</u>	<u>494,421</u>	<u>318,319</u>	<u>338,698</u>
Total Current	<u>5,426,564</u>	<u>5,049,807</u>	<u>376,757</u>	<u>5,065,568</u>
<b>Debt Service</b>				
Principal	170,495	170,621	(126)	171,110
Interest	25,180	25,052	128	27,155
Total Debt Service	<u>195,675</u>	<u>195,673</u>	<u>2</u>	<u>198,265</u>
Total Expenditures	<u>\$ 5,622,239</u>	<u>\$ 5,245,480</u>	<u>\$ 376,759</u>	<u>\$ 5,263,833</u>

This page intentionally left blank.

## ***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.

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  
E-911 SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Due from other funds	\$ 15,673	\$ 14,968
<b>Total assets</b>	<b>\$ 15,673</b>	<b>\$ 14,968</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 15,673	\$ 14,968
<b>Total liabilities and fund balances</b>	<b>\$ 15,673</b>	<b>\$ 14,968</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, 2017**

*(With comparative actual amounts for the year ended December 31, 2016)*

	<b>2017</b>			<b>2016</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 1,100
<b>Total revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,100</b>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Contract services	153,200	153,112	88	132,620
Materials and supplies	49,500	49,500	0	49,500
<b>Total expenditures</b>	<b>202,700</b>	<b>202,612</b>	<b>88</b>	<b>182,120</b>
Excess (deficiency) of revenues over (under) expenditures	(202,700)	(202,612)	(88)	(181,020)
Other financing sources (uses)				
Transfers in (out)				
Electric Fund	217,700	217,580	(120)	0
General Fund	(15,000)	(14,968)	32	181,020
<b>Total other financing sources (uses)</b>	<b>202,700</b>	<b>202,612</b>	<b>(88)</b>	<b>181,020</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balance, January 1	0	0	0	0
<b>Fund balances, December 31</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**CITY OF WASHINGTON, GEORGIA**  
**URBAN REDEVELOPMENT SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2017 and 2016*

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 44,714	\$ 46,792
<b>Total assets</b>	<b>\$ 44,714</b>	<b>\$ 46,792</b>
 <b>FUND BALANCES</b>		
Assigned	\$ 44,714	\$ 46,792
<b>Total liabilities and fund balances</b>	<b>\$ 44,714</b>	<b>\$ 46,792</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, 2017**  
*(With comparative actual amounts for the year ended December 31, 2016)*

	2017			2016
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 40,000	\$ 0	\$ (40,000)	\$ 40,000
<b>Total revenues</b>	<u>40,000</u>	<u>0</u>	<u>(40,000)</u>	<u>40,000</u>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Contract services	2,100	2,000	100	4,479
Supplies	1,000	78	922	50
Capital outlay	36,900	0	36,900	0
<b>Total expenditures</b>	<u>40,000</u>	<u>2,078</u>	<u>37,922</u>	<u>4,529</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>(2,078)</u>	<u>(2,078)</u>	<u>35,471</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	0	0	2,449
Sale of capital assets	0	0	0	4,008
<b>Total other financing sources (uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,457</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>(2,078)</u>	<u>(2,078)</u>	<u>41,928</u>
Fund balance, January 1	<u>0</u>	<u>46,792</u>	<u>46,792</u>	<u>4,864</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 44,714</u></u>	<u><u>\$ 44,714</u></u>	<u><u>\$ 46,792</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**CALLAWAY PLANTATION OPERATING TRUST SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2017 and 2016*

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Investments	\$ 2,295	\$ 2,288
<b>Total assets</b>	\$ 2,295	\$ 2,288
 <b>FUND BALANCES</b>		
Assigned	\$ 2,295	\$ 2,288
<b>Total liabilities and fund balances</b>	\$ 2,295	\$ 2,288

**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, 2017**  
*(With comparative actual amounts for the year ended December 31, 2016)*

	<u>2017</u>			<u>2016</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
Interest	\$ 10	\$ 7	\$ (3)	\$ 7
<b>Total revenues</b>	<u>10</u>	<u>7</u>	<u>(3)</u>	<u>7</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)	7
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	7
Fund balance, January 1	<u>0</u>	<u>2,288</u>	<u>2,288</u>	<u>2,281</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 2,295</u></u>	<u><u>\$ 2,295</u></u>	<u><u>\$ 2,288</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**CALLAWAY PLANTATION FURNISHINGS TRUST SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2017 and 2016*

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 21,105	\$ 21,105
<b>Total assets</b>	\$ 21,105	\$ 21,105
 <b>FUND BALANCES</b>		
Assigned	\$ 21,105	\$ 21,105
<b>Total liabilities and fund balances</b>	\$ 21,105	\$ 21,105

**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, 2017**  
*(With comparative actual amounts for the year ended December 31, 2016)*

	<u>2017</u>			<u>2016</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
Charges for services	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current				
Culture and Recreation				
Contract services	0	0	0	415
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,180</u>
<b>Total expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,595</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	0	(2,595)
Fund balances, January 1	<u>0</u>	<u>21,105</u>	<u>21,105</u>	<u>23,700</u>
<b>Fund balances, December 31</b>	<u>\$ 0</u>	<u>\$ 21,105</u>	<u>\$ 21,105</u>	<u>\$ 21,105</u>

**CITY OF WASHINGTON, GEORGIA**  
**TSPLOST DISCRETIONARY SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**December 31, 2017 and 2016**

	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 136,254	\$ 214,189
Taxes receivable	13,459	12,951
<b>Total assets</b>	<b>\$ 149,713</b>	<b>\$ 227,140</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 2,634	\$ 0
<b>FUND BALANCES</b>		
Restricted	147,079	227,140
<b>Total liabilities and fund balances</b>	<b>\$ 149,713</b>	<b>\$ 227,140</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, 2017**  
*(With comparative actual amounts for the year ended December 31, 2016)*

	2017			2016
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Taxes	\$ 130,000	\$ 132,513	\$ 2,513	\$ 130,059
Interest	0	180	180	267
<b>Total revenue</b>	<u>130,000</u>	<u>132,693</u>	<u>2,693</u>	<u>130,326</u>
<b>EXPENDITURES</b>				
Current				
Public Works	<u>215,500</u>	<u>215,254</u>	<u>246</u>	<u>78,696</u>
Excess (deficiency) of revenues over (under) expenditures	(85,500)	(82,561)	2,939	51,630
Other financing sources (uses)				
Transfers in (out)				
General Fund	<u>0</u>	<u>2,500</u>	<u>2,500</u>	<u>(56,894)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(85,500)	(80,061)	5,439	(5,264)
Fund balances, January 1	<u>85,500</u>	<u>227,140</u>	<u>141,640</u>	<u>232,404</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 147,079</u></u>	<u><u>\$ 147,079</u></u>	<u><u>\$ 227,140</u></u>

This page intentionally left blank.

## ***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.

2017 SPLOST Fund – This fund is used to account for the 2017 SPLOST monies received from Wilkes County to be used for water and sewer capital improvements, streets and sidewalks projects, buildings, public safety 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, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,008	\$ 1,005
Intergovernmental receivable	0	57,704
<b>Total assets</b>	<b>\$ 1,008</b>	<b>\$ 58,709</b>
 <b>FUND BALANCES</b>		
Restricted	\$ 1,008	\$ 58,709
<b>Total liabilities and fund balances</b>	<b>\$ 1,008</b>	<b>\$ 58,709</b>

**CITY OF WASHINGTON, GEORGIA**  
**SPLOST CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
*For the years ended December 31, 2017 and 2016*

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Intergovernmental	\$ 160,321	\$ 304,389
Interest	3	5
	<u>160,324</u>	<u>304,394</u>
<b>Total revenues</b>		
<b>EXPENDITURES</b>		
<b>Total expenditures</b>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	160,324	304,394
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Enterprise Fund	<u>(218,025)</u>	<u>(303,084)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(57,701)	1,310
Fund balances, January 1	<u>58,709</u>	<u>57,399</u>
<b>Fund balances, December 31</b>	<u><u>\$ 1,008</u></u>	<u><u>\$ 58,709</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**2017 SPLOST CAPITAL PROJECTS FUND**  
**BALANCE SHEET**  
**December 31, 2017**

**ASSETS**

Cash and cash equivalents	\$ 51
Intergovernmental receivable	<u>44,332</u>
<b>Total assets</b>	<b><u><u>\$ 44,383</u></u></b>

**FUND BALANCES**

Restricted	<u>\$ 44,383</u>
<b>Total liabilities and fund balances</b>	<b><u><u>\$ 44,383</u></u></b>

**CITY OF WASHINGTON, GEORGIA**  
**2017 SPLOST CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
*For the year ended December 31, 2017*

<b>REVENUES</b>	
Intergovernmental	\$ 122,391
Interest	<u>1</u>
<b>Total revenues</b>	<u>122,392</u>
 <b>EXPENDITURES</b>	
<b>Total expenditures</b>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	122,392
Other financing sources (uses)	
Transfers in (out)	
Water and Sewer Enterprise Fund	<u>(78,009)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	44,383
Fund balances, January 1	<u>0</u>
<b>Fund balances, December 31</b>	<u><u>\$ 44,383</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**CDBG/CHIP GRANT CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 27	\$ 27
Intergovernmental receivable	81,740	0
Notes receivable	29,600	22,000
Investments	87,500	175,000
<b>Total assets</b>	<b>\$ 198,867</b>	<b>\$ 197,027</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 82,040	\$ 4,552
Retainages payable	14,440	0
Unearned revenue	29,600	22,000
<b>Total liabilities</b>	126,080	26,552
 <b>FUND BALANCES</b>		
Restricted	72,787	170,475
<b>Total liabilities and fund balances</b>	<b>\$ 198,867</b>	<b>\$ 197,027</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, 2017 and 2016*

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Intergovernmental	\$ 461,267	\$ 425,037
<b>Total revenues</b>	<u>461,267</u>	<u>425,037</u>
<b>EXPENDITURES</b>		
Capital outlay		
Housing and Development		
Community Development and Housing	276,964	314,065
<b>Total expenditures</b>	<u>276,964</u>	<u>314,065</u>
Excess (deficiency) of revenues over (under) expenditures	<u>184,303</u>	<u>110,972</u>
Other financing sources (uses)		
Transfers in (out)		
General Fund	(13,538)	36,655
Water Sewer Enterprise Fund	(333,863)	22,821
Electric Enterprise Fund	65,410	0
<b>Total other financing sources (uses)</b>	<u>(281,991)</u>	<u>59,476</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(97,688)	170,448
Fund balances, January 1	<u>170,475</u>	<u>27</u>
<b>Fund balances, December 31</b>	<u><u>\$ 72,787</u></u>	<u><u>\$ 170,475</u></u>

This page intentionally left blank.

## ***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, 2017 and 2016*

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Investments	\$ 36,703	\$ 71,514
<b>Total assets</b>	\$ 36,703	\$ 71,514
 <b>FUND BALANCES</b>		
Assigned	\$ 36,703	\$ 71,514
<b>Total liabilities and fund balances</b>	\$ 36,703	\$ 71,514

**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, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>REVENUES</b>		
Interest	\$ 189	\$ 417
<b>Total revenues</b>	189	417
<b>EXPENDITURES</b>		
<b>Total expenditures</b>	0	0
Excess (deficiency) of revenues over (under) expenditures	189	417
Other financing sources (uses)		
Transfers in (out)		
General Fund	(35,000)	(100,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(34,811)	(99,583)
Fund balances, January 1	71,514	171,097
<b>Fund balances, December 31</b>	<b>\$ 36,703</b>	<b>\$ 71,514</b>

**CITY OF WASHINGTON, GEORGIA**  
**HISTORICAL PROPERTIES COMMISSION TRUST PERMANENT FUND**  
**COMPARATIVE BALANCE SHEETS**  
*December 31, 2017 and 2016*

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Investments	\$ 17,513	\$ 17,461
<b>Total assets</b>	\$ 17,513	\$ 17,461
 <b>FUND BALANCES</b>		
Nonspendable		
Contractually required to be maintained intact	\$ 9,990	\$ 9,990
Restricted	7,523	7,471
<b>Total liabilities and fund balances</b>	\$ 17,513	\$ 17,461

**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, 2017 and 2016*

	2017	2016
<b>REVENUES</b>		
Interest	\$ 52	\$ 52
<b>Total revenues</b>	52	52
<b>EXPENDITURES</b>		
<b>Total expenditures</b>	0	0
Excess (deficiency) of revenues over (under) expenditures	52	52
Fund balances, January 1	17,461	17,409
<b>Fund balances, December 31</b>	<b>\$ 17,513</b>	<b>\$ 17,461</b>

**CITY OF WASHINGTON, GEORGIA  
 CALLAWAY CHARITABLE TRUST ENDOWMENT PRINCIPAL  
 PERMANENT FUND  
 COMPARATIVE BALANCE SHEETS  
 December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 38,000	\$ 37,924
Investments	10,867	10,835
<b>Total assets</b>	<b>\$ 48,867</b>	<b>\$ 48,759</b>
 <b>FUND BALANCES</b>		
Nonspendable		
Contractually required to be maintained intact	\$ 9,990	\$ 9,990
Restricted	38,877	38,769
<b>Total liabilities and fund balances</b>	<b>\$ 48,867</b>	<b>\$ 48,759</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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Interest	<u>\$ 108</u>	<u>\$ 109</u>
<b>Total revenues</b>	<u>108</u>	<u>109</u>
<b>EXPENDITURES</b>		
<b>Total expenditures</b>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	108	109
Fund balances, January 1	<u>48,759</u>	<u>48,650</u>
<b>Fund balances, December 31</b>	<u><u>\$ 48,867</u></u>	<u><u>\$ 48,759</u></u>

This page intentionally left blank.

## ***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, 2017 and 2016*

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	\$ 58,668	\$ 55,315
Restricted assets		
Investments	97,298	100,183
Accounts receivable (net)	503,382	400,204
Intergovernmental receivable	8,484	0
Inventories	185,427	185,427
Prepaid items	8,474	3,595
Total current assets	861,733	744,724
<b>Capital assets</b>		
Land	194,710	194,710
Construction in progress	359,487	0
Buildings	57,481	57,481
Infrastructure	21,780,384	21,780,384
Machinery and equipment	454,103	418,527
Vehicles	272,439	234,260
Accumulated depreciation	(8,891,094)	(8,439,100)
Total capital assets (net of accumulated depreciation)	14,227,510	14,246,262
<b>Total assets</b>	15,089,243	14,990,986
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension contributions subsequent to the measurement date	11,648	9,889
Pension investment return differences	0	27,836
Pension experience differences	9,348	12,849
<b>Total deferred outflows of resources</b>	20,996	50,574

**CITY OF WASHINGTON, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**For the years ended December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 78,536	\$ 84,744
Accrued salaries and payroll liabilities	25,191	27,055
Compensated absences	21,380	15,760
Accrued interest payable	6,735	7,543
Capital lease payable	8,544	8,323
Notes payable	591,130	585,711
Current liabilities payable from restricted assets		
Customer deposits payable	97,298	100,183
	<b>828,814</b>	<b>829,319</b>
<b>Noncurrent liabilities</b>		
Net pension liability	91,915	114,818
Capital lease payable	17,670	26,214
Notes payable	7,948,074	8,513,554
	<b>8,057,659</b>	<b>8,654,586</b>
	<b>8,886,473</b>	<b>9,483,905</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension assumption changes	543	1,965
Pension investment return differences	3,823	0
	<b>4,366</b>	<b>1,965</b>
<b>NET POSITION</b>		
Net investment in capital assets	5,623,913	5,112,460
Unrestricted	595,487	443,230
	<b>6,219,400</b>	<b>5,555,690</b>
<b>Total net position</b>	<b>\$ 6,219,400</b>	<b>\$ 5,555,690</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, 2017 and 2016*

	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Water sales	\$ 1,513,275	\$ 1,515,737
Sewer sales	1,336,933	1,305,712
Other	18,104	1,653
<b>Total operating revenues</b>	<u>2,868,312</u>	<u>2,823,102</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	1,156,027	1,455,588
Personal services	865,292	681,075
Depreciation	451,994	443,464
<b>Total operating expenses</b>	<u>2,473,313</u>	<u>2,580,127</u>
Operating income (loss)	<u>394,999</u>	<u>242,975</u>
Non-operating revenues (expenses)		
Interest and investment earnings	468	643
Interest expense	(54,923)	(55,431)
Gain (loss) on sale of capital assets	0	(7,947)
Distribution of capital assets to the Governmental Activities	0	(2,500)
<b>Total non-operating revenues (expenses)</b>	<u>(54,455)</u>	<u>(65,235)</u>
Net income (loss) before capital contributions and transfers	340,544	177,740
Capital contributions		
Capital contributions	0	13,000
Net income (loss) before transfers	<u>340,544</u>	<u>190,740</u>
Transfers in (out)		
CDBG/CHIP Grant Capital Projects Fund	333,863	0
SPLOST Capital Projects Fund	218,025	303,084
2017 SPLOST Capital Projects Fund	78,009	0
Solid Waste Enterprise Fund	(1,498)	0
Electric Enterprise Fund	(305,233)	(403,967)
<b>Total transfers in (out)</b>	<u>323,166</u>	<u>(100,883)</u>
Change in net position	663,710	89,857
Net position, January 1	<u>5,555,690</u>	<u>5,465,833</u>
<b>Net position, December 31</b>	<u><u>\$ 6,219,400</u></u>	<u><u>\$ 5,555,690</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 2,744,145	\$ 2,807,814
Payments to suppliers	(1,205,293)	(1,430,648)
Payments to employees	(852,460)	(644,749)
Other receipts	18,104	1,653
	<u>704,496</u>	<u>734,070</u>
<b>Cash flows from non-capital financing activities:</b>		
Payments to other funds	<u>(306,731)</u>	<u>(403,967)</u>
<b>Cash flows from capital and related financing activities:</b>		
Receipts from other funds	629,897	303,084
Payments for acquisitions of capital assets	(395,062)	(132,593)
Proceeds - promissory notes	17,140	0
Principal payments - promissory notes	(585,685)	(580,443)
Proceeds - capital leases	0	43,618
Principal payments - capital leases	(8,323)	(9,081)
Interest paid	<u>(55,732)</u>	<u>(56,217)</u>
	<u>(397,765)</u>	<u>(431,632)</u>
<b>Cash flows from investing activities:</b>		
Interest and investment earnings received	468	643
Proceeds from maturity of investments	155,498	155,033
Purchase of investments	<u>(155,966)</u>	<u>(155,498)</u>
	<u>0</u>	<u>178</u>
Net cash provided (used) by investing activities	<u>0</u>	<u>178</u>
Net increase (decrease) in cash and cash equivalents	0	(101,351)
Cash and cash equivalents, January 1	<u>0</u>	<u>101,351</u>
<b>Cash and cash equivalents, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 394,999	\$ 242,975
 Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	451,994	443,464
(Increase) decrease in accounts receivable	(103,178)	(13,635)
(Increase) decrease in inventories	0	21,983
(Increase) decrease in prepaid items	(4,879)	1,471
(Increase) decrease in pension contributions made after measurement date	(1,759)	1,630
(Increase) decrease in pension experience differences	3,501	(9,159)
(Increase) decrease in pension investment return differences	27,836	(32,792)
Increase (decrease) in accounts payable	(44,387)	1,486
Increase (decrease) in accrued payroll liabilities	3,756	27,272
Increase (decrease) in customer deposits	(2,885)	0
Increase (decrease) in net pension liability	(22,903)	52,579
Increase (decrease) in pension assumption changes	(1,422)	(1,214)
Increase (decrease) in pension investment return differences	3,823	(1,990)
 Total adjustments	<u>309,497</u>	<u>491,095</u>
 Net cash provided (used) by operating activities	<u>\$ 704,496</u>	<u>\$ 734,070</u>

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

Contributions of capital assets from individuals totaled \$0 and \$13,000 for the years ended December 31, 2017 and 2016, respectively.

Acquisition of capital assets through accounts payable totaled \$38,179 and \$0 for the years ended December 31, 2017 and 2016, respectively.

Distributions of capital assets to Governmental Activities totaled \$0 and \$2,500 for the years ended December 31, 2017 and 2016, respectively.

**CITY OF WASHINGTON, GEORGIA**  
**ELECTRIC ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**December 31, 2017 and 2016**

	2017	2016
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 747,475	\$ 1,093,939
Investments	564,326	533,411
Receivables (net)		
Accounts	1,256,534	1,185,265
Intergovernmental	323,485	538,184
Inventories	259,963	266,724
Prepaid items	11,432	47,914
Total current assets	3,163,215	3,665,437
<b>Restricted assets</b>		
MEAG Generation Trust		
Investments	994,193	610,206
Customer deposits		
Cash and cash equivalents	174,938	166,596
Total restricted assets	1,169,131	776,802
<b>Capital assets</b>		
Land	8,480	8,480
Buildings	494,044	494,044
Infrastructure	2,506,534	2,506,534
Machinery and equipment	226,067	226,067
Vehicles	589,122	495,154
Accumulated depreciation	(2,279,737)	(2,225,510)
Total capital assets (net of accumulated depreciation)	1,544,510	1,504,769
<b>Total assets</b>	5,876,856	5,947,008
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension contributions subsequent to the measurement date	21,427	18,622
Pension investment return differences	2,731	53,214
Pension experience differences	18,842	24,425
<b>Total deferred outflows of resources</b>	43,000	96,261
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	627,562	701,053
Accrued salaries and payroll liabilities	16,118	22,296
Due to other funds	15,673	0
Compensated absences	17,433	21,322
Capital lease payable	54,073	32,321
Current liabilities payable from restricted assets		
Customer deposits payable	174,938	166,596
Total current liabilities	905,797	943,588

**CITY OF WASHINGTON, GEORGIA  
ELECTRIC ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF NET POSITION  
December 31, 2017 and 2016**

	2017	2016
<b>Noncurrent liabilities</b>		
Net pension liability	\$ 181,144	\$ 217,664
Capital lease payable	163,007	103,070
	344,151	320,734
<b>Total noncurrent liabilities</b>		
	1,249,948	1,264,322
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension assumption changes	1,415	3,682
<b>NET POSITION</b>		
Net investment in capital assets	1,327,430	1,369,378
Restricted for MEAG Generation Trust	994,193	610,206
Unrestricted	2,346,870	2,795,681
	\$ 4,668,493	\$ 4,775,265
<b>Total net position</b>		

**CITY OF WASHINGTON, GEORGIA**  
**ELECTRIC ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Electric sales	\$ 10,310,599	\$ 10,748,931
Other	10,122	18,071
	<u>10,320,721</u>	<u>10,767,002</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	8,568,622	9,105,226
Personal services	534,963	558,808
Depreciation	94,727	94,138
	<u>9,198,312</u>	<u>9,758,172</u>
Operating income (loss)	<u>1,122,409</u>	<u>1,008,830</u>
Non-operating revenues (expenses)		
Intergovernmental revenues	851,682	1,258,231
Interest and investment earnings	48,343	7,513
Interest expense	(4,192)	(4,729)
Gain (loss) on sale of capital assets	(4,500)	(500)
Distribution of capital assets to the Governmental Activities	0	(1,790)
	<u>891,333</u>	<u>1,258,725</u>
Net income (loss) before transfers	<u>2,013,742</u>	<u>2,267,555</u>
Transfers in (out)		
General Fund	(2,377,121)	(2,042,512)
E-911 Special Revenue Fund	(217,580)	0
CDBG/CHIP Grant Capital Projects Fund	(65,410)	0
Water and Sewer Enterprise Fund	305,233	403,967
Solid Waste Enterprise Fund	223,732	0
Internet Telecommunications Enterprise Fund	10,632	10,867
	<u>(2,120,514)</u>	<u>(1,627,678)</u>
Change in net position	(106,772)	639,877
Net position, January 1	<u>4,775,265</u>	<u>4,135,388</u>
<b>Net position, December 31</b>	<u><u>\$ 4,668,493</u></u>	<u><u>\$ 4,775,265</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**ELECTRIC ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 10,247,672	\$ 10,686,078
Payments to suppliers	(8,598,870)	(8,974,028)
Payments to employees	(530,556)	(531,360)
Other receipts	10,122	18,071
	<u>1,128,368</u>	<u>1,198,761</u>
<b>Net cash provided (used) by operating activities</b>		
	<u>1,128,368</u>	<u>1,198,761</u>
<b>Cash flows from non-capital financing activities:</b>		
Receipts from other funds	555,270	414,834
Payments to other funds	(2,660,111)	(2,042,512)
Receipts from other governments	1,066,381	1,140,047
	<u>(1,038,460)</u>	<u>(487,631)</u>
<b>Net cash provided (used) by non-capital financing activities</b>		
	<u>(1,038,460)</u>	<u>(487,631)</u>
<b>Cash flows from capital and related financing activities:</b>		
Payments for acquisitions of capital assets	0	(55,154)
Principal payments - capital leases	(57,279)	(31,354)
Interest paid	(4,192)	(4,729)
	<u>(61,471)</u>	<u>(91,237)</u>
<b>Net cash provided (used) by capital and related financing activities</b>		
	<u>(61,471)</u>	<u>(91,237)</u>
<b>Cash flows from investing activities:</b>		
Interest and investment earnings received	48,343	7,513
Proceeds from maturity of investments	300,000	370,000
Purchase of investments	(714,902)	(558,603)
	<u>(366,559)</u>	<u>(181,090)</u>
<b>Net cash provided (used) by investing activities</b>		
	<u>(366,559)</u>	<u>(181,090)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(338,122)	438,803
<b>Cash and cash equivalents, January 1</b>	1,260,535	821,732
	<u>1,260,535</u>	<u>821,732</u>
<b>Cash and cash equivalents, December 31</b>	<u>\$ 922,413</u>	<u>\$ 1,260,535</u>

**CITY OF WASHINGTON, GEORGIA**  
**ELECTRIC ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 1,122,409	\$ 1,008,830
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	94,727	94,138
(Increase) decrease in accounts receivable	(71,269)	(63,813)
(Increase) decrease in inventories	6,761	(8,106)
(Increase) decrease in prepaid items	36,482	69,483
(Increase) decrease in pension contributions made after measurement date	(2,805)	3,109
(Increase) decrease in pension experience differences	5,583	(21,258)
(Increase) decrease in pension investment return differences	50,484	(62,523)
Increase (decrease) in accounts payable	(73,491)	69,821
Increase (decrease) in accrued payroll liabilities	(10,068)	10,184
Increase (decrease) in customer deposits	8,342	960
Increase (decrease) in net pension liability	(36,520)	100,250
Increase (decrease) in pension assumption changes	(2,267)	(2,314)
Total adjustments	5,959	189,931
Net cash provided (used) by operating activities	\$ 1,128,368	\$ 1,198,761
<b>Cash and cash equivalents reconciliation</b>		
Cash and cash equivalents	\$ 747,475	\$ 1,093,939
Restricted cash and cash equivalents	174,938	166,596
Total cash and cash equivalents	\$ 922,413	\$ 1,260,535

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

Acquisitions of capital assets through capital leases totaled \$138,968 and \$0 for the years ended December 31, 2017 and 2016, respectively.

Distributions of capital assets to Governmental Activities totaled \$0 and \$1,790 for the years ended December 31, 2017 and 2016, respectively.

**CITY OF WASHINGTON, GEORGIA  
SOLID WASTE ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF NET POSITION  
December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Accounts receivable (net)	\$ 86,572	\$ 69,955
Prepaid items	1,454	1,108
Total current assets	88,026	71,063
<b>Capital assets</b>		
Land	4,000	0
Buildings	175,300	175,300
Machinery and equipment	86,649	89,308
Vehicles	490,273	539,981
Accumulated depreciation	(392,652)	(446,208)
Total capital assets (net of accumulated depreciation)	363,570	358,381
<b>Total assets</b>	451,596	429,444
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension contributions subsequent to the measurement date	16,276	15,198
Pension investment return differences	4,809	24,205
Pension experience differences	12,282	14,427
<b>Total deferred outflows of resources</b>	33,367	53,830
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	24,031	27,532
Interest payable	1,500	1,843
Accrued salaries and payroll liabilities	6,185	5,529
Compensated absences	6,389	5,304
Capital lease payable	27,780	27,064
Total current liabilities	65,885	67,272
<b>Noncurrent liabilities</b>		
Net pension liability	128,695	142,726
Capital lease payable	57,456	85,235
Total noncurrent liabilities	186,151	227,961
<b>Total liabilities</b>	252,036	295,233
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension assumption changes	2,569	3,439
<b>NET POSITION</b>		
Net investment in capital assets	278,334	237,582
Unrestricted	(47,976)	(52,980)
<b>Total net position</b>	\$ 230,358	\$ 184,602

**CITY OF WASHINGTON, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the years ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Sanitation fees	\$ 529,280	\$ 518,769
Other	1,225	10,000
<b>Total operating revenues</b>	<u>530,505</u>	<u>528,769</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	188,227	268,869
Personal services	212,943	235,100
Depreciation	46,738	38,844
<b>Total operating expenses</b>	<u>447,908</u>	<u>542,813</u>
Operating income (loss)	<u>82,597</u>	<u>(14,044)</u>
Non-operating revenues (expenses)		
Interest expense	(2,408)	(2,133)
Distribution of capital assets to the Governmental Activities	(9,614)	0
Gain (loss) on sale of capital assets	0	(12,096)
<b>Total non-operating revenues (expenses)</b>	<u>(12,022)</u>	<u>(14,229)</u>
Net income (loss) before transfers	<u>70,575</u>	<u>(28,273)</u>
Transfers in (out)		
General Fund	197,415	132,077
Water and Sewer Fund	1,498	0
Electric Fund	(223,732)	0
<b>Total transfers in (out)</b>	<u>(24,819)</u>	<u>132,077</u>
Change in net position	45,756	103,804
Net position, January 1	<u>184,602</u>	<u>80,798</u>
<b>Net position, December 31</b>	<u><u>\$ 230,358</u></u>	<u><u>\$ 184,602</u></u>

**CITY OF WASHINGTON, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 512,569	\$ 515,210
Payments to suppliers	(191,980)	(240,874)
Payments to employees	(205,640)	(227,590)
Other receipts	1,225	10,000
	<u>116,174</u>	<u>56,746</u>
<b>Net cash provided (used) by operating activities</b>	<u>116,174</u>	<u>56,746</u>
<b>Cash flows from non-capital financing activities:</b>		
Receipts from other funds	198,913	213,650
Payments to other funds	(223,732)	(97,703)
	<u>(24,819)</u>	<u>115,947</u>
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(24,819)</u>	<u>115,947</u>
<b>Cash flows from capital and related financing activities:</b>		
Payments for acquisitions of capital assets	(61,540)	(284,702)
Proceeds - capital lease	0	141,825
Principal payments - capital lease	(27,063)	(29,526)
Interest paid	(2,752)	(290)
	<u>(91,355)</u>	<u>(172,693)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(91,355)</u>	<u>(172,693)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	0	0
<b>Cash and cash equivalents, January 1</b>	<u>0</u>	<u>0</u>
<b>Cash and cash equivalents, December 31</b>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 82,597	\$ (14,044)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>		
Depreciation expense	46,738	38,844
(Increase) decrease in accounts receivable	(16,617)	(3,559)
(Increase) decrease in prepaid items	(346)	462
(Increase) decrease in pension contributions made after measurement date	(1,078)	1,610
(Increase) decrease in pension experience differences	2,145	(9,043)
(Increase) decrease in pension investment return differences	19,396	(34,340)
Increase (decrease) in accounts payable	(3,501)	27,533
Increase (decrease) in accrued payroll liabilities	1,741	(1,428)
Increase (decrease) in net pension liability	(14,031)	51,910
Increase (decrease) in pension assumption changes	(870)	(1,199)
	<u>33,577</u>	<u>70,790</u>
<b>Total adjustments</b>	<u>33,577</u>	<u>70,790</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 116,174</u>	<u>\$ 56,746</u>

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

Distributions of capital assets to Governmental Activities totaled \$9,614 and \$0 for the years ended December 31, 2017 and 2016, respectively.

**CITY OF WASHINGTON, GEORGIA**  
**INTERNET TELECOMMUNICATIONS ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Accounts receivable	\$ 23,486	\$ 24,815
<b>Noncurrent assets</b>		
Investment in joint venture	473,403	486,389
<b>Capital assets</b>		
Machinery and equipment	519,711	519,711
Accumulated depreciation	(519,711)	(519,711)
Total capital assets (net of accumulated depreciation)	0	0
<b>Total assets</b>	496,889	511,204
<b>NET POSITION</b>		
Unrestricted	496,889	511,204
<b>Total net position</b>	\$ 496,889	\$ 511,204

**CITY OF WASHINGTON, GEORGIA**  
**INTERNET TELECOMMUNICATIONS ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the years ended December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Telecommunications charges	\$ 3,695	\$ 7,421
<b>Total operating revenues</b>	<b>3,695</b>	<b>7,421</b>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	17,553	17,413
Depreciation	0	2,537
<b>Total operating expenses</b>	<b>17,553</b>	<b>19,950</b>
Operating income (loss)	<b>(13,858)</b>	<b>(12,529)</b>
Non-operating revenues (expenses)		
Interest and investment earnings	22,817	21,186
Net increase (decrease) in the fair value of investments	(12,642)	(13,704)
<b>Total non-operating revenues (expenses)</b>	<b>10,175</b>	<b>7,482</b>
Net income (loss) before transfers	<b>(3,683)</b>	<b>(5,047)</b>
Transfers in (out)		
Electric Enterprise Fund	(10,632)	(10,867)
Change in net position	<b>(14,315)</b>	<b>(15,914)</b>
Net position, January 1	<b>511,204</b>	<b>527,118</b>
<b>Net position, December 31</b>	<b>\$ 496,889</b>	<b>\$ 511,204</b>

**CITY OF WASHINGTON, GEORGIA**  
**INTERNET TELECOMMUNICATIONS ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 5,024	\$ 7,437
Payments to suppliers	(17,553)	(17,413)
Net cash provided (used) by operating activities	(12,529)	(9,976)
<b>Cash flows from non-capital financing activities:</b>		
Payments to other funds	(10,632)	(10,867)
<b>Cash flows from investing activities:</b>		
Interest and investment earnings received	22,817	20,843
Proceeds from sale of investments	344	0
Net cash provided (used) by investing activities	23,161	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)	\$ (13,858)	\$ (12,529)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	0	2,537
(Increase) decrease in accounts receivable	1,329	16
Total adjustments	1,329	2,553
Net cash provided (used) by operating activities	\$ (12,529)	\$ (9,976)

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

The net increase (decrease) in the fair value of investments totaled \$12,642 and \$13,704 for the years ended December 31, 2017 and 2016, respectively.

This page intentionally left blank.

***OTHER REPORTING SECTION***

This page intentionally left blank.

**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, 2017, 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 12, 2018.

**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.

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. 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described below, that we consider to be a significant deficiency:

**2017-001**

*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.

## 2017-001, continued

*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 12, 2018

***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, 2017**

<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	\$ 2,011,636	\$ 218,025	\$ 2,229,661
<b><u>2017 SPLOST</u></b>					
Water and Sewer; Streets and Sidewalks; Buildings; Fire Facilities and Equipment	\$ 1,336,778	\$ 1,336,778			
Water and Sewer			\$ 0	\$ 78,009	\$ 78,009
Total	\$ 1,336,778	\$ 1,336,778	\$ 0	\$ 78,009	\$ 78,009

\* 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.