

CITY OF WAYCROSS, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

CITY OF WAYCROSS, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Commission
City of Waycross, Georgia
Waycross, Georgia**

Report on the Audit of the Financial Statements

Opinions

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 Waycross, Georgia** (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and the American Rescue Plan Act ("ARPA") Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the City's Net Pension Liability and Related Ratios, and the Schedule of City Contributions – Retirement Plan (on pages 51 – 54) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedules of Expenditures of Special Purpose Local Option Sales Tax proceeds and the Schedule of Transportation Special Purpose Local Option Sales Tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121 and §48-8-269.5, and are not a required part of the basic financial statements. The accompanying 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* ("Uniform Guidance"), and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 statements and schedules, the Schedules of Expenditures of Special Purpose Local Option Sales Tax proceeds, the Schedule of Transportation Special Purpose Local Option Sales Tax proceeds, and the Schedule of Expenditures of Federal Awards are 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 January 30, 2024, on our consideration of the City'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 solely 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 the effectiveness of the City's 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's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Savannah, Georgia
January 30, 2024

BASIC FINANCIAL STATEMENTS

CITY OF WAYCROSS, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,980,895	\$ 2,695,549	\$ 19,676,444
Taxes receivable	240,879	-	240,879
Accounts receivable, net of allowances	354,777	1,372,441	1,727,218
Due from other governments	348,922	-	348,922
Internal balances	(1,042,967)	1,042,967	-
Inventories	61,210	49,302	110,512
Prepaid expenses	674,246	-	674,246
Restricted assets, cash	-	169	169
Capital assets:			
Non-depreciable	5,393,567	1,885,605	7,279,172
Depreciable, net	25,665,566	27,907,247	53,572,813
Total assets	48,677,095	34,953,280	83,630,375
DEFERRED OUTFLOWS OF RESOURCES			
Pension	4,406,929	-	4,406,929
Total deferred outflows or resources	4,406,929	-	4,406,929
LIABILITIES			
Accounts payable	649,615	679,383	1,328,998
Accrued liabilities	1,413,089	11,591	1,424,680
Customer deposits payable	-	291,622	291,622
Unearned revenue	3,218,931	-	3,218,931
Lease liabilities due within one year	211,243	-	211,243
Lease liabilities due in more than one year	412,087	-	412,087
Financed purchases due within one year	267,295	-	267,295
Financed purchases due in more than one year	819,152	-	819,152
Notes payable due within one year	30,000	-	30,000
Notes payable due in more than one year	372,500	-	372,500
Loans payable due within one year	-	248,581	248,581
Loans payable due in more than one year	-	2,752,881	2,752,881
Compensated absences due within one year	236,080	12,637	248,717
Compensated absences due in more than one year	550,855	29,485	580,340
Net pension liability due in more than one year	8,042,848	-	8,042,848
Total liabilities	16,223,695	4,026,180	20,249,875
DEFERRED INFLOWS OF RESOURCES			
Pension	673,326	-	673,326
Total deferred inflows of resources	673,326	-	673,326
NET POSITION			
Net investment in capital assets	28,946,856	26,791,390	55,738,246
Restricted for:			
Capital projects	8,893,578	-	8,893,578
Community development projects	27,662	-	27,662
Other projects	179,032	-	179,032
Unrestricted	(1,860,125)	4,135,710	2,275,585
Total net position	\$ 36,187,003	\$ 30,927,100	\$ 67,114,103

The accompanying notes are an integral part of these financial statements.

CITY OF WAYCROSS, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 2,860,655	\$ 1,401,789	\$ 61,039	\$ -	\$ (1,397,827)	\$ -	\$ (1,397,827)
Public safety	7,745,439	14,971	-	262,273	(7,468,195)	-	(7,468,195)
Public works	4,493,414	20,267	-	4,224,054	(249,093)	-	(249,093)
Community development	1,382,294	-	-	18,454	(1,363,840)	-	(1,363,840)
Judicial	319,722	367,925	-	-	48,203	-	48,203
Interest on long-term debt	23,460	-	-	-	(23,460)	-	(23,460)
Total governmental activities	<u>16,824,984</u>	<u>1,804,952</u>	<u>61,039</u>	<u>4,504,781</u>	<u>(10,454,212)</u>	<u>-</u>	<u>(10,454,212)</u>
Business-type activities:							
Public utilities	6,923,535	6,922,614	-	224,761	-	223,840	223,840
Waste management	2,741,089	2,566,221	-	-	-	(174,868)	(174,868)
City auditorium	191,186	41,325	-	-	-	(149,861)	(149,861)
Stormwater	627,336	754,531	-	-	-	127,195	127,195
Total business-type activities	<u>10,483,146</u>	<u>10,284,691</u>	<u>-</u>	<u>224,761</u>	<u>-</u>	<u>26,306</u>	<u>26,306</u>
Total primary government	<u>\$ 27,308,130</u>	<u>\$ 12,089,643</u>	<u>\$ 61,039</u>	<u>\$ 4,729,542</u>	<u>(10,454,212)</u>	<u>26,306</u>	<u>(10,427,906)</u>
General revenues							
Taxes:							
Property taxes					4,079,482	-	4,079,482
Sales taxes					3,981,312	-	3,981,312
Franchise taxes					1,277,448	-	1,277,448
Other taxes					2,436,281	-	2,436,281
Unrestricted investment earnings					61,938	94	62,032
Miscellaneous					324,935	-	324,935
Transfers					62,293	(62,293)	-
Total general revenues and transfers					<u>12,223,689</u>	<u>(62,199)</u>	<u>12,161,490</u>
Change in net position					1,769,477	(35,893)	1,733,584
Net position, beginning of year					34,417,526	30,962,993	65,380,519
Net position, end of year					<u>\$ 36,187,003</u>	<u>\$ 30,927,100</u>	<u>\$ 67,114,103</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WAYCROSS, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	ARPA Fund	SPLOST 2014 Fund	TSPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,570,312	\$ 2,868,504	\$ 1,437,063	\$ 7,185,332	\$ 919,786	\$ 15,980,997
Taxes receivable, net	240,879	-	-	-	-	240,879
Accounts receivable, net	66,246	-	-	-	-	66,246
Due from other governments	325,275	-	-	23,647	-	348,922
Due from other funds	1,504,776	394,826	-	-	-	1,899,602
Inventories	32,171	-	-	-	-	32,171
Prepaid expenditures	615,250	-	-	-	4,996	620,246
Other receivables	-	-	-	-	279,275	279,275
Total assets	<u>\$ 6,354,909</u>	<u>\$ 3,263,330</u>	<u>\$ 1,437,063</u>	<u>\$ 7,208,979</u>	<u>\$ 1,204,057</u>	<u>\$ 19,468,338</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 191,585	\$ 12,224	\$ 71,368	\$ 243,333	\$ 89,167	\$ 607,677
Accrued liabilities	71,645	-	-	-	-	71,645
Unearned revenue	-	3,218,931	-	-	-	3,218,931
Due to other funds	394,826	3,000	-	-	108,001	505,827
Total liabilities	<u>658,056</u>	<u>3,234,155</u>	<u>71,368</u>	<u>243,333</u>	<u>197,168</u>	<u>4,404,080</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	221,357	-	-	-	-	221,357
Unavailable revenue - other	-	-	-	-	203,041	203,041
Total deferred inflows of resources	<u>221,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,041</u>	<u>424,398</u>
FUND BALANCES						
Nonspendable	647,421	-	-	-	4,996	652,417
Restricted	-	-	1,365,695	6,965,646	768,931	9,100,272
Committed	-	-	-	-	88,519	88,519
Assigned	-	29,175	-	-	43,694	72,869
Unassigned	4,828,075	-	-	-	(102,292)	4,725,783
Total fund balances	<u>5,475,496</u>	<u>29,175</u>	<u>1,365,695</u>	<u>6,965,646</u>	<u>803,848</u>	<u>14,639,860</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,354,909</u>	<u>\$ 3,263,330</u>	<u>\$ 1,437,063</u>	<u>\$ 7,208,979</u>	<u>\$ 1,204,057</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,431,844
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	424,398
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of pension and other post-employment benefits related experience differences, assumption changes and contributions.	4,406,929
Internal Service Funds are used by management to charge the costs of certain functions to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	(2,723,972)
Deferred inflows of resources are not available to pay for current expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension and other post-employment benefits related differences between projected and actual earnings on plan investments.	(673,326)
Certain liabilities are not due and payable in the current period and are, therefore, not reported in the funds.	

Net pension liability	\$ (8,042,848)	
Notes payable	(402,500)	
Compensated absences	(786,935)	
Financed purchases	<u>(1,086,447)</u>	<u>(10,318,730)</u>

Net position of governmental activities	<u>\$ 36,187,003</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF WAYCROSS, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	ARPA Fund	SPLOST 2014 Fund	TSPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 11,200,437	\$ -	\$ -	\$ -	\$ 544,391	\$ 11,744,828
Fines and forfeitures	584,317	-	-	-	-	584,317
Licenses and permits	1,165,248	-	-	-	-	1,165,248
Intergovernmental	-	368,479	28,321	3,295,038	843,827	4,535,665
Charges for services	31,693	-	-	-	23,694	55,387
Interest revenue	25,638	28,398	14,693	15,462	7,902	92,093
Other revenues	278,154	-	-	-	46,781	324,935
Total revenues	<u>13,285,487</u>	<u>396,877</u>	<u>43,014</u>	<u>3,310,500</u>	<u>1,466,595</u>	<u>18,502,473</u>
EXPENDITURES						
Current:						
General government	2,235,281	-	-	-	11,145	2,246,426
Public safety	6,788,356	368,479	-	-	40,445	7,197,280
Public works	3,056,001	-	-	-	676,283	3,732,284
Community development	836,437	-	-	-	518,580	1,355,017
Judicial	319,722	-	-	-	-	319,722
Debt service:						
Principal	211,240	-	-	41,928	-	253,168
Interest	21,979	-	-	1,481	-	23,460
Capital outlay	-	-	270,688	2,326,532	158,799	2,756,019
Total expenditures	<u>13,469,016</u>	<u>368,479</u>	<u>270,688</u>	<u>2,369,941</u>	<u>1,405,252</u>	<u>17,883,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(183,529)</u>	<u>28,398</u>	<u>(227,674)</u>	<u>940,559</u>	<u>61,343</u>	<u>619,097</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	413,541	-	-	-	-	413,541
Transfers out	-	-	-	-	(351,248)	(351,248)
Financed purchases	615,250	-	-	-	-	615,250
Total other financing sources (uses)	<u>1,028,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(351,248)</u>	<u>677,543</u>
Net change in fund balances	845,262	28,398	(227,674)	940,559	(289,905)	1,296,640
Fund balances, beginning of year	<u>4,630,234</u>	<u>777</u>	<u>1,593,369</u>	<u>6,025,087</u>	<u>1,093,753</u>	<u>13,343,220</u>
Fund balances, end of year	<u>\$ 5,475,496</u>	<u>\$ 29,175</u>	<u>\$ 1,365,695</u>	<u>\$ 6,965,646</u>	<u>\$ 803,848</u>	<u>\$ 14,639,860</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WAYCROSS, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Net change in fund balances - total governmental funds. \$ 1,296,640

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. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	\$ 2,739,039	
Depreciation expense	<u>(1,362,061)</u>	
		1,376,978

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 29,695

Internal Service Funds are used by management to charge the costs of certain functions to individual funds. The net revenue of certain activities in the Internal Service Funds is reported with governmental activities. (235,606)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Financed purchases	\$ (615,250)	
Principal payments of long-term debt	<u>253,168</u>	
		(362,082)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expense	\$ (178,590)	
Compensated absences	<u>(157,558)</u>	
		<u>(336,148)</u>

\$ 1,769,477

The accompanying notes are an integral part of these financial statements.

CITY OF WAYCROSS, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 11,031,766	\$ 11,031,766	\$ 11,200,437	\$ 168,671
Fees and fines	270,000	270,000	584,317	314,317
Licenses and permits	979,200	979,200	1,165,248	186,048
Charges for services	35,000	35,000	31,693	(3,307)
Investment earnings	5,150	5,150	25,638	20,488
Other revenues	420,300	420,300	278,154	(142,146)
Total revenues	<u>12,741,416</u>	<u>12,741,416</u>	<u>13,285,487</u>	<u>544,071</u>
EXPENDITURES				
Current:				
General government	2,385,854	2,385,854	2,235,281	150,573
Public safety	6,814,153	6,814,153	6,788,356	25,797
Public works	2,897,850	2,897,850	3,056,001	(158,151)
Community development	880,559	880,559	836,437	44,122
Judicial	-	-	319,722	(319,722)
Debt service:				
Principal	30,000	30,000	211,240	(181,240)
Interest and other charges	-	-	21,979	(21,979)
Total expenditures	<u>13,008,416</u>	<u>13,008,416</u>	<u>13,469,016</u>	<u>(460,600)</u>
Deficiency of revenues under expenditures	<u>(267,000)</u>	<u>(267,000)</u>	<u>(183,529)</u>	<u>83,471</u>
OTHER FINANCING SOURCES				
Transfers in	267,000	267,000	413,541	146,541
Financed purchases	-	-	615,250	615,250
Total other financing sources	<u>267,000</u>	<u>267,000</u>	<u>1,028,791</u>	<u>761,791</u>
Net change in fund balances	-	-	845,262	845,262
Fund balances, beginning of year	<u>4,630,234</u>	<u>4,630,234</u>	<u>4,630,234</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,630,234</u>	<u>\$ 4,630,234</u>	<u>\$ 5,475,496</u>	<u>\$ 845,262</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WAYCROSS, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
ARPA FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 455,000	\$ 455,000	\$ 368,479	\$ (86,521)
Investment earnings	10,000	10,000	28,398	18,398
Total revenues	<u>465,000</u>	<u>465,000</u>	<u>396,877</u>	<u>(68,123)</u>
EXPENDITURES				
Current:				
Public safety	465,000	465,000	368,479	96,521
Total expenditures	<u>465,000</u>	<u>465,000</u>	<u>368,479</u>	<u>96,521</u>
Net change in fund balances	-	-	28,398	28,398
Fund balances, beginning of year	<u>777</u>	<u>777</u>	<u>777</u>	<u>-</u>
Fund balances, end of year	<u>\$ 777</u>	<u>\$ 777</u>	<u>\$ 29,175</u>	<u>\$ 28,398</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WAYCROSS, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023**

	Public Utilities Fund	Waste Management Fund	City Auditorium Fund
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,565,228	\$ 33,470	\$ -
Accounts receivable, net of allowances	1,039,561	332,880	-
Due from other funds	1,078,567	-	-
Inventories	49,302	-	-
Prepaid expenses	-	-	-
Total current assets	<u>4,732,658</u>	<u>366,350</u>	<u>-</u>
NON-CURRENT ASSETS			
Restricted assets, cash	169	-	-
Capital assets:			
Non-depreciable	1,875,253	10,352	-
Depreciable, net of accumulated depreciation	27,174,161	-	733,086
Total non-current assets	<u>29,049,583</u>	<u>10,352</u>	<u>733,086</u>
Total assets	<u>33,782,241</u>	<u>376,702</u>	<u>733,086</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	555,264	97,531	339
Accrued liabilities	7,972	1,799	161
Due to other funds	-	-	35,600
Compensated absences	-	12,637	-
Customer deposits payable	231,164	26,152	34,306
Lease liability, current portion	-	-	-
Current portion - loans payable	248,581	-	-
Total current liabilities	<u>1,042,981</u>	<u>138,119</u>	<u>70,406</u>
NON-CURRENT LIABILITIES			
Compensated absences	-	29,485	-
Lease liability, net of current portion	-	-	-
Loans payable, net of current portion	2,752,881	-	-
Total non-current liabilities	<u>2,752,881</u>	<u>29,485</u>	<u>-</u>
Total liabilities	<u>3,795,862</u>	<u>167,604</u>	<u>70,406</u>
NET POSITION			
Net investment in capital assets	26,047,952	10,352	733,086
Unrestricted	3,938,427	198,746	(70,406)
Total net position	<u>\$ 29,986,379</u>	<u>\$ 209,098</u>	<u>\$ 662,680</u>

The accompanying notes are an integral part of these financial statements.

<u>Nonmajor Stormwater Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 96,851	\$ 2,695,549	\$ 999,898
-	1,372,441	9,256
-	1,078,567	-
-	49,302	29,039
-	-	54,000
<u>96,851</u>	<u>5,195,859</u>	<u>1,092,193</u>
-	169	-
-	1,885,605	-
-	27,907,247	627,289
-	29,793,021	627,289
<u>96,851</u>	<u>34,988,880</u>	<u>1,719,482</u>
26,249	679,383	41,938
1,659	11,591	1,341,444
-	35,600	2,436,742
-	12,637	-
-	291,622	-
-	-	211,243
-	248,581	-
<u>27,908</u>	<u>1,279,414</u>	<u>4,031,367</u>
-	29,485	-
-	-	412,087
-	2,752,881	-
-	2,782,366	412,087
<u>27,908</u>	<u>4,061,780</u>	<u>4,443,454</u>
-	26,791,390	-
68,943	4,135,710	(2,723,972)
<u>\$ 68,943</u>	<u>\$ 30,927,100</u>	<u>\$ (2,723,972)</u>

CITY OF WAYCROSS, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Public Utilities Fund	Waste Management Fund	City Auditorium Fund
OPERATING REVENUES			
Charges for services	\$ 6,922,614	\$ 2,566,221	\$ 41,325
Other services	-	-	-
Total operating revenues	<u>6,922,614</u>	<u>2,566,221</u>	<u>41,325</u>
OPERATING EXPENSES			
Personnel services	1,627,381	865,000	28,818
Contractual services	2,681,746	1,668,066	2,506
Utilities	-	-	21,621
Repairs and maintenance	285,804	189,893	1,604
Other supplies and expenses	1,118,029	786	1,147
Insurance claims and expenses	-	17,344	1,071
Retirement payments	-	-	-
Depreciation	1,173,074	-	134,419
Total operating expenses	<u>6,886,034</u>	<u>2,741,089</u>	<u>191,186</u>
Operating income (loss)	<u>36,580</u>	<u>(174,868)</u>	<u>(149,861)</u>
NON-OPERATING INCOME (EXPENSES)			
Miscellaneous revenue	-	-	-
Interest income	94	-	-
Interest expense	(37,501)	-	-
Total non-operating expenses, net	<u>(37,407)</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions and transfers	<u>(827)</u>	<u>(174,868)</u>	<u>(149,861)</u>
CAPITAL CONTRIBUTIONS	<u>224,761</u>	<u>-</u>	<u>-</u>
TRANSFERS			
Transfers out	(62,293)	-	-
Total transfers	<u>(62,293)</u>	<u>-</u>	<u>-</u>
Change in net position	161,641	(174,868)	(149,861)
Net position (deficit), beginning of year	<u>29,824,738</u>	<u>383,966</u>	<u>812,541</u>
Net position (deficit), end of year	<u>\$ 29,986,379</u>	<u>\$ 209,098</u>	<u>\$ 662,680</u>

The accompanying notes are an integral part of these financial statements.

Nonmajor Stormwater Fund	Total	Internal Service Funds
\$ 754,531	\$ 10,284,691	\$ 580,221
-	-	5,212,247
<u>754,531</u>	<u>10,284,691</u>	<u>5,792,468</u>
261,720	2,782,919	366,054
365,616	4,717,934	25,100
-	21,621	-
-	477,301	37,975
-	1,119,962	-
-	18,415	4,050,543
-	-	1,323,093
-	1,307,493	214,945
<u>627,336</u>	<u>10,445,645</u>	<u>6,017,710</u>
<u>127,195</u>	<u>(160,954)</u>	<u>(225,242)</u>
-	-	24,937
-	94	-
-	(37,501)	(35,301)
-	(37,407)	(10,364)
<u>127,195</u>	<u>(198,361)</u>	<u>(235,606)</u>
-	224,761	-
-	(62,293)	-
-	(62,293)	-
127,195	(35,893)	(235,606)
(58,252)	30,962,993	(2,488,366)
<u>\$ 68,943</u>	<u>\$ 30,927,100</u>	<u>\$ (2,723,972)</u>

CITY OF WAYCROSS, GEORGIA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Public Utilities Fund	Waste Management Fund	City Auditorium Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 6,523,097	\$ 2,544,727	\$ 41,325
Receipts from other funds for services	-	-	-
Payments to suppliers	(3,554,979)	(1,856,653)	(12,550)
Payments to employees	(1,627,381)	(865,000)	(28,775)
Net cash provided by (used in) operating activities	<u>1,340,737</u>	<u>(176,926)</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers out	(62,293)	-	-
Miscellaneous non-operating revenue	-	-	-
Net cash provided by (used in) non-capital financing activities	<u>(62,293)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from the issuance of loans	286,060	-	-
Capital contributions	224,761	-	-
Acquisition and construction of capital assets	(542,642)	-	-
Principal paid on capital leases payable	-	-	-
Principal paid on loans payable	(567,300)	-	-
Interest paid	(37,501)	-	-
Net cash used in capital and related financing activities	<u>(636,622)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	94	-	-
Net cash provided by investing activities	<u>94</u>	<u>-</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	<u>641,916</u>	<u>(176,926)</u>	<u>-</u>
Cash and cash equivalents:			
Beginning of year	<u>1,923,481</u>	<u>210,396</u>	<u>-</u>
End of year	<u>\$ 2,565,397</u>	<u>\$ 33,470</u>	<u>\$ -</u>
Classified as:			
Cash and cash equivalents	\$ 2,565,228	\$ 33,470	\$ -
Restricted assets, cash	169	-	-
	<u>\$ 2,565,397</u>	<u>\$ 33,470</u>	<u>\$ -</u>

(Continued)

<u>Nonmajor Stormwater Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
\$ 717,458	\$ 9,826,607	\$ 2,164,750
-	-	3,807,200
(359,038)	(5,783,220)	(5,912,380)
(261,569)	(2,782,725)	(365,808)
<u>96,851</u>	<u>1,260,662</u>	<u>(306,238)</u>
-	(62,293)	-
-	-	24,937
-	<u>(62,293)</u>	<u>24,937</u>
-	286,060	-
-	224,761	-
-	(542,642)	-
-	-	(211,243)
-	(567,300)	-
-	<u>(37,501)</u>	<u>(35,301)</u>
-	<u>(636,622)</u>	<u>(246,544)</u>
-	94	-
-	<u>94</u>	-
<u>96,851</u>	<u>561,841</u>	<u>(527,845)</u>
-	<u>2,133,877</u>	<u>1,527,743</u>
<u>\$ 96,851</u>	<u>\$ 2,695,718</u>	<u>\$ 999,898</u>
\$ 96,851	\$ 2,695,549	\$ 999,898
-	169	-
<u>\$ 96,851</u>	<u>\$ 2,695,718</u>	<u>\$ 999,898</u>

CITY OF WAYCROSS, GEORGIA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Public Utilities Fund	Waste Management Fund	City Auditorium Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 36,580	\$ (174,868)	\$ (149,861)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,173,074	-	134,419
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(200,789)	(24,110)	-
Increase in due from other funds	(198,871)	-	-
Increase (decrease) in accounts payable	530,600	16,128	(2,142)
Increase (decrease) in accrued liabilities	-	358	43
Increase in compensated absences	-	2,616	-
Increase in customer deposits	143	2,950	500
Increase (decrease) in due to other funds	-	-	17,041
Net cash provided by (used in) operating activities	<u>\$ 1,340,737</u>	<u>\$ (176,926)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

<u>Nonmajor Stormwater Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 127,195	\$ (160,954)	\$ (225,242)
-	1,307,493	214,945
60	(224,839)	-
-	(198,871)	-
6,578	551,164	(432,142)
151	552	(43,281)
-	2,616	-
-	3,593	-
(37,133)	(20,092)	179,482
<u>\$ 96,851</u>	<u>\$ 1,260,662</u>	<u>\$ (306,238)</u>

NOTES TO FINANCIAL STATEMENTS

CITY OF WAYCROSS, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Waycross, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

A. The Financial Reporting Entity

The City of Waycross, Georgia was incorporated in 1874 and operates under the leadership of the Mayor, City Manager and City Commission consisting of four members and provides or assists in providing the following services: public safety (police department), highways and streets, public improvements, recreation, and general administrative and other services. In addition, the City operates Enterprise Funds (water and sewer, waste management and City Auditorium) for incorporated and immediate surrounding areas.

Standards published by the GASB define the financial reporting entity as: a) the primary government, b) organizations for which the primary government is financially responsible, and c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended. A legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization’s governing board and: 1) it is able to impose its will on that organization, or 2) there is a potential for the organization to provide specific financial benefits to, or impose its will on that organization, or 3) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The financial statements of the City do not include any component units.

The City’s basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund 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 non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, Proprietary Funds, and Internal Service Funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Funds, and Internal Service Funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Property taxes, sales taxes, franchise taxes, licenses, and investment income 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** 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 **American Rescue Plan Act ("ARPA") Fund** accounts for the revenues and expenditures associated with the U.S. Department of Treasury's Coronavirus State and Local Fiscal Recovery Funds established by the American Rescue Plan Act of 2021.

The **2014 Special Purpose Local Option Sales Tax ("SPLOST") Fund** accounts for capital projects of the City from resources provided by the 2014 special Ware County 1% sales and use tax.

The **Transportation Special Purpose Local Option Sales Tax ("TSPLOST") Fund** accounts for the collection of the Transportation Special Purpose Local Option Sales Tax funds collected by Ware County and disbursed to the City. These funds are used for transportation projects as approved by voter referendum.

The City reports the following proprietary funds:

The **Public Utilities Fund**, a major fund, accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The **Waste Management Fund**, a major fund, accounts for the operations of solid waste collection and disposal services. All costs are financed through charges to sanitation customers.

The **City Auditorium Fund**, a major fund, accounts for the operations of the City Auditorium.

The **Stormwater Fund**, a nonmajor fund, accounts for the operations and maintenance of the City's stormwater drainage operations.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Additionally, the City reports the following fund types:

The ***Special Revenue Funds*** account for revenue sources that are legally restricted to expenditure for specific purposes.

Capital Projects Funds account for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new roads.

Internal Service Funds account for the fleet management services, payroll services, retirement, self-funded property and casualty insurance, self-funded workers' compensation insurance, and self-funded health insurance provided to departments of the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's internal service functions and the other City functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 Proprietary Funds are charges to customers for sales and services provided. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the Proprietary 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.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting

An annual budget is adopted (as required by law) by the City for the General and Special Revenue Funds. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. The City Commission approves, by ordinance, total budget appropriation and departmental budgets. The City Manager is authorized to transfer budget amounts between line items within any department in conjunction with the department head; however, any revisions that alter the total appropriations of any department or fund must be approved by the City Commission. Therefore, the level of budgetary responsibility is by department-level appropriations; however, for reporting purposes, this level has been expanded to a functional basis (general government, public safety, etc.).
4. Unused appropriations for all of the above annually budgeted funds lapse at the end of the fiscal year.
5. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budget for the General Fund is prepared on the cash and expenses/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that applicable purchase orders are expected to be issued. The budget for the Enterprise Fund is adopted under a basis consistent with GAAP, except for that depreciation, certain capital expenses, and certain non-operating income and expense items are not considered. Annual appropriated budgets are adopted for the Special Revenue Funds. Annual appropriated budgets are also adopted for the following Internal Service Funds: Health Insurance, Liability Insurance, Workers' Compensation Insurance, Retirement Fund, and City Garage Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

Budgeted amounts are as originally adopted or as amended by the City Commission. Individual amendments were not material in relation to the original appropriations, which were adopted.

The Official Code of Georgia Annotated (“O.C.G.A.”) §36-81-3(b) requires an annual balanced budget for the General Fund, each Special Revenue Fund and requires a project-length balanced budget for each Capital Project Fund. For the year ended June 30, 2023, the City did not adopt annual budgets for the Forfeited Property Fund, Jail Fund, Federal Emergency Management Agency (“FEMA”) Fund, and ATM Machine Fund.

The legal level of budgetary control for the City is at the department level.

E. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

F. Deposits and Investments

The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loans which have deposits insured by the Federal Deposit Insurance Corporation (“FDIC”) or Federal Savings and Loan Insurance Corporation (“FSLIC”); prime bankers’ acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia (“Georgia Fund 1”). Georgia Fund 1 was created under O.C.G.A. §36-83-8 and is a stable asset value investment pool, which follows Standard and Poor’s criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The Georgia Fund 1 is not registered with the Securities and Exchange Commission (“SEC”) as an investment company. The Georgia Fund 1’s primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The Georgia Fund 1 distributes earnings (net of management fees) on a monthly basis and determines participants’ shares sold and redeemed based on \$1 per share. The Georgia Fund 1 also adjusts the value of its investments to fair market value as of year-end and the City’s investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as investments for financial statement presentation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventory and Prepaid Items

Inventory is valued at the lower of cost or market using the weighted average method. The City accounts for inventory on the purchase basis. Prepaid expenses are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

H. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” in the fund financial statements. Short-term interfund loans are classified as “interfund receivables/payables”. Long-term interfund loans are classified as “advances”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

I. Capital Assets

Capital assets and right to use leased assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets and right to use leased assets are defined by the City as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

Depreciation and amortization are provided on the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 – 50
Machinery and equipment	5 – 10
Right-to-use leased vehicles	5 – 10
Vehicles	5 – 10
Infrastructure	20 – 35

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as deferred charges, are deferred and amortized over the life of the bonds using the straight-line method, which is not materially different than the effective interest 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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Leases

The City is a lessee for noncancellable leases of vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Leases (Continued)

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with capital assets on the Statement of Net Position.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to service already rendered and it is probable the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees. The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. The non-current portion of the liability is not reported. For Enterprise Funds, the entire amount of compensated absences is reported as a fund liability.

M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balances – Generally, fund balances represent the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balances are classified as follows:

- **Non-spendable** – Fund balances are reported as non-spendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

Fund Balances (Continued) –

- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission through the adoption of a resolution. Only the City Commission may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Commission has authorized the City Manager or City Finance Director to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balances only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balances are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balances, it is the City's policy to use fund balances in the following order: 1) committed, 2) assigned, and 3) unassigned.

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balances as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

N. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. All of these items relate to the City's Retirement Plan and are reported in the government-wide Statement of Net Position. Experience differences result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience differences are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. The net difference between projected and actual earnings on pension plan investments is deferred and amortized into pension expense over a five-year period, resulting in recognition as deferred outflows of resources. Additionally, any contributions made by the City to the pension plan, before year-end but subsequent to the measurement date of the City's net pension liability, are reported as deferred outflows of resources.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet 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 assets or fund balances that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category, one of which arises only under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues from property taxes and other sources and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other item relates to the City's Retirement Plan and is reported in the government-wide Statement of Net Position. Experience differences result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience differences are recorded as deferred inflows of resources and are amortized against pension expense over the expected remaining service lives of the plan members.

P. Pension

For 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 Waycross Retirement 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEFICIT NET POSITION AND DEFICIT FUND BALANCE

The following funds had deficit net positions at June 30, 2023:

	<u>Net Position Deficit</u>
Internal Service Funds:	
Health Insurance Fund	\$ 2,263,891
Workers' Compensation Fund	1,212,597
Warehouse Fund	29,706
Payroll Fund	25,882
Enterprise Fleet Management Fund	40,358

The net position deficits will be reduced through General Fund and Public Utility Fund transfers.

The following funds had deficit fund balance at June 30, 2023:

	<u>Fund Balance Deficit</u>
Nonmajor Governmental Funds:	
Misc Grants Fund	\$ 18,681
ATM Machine Fund	3,624
Capital Projects Fund	79,987

The fund balance deficits will be reduced through General Fund and Public Utility Fund transfers.

NOTE 3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2023, the following departments of the General Fund had excess of actual expenditures over appropriations. The over-expenditures were funded by excess revenues and transfers in over appropriations.

	<u>Excess</u>
General Fund:	
Public works	\$ 158,151
Judicial	319,722
Debt service	203,219

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

As of June 30, 2023, the carrying amount of the City's bank deposits was \$19,676,613 and the respective bank balances totaled \$21,022,295. The bank balances were collateralized with pooled securities held by the pledging financial institutions trust department or agent in the government's name. As of June 30, 2023, the City's carrying amount of deposits, related bank balances, and other cash were as follows:

Amounts as presented on the entity-wide Statement of Net Position:

Cash and cash equivalents	\$ 19,676,444
Restricted cash	<u>169</u>
Cash deposited with financial institutions	<u>\$ 19,676,613</u>

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The City has a policy to reduce its exposure to this risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2023, the City's bank balance was not exposed to custodial credit risk.

NOTE 5. RECEIVABLES

A. Accounts Receivable

Receivables as of June 30, 2023, including the applicable allowances for uncollectible accounts for governmental funds, are as follows:

	General	TSPLOST	Nonmajor Governmental	Total
Receivables:				
Taxes	\$ 309,350	\$ -	\$ -	\$ 309,350
Accounts	66,246	-	-	66,246
Intergovernmental	325,275	23,647	-	348,922
Other	<u>-</u>	<u>-</u>	<u>279,275</u>	<u>279,275</u>
Gross receivables	700,871	23,647	279,275	1,003,793
Less: allowance for uncollectibles	(68,471)	-	-	(68,471)
Net total receivables	<u>\$ 632,400</u>	<u>\$ 23,647</u>	<u>\$ 279,275</u>	<u>\$ 935,322</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES (CONTINUED)

A. Accounts Receivable (Continued)

Receivables as of June 30, 2023, including the applicable allowances for uncollectible accounts for business-type funds, are as follows:

	Public Utilities	Waste Management	Internal Service	Total
Receivables:				
Accounts	\$ 1,258,862	\$ 371,302	\$ 9,256	\$ 1,639,420
Gross receivables	1,258,862	371,302	9,256	1,639,420
Less: allowance for uncollectibles	(219,301)	(38,422)	-	(257,723)
Net total receivables	\$ 1,039,561	\$ 332,880	\$ 9,256	\$ 1,381,697

B. Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before December 1. The City's taxes are billed and collected by the Ware County Tax Commissioner. City property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that the taxes are not collectible.

C. Hotel/Motel Lodging Taxes

The City is required to disburse funds received from the collection of hotel/motel taxes pursuant to O.C.G.A. §48-13- 51(a)(3.7). The tax rate is 5% and is levied on a monthly basis. The City received \$544,391 from the collection of the hotel/motel tax during the fiscal year ended June 30, 2023. The City disbursed \$229,782 for the promotion of tourism. Lodging tax funds in the amount of \$351,248 were transferred to the General Fund during the fiscal year ended June 30, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 5,099,609	\$ -	\$ -	\$ -	\$ 5,099,609
Construction in progress	2,606,715	2,347,071	-	(4,659,828)	293,958
Total capital assets, not being depreciated	<u>7,706,324</u>	<u>2,347,071</u>	<u>-</u>	<u>(4,659,828)</u>	<u>5,393,567</u>
Capital assets, being depreciated:					
Buildings	14,587,805	-	-	-	14,587,805
Machinery and equipment	5,054,037	377,913	-	-	5,431,950
Vehicles	6,209,015	-	-	-	6,209,015
Infrastructure	42,283,511	14,055	-	4,659,828	46,957,394
Total capital assets, being depreciated	<u>68,134,368</u>	<u>391,968</u>	<u>-</u>	<u>4,659,828</u>	<u>73,186,164</u>
Less accumulated depreciation for:					
Buildings	(5,632,446)	(315,031)	-	-	(5,947,477)
Machinery and equipment	(4,079,540)	(232,127)	-	-	(4,311,667)
Vehicles	(5,529,283)	(179,443)	-	-	(5,708,726)
Infrastructure	(31,544,557)	(635,460)	-	-	(32,180,017)
Total accumulated depreciation	<u>(46,785,826)</u>	<u>(1,362,061)</u>	<u>-</u>	<u>-</u>	<u>(48,147,887)</u>
Total capital assets, being depreciated, net	<u>21,348,542</u>	<u>(970,093)</u>	<u>-</u>	<u>4,659,828</u>	<u>25,038,277</u>
Governmental activities capital assets, net excluding lease assets	<u>\$ 29,054,866</u>	<u>\$ 1,376,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>30,431,844</u>
Lease assets, net (Note 7)					<u>627,289</u>
Total capital assets, net as reported in the Statement of Net Position					<u>\$ 31,059,133</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land and improvements	\$ 235,859	\$ -	\$ -	\$ -	\$ 235,859
Construction in progress	1,107,104	542,642	-	-	1,649,746
Total capital assets, not being depreciated	1,342,963	542,642	-	-	1,885,605
Capital assets, being depreciated:					
Buildings	12,194,323	-	-	-	12,194,323
Machinery and equipment	5,057,488	-	-	-	5,057,488
Vehicles	863,874	-	-	-	863,874
Infrastructure	56,349,206	-	-	-	56,349,206
Total capital assets, being depreciated	74,464,891	-	-	-	74,464,891
Less accumulated depreciation for:					
Buildings	(8,952,549)	(282,497)	-	-	(9,235,046)
Machinery and equipment	(4,678,903)	(86,723)	-	-	(4,765,626)
Vehicles	(863,874)	-	-	-	(863,874)
Infrastructure	(30,754,825)	(938,273)	-	-	(31,693,098)
Total accumulated depreciation	(45,250,151)	(1,307,493)	-	-	(46,557,644)
Total capital assets, being depreciated, net	29,214,740	(1,307,493)	-	-	27,907,247
Business-type activities capital assets, net	<u>\$ 30,557,703</u>	<u>\$ (764,851)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,792,852</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 149,204
Public safety	463,330
Public works	732,322
Community development	17,205
Total depreciation expense - governmental activities	<u>\$ 1,362,061</u>

Business-type activities:

Public utilities	\$ 1,173,074
City auditorium	134,419
Total depreciation expense - business-type activities	<u>\$ 1,307,493</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LEASED ASSETS

A summary of lease asset activity for the City for the year ended June 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Lease Assets:				
Vehicles	\$ 1,074,725	\$ -	\$ -	\$ 1,074,725
Less accumulated amortization, vehicles	(232,491)	(214,945)	-	(447,436)
Total leased assets, net	\$ 842,234	\$ (214,945)	\$ -	\$ 627,289

NOTE 8. LONG-TERM DEBT

A. Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
Financed purchases	\$ 694,365	\$ 615,250	\$ (223,168)	\$ 1,086,447	\$ 267,295
Lease liabilities	834,573	-	(211,243)	623,330	211,243
Notes payable	432,500	-	(30,000)	402,500	30,000
Net pension liability	3,067,039	7,381,680	(2,405,871)	8,042,848	-
Compensated absences	629,377	702,002	(544,444)	786,935	236,080
Governmental activity Long-term liabilities	\$ 5,657,854	\$ 8,698,932	\$ (3,414,726)	\$ 10,942,060	\$ 744,618
<u>Business-type activities:</u>					
Loans payable	\$ 3,282,702	\$ 286,060	\$ (567,300)	\$ 3,001,462	\$ 248,581
Compensated absences	39,506	13,782	(11,166)	42,122	12,637
Business-type activity Long-term liabilities	\$ 3,322,208	\$ 299,842	\$ (578,466)	\$ 3,043,584	\$ 261,218

Liabilities for compensated absences are liquidated using resources from the fund in which the employee terminating service previously charged their salary and benefits to, which is the General Fund, Cemetery Fund, and Waste Management Fund. The net pension liability is liquidated by the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

B. Notes and Loans Payable

Business-type Activities Loans:

In September 2000, the City entered into a loan agreement (2000-L36WJ) with the Georgia Environmental Finance Authority for sewer improvements for a total amount of \$9,815,000. Repayment is over 80 quarterly payments beginning October 1, 2002 at 2%. Quarterly payments are \$154,018. This loan is to be repaid from revenues of the Water and Sewer System; however, the obligation to repay this loan is a general obligation of the City. This loan was paid off during the current fiscal year.

In June 2003, the City entered into a loan agreement (CWSRF-00-020) with the Georgia Environmental Finance Authority for certain water and sewer projects. At June 30, 2023, the outstanding balance was \$546,755. Repayment is over 80 quarterly payments of \$34,376 at 3%. This loan is to be repaid from revenues of the Water and Sewer System; however, the obligation to repay this loan is a general obligation of the City.

In October 2016, the City entered into a loan agreement (DW2016005) with the Georgia Environmental Finance Authority for replacement of existing water meters with an advanced metering infrastructure system ("AMI") and software upgrades. At June 30, 2023, the outstanding balance was \$1,591,438. Repayment is over 180 monthly payments of \$11,340 at .65%.

In May 2020, the City entered into a loan agreement (DW2020009) with the Georgia Environmental Finance Authority to install a water main and related appurtenances. At June 30, 2023, the outstanding balance was \$79,006. This loan is still in the drawdown phase, therefore, maturities are not available and not presented below.

In November 2020, the City entered into a loan agreement (CW2020002) with the Georgia Environmental Finance Authority for upgrades to the Waycross Wastewater Treatment Plant. At June 30, 2023, the outstanding balance was \$784,263. This loan is still in the drawdown phase, therefore, maturities are not available and not presented below.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

B. Notes and Loans Payable (Continued)

Business-type Activities Loans (Continued):

Debt service requirements to maturities on these loans, including interest, are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 273,583	\$ 248,581	\$ 25,002
2025	273,584	253,119	20,465
2026	273,584	257,775	15,809
2027	273,584	262,553	11,031
2028	170,454	163,550	6,904
2029 – 2033	680,394	659,921	20,473
2034 – 2036	294,839	292,694	2,145
	<u>\$ 2,240,022</u>	<u>\$ 2,138,193</u>	<u>\$ 101,829</u>

Governmental Activities Note:

In March 2010, the City entered into an agreement with BC Waycross Associates, LLP to finance construction of stormwater infrastructure and a regional stormwater retention pond on the owner's property to accept off-site storm water runoff and render owner's property suitable for development. The total amount financed of \$800,000 is due in 320 monthly payments of \$2,500 beginning March 15, 2010 at 0% interest. At June 30, 2023, the outstanding balance on this loan was \$402,500.

Debt service requirements to maturities on this loan are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 30,000	\$ 30,000	\$ -
2025	30,000	30,000	-
2026	30,000	30,000	-
2027	30,000	30,000	-
2028	30,000	30,000	-
2029 – 2033	150,000	150,000	-
2034 – 2037	102,500	102,500	-
	<u>\$ 402,500</u>	<u>\$ 402,500</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

C. Leases and Financed Purchases

Leases

The City entered into lease agreements for a period of five years as lessee for the use of certain vehicles. The leases have annual interest rates between 2.00% to 5.00%. Principal and interest requirements to maturity for the leases as of June 30, 2023 are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 245,624	\$ 211,243	\$ 34,381
2025	241,862	207,481	34,381
2026	162,358	128,570	33,788
2027	90,165	76,036	14,129
	<u>\$ 740,009</u>	<u>\$ 623,330</u>	<u>\$ 116,679</u>

Financed Purchases

The City entered into financed purchase agreements for financing the acquisition of certain equipment. Interest rates range from 2.00% to 5.00%. The duration of the agreements are for five to eight years. Principal and interest requirements to maturity for the financed purchase agreements as of June 30, 2023 are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 298,446	\$ 267,295	\$ 31,151
2025	241,351	217,936	23,415
2026	210,999	194,246	16,753
2027	210,999	200,926	10,073
2028	165,798	162,423	3,375
2029	43,982	43,621	361
	<u>\$ 1,171,575</u>	<u>\$ 1,086,447</u>	<u>\$ 85,128</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

A. Plan Description

The City, as authorized by the City Commission, has established a non-contributory defined benefit pension plan, the City of Waycross Retirement Plan (the "Plan"), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Commission, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. 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 at www.gmanet.com or 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

Plan membership. As of January 1, 2023, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	165
Inactive plan members entitled to, but not receiving benefits	80
Active plan members	<u>191</u>
Total	<u><u>436</u></u>

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Commission. City contributions to the Plan were \$1,116,641 for the year ended June 30, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2022.

Actuarial assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25%, plus service based merit increases
Investment rate of return	7.375%

The mortality table for healthy retirees and beneficiaries was determined by using the gender-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Actuarial assumptions (Continued). The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45 %	6.40%
International equity	20	6.80
Domestic fixed income	20	0.40
Real estate	10	3.90
Global fixed income	5	0.46
Cash	-	
Total	100 %	

* Rates shown are net of the 2.25% assumed rate of inflation.

Discount rate. The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2023 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning Balance	\$ 32,940,137	\$ 29,873,098	\$ 3,067,039
Changes for the year:			
Service cost	210,680	-	210,680
Interest	2,357,311	-	2,357,311
Differences between expected and actual experience	(897,767)	-	(897,767)
Contributions – employer	-	1,508,104	(1,508,104)
Net investment income	-	(4,767,128)	4,767,128
Benefit payments, including refunds of employee contributions	(2,374,567)	(2,374,567)	-
Administrative expense	-	(46,561)	46,561
Net changes	<u>(704,343)</u>	<u>(5,680,152)</u>	<u>4,975,809</u>
Ending Balance	<u>\$ 32,235,794</u>	<u>\$ 24,192,946</u>	<u>\$ 8,042,848</u>

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	\$ 11,658,897	\$ 8,042,848	\$ 5,005,439

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2022, and the current sharing pattern of costs between employer and employee.

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

For the year ended June 30, 2023, the City recognized pension expense of \$1,630,750. At June 30, 2023, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 3,041,214	\$ -
Differences between expected and actual experience	414,986	673,326
City contributions subsequent to the measurement date	950,729	-
Total	\$ 4,406,929	\$ 673,326

City contributions subsequent to the measurement date of \$950,729 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,			
2024		\$	846,621
2025			221,488
2026			327,445
2027			1,387,320
Total		\$	2,782,874

NOTES TO FINANCIAL STATEMENTS

NOTE 10. INTERFUND BALANCES AND TRANSFERS

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2023, balances of interfund amounts receivable or payable have been recorded.

Interfund receivable and payable balances as of June 30, 2023 are as follows:

Due From	Due To			
	General	ARPA	Public Utilities	Total
General	\$ -	\$ 394,826	\$ -	\$ 394,826
ARPA	3,000	-	-	3,000
Health Insurance Fund	1,333,197	-	957,495	2,290,692
Warehouse Fund	50,177	-	36,036	86,213
Payroll Fund	9,033	-	6,487	15,520
Enterprise Fleet Fund	25,793	-	18,524	44,317
City Auditorium Fund	20,720	-	14,880	35,600
Nonmajor governmental funds	62,856	-	45,145	108,001
Total	\$ 1,504,776	\$ 394,826	\$ 1,078,567	\$ 2,978,169

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources to provide services. Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financial sources (uses) in the governmental funds and transfers section in the Proprietary Funds.

Interfund transfers for the year ended June 30, 2023 consisted of the following:

Transfer From	Transfer To
	General
Nonmajor Governmental	\$ 351,248
Public Utilities	62,293
Total	\$ 413,541

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Service (“IRS”) Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The City funds are amounts of compensation deferred under the plan, at the direction of the covered employee, through investments in fixed and variable annuity contracts underwritten by Nationwide Life Insurance Company.

In accordance with current GASB pronouncements, the deferred compensation plan is no longer included in the financial statements. Plan assets are held in trust for the benefit of the plan participants and their beneficiaries and will not be diverted for any other purpose. Amendments to the laws governing Section 457, deferred compensation plans, substantially became effective January 1, 1997.

NOTE 12. COMMITMENTS AND CONTINGENCIES

The City has participated in a number of federally assisted grant programs, principal of which are the Federal Emergency Management Agency (“FEMA”) Grant, Equal Installments of Principal (“EIP”) Revolving Loan, and Community Development Block Grants (“CDBG”). These programs are subject to program compliance audits by the grantors or their representatives. Such audits could result in request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. The amount of expenditures which may be disallowed by granting agencies cannot be determined at this time; although the City expects such amounts, if any, to be immaterial.

Various claims and lawsuits are pending against the City. The City estimates that the potential claims from the pending lawsuits against the City, not covered by insurance, would not materially affect the financial statements of the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the 18-county South Georgia area, is a member of the Southern Georgia Regional Development Commission ("SGRC") and is required to pay annual dues thereto. During the year ended June 30, 2023, the City paid \$17,611 in such dues. Membership in the SGRC is required by the O.C.G.A. §50- 8-34 which provides for the organizational structure of the Regional Commissions ("RC") in Georgia. The RC Board membership includes elected officials from member counties and cities and nonpublic appointed members. The law defines RCs as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. Separate financial statements may be obtained from:

Southern Georgia Regional Commission
1725 South Georgia Parkway
Waycross, Georgia 31503

The Housing Authority of the City of Waycross, Georgia is considered a related organization based upon the criteria in GASB Statement 14, as amended. The Housing Authority is a legally separate entity having a board composed of a majority of members appointed originally by the City. The City is not able to impose its will upon the Housing Authority, and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Waycross, Georgia is a related organization.

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year 1992, the City established Internal Service Funds to account for and finance its uninsured risks of loss. The City maintains commercial insurance coverage covering general liability claims and property damage claims.

In January 1992, the City established a limited risk program for workers' compensation. The City hired Corvel Corporation as administrator for this program. The plan provides coverage for up to a maximum of \$350,000 for each worker's compensation claim. The City purchases commercial insurance for these claims in excess of coverage provided by these funds and for all other insignificant risks of loss. Settled claims in the past three years have not exceeded the commercial coverages.

All funds of the City participate in the program and make payments to the funds based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. RISK MANAGEMENT (CONTINUED)

Also, the City has established an Internal Service Fund to account for its self-insurance program relating to workers' compensation insurance. The purpose of this fund is to pay workers' compensation claims for the City employees while minimizing the total costs to the municipality. The City maintains a stop-loss policy with a private insurance company. City officials believe that the reserve in this fund is adequate to cover any incurred, but not reported, losses through the statement date. Changes in the claims liability amount in the fiscal years 2021 – 2023 were:

Fiscal Year	Balance Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	Balance End of Fiscal Year
2021	\$ 886,639	\$ 2,162,539	\$ 2,162,673	\$ 886,505
2022	886,505	2,954,274	2,472,884	1,367,895
2023	1,367,895	2,081,265	2,124,792	1,324,368

NOTE 15. FUND EQUITY

The City's fund balances at June 30, 2023 are classified as follows:

Non-spendable – The following fund balances are non-spendable because they are allocated to:

General Fund:	
Inventories	\$ 32,171
Prepays	615,250
WPD Info Technology Fund:	
Prepays	4,996
Total Non-spendable	\$ 652,417

NOTES TO FINANCIAL STATEMENTS

NOTE 15. FUND EQUITY (CONTINUED)

Restricted – The following fund balances are restricted for:

Special Revenue Funds:

<i>Cemetery Fund</i> - used to account for funds that accumulated for cemetery improvements and expansion.	\$ 706
<i>Forfeited Property Fund</i> - used to account for funds received from property forfeitures.	51,193
<i>Jail Fund</i> - used to account for vending revenue of the jail.	30
<i>EIP Revolving Loan Fund</i> - used to account for revolving loans issued to local businesses.	110,657
<i>Waycross Fire Department Fund</i> - used to account for contributions and miscellaneous grants received for the purpose of the fire department.	15,911
<i>FEMA Grants Fund</i> - used to account for the expenditure and reimbursement of FEMA grant funds.	535
<i>Hotel/Motel Tax Fund</i> - used to account for hotel/motel tax revenues.	<u>27,662</u>
Total Restricted for Special Revenue Funds	<u>206,694</u>

Capital Projects Funds:

<i>SPLOST 2014 Fund</i> - used to account for capital projects financed with Special Purpose Local Option Sales Tax.	1,365,695
<i>TSPLOST Fund</i> - used to account for capital projects financed with Transportation Special Purpose Local Option Sales Tax.	6,965,646
<i>LMIG Fund</i> - used to account for capital projects financed with Georgia DOT local maintenance improvement program.	<u>562,237</u>
Total Restricted for Capital Projects Funds	<u>8,893,578</u>
Total Restricted Fund Balance	<u>\$ 9,100,272</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 15. FUND EQUITY (CONTINUED)

Committed – The following fund balances are committed to:

Special Revenue Funds:

<i>Community Development Fund</i> - used to account for miscellaneous revenues that are committed to community development expenditures.	\$ 88,519
Total Committed Fund Balance	\$ <u>88,519</u>

Assigned – The following fund balances are assigned to:

Special Revenue Funds:

<i>ARPA Fund</i> - used to account for activity associated with the American rescue Plan Act of 2021.	\$ 29,175
<i>WPD Info Technology Fund</i> - used to account for fines and forfeitures that are restricted for the use of police department information technology expenditures.	18,976
<i>Miscellaneous Fund</i> - used to account for donations for the purpose of upkeep and improvements to Henry Walker Park.	5,180
<i>Fallen Firefighter Scholarship Fund</i> - used to account for donations for the purpose of awarding scholarships.	<u>19,538</u>
Total Assigned Fund Balance	\$ <u>72,869</u>

Unassigned – The City’s policy is to maintain an adequate General Fund unassigned balance to provide liquidity in the event of economic downturn or natural disaster.

The following balances are unassigned:

<i>General Fund</i>	\$ 4,828,075
<i>Capital Projects Funds</i> - negative restricted fund balance reported as unassigned.	(79,987)
<i>Miscellaneous Grants Fund</i> - negative restricted fund balance reported as unassigned	(18,681)
<i>ATM Machine Fund</i> - negative restricted fund balance reported as unassigned.	<u>(3,624)</u>
Total Unassigned Fund Balance	\$ <u>4,725,783</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAYCROSS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability			
Service cost	\$ 210,680	\$ 233,984	\$ 206,161
Interest on total pension liability	2,357,311	2,305,560	2,199,324
Differences between expected and actual experience	(897,767)	420,049	1,099,881
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(2,374,567)	(2,113,273)	(2,072,149)
Other	-	9,340	-
Net change in total pension liability	(704,343)	855,660	1,433,217
Total pension liability - beginning	32,940,137	32,084,477	30,651,260
Total pension liability - ending (a)	32,235,794	32,940,137	32,084,477
Plan fiduciary net position			
Contributions - employer	1,508,104	1,265,356	1,211,976
Net investment income	(4,767,128)	5,972,798	2,227,509
Benefit payments, including refunds of member contributions	(2,374,567)	(2,113,273)	(2,072,149)
Administrative expenses	(46,561)	(46,662)	(45,017)
Net change in plan fiduciary net position	(5,680,152)	5,078,219	1,322,319
Plan fiduciary net position - beginning	29,873,098	24,794,879	23,472,560
Plan fiduciary net position - ending (b)	24,192,946	29,873,098	24,794,879
City's net pension liability - ending (a) - (b)	\$ 8,042,848	\$ 3,067,039	\$ 7,289,598
Plan fiduciary net position as a percentage of the total pension liability	75.0%	90.7%	77.3%
Covered payroll	\$ 7,332,831	\$ 5,804,786	\$ 6,504,087
Net pension liability as a percentage of covered payroll	109.7%	52.8%	112.1%

2020	2019	2018	2017	2016	2015
\$ 198,141	\$ 192,647	\$ 225,540	\$ 207,015	\$ 227,258	\$ 251,053
2,080,959	2,040,414	1,990,517	1,892,540	1,792,817	1,793,391
323,138	74,368	227,231	720,404	750,194	7,838
-	-	-	-	-	(652,628)
(1,911,684)	(1,632,975)	(1,592,095)	(1,519,404)	(1,447,622)	(1,366,508)
1,456,891	-	498,035	-	-	-
2,147,445	674,454	1,349,228	1,300,555	1,322,647	33,146
28,503,815	27,829,361	26,480,133	25,179,578	23,856,931	23,823,785
30,651,260	28,503,815	27,829,361	26,480,133	25,179,578	23,856,931
1,252,633	1,155,866	1,295,082	1,052,861	1,271,784	1,346,236
684,686	2,149,941	2,888,955	1,970,741	215,191	1,828,654
(1,911,684)	(1,632,975)	(1,592,095)	(1,519,404)	(1,447,622)	(1,366,508)
(43,141)	(46,405)	(49,773)	(29,741)	(33,233)	(26,282)
(17,506)	1,626,427	2,542,169	1,474,457	6,120	1,782,100
23,490,066	21,863,639	19,321,470	17,847,013	17,840,893	16,058,793
23,472,560	23,490,066	21,863,639	19,321,470	17,847,013	17,840,893
\$ 7,178,700	\$ 5,013,749	\$ 5,965,722	\$ 7,158,663	\$ 7,332,565	\$ 6,016,038
76.6%	82.4%	78.6%	73.0%	70.9%	74.8%
\$ 5,852,603	\$ 6,590,887	\$ 6,483,790	\$ 7,006,241	\$ 6,658,368	\$ 6,733,231
122.7%	76.1%	92.0%	102.2%	110.1%	89.3%

CITY OF WAYCROSS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS RETIREMENT PLAN FOR THE FISCAL YEAR ENDED JUNE 30,

	2023	2022	2021
Actuarially determined contribution	\$ 1,116,641	\$ 1,317,490	\$ 1,389,624
Contributions in relation to the actuarially determined contribution	1,116,641	1,317,490	1,389,624
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 7,332,831	\$ 5,804,786	\$ 6,504,087
Contributions as a percentage of covered employee payroll	15.2%	22.7%	21.4%

Notes to the Schedule:

Valuation Date	January 1, 2023
Cost Method	Projected Unit Credit
Actuarial 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 amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.375%
Projected Salary Increases	2.25%, plus service based merit increases
Cost-of-living Adjustment	0.00%
Amortization Method	Closed level dollar for unfunded liability

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,265,356	\$ 1,201,300	\$ 1,262,900	\$ 1,175,945	\$ 1,142,494	\$ 1,313,925
<u>1,265,356</u>	<u>1,201,300</u>	<u>1,262,900</u>	<u>1,173,157</u>	<u>1,047,286</u>	<u>1,314,801</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,788</u>	<u>\$ 95,208</u>	<u>\$ (876)</u>
\$ 5,852,603	\$ 6,590,887	\$ 6,483,790	\$ 7,006,241	\$ 6,658,368	\$ 6,733,231
21.6%	18.2%	19.5%	16.7%	15.7%	19.5%

**COMBINING STATEMENTS
AND SCHEDULES**

CITY OF WAYCROSS, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Cemetery Fund** accounts for the revenues received for the upkeep of cemetery lots within the City.

The **Forfeited Property Fund** accounts for confiscated and condemned funds received and disbursed for law enforcement expenditures.

The **Jail Fund** accounts for revenues collected by the imposition of a 10% add-on fine as provided for by the Georgia Jail Construction and Staffing Act.

The **WPD Info Technology Fund** accounts for fees collected for information technology.

The **Community Development Block Grant (“CDBG”) Fund** accounts for the receipt and expenditures of monies received from community block grants for improvements to the community.

The **EIP Revolving Loan Fund** accounts for the operations of the City’s revolving loans for various activities.

The **Waycross Fire Department Fund** accounts for the activity of the City’s fire department.

The **Federal Emergency Management Agency (“FEMA”) Grants Fund** accounts for the federal grant monies received from the Federal Emergency Management Agency.

The **Miscellaneous Grants Fund** accounts for grants that are not significant in nature.

The **Hotel/Motel Tax Fund** accounts for revenues and expenditures for hotel/motel taxes collected by the City.

The **Miscellaneous Fund** accounts for miscellaneous items not associated with any existing funds.

The **Fallen Firefighters Scholarship Fund** accounts for scholarship monies raised for fallen firefighters.

The **ATM Machine Fund** accounts for fees earned at the ATM Machine.

CITY OF WAYCROSS, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The **Local Maintenance and Improvements Grants (“LMIG”) Fund** accounts for local maintenance and improvements grants received by the City.

The **Capital Projects Funds** account for financial resources to be used for the acquisition of equipment or the construction of major capital assets.

CITY OF WAYCROSS, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue Funds					
	Cemetery Fund	Forfeited Property Fund	Jail Fund	WPD Info Technology Fund	CDBG Fund	EIP Revolving Loan Fund
ASSETS						
Cash and cash equivalents	\$ 706	\$ 54,525	\$ 30	\$ 22,864	\$ 78,336	\$ 94,910
Prepaid expenses	-	-	-	4,996	-	-
Other receivables	-	-	-	1,594	213,224	15,747
Total assets	<u>\$ 706</u>	<u>\$ 54,525</u>	<u>\$ 30</u>	<u>\$ 29,454</u>	<u>\$ 291,560</u>	<u>\$ 110,657</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ -	\$ 3,332	\$ -	\$ 5,482	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>3,332</u>	<u>-</u>	<u>5,482</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - other	-	-	-	-	203,041	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,041</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	4,996	-	-
Restricted	706	51,193	30	-	-	110,657
Committed	-	-	-	-	88,519	-
Assigned	-	-	-	18,976	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>706</u>	<u>51,193</u>	<u>30</u>	<u>23,972</u>	<u>88,519</u>	<u>110,657</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 706</u>	<u>\$ 54,525</u>	<u>\$ 30</u>	<u>\$ 29,454</u>	<u>\$ 291,560</u>	<u>\$ 110,657</u>

(Continued)

Special Revenue Funds

Waycross Fire Dept. Fund	FEMA Grants Fund	Misc Grants Fund	Hotel/Motel Tax Fund	Misc Fund	Fallen Firefighters Scholarship	ATM Machine Fund
\$ 15,911	\$ 535	\$ -	\$ -	\$ 5,180	\$ 19,538	\$ 17,976
-	-	-	-	-	-	-
-	-	2,500	46,210	-	-	-
<u>\$ 15,911</u>	<u>\$ 535</u>	<u>\$ 2,500</u>	<u>\$ 46,210</u>	<u>\$ 5,180</u>	<u>\$ 19,538</u>	<u>\$ 17,976</u>

\$ -	\$ -	\$ -	\$ 11,715	\$ -	\$ -	\$ 21,600
-	-	21,181	6,833	-	-	-
-	-	21,181	18,548	-	-	21,600

-	-	-	-	-	-	-
-	-	-	-	-	-	-

-	-	-	-	-	-	-
15,911	535	-	27,662	-	-	-
-	-	-	-	5,180	19,538	-
-	-	(18,681)	-	-	-	(3,624)
<u>15,911</u>	<u>535</u>	<u>(18,681)</u>	<u>27,662</u>	<u>5,180</u>	<u>19,538</u>	<u>(3,624)</u>
<u>\$ 15,911</u>	<u>\$ 535</u>	<u>\$ 2,500</u>	<u>\$ 46,210</u>	<u>\$ 5,180</u>	<u>\$ 19,538</u>	<u>\$ 17,976</u>

CITY OF WAYCROSS, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

		<u>Capital Projects Funds</u>		
		<u>LMIG Fund</u>	<u>Capital Projects Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents		\$ 609,275	\$ -	\$ 919,786
Prepaid expenses		-	-	4,996
Other receivables		-	-	279,275
Total assets		<u>\$ 609,275</u>	<u>\$ -</u>	<u>\$ 1,204,057</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities		\$ 47,038	\$ -	\$ 89,167
Due to other funds		-	79,987	108,001
Total liabilities		<u>47,038</u>	<u>79,987</u>	<u>197,168</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - other		-	-	203,041
Total deferred inflows of resources		<u>-</u>	<u>-</u>	<u>203,041</u>
FUND BALANCES				
Nonspendable		-	-	4,996
Restricted		562,237	-	768,931
Committed		-	-	88,519
Assigned		-	-	43,694
Unassigned		-	(79,987)	(102,292)
Total fund balances (deficits)		<u>562,237</u>	<u>(79,987)</u>	<u>803,848</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)		<u>\$ 609,275</u>	<u>\$ -</u>	<u>\$ 1,204,057</u>

(Concluded)

CITY OF WAYCROSS, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds					
	Cemetery Fund	Forfeited Property Fund	Jail Fund	WPD Info Technology Fund	CDBG Fund	EIP Revolving Loan Fund
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees	-	13,871	-	8,823	-	-
Intergovernmental	-	-	-	-	-	-
Interest revenue	-	-	-	-	-	7,738
Other revenues	-	-	135	-	15,843	9,546
Total revenues	<u>-</u>	<u>13,871</u>	<u>135</u>	<u>8,823</u>	<u>15,843</u>	<u>17,284</u>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	29,040	150	-	-	-
Public works	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	13,851	-	-
Total expenditures	<u>-</u>	<u>29,040</u>	<u>150</u>	<u>13,851</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(15,169)</u>	<u>(15)</u>	<u>(5,028)</u>	<u>15,843</u>	<u>17,284</u>
Other financing uses						
Transfers out	-	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(15,169)	(15)	(5,028)	15,843	17,284
Fund balances (deficits), beginning of year	<u>706</u>	<u>66,362</u>	<u>45</u>	<u>29,000</u>	<u>72,676</u>	<u>93,373</u>
Fund balances (deficits), end of year	<u>\$ 706</u>	<u>\$ 51,193</u>	<u>\$ 30</u>	<u>\$ 23,972</u>	<u>\$ 88,519</u>	<u>\$ 110,657</u>

(Continued)

Special Revenue Funds

Waycross Fire Dept. Fund	FEMA Grants Fund	Misc Grants Fund	Hotel/Motel Tax Fund	Misc Fund	Fallen Firefighters Scholarship	ATM Machine Fund
\$ -	\$ -	\$ -	\$ 544,391	\$ -	\$ -	\$ -
1,000	-	-	-	-	-	-
-	34,522	809,305	-	-	-	-
-	-	6	-	-	83	75
6,561	-	-	-	-	6,796	7,900
<u>7,561</u>	<u>34,522</u>	<u>809,311</u>	<u>544,391</u>	<u>-</u>	<u>6,879</u>	<u>7,975</u>
-	-	-	-	-	-	11,145
11,255	-	-	-	-	-	-
-	-	676,283	-	-	-	-
-	-	283,273	229,782	-	5,525	-
-	34,552	-	-	-	-	-
<u>11,255</u>	<u>34,552</u>	<u>959,556</u>	<u>229,782</u>	<u>-</u>	<u>5,525</u>	<u>11,145</u>
<u>(3,694)</u>	<u>(30)</u>	<u>(150,245)</u>	<u>314,609</u>	<u>-</u>	<u>1,354</u>	<u>(3,170)</u>
-	-	-	(351,248)	-	-	-
-	-	-	(351,248)	-	-	-
(3,694)	(30)	(150,245)	(36,639)	-	1,354	(3,170)
19,605	565	131,564	64,301	5,180	18,184	(454)
<u>\$ 15,911</u>	<u>\$ 535</u>	<u>\$ (18,681)</u>	<u>\$ 27,662</u>	<u>\$ 5,180</u>	<u>\$ 19,538</u>	<u>\$ (3,624)</u>

CITY OF WAYCROSS, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Capital Projects Funds</u>		
	<u>LMIG Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues			
Taxes	\$ -	\$ -	\$ 544,391
Fees	-	-	23,694
Intergovernmental	-	-	843,827
Interest revenue	-	-	7,902
Other revenues	-	-	46,781
Total revenues	<u>-</u>	<u>-</u>	<u>1,466,595</u>
Expenditures			
Current:			
General government	-	-	11,145
Public safety	-	-	40,445
Public works	-	-	676,283
Community development	-	-	518,580
Capital outlay	110,396	-	158,799
Total expenditures	<u>110,396</u>	<u>-</u>	<u>1,405,252</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(110,396)</u>	<u>-</u>	<u>61,343</u>
Other financing uses			
Transfers out	-	-	(351,248)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(351,248)</u>
Net change in fund balances	(110,396)	-	(289,905)
Fund balances (deficits), beginning of year	<u>672,633</u>	<u>(79,987)</u>	<u>1,093,753</u>
Fund balances (deficits), end of year	<u>\$ 562,237</u>	<u>\$ (79,987)</u>	<u>\$ 803,848</u>

(Concluded)

CITY OF WAYCROSS, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 2014
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Project Description</u>	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Expenditures</u>		<u>Total</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Roads, streets and bridge improvements and equipment	\$ 5,740,000	\$ 5,740,000	\$ 4,077,687	\$ 191,696	\$ 4,269,383
Water and sewer rehabilitation	1,000,000	1,000,000	990,901	-	990,901
Public facility improvements, demolition and acquisition	6,422,000	6,422,000	5,798,634	60,268	5,858,902
Public safety and special purpose vehicle fleet	1,500,000	1,500,000	1,424,400	-	1,424,400
City park improvements	435,000	435,000	429,930	18,724	448,654
Development authority construction, infrastructure economic development	250,000	250,000	182,718	-	182,718
Information technology equipment, software and training	125,000	125,000	157,887	-	157,887
	<u>\$ 15,472,000</u>	<u>\$ 15,472,000</u>	<u>\$ 13,062,157</u>	<u>\$ 270,688</u>	<u>\$ 13,332,845</u>

CITY OF WAYCROSS, GEORGIA

**SCHEDULE OF EXPENDITURES OF TRANSPORTATION
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Project Description</u>	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Expenditures</u>		
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Roads, streets and bridge improvements and equipment	\$ 1,694,606	\$ 1,706,401	\$ 10,050,774	\$ 2,322,914	\$ 12,373,688
	<u>\$ 1,694,606</u>	<u>\$ 1,706,401</u>	<u>\$ 10,050,774</u>	<u>\$ 2,322,914</u>	<u>\$ 12,373,688</u>
				\$ 2,322,914	
				47,027	
				<u>\$ 2,369,941</u>	

CITY OF WAYCROSS, GEORGIA

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for services provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

The **Health Insurance Fund** accounts for health insurance provided to departments of the City.

The **Workers' Compensation Fund** accounts for workers' compensation insurance provided to departments of the City.

The **Liability Insurance Fund** accounts for liability insurance provided to departments of the City.

The **Retirement Fund** accounts for retirement costs provided to departments of the City.

The **Payroll Fund** accounts for payroll services provided to departments of the City.

The **Warehouse Fund** accounts for storage of certain supplies and materials for the City's use.

The **City Garage Fund** accounts for fleet management services provided to departments of the City.

The **Enterprise Fleet Management Fund** accounts for fleets leasing of vehicles.

CITY OF WAYCROSS, GEORGIA

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2023**

	Health Insurance Fund	Workers' Compensation Fund	Liability Insurance Fund
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 26,995	\$ 57,771	\$ 519,250
Accounts receivable, net of allowances	9,256	-	-
Prepaid expenses	-	54,000	-
Inventories	-	-	-
Total current assets	<u>36,251</u>	<u>111,771</u>	<u>519,250</u>
NON-CURRENT ASSETS			
Capital assets, depreciable, net of accumulated depreciation	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>36,251</u>	<u>111,771</u>	<u>519,250</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	9,450	-	4,412
Accrued liabilities	-	1,324,368	-
Due to other funds	2,290,692	-	-
Current portion - lease liabilities	-	-	-
Total current liabilities	<u>2,300,142</u>	<u>1,324,368</u>	<u>4,412</u>
NON-CURRENT LIABILITIES			
Lease liabilities payable, net of current portion	-	-	-
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,300,142</u>	<u>1,324,368</u>	<u>4,412</u>
NET POSITION			
Unrestricted	(2,263,891)	(1,212,597)	514,838
Total net position	<u>\$ (2,263,891)</u>	<u>\$ (1,212,597)</u>	<u>\$ 514,838</u>

Retirement Fund	Payroll Fund	Warehouse Fund	City Garage Fund	Enterprise Fleet Management Fund	Total Internal Service Funds
\$ 257,884	\$ 1,469	\$ 60,273	\$ 76,256	\$ -	\$ 999,898
-	-	-	-	-	9,256
-	-	-	-	-	54,000
-	-	-	29,039	-	29,039
<u>257,884</u>	<u>1,469</u>	<u>60,273</u>	<u>105,295</u>	<u>-</u>	<u>1,092,193</u>
-	-	-	-	627,289	627,289
-	-	-	-	627,289	627,289
<u>257,884</u>	<u>1,469</u>	<u>60,273</u>	<u>105,295</u>	<u>627,289</u>	<u>1,719,482</u>
-	11,831	3,766	12,479	-	41,938
-	-	-	17,076	-	1,341,444
-	15,520	86,213	-	44,317	2,436,742
-	-	-	-	211,243	211,243
-	<u>27,351</u>	<u>89,979</u>	<u>29,555</u>	<u>255,560</u>	<u>4,031,367</u>
-	-	-	-	412,087	412,087
-	-	-	-	412,087	412,087
-	<u>27,351</u>	<u>89,979</u>	<u>29,555</u>	<u>667,647</u>	<u>4,443,454</u>
257,884	(25,882)	(29,706)	75,740	(40,358)	(2,723,972)
<u>\$ 257,884</u>	<u>\$ (25,882)</u>	<u>\$ (29,706)</u>	<u>\$ 75,740</u>	<u>\$ (40,358)</u>	<u>\$ (2,723,972)</u>

CITY OF WAYCROSS, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Health Insurance Fund	Workers' Compensation Fund	Liability Insurance Fund
OPERATING REVENUES			
Charges for services	\$ 580,221	\$ -	\$ -
Operating contributions	1,457,790	440,000	471,469
Total operating revenues	<u>2,038,011</u>	<u>440,000</u>	<u>471,469</u>
OPERATING EXPENSES			
Personnel services	-	-	-
Purchased or contracted service	-	-	-
Repairs and maintenance	-	-	-
Insurance claims and expenses	1,842,506	726,748	578,565
Retirement payments	-	-	-
Depreciation	-	-	-
Total operating expenses	<u>1,842,506</u>	<u>726,748</u>	<u>578,565</u>
Operating income (loss)	<u>195,505</u>	<u>(286,748)</u>	<u>(107,096)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest expense	-	-	-
Miscellaneous revenue	1,015	-	15,761
Total non-operating revenues (expenses)	<u>1,015</u>	<u>-</u>	<u>15,761</u>
Change in net position	196,520	(286,748)	(91,335)
NET POSITION, beginning of year	<u>(2,460,411)</u>	<u>(925,849)</u>	<u>606,173</u>
NET POSITION, end of year	<u>\$ (2,263,891)</u>	<u>\$ (1,212,597)</u>	<u>\$ 514,838</u>

Retirement Fund	Payroll Fund	Warehouse Fund	City Garage Fund	Enterprise Fleet Management Fund	Total Internal Service Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 580,221
1,345,297	900,655	-	397,036	200,000	5,212,247
<u>1,345,297</u>	<u>900,655</u>	<u>-</u>	<u>397,036</u>	<u>200,000</u>	<u>5,792,468</u>
-	-	-	366,054	-	366,054
-	-	-	25,100	-	25,100
-	-	6,411	31,564	-	37,975
-	902,724	-	-	-	4,050,543
1,323,093	-	-	-	-	1,323,093
-	-	-	-	214,945	214,945
<u>1,323,093</u>	<u>902,724</u>	<u>6,411</u>	<u>422,718</u>	<u>214,945</u>	<u>6,017,710</u>
22,204	(2,069)	(6,411)	(25,682)	(14,945)	(225,242)
-	-	-	-	(35,301)	(35,301)
-	-	-	-	8,161	24,937
-	-	-	-	<u>(27,140)</u>	<u>(10,364)</u>
22,204	(2,069)	(6,411)	(25,682)	(42,085)	(235,606)
<u>235,680</u>	<u>(23,813)</u>	<u>(23,295)</u>	<u>101,422</u>	<u>1,727</u>	<u>(2,488,366)</u>
<u>\$ 257,884</u>	<u>\$ (25,882)</u>	<u>\$ (29,706)</u>	<u>\$ 75,740</u>	<u>\$ (40,358)</u>	<u>\$ (2,723,972)</u>

CITY OF WAYCROSS, GEORGIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Health Insurance Fund	Workers' Compensation Fund	Liability Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,164,750	\$ -	\$ -
Receipts from other funds for services	-	440,000	471,469
Payments to suppliers	(2,165,764)	(770,541)	(574,153)
Payments to employees	-	-	-
Net cash provided by (used in) operating activities	<u>(1,014)</u>	<u>(330,541)</u>	<u>(102,684)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Miscellaneous non-operating revenue	<u>1,015</u>	<u>-</u>	<u>15,761</u>
Net cash provided by non-capital financing activities	<u>1,015</u>	<u>-</u>	<u>15,761</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on lease liabilities	-	-	-
Interest paid	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Change in cash and cash equivalents	1	(330,541)	(86,923)
Cash and cash equivalents:			
Beginning of year	<u>26,994</u>	<u>388,312</u>	<u>606,173</u>
End of year	<u>\$ 26,995</u>	<u>\$ 57,771</u>	<u>\$ 519,250</u>

(Continued)

Retirement Fund	Payroll Fund	Warehouse Fund	City Garage Fund	Enterprise Fleet Management Fund	Total Internal Service Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,164,750
1,345,297	902,629	12,386	397,036	238,383	3,807,200
(1,438,895)	(902,724)	(12,386)	(47,917)	-	(5,912,380)
-	-	-	(365,808)	-	(365,808)
(93,598)	(95)	-	(16,689)	238,383	(306,238)
-	-	-	-	8,161	24,937
-	-	-	-	8,161	24,937
-	-	-	-	(211,243)	(211,243)
-	-	-	-	(35,301)	(35,301)
-	-	-	-	(246,544)	(246,544)
(93,598)	(95)	-	(16,689)	-	(527,845)
351,482	1,564	60,273	92,945	-	1,527,743
<u>\$ 257,884</u>	<u>\$ 1,469</u>	<u>\$ 60,273</u>	<u>\$ 76,256</u>	<u>\$ -</u>	<u>\$ 999,898</u>

CITY OF WAYCROSS, GEORGIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Health Insurance Fund</u>	<u>Workers' Compensation Fund</u>	<u>Liability Insurance Fund</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 195,505	\$ (286,748)	\$ (107,096)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	-	-	-
Changes in assets and liabilities:			
Increase (decrease) in accounts payable	(323,258)	(266)	4,412
Increase (decrease) in accrued liabilities	-	(43,527)	-
Increase in due to other funds	126,739	-	-
Net cash provided by (used in) operating activities	<u>\$ (1,014)</u>	<u>\$ (330,541)</u>	<u>\$ (102,684)</u>

(Concluded)

<u>Retirement Fund</u>	<u>Payroll Fund</u>	<u>Warehouse Fund</u>	<u>City Garage Fund</u>	<u>Enterprise Fleet Management Fund</u>	<u>Total Internal Service Funds</u>
\$ 22,204	\$ (2,069)	\$ (6,411)	\$ (25,682)	\$ (14,945)	\$ (225,242)
-	-	-	-	214,945	214,945
(115,802)	-	(5,975)	8,747	-	(432,142)
-	-	-	246	-	(43,281)
-	1,974	12,386	-	38,383	179,482
<u>\$ (93,598)</u>	<u>\$ (95)</u>	<u>\$ -</u>	<u>\$ (16,689)</u>	<u>\$ 238,383</u>	<u>\$ (306,238)</u>

COMPLIANCE SECTION



**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**

**To the Honorable Mayor and Members
of the City Commission
City of Waycross, Georgia
Waycross, 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, each major fund, and the aggregate remaining fund information of the **City of Waycross, Georgia** (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

City of Waycross, Georgia's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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'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.

Mauldin & Jenkins, LLC

Savannah, Georgia
January 30, 2024



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

To the Honorable Mayor and Members
of the City Commission
City of Waycross, Georgia
Waycross, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Waycross, Georgia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Mauldin & Jenkins, LLC

Savannah, Georgia
January 30, 2024

CITY OF WAYCROSS, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Federal AL Number	Grant Identification Number	Total Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Direct				
Community Development Block Grants	14.218	18h-x-148-2-6037	\$ 437,953	\$ -
Home Investment Partnerships Program	14.239	2017-112	283,210	-
Total U.S. Department of Housing and Urban Development			<u>721,163</u>	<u>-</u>
<u>U.S. Department of the Treasury</u>				
Direct				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	368,479	-
Total U.S. Department of the Treasury			<u>368,479</u>	<u>-</u>
<u>U.S. Environmental Protection Agency</u>				
Direct Award				
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	N/A	77,256	-
Passed through the Georgia Department of Natural Resources				
Capitalization Grants for Clean Water State Revolving Funds	66.458	GEFA-CW2020002	565,739	-
Total U.S. Environmental Protection Agency			<u>642,995</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Passed through the Federal Emergency Management Agency				
Assistance to Firefighters Grant	97.044	EMW-2021-FG-04835	34,552	-
Passed through the Georgia Emergency Management Agency				
Homeland Security Grant Program	97.067	EMW-2022-SS-00048	31,645	-
Total U.S. Department of Homeland Security			<u>66,197</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,798,834</u>	<u>\$ -</u>

CITY OF WAYCROSS, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Waycross, Georgia (the "City"), and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. DE MINIMIS INDIRECT COST RATE

The City chose not to use the 10% de minimis cost rate for the year ended June 30, 2023.

NOTE 3. NON-CASH AWARDS

The City did not receive non-cash federal awards during the year ended June 30, 2023.

CITY OF WAYCROSS, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP. Unmodified

Internal control over financial reporting:
Material weaknesses identified? [X] Yes [] No

Significant deficiencies identified not considered to be material weaknesses? [] Yes [X] No

Noncompliance material to financial statements noted? [X] Yes [] No

Federal Awards

Internal control over major programs:
Material weaknesses identified? [] Yes [X] No

Significant deficiencies identified not considered to be material weaknesses? [] Yes [X] None Reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) [] Yes [X] No

Identification of major program:

Table with 2 columns: AL Number and Name of Federal Program or Cluster. Rows include 21.027 (U.S. Department of the Treasury) and 66.458 (U.S. Environmental Protection Agency).

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? [] Yes [X] No

CITY OF WAYCROSS, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2023 – 001. Special Revenue Fund Budgets

Criteria: In accordance with state law, all local governments shall operate under an annual balanced budget for the General Fund, each Special Revenue Fund, and each Debt Service Fund in use by the local government.

Condition/Context: Management has not adopted an annual budget for the Forfeited Property Fund, Jail Fund, FEMA Fund, and ATM Machine Fund.

Effect: The purpose of state law is to establish minimum budget, accounting, and auditing requirements for local governments so as to provide local taxpayers with an opportunity to gain information concerning the purposes for which local revenues are proposed to be spent and are actually spent and to assist local governments in generally improving local financial management practices. When budgets are not adopted, it is difficult for local taxpayers and other interested parties to gain information on how local revenues were proposed to be spent.

Cause: Oversight during budget process.

Recommendation: We recommend management adopt budgets for all Special Revenue Funds.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. In FY 2024, management will prepare and pass budgets for all Special Revenue Funds as required by statute.

CITY OF WAYCROSS, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2023 – 002. Year-End Close Process

Criteria: Management is responsible for the accuracy and completeness of the financial transactions in the City's general ledger to ensure accurate financial reporting.

Condition/Context: The City does not currently have an adequate monthly or year-end close process, whereby the City's financial records are adjusted, reviewed and reconciled to supporting documentation.

Effect: This condition could lead to inaccurate financial reporting.

Cause: There was an overall lack of appropriate controls implemented at the City during the fiscal year. The City did not properly account for activity, or prepare and review all reconciliations typically required in a strong accounting system.

Recommendation: We recommend the City review the respective staffing of the accounting function, and determine if an adequate number of qualified people are currently available to address the condition. The City should also consider and evaluate its strengths and weaknesses relative to the accounting function, and take measures to address the concerns noted above with a goal of providing timely recording, reconciling, and reporting of City operations and financial and non-financial activities.

We further recommend the City consider reinvesting in its accounting personnel by providing technical education and training via participation in governmental accounting and financial reporting continuing education programs which are available in the general geographic area of the City, as well as virtually. When certain levels of technical proficiency are observed by management, we further encourage the City to better cross-train the accounting personnel in an effort to make the accounting function a stronger department.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate errors and identify deficiencies from both an operational and financial perspective.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF WAYCROSS, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATUS OF PRIOR YEAR AUDIT FINDINGS

2022 – 001. Special Revenue Fund Budgets

Criteria: In accordance with state law, all local governments shall operate under an annual balanced budget for the General Fund, each Special Revenue Fund, and each Debt Service Fund in use by the local government.

Condition/Context: Management has not adopted an annual budget for the Forfeited Property Fund, Jail Fund, Miscellaneous Fund, FEMA Fund, and ATM Machine Fund.

Auditee Response/Status: Unresolved – See current year financial audit finding 2023 – 001.

2022 – 002. Year-End Close Process

Criteria: Management is responsible for the accuracy and completeness of the financial transactions in the City's general ledger to ensure accurate financial reporting.

Condition/Context: The City does not currently have an adequate monthly or year-end close process, whereby the City's financial records are adjusted, reviewed and reconciled to supporting documentation.

Auditee Response/Status: Unresolved – See current year financial audit finding 2023 – 002.



January 30, 2024

Mr. Greg Griffin, State Auditor
Department of Audits and Accounts
Nonprofit and Local Government Audits
270 Washington Street, SW, Room 1-156
Atlanta, Georgia 30334-8400

Please find below our corrective action plan for the audit finding and state law compliance for the fiscal year ended June 30, 2023.

2023– 001. Special Revenue Fund Budgets

Criteria: In accordance with state law, all local governments shall operate under an annual balanced budget for the General Fund, each Special Revenue Fund, and each Debt Service Fund in use by the local government.

Condition/Context: Management has not adopted an annual budget for the Forfeited Property Fund, Jail Fund, FEMA Fund and ATM Machine Fund.

Effect: The purpose of state law is to establish minimum budget, accounting, and auditing requirements for local governments so as to provide local taxpayers with an opportunity to gain information concerning the purposes for which local revenues are proposed to be spent and are actually spent and to assist local governments in generally improving local financial management practices. When budgets are not adopted, it is difficult for local taxpayers and other interested parties to gain information on how local revenues were proposed to be spent.

Cause: Oversight during budget process.

Recommendation: We recommend management adopt budgets for all Special Revenue Funds.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. In FY 2024, management will prepare and pass budgets for all Special Revenue Funds as required by statute.

2023– 002. Year-End Close Process

Criteria: Management is responsible for the accuracy and completeness of the financial transactions in the City's general ledger to ensure accurate financial reporting.

Condition/Context: The City does not currently have an adequate monthly or year-end close process, whereby the City's financial records are adjusted, reviewed and reconciled to supporting documentation.

Effect: This condition could lead to inaccurate financial reporting.

Cause: There was an overall lack of appropriate controls implemented at the City during the fiscal year. The City did not properly account for activity, or prepare and review all reconciliations typically required in a strong accounting system.

Recommendation: We recommend the City review the respective staffing of the accounting function, and determine if an adequate number of qualified people are currently available to address the condition. The City should also consider and evaluate its strengths and weaknesses relative to the accounting function, and take measures to address the concerns noted above with a goal of providing timely recording, reconciling, and reporting of City operations and financial and non-financial activities.

We further recommend the City consider reinvesting in its accounting personnel by providing technical education and training via participation in governmental accounting and financial reporting continuing education programs which are available in the general geographic area of the City, as well as virtually. When certain levels of technical proficiency are observed by management, we further encourage the City to better cross-train the accounting personnel in an effort to make the accounting function a stronger department.

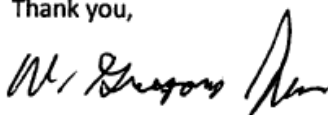
Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate errors and identify deficiencies from both an operational and financial perspective.

Compliance With State Law: Expenditures exceeded appropriations at the legal level of control.

Views of Responsible Officials and Planned Corrective Action: We concur. We will implement controls to ensure proper review of the City's budgets to ensure budgets are appropriately amended so that expenditures do not exceed appropriations at the legal level of budgetary control.

Please let me know if additional information is needed.

Thank you,



Greg Smith
Finance Director