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City of Waynesboro

www.waynesboroms.com

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Waynesboro, Mississippi 39367

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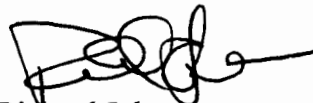
October 4, 2017

Office of the State Auditor
P.O. Box 956
Jackson, MS 39205

Re: Annual Municipal Audit

Accompanying this letter are (2) hard copies and (1) electronic copy of the annual audit of the City of Waynesboro, Mississippi, for the fiscal year ended September 30, 2016. A separate management letter was not written to the city in connection with this audit.

Sincerely,



Richard Johnson
Mayor

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CITY OF WAYNESBORO
AUDITED FINANCIAL STATEMENTS
AND
SPECIAL REPORTS

For the Year Ended September 30, 2016

Britton and Company, PLLC
Certified Public Accountants
PO Box 917 / 1429 Mississippi Drive
Waynesboro, MS 39367
(601) 735-3505

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CITY OF WAYNESBORO

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CITY OF WAYNESBORO

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CITY OF WAYNESBORO

FINANCIAL AUDIT REPORT

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Britton and Company, PLLC

Certified Public Accountants

1429 Mississippi Drive • P.O. Box 917 • Waynesboro, MS 39367
(601) 735-3505 • Fax: (601) 735-3587 • www.brittoncpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Board of Aldermen
City of Waynesboro, Mississippi

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Mississippi as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Waynesboro'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 of 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial positions of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Waynesboro, Mississippi as of September 30, 2016, and the respective changes in cash basis financial position, where applicable, thereof for the year then ended in conformity with the basis of accounting principles in Note 1.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 to provide any assurance.

Omission of Required Supplementary Information

The City of Waynesboro has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waynesboro, Mississippi's financial statements as a whole. The other supplemental section, which includes the Schedule of Changes in Long-term Debt, Schedule of Investments – All Funds, Schedule of Surety Bonds for Municipal Officials and

Employees, and Schedule of Capital Assets, are presented for purposes of additional analysis as and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waynesboro, Mississippi's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and it was derived from and relates 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2017, on our consideration of the City of Waynesboro, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waynesboro, Mississippi's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 1, the City of Waynesboro, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Michael E. Britton

Manager
Michael E. Britton, CPA, CGMA
Britton and Company, PLLC
Waynesboro, Mississippi

September 11, 2017

CITY OF WAYNESBORO

FINANCIAL STATEMENTS

CITY OF WAYNESBORO
Statement of Net Assets – Cash Basis
September 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,119,936	\$ 345,883	\$ 1,465,819
Total Current Assets	<u>1,119,936</u>	<u>345,883</u>	<u>1,465,819</u>
Noncurrent Assets			
Restricted Cash	84,869	170,663	255,532
Total Noncurrent Assets	<u>84,869</u>	<u>170,663</u>	<u>255,532</u>
Total Assets	<u>1,204,805</u>	<u>516,546</u>	<u>1,721,351</u>
NET ASSETS - CASH BASIS			
Nonspendable	23,406	170,663	194,069
Restricted for:			
Fire Protection	158,363	-	158,363
Public Safety	66,445	-	66,445
Restitutions	5,616	-	5,616
Seized Funds	45,072	-	45,072
Parks & Recreation	5,642	-	5,642
Capital Projects	-	-	-
Public Works	-	345,883	345,883
Employment Security	10,775	-	10,775
Unrestricted	889,486	-	889,486
Total Net Assets	<u>\$ 1,204,805</u>	<u>\$ 516,546</u>	<u>\$ 1,721,351</u>

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The notes to the financial statements are an integral part of this statement.

CITY OF WAYNESBORO
Statement of Activities – Cash Basis
For the Year Ended September 30, 2016

Function / Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 862,654	\$ -	\$ -	\$ 143,115	\$ (719,539)	\$ -	\$ (719,539)
Public Safety	2,030,683		32,344	132,959	(1,865,380)		(1,865,380)
Public Works	1,283,860			296,903	(986,957)		(986,957)
Health and Sanitation	716,239	599,050			(117,189)		(117,189)
Culture and Recreation	1,106,292			466,803	(639,489)		(639,489)
Debt Service Principal	3,552				(3,552)		(3,552)
Interest on Long-Term Debt	19				(19)		(19)
Total Governmental Activities	6,003,299	599,050	32,344	1,039,780	(4,332,125)		(4,332,125)
Business-type Activities:							
Water & Sewer Fund	1,366,604	1,354,594	-	-	-	(12,010)	(12,010)
Debt Service Principal	47,435	-	-	-	-	(47,435)	(47,435)
Interest on Long-Term Debt	16,227	-	-	-	-	(16,227)	(16,227)
Total Business-type Activities	1,430,266	1,354,594	-	-	-	(75,672)	(75,672)
Total Primary Government	7,433,565	1,953,644	32,344	1,039,780	(4,332,125)	(75,672)	(4,407,797)
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes					\$ 898,491	\$ -	\$ 898,491
Property Taxes, levied for fire protection services					294,330	-	294,330
Sales Taxes					2,101,841	-	2,101,841
Road and Bridge Privilege Taxes					286,214	-	286,214
Franchise Taxes					264,653	-	264,653
Fines and Fees					279,047	-	279,047
Homestead Reimbursement from State of MS					59,385	-	59,385
Licenses and Permits					33,481	-	33,481
Intergovernmental Revenue - other than Grants					132,580	-	132,580
Miscellaneous Taxes					7,524	-	7,524
Proceeds Long Term Debt					-	-	-
Interest Earnings					6,081	2,075	8,156
Gain (Loss) on Sale of Capital Assets					-	-	-
Increase/decrease in Due From Other Funds					-	-	-
Increase/decrease in Due To Other Funds					(2,720)	2,720	-
Incr. (Decr.) in Meter Deposit Payable					-	9,194	9,194
Clearing Fund Decrease in Liab.					-	-	-
Miscellaneous Income					41,676	58,240	99,916
Transfers Out					(154,830)	(50,000)	(204,830)
Transfers In					87,390	136,134	223,524
Total General Receipts					4,335,143	158,363	4,493,506
Change in Net Assets					3,018	82,691	85,709
Net Assets - Beginning					1,201,787	433,855	1,635,642
Net Assets - Ending					\$ 1,204,805	\$ 516,546	\$ 1,721,351

The notes to the financial statements are an integral part of this statement.

CITY OF WAYNESBORO
Balance Sheet – Cash Basis
Governmental Funds
For the Year Ended September 30, 2016

ASSETS	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 889,486	\$ 158,363	\$ 72,087	\$ 1,119,936
Restricted Cash	-	-	84,869	84,869
Total Assets	889,486	158,363	156,956	1,204,805
LIABILITIES AND FUND BALANCES				
Fund Balances - Cash Basis				
Nonspendable:				
Perpetual Care	-	-	23,406	23,406
Restricted:				
Fire Protection	-	158,363	-	158,363
Public Safety	-	-	66,445	66,445
Restitutions	-	-	5,616	5,616
Seized Funds	-	-	45,072	45,072
Capital Projects	-	-	-	-
Employment Security	-	-	10,775	10,775
Committed:				
Parks & Recreation	-	-	5,642	5,642
Assigned:				
Clearing Funds	-	-	-	-
Unassigned	889,486	-	-	889,486
Total Fund Balances - Cash Basis	\$ 889,486	\$ 158,363	\$ 156,956	\$ 1,204,805

The notes to the financial statements are an integral part of this statement.

CITY OF WAYNESBORO
Statement of Cash Basis Fund Balances and Cash Receipts, Disbursements and Changes in
Cash Basis Fund Balances - Governmental Funds
For the Year Ended September 30, 2016

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS				
Property Taxes	\$ 898,491	\$ 294,330	\$ -	\$ 1,192,821
Sales Taxes	2,101,841	-	-	2,101,841
Road and Bridge Privilege Taxes	286,214	-	-	286,214
Franchise Taxes	264,653	-	-	264,653
Miscellaneous Taxes	7,524	-	-	7,524
Fines and Forfeitures	236,994	-	42,053	279,047
Licenses and Permits	33,481	-	-	33,481
Intergovernmental Receipts	1,039,401	32,344	132,959	1,204,704
Homestead Exemption Reimb. State of MS	59,385	-	-	59,385
Charges for Services	599,050	-	-	599,050
Investment Earnings	5,403	222	456	6,081
Miscellaneous Receipts	35,860	1,524	4,292	41,676
Total Receipts	<u>5,568,297</u>	<u>328,420</u>	<u>179,760</u>	<u>6,076,477</u>
DISBURSEMENTS				
Current				
General Government	851,726	-	10,928	862,654
Public Safety	1,536,383	335,283	159,017	2,030,683
Public Works	1,283,860	-	-	1,283,860
Health and Sanitation	716,239	-	-	716,239
Culture and Recreation	1,106,292	-	-	1,106,292
Debt Service				
Principal on Debt	-	3,552	-	3,552
Interest and Other Charges	-	19	-	19
Total Disbursements	<u>5,494,500</u>	<u>338,854</u>	<u>169,945</u>	<u>6,003,299</u>
Excess (deficiency) of Receipts Over Disbursements	<u>73,797</u>	<u>(10,434)</u>	<u>9,815</u>	<u>73,178</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-term Debt	-	-	-	-
Proceeds from Short-term Debt	-	-	-	-
Proceeds from Sales of Capital Assets	-	-	-	-
Transfers In	68,695	-	18,695	87,390
Transfers Out	(147,134)	-	(7,696)	(154,830)
Incr/Decr in Due From Other Funds	(2,720)	-	-	(2,720)
Incr/Decr in Due to Other Funds	-	-	-	-
Total Other Financing Sources and Uses	<u>(81,159)</u>	<u>-</u>	<u>10,999</u>	<u>(70,160)</u>
Net Change in Fund Balance	(7,362)	(10,434)	20,814	3,018
Fund Balances - Beginning	<u>896,848</u>	<u>168,797</u>	<u>136,142</u>	<u>1,201,787</u>
Fund Balances - Ending	<u>\$ 889,486</u>	<u>\$ 158,363</u>	<u>\$ 156,956</u>	<u>\$ 1,204,805</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WAYNESBORO
Statement of Net Assets – Cash Basis
Proprietary Funds
For the Year Ended September 30, 2016

	Business-type Activities-	
	Enterprise Funds	
	Water & Sewer Fund	Totals
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 345,883	\$ 345,883
Total Current Assets	345,883	345,883
Noncurrent Assets		
Restricted Cash	170,663	170,663
Total Assets	516,546	516,546
NET ASSETS		
Restricted for:		
Debt Service	170,663	170,663
Public Works	345,883	345,883
Total Net Assets	\$ 516,546	\$ 516,546

The notes to the financial statements are an integral part of this statement.

CITY OF WAYNESBORO
Statement of Cash Basis Fund Balances and Cash Receipts, Disbursements and Changes in
Cash Basis Fund Balances-Proprietary Funds
For the Year Ended September 30, 2016

	Business-type Activities- Enterprise Funds	
	Water & Sewer Fund	Total
Operating Receipts		
Charges for Services	\$ 1,354,594	\$ 1,354,594
Other Operating Receipts	58,240	58,240
Total Operating Receipts	<u>1,412,834</u>	<u>1,412,834</u>
Operating Disbursements		
Personnel Services	567,152	567,152
Utilities	142,044	142,044
Repairs & Maintenance	269,707	269,707
Supplies	103,777	103,777
Other Expenses	283,924	283,924
Total Operating Expenses	<u>1,366,604</u>	<u>1,366,604</u>
Operating Income (Loss)	<u>46,230</u>	<u>46,230</u>
Non-Operating Receipts (Disbursements)		
Debt Service- Principal	(47,435)	(47,435)
Debt Service- Interest	(16,227)	(16,227)
Other Financing Sources - L/T Capital	-	-
Interest Earnings	2,075	2,075
Total Non-Operating Receipts (Disbursements)	<u>(61,587)</u>	<u>(61,587)</u>
Income (Loss) Before Contributions and Transfers	<u>(15,357)</u>	<u>(15,357)</u>
Capital Contributions	-	-
Incr. (Decr.) in Meter Payable	9,194	9,194
Change in Due from Other Funds	2,720	2,720
Transfers In	136,134	136,134
Transfers Out	(50,000)	(50,000)
Subtotal	98,048	98,048
Change in Net Assets	<u>82,691</u>	<u>82,691</u>
Net Assets - Beginning	<u>433,855</u>	<u>433,855</u>
Net Assets - Ending	<u>\$ 516,546</u>	<u>\$ 516,546</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2016

Note 1 Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Waynesboro is a political subdivision of the State of Mississippi. The City operates under an Alderman–Mayor form of government and possesses all rights and privileges provided by statute for municipalities.

The financial statements of the City have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles general accepted in the United States of America.

B. Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Assets –cash basis) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fee and charges for support.

The city combines the Statement of Activities and Statement of Net Assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include (1) receipts from 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. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements:

Fund financial statements are provided for governmental and proprietary funds.. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

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CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2016
(continued)

C. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting other than accounting principles general accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized as soon as they are collected. Disbursements generally are recorded when the cash is spent.

Amounts reported as program receipts included (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major governmental funds:

General Fund – This fund is used to account for all activities of the general government for which a separate fund has not been established.

Fire Protection Fund – Accounts for monies from specific revenue sources that are restricted for fire protection services.

The City reports the following major proprietary fund:

Water and Sewer Fund – Accounts for the City's activities of providing water and sewer services to its residents.

D. Assets and Net Assets or Equity

Cash and Investments

CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2016
(continued)

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposits are reported at carrying amount (cost) which reasonably estimates fair market value. State law authorizes the city to invest in interest bearing time certificates of deposits with deposits with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state.

Fund Equity

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen, the city's highest level of decision-making authority. This formal action is an order of the Board of Aldermen as approved in the board minutes.

Assigned fund balance includes amounts that are constrained by the city's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Aldermen pursuant to authorization established by Section 21-17-5, Miss. Code Ann. (1972).

Unassigned fund balance is the residual classification for the general fund. 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 should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City's general

CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2016
(continued)

policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Balance Flow Assumption

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Note 2 Defined Benefit Pension Plan

Plan Description – The City of Waynesboro, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy – PERS members are required to contribute 9.00% of their annual covered salary and the county is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015, and 2014 were \$329,010, \$317,031, and \$330,952, respectively, equal to the required contributions for each year.

Membership in PERS is a condition of employment for all eligible employees of the State of Mississippi, public schools, institutions of higher learning, community and junior colleges, and eligible employees of municipalities, counties and other political subdivisions and instrumentalities of municipal and county government that have entered into a Membership agreement approved by the PERS Board of Trustees (board).

CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2016
(continued)

Note 3 Contingencies

Federal Grants – The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City.

Litigation – The City is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the City.

Note 4 Deposits and Investments

The carrying amount of the City's total deposits with financial institutions, including authorized petty cash on hand, at September 30, 2016, was \$1,721,351 and the bank balance was \$1,818,225. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2016, none of the City's bank balance of \$1,818,225 was exposed to custodial credit risk.

Credit Risk – State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e) Miss. Code Ann. (1972). The City does not have a formal investment policy that would further limit its investment choices or one that addresses

CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2016
(continued)

credit risk.

Concentration of Credit Risk – Disclosures of investments by amount and issuer for any issuer that represents five percent of more of the total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investments pools, and other pooled investments. As of September 30, 2016, the City had no investments other than Certificates of Deposits.

Note 5 Interfund Transactions and Balances

The following is a summary of interfund balances as of September 30, 2016:

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		
No Due To / Due Froms at 9/30/2016		-
Total		\$ -

All interfund balances are expected to be repaid within one year from the date of the financial statements.

Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose/Explanation</u>
Water & Sewer Fund	General Fund	\$ 40,078	Transfer FEMA Reimbursement
Water & Sewer Fund	General Fund	96,056	Transfers to purchase water meters.
General Fund	Water & Sewer Fund	50,000	Transfer to purchase water meters.
Employment Security Fund	General Fund	11,000	Transfer per state statute.
Cleared Narcotics Fund	Non-cleared Narcotics Fund	7,695	Transfer to cleared funds account.
Total		<u>\$ 204,829</u>	

All interfund transfers were routine and consistent with the activities of the fund making the transfer.

CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2016
(continued)

Note 6 Property Tax Revenues

State statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Aldermen, each year at a meeting in September, levy property taxes for the ensuing fiscal year, which begins on October 1. Real property taxes become a lien on January 1 of the current year and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Note 7 Claims and Judgment

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. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in this fiscal year.

Note 8 Subsequent Events

Management of the City has evaluated events through September 11, 2017, the date the financial statements were available to be issued. It has been determined that there are no subsequent events warranting disclosure in the notes to these financial statements.

APPROVED
OCT 03 2017

CITY OF WAYNESBORO

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAYNESBORO
Budgetary Comparison Schedule – Budget and Actual
– General Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
RECEIPTS				
Property taxes	\$ 868,000	\$ 883,000	\$ 898,491	\$ 15,491
Licenses and permits	29,800	3,255	33,481	30,226
Road & Bridge Privilege Taxes	265,000	265,000	286,214	21,214
State Shared revenues	2,180,000	2,095,000	2,101,841	6,841
Fines and forfeitures	235,000	235,000	236,994	1,994
Franchise Taxes	278,831	264,367	264,653	286
Charges for Services	500,000	570,000	599,050	29,050
Loan / Grant proceeds	645,010	884,010	1,039,401	155,391
Other sources	142,750	130,573	108,172	(22,401)
Total Receipts	<u>5,144,391</u>	<u>5,330,205</u>	<u>5,568,297</u>	<u>238,092</u>
DISBURSEMENTS				
General government	987,299	1,022,868	851,726	171,142
Public safety	1,992,572	1,803,422	1,536,383	267,039
Public works, Health & Sanitation	2,020,106	2,141,436	2,000,099	141,337
Culture and recreation	597,979	1,200,632	1,106,292	94,340
Total Disbursements	<u>5,597,956</u>	<u>6,168,358</u>	<u>5,494,500</u>	<u>673,858</u>
Excess of Receipts over (under) Disbursements	<u>(453,565)</u>	<u>(838,153)</u>	<u>73,797</u>	
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Short-term debt issued	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Decrease in Due to Other Funds	-	-	(2,720)	(2,720)
Decrease in Other Assets	-	-	-	-
Transfers In	-	-	68,695	68,695
Transfers out	-	-	(147,134)	(147,134)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>(81,159)</u>	<u>(81,159)</u>
Net Change in Fund Balance	(453,565)	(838,153)	(7,362)	
Fund Balances - Beginning	475,000	908,150	896,848	
Fund Balances - Ending	<u>\$ 21,435</u>	<u>\$ 69,997</u>	<u>\$ 889,486</u>	

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

CITY OF WAYNESBORO
Budgetary Comparison Schedule – Budget and Actual
– Fire Protection Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
RECEIPTS				
Property Taxes	\$ 283,000	\$ 288,000	\$ 294,330	\$ 6,330
State Shared Receipts	27,400	32,343	32,344	1
Interest/Other Sources	330	220	1,746	1,526
Total Receipts	<u>310,730</u>	<u>320,563</u>	<u>328,420</u>	<u>7,857</u>
EXPENDITURES				
Current:				
Personnel, Fixed Assets, and Other	315,268	361,943	338,854	23,089
Total Disbursements	<u>315,268</u>	<u>361,943</u>	<u>338,854</u>	<u>23,089</u>
Excess of Receipts over (under) Disbursements	<u>(4,538)</u>	<u>(41,380)</u>	<u>(10,434)</u>	
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Decrease in Due From General Fund	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(4,538)	(41,380)	(10,434)	
Cash Basis Fund Balances - Beginning	5,000	168,747	168,797	
Cash Basis Fund Balances - Ending	<u>\$ 462</u>	<u>\$ 127,367</u>	<u>\$ 158,363</u>	

OCT 1 2017

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

CITY OF WAYNESBORO
Notes to the Required Supplementary Information

A. Budgetary Information

Generally, in the month of July, prior to the ensuing fiscal year beginning each October 1 the Board of Aldermen of the City, using historical and anticipated fiscal data, prepares an original budget for each of the governmental funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the board that budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) presents the original and final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major special revenue fund.

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) is part of required supplemental information.

C. Budget Reconciliation

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

CITY OF WAYNESBORO

SUPPLEMENTAL INFORMATION

CITY OF WAYNESBORO
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2016

	Balance Oct. 1, 2015	Additions	Reductions	Balance Sept. 30, 2016
Governmental Activities:				
Capital leases	\$ 3,552	-	3,552	\$ -
Other loans	-	-	-	-
Total	\$ 3,552	-	3,552	\$ -
	Balance Oct. 1, 2015	Additions	Reductions	Balance Sept. 30, 2016
Business-type Activities:				
Capital leases	\$ 6,270	-	6,270	\$ -
Revenue bonds	354,722	-	16,907	337,815
Other loans	518,349	-	24,258	494,091
Total	\$ 879,341	-	47,435	\$ 831,906

CITY OF WAYNESBORO
Schedule of Investments – All Funds
For the Year Ended September 30, 2016

There were no investments as of September 30, 2016 other than funds in Certificates of Deposits.

CITY OF WAYNESBORO
Schedule of Capital Assets
For the Year Ended September 30, 2016

	<u>Balance</u> <u>Oct. 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/ Adjustments</u>	<u>Balance</u> <u>Sept. 30, 2016</u>
Governmental activities:					
<u>Capital Assets:</u>					
Land	\$ 224,332	-	-	-	224,332
Construction in progress	458,278	-	-	-	458,278
Infrastructure	5,032,306	221,966	-	-	5,254,272
Buildings	3,658,743	-	-	-	3,658,743
Improvements other than buildings	632,818	-	-	-	632,818
Mobile equipment	1,714,392	83,034	-	-	1,797,426
Furniture and equipment	314,399	11,489	-	-	325,888
Leased property under capital leases	1,361,898	-	-	-	1,361,898
Total Governmental activities capital assets	\$ 13,397,166	316,489	-	-	\$ 13,713,655
Business-type activities:					
<u>Capital Assets:</u>					
Land	\$ -	-	-	-	-
Construction in progress	-	-	-	-	-
Infrastructure	14,416,403	234,185	-	-	14,650,588
Buildings	1,398,914	-	-	-	1,398,914
Improvements other than buildings	4,900	-	-	-	4,900
Mobile equipment	298,318	-	-	-	298,318
Furniture and equipment	311,600	13,500	-	-	325,100
Leased property under capital leases	29,292	-	-	-	29,292
Total Business-type activities capital assets	\$ 16,459,427	247,685	-	-	\$ 16,707,112

CITY OF WAYNESBORO

**Schedule of Surety Bonds for Municipal Officials and Employees
For the Year Ended September 30, 2016**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Richard Johnson	Mayor	Western Surety Co.	\$ 175,000
Richard Johnson	Mayor	Western Surety Co.	50,000
Teresa A. Seawright	City Clerk	Western Surety Co.	175,000
Teresa A. Seawright	City Clerk	Western Surety Co.	37,500
Donna Rials	Office Clerk	Western Surety Co.	12,500
Alicia Stevison	Deputy Clerk	Western Surety Co.	12,500
Vacant	Police Chief	Western Surety Co.	37,500
Tiffany Milsap	Court Clerk	Western Surety Co.	12,500
Donna Rials	Purchasing Clerk	Western Surety Co.	12,500
Sherry Burke	Deputy Court Clerk	Western Surety Co.	12,500
Tory McGill	Deputy Court Clerk	Western Surety Co.	12,500
The Water Dept. of Waynesboro	2 Water Dept. Clerks	RLI Surety	12,500
Various Police officers	Police officers	Western Surety Co.	1,000 to 25,000
Blanket Coverage anyone handling money	Up to 18 employees	Western Surety Co.	12,500
Board of Aldermen (individually)	Aldermen	Western Surety Co.	40,000

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CITY OF WAYNESBORO

**Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016**

<u>Federal Grantor/Pass-Through Grantor/Program Title or Cluster</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation</u>			
Pass-through programs from Mississippi Department of Transportation			
Waynesboro - Wayne County Transpotation Mus	20.205	STP-0077-00(017) LPA/106129-701000	\$ <u>466,803</u> *
Total U.S. Department of Transportation			<u>466,803</u>
Federal Emergency Management Agency			
Pass-through programs from Mississippi Emergency Management Agency			
Hazard Mitigation Grant - Drainage	97.039	DR 4101-0001	\$ <u>296,903</u>
Total Federal Emergency Management Agency			<u>296,903</u>
<u>Federal Aviation Administration</u>			
Municipal Airport Project	20.106	n/a	\$ <u>143,115</u>
Total Federal Aviation Administration			<u>143,115</u>
Total Expenditures of Federal Awards			\$ <u><u>906,821</u></u>

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting.

* Denotes major federal program

CITY OF WAYNESBORO

SPECIAL REPORTS



Britton and Company, PLLC

Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING & 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 Board of Aldermen
City of Waynesboro, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental and business-type activities of the City of Waynesboro, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Waynesboro, Mississippi's basic financial statements, and have issued our report thereon dated September 11, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Waynesboro, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Waynesboro, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Waynesboro, Mississippi's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 Waynesboro, Mississippi'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Manager
Michael E. Britton, CPA, CGMA
Britton and Company, PLLC
Waynesboro, Mississippi

September 11, 2017



Britton and Company, PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Members of the Board of Aldermen
Waynesboro, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Waynesboro, Mississippi, as of and for the year ended September 30, 2016, which collectively comprise the City's basic financial statements and have issued our report dated September 11, 2017. We have 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.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and on our audit of the financial statements disclosed no instances of noncompliance with other state laws and regulations.

This report is intended for the information and use of the Mayor, Board of Aldermen, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Michael E. Britton

Manager
Michael E. Britton, CPA, CGMA
Britton and Company, PLLC
Waynesboro, Mississippi

September 11, 2017

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Britton and Company, PLLC

Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

Honorable Mayor and Members of the Board of Aldermen
Waynesboro, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Waynesboro, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Waynesboro, Mississippi's major federal programs for the year ended September 30, 2016. City of Waynesboro, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Waynesboro, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Waynesboro, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Waynesboro, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Waynesboro, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

Management of the City of Waynesboro, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Waynesboro, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Waynesboro, Mississippi's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Michael E. Britton

Manager
Michael E. Britton, CPA, CGMA
Britton and Company, PLLC
Waynesboro, Mississippi

September 11, 2017

CITY OF WAYNESBORO
 Schedule of Findings and Questioned Costs (if any)
 For the Year Ended September 30, 2016

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued on the basic financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified that is not considered to be a material weakness? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | None |

Federal Awards:

- | | | |
|-----|---|------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified that (is/are) not considered to be a material weakness(es)? | No |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with Section ____.510(a) of OMB Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| | a. Highway Planning and Construction, CFDA #20.205 | |
| 8. | The dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. | Auditee qualified as low-risk auditee? | No |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____.315(b) of OMB Circular A-133? | No |

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