CITY OF WASHINGTON, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

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•Morris & Waters•

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the City of Washington, Georgia, (the City) as of and for the year ended December 31, 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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General 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 (GAAS) 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.

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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 GAAS 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 GAAS and Governmental 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

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.

Accounting principles generally accepted in the United States of America require that the Retirement Plan Schedule of Changes on Net Pension Liability on page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Washington, Georgia's basic financial statements. The combining financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 and the schedule of projects financed with special purpose local option sales tax 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 October 25, 2024, on our consideration of the City of Washington's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Morris & Waters

Morris and Waters

Canton, Georgia
October 25, 2024

CITY OF WASHINGTON, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 2,249,033	$ 9,335,692	$ 11,584,725	$ 7,454
Investments	73,834	1,784,992	1,858,826	2,458
Restricted Assets				
Cash and Cash Equivalents	10,482	340,878	351,360	-
Investments	-	1,063,787	1,063,787	-
Receivables (net)				
Accounts	38,488	6,105,649	6,144,137	-
Intergovernmental	96,007	-	96,007	-
Taxes	508,035	-	508,035	-
Internal Balances	(33,085)	33,085	-	-
Prepaid Expenses	10,361	17,144	27,505	-
Total Current Assets:	2,953,155	18,681,227	21,634,382	9,912
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation				
Capital Assets Not Being Depreciated	1,323,753	1,639,929	2,963,682	-
Capital Assets, Net of Depreciation	6,272,284	14,935,907	21,208,191	-
Total Noncurrent Assets:	7,596,037	16,575,836	24,171,873	-
Total Assets	10,549,192	35,257,063	45,806,255	9,912
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources - Pension	103,676	223,528	327,204	-
LIABILITIES				
Accounts Payable	135,644	2,514,972	2,650,616	-
Accrued Liabilities	47,284	25,207	72,491	-
Compensated Absences	89,592	59,040	148,632	-
Accrued Interest Payable	4,758	2,097	6,855	-
Unearned Revenue	692,126	-	692,126	-
Liabilities payable from restricted assets				
Customer Deposits Payable	-	340,878	340,878	-
Noncurrent Liabilities:				
Net Pension Liability	937,421	437,479	1,374,900	-
Long Term Liabilities Due within one year	63,850	679,440	743,290	-
Long Term Liabilities Due in more than one year	637,565	4,823,985	5,461,550	-
Total Liabilities	2,608,240	8,883,098	11,491,338	-
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources - Pension	115,009	52,951	167,960	-
NET POSITION				
Net Investment in Capital Assets	6,894,622	11,072,411	17,967,033	-
Restricted for:				
MEAG Generation Trust	-	1,063,787	1,063,787	-
Public Works	377,544	-	377,544	-
Culture and Recreation	51,158	-	51,158	-
Housing and Development	7,882	-	7,882	-
Capital Projects	998,885	-	998,885	-
Unrestricted	(400,472)	14,408,344	14,007,872	9,912
Total Net Position	$ 7,929,619	$ 26,544,542	$ 34,474,161	$ 9,912

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

CITY OF WASHINGTON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

FUNCTIONS/PROGRAMS	Expenses	Indirect Costs	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total	Component Unit
Primary Government:									
Governmental Activities:									
General Government	$ 1,131,680	$ (119,566)	$ 77,795	$ -	$ 1,076,498	$ 142,179	$ -	$ 142,179	$ -
Judicial	78,022	(8,272)	-	-	-	(69,750)	-	(69,750)	-
Public Safety	1,434,798	(126,996)	50,201	-	-	(1,257,601)	-	(1,257,601)	-
Public Works	1,836,307	(184,151)	115,008	67,133	174,864	(1,295,151)	-	(1,295,151)	-
Health and Welfare	594,386	(54,994)	69,306	-	-	(470,086)	-	(470,086)	-
Culture and Recreation	328,750	(33,472)	48,924	-	-	(246,354)	-	(246,354)	-
Housing and Development	374,711	(36,509)	55,175	-		(283,027)	-	(283,027)	-
Interest on Long-term Debt	29,551	-	-	-	-	(29,551)	-	(29,551)	-
Total Governmental Activities	5,808,205	(563,960)	416,409	67,133	1,251,362	(3,509,341)	-	(3,509,341)	-
Business-Type Activities:									
Water and Sewer	2,597,580	93,834	2,794,139	-	-	-	102,725	102,725	-
Electric	22,276,593	470,126	32,824,127	-	-	-	10,077,408	10,077,408	-
Solid Waste	545,969	-	545,092	-	-	-	(877)	(877)	-
Total Business-Type Activities	25,420,142	563,960	36,163,358	-	-	-	10,179,256	10,179,256	-
Total Primary Government	31,228,347	-	36,579,767	67,133	1,251,362	(3,509,341)	10,179,256	6,669,915	-
Component Unit									
Downtown Development Authority	14,926	-	-	13,553	-	-	-	-	(1,373)
General Revenues:									
Taxes									
Property Taxes						925,579	-	925,579	-
Sales Taxes						563,121	-	563,121	-
Insurance Premium Tax						421,739	-	421,739	-
Alcohol Excise Tax						105,988	-	105,988	-
Franchise Tax						102,671	-	102,671	-
Occupational Taxes						58,073	-	58,073	-
Other Taxes						17,326	-	17,326	-
Unrestricted Investment Earnings						9,168	150,984	160,152	-
Miscellaneous						22,828	-	22,828	-
Contributions						1,050	-	1,050	-
Gain on Sale of Assets						499,285	-	499,285	-
Transfers						1,546,829	(1,546,829)	-	-
						4,273,657	(1,395,845)	2,877,812	-
Changes in Net Position						764,316	8,783,411	9,547,727	(1,373)
Net Position - Beginning						7,165,303	17,761,131	24,926,434	11,285
Net Position - Ending						$ 7,929,619	$ 26,544,542	$ 34,474,161	$ 9,912

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

WASHINGTON, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2023

	General	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 156,207	$ 691,871	$ 1,400,955	$ 2,249,033
Investments	3,353	-	70,481	73,834
Restricted Assets				
Cash and Cash Equivalents	10,482	-	-	10,482
Receivables (net)				
Accounts	38,488	-	-	38,488
Intergovernmental	49,188	-	46,819	96,007
Taxes	482,544	-	25,491	508,035
Prepaid Items	10,361	-	-	10,361
Total Assets	750,623	691,871	1,543,746	2,986,240
LIABILITIES				
Accounts and Contracts Payable	135,644	-	-	135,644
Accrued Salaries and Payroll Liabilities	47,284	-	-	47,284
Due to Other Funds	-	-	33,085	33,085
Unearned Revenue	255	691,871	-	692,126
Total Liabilities	183,183	691,871	33,085	908,139
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	112,032	-	-	112,032
FUND BALANCE				
Nonspendable:				
Prepaid Items	10,361	-	-	10,361
Contractually Required to be Maintained Intact	-	-	19,980	19,980
Restricted for:				
Public Works	7	-	377,537	377,544
Culture and Recreation	2,293	-	48,865	51,158
Housing and Development	7,882	-	-	7,882
Capital Projects	-	-	998,885	998,885
Assigned for:				
Public Works	-	-	38,372	38,372
Culture and Recreation	-	-	20,258	20,258
Housing and Development	-	-	6,764	6,764
Unassigned	434,865	-	-	434,865
Total Fund Balances	455,408	-	1,510,661	1,966,069
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 750,623	$ 691,871	$ 1,543,746	$ 2,986,240

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

CITY OF WASHINGTON, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total Fund Balances for Governmental Funds		**$ 1,966,069**
Total Net Position for Governmental Activities in the Statement of Net Position is different because:		
Capital assets net of acccumulated depreciation are not financial resources and, therefore, are not reported in the funds.		**7,596,037**
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the funds. These are:		
Property taxes		**112,032**
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:		
Deferred outflows of resources		**103,676**
Deferred inflows of resources		**(115,009)**
Some liablities are not due and payable in the current period and, therefore, are not reported in the funds. These are:		
Compensated absences	**(89,592)**	
Interest payable	**(4,758)**	
Net pension liability	**(937,421)**	
Installment sale agreement payable	**(701,415)**	**(1,733,186)**
Total Net Position of Governmental Activities		**$ 7,929,619**

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

CITY OF WASHINGTON, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023

	General	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 2,194,497	$ -	$ 156,330	$ 2,350,827
Licenses and Permits	32,597	-	-	32,597
Intergovernmental	67,133	686,706	408,326	1,162,165
Fines, Fees and Forfeitures	50,201	-	-	50,201
Charges for Services	333,611	-	-	333,611
Investment Income	310	7,996	862	9,168
Contributions	1,050	-	-	1,050
Other	22,828	-	-	22,828
Total Revenues	2,702,227	694,702	565,518	3,962,447
EXPENDITURES				
Current:				
General Government	1,018,267	-	-	1,018,267
Judicial	70,821	-	-	70,821
Public Safety	1,087,337	-	217,378	1,304,715
Public Works	1,576,697	-	24,760	1,601,457
Health and Welfare	470,858	-	-	470,858
Culture and Recreation	286,585	-	-	286,585
Housing and Development	312,593	-	17,300	329,893
Debt Service	91,296	-	-	91,296
Total Expenditures	4,914,454	-	259,438	5,173,892
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,212,227)	694,702	306,080	(1,211,445)
OTHER FINANCING SOURCES (USES)				
Transfers In	3,381,808	-	217,378	3,599,186
Transfers Out	(1,206,184)	(705,596)	(140,577)	(2,052,357)
Sale of Assets	123,500	-	375,785	499,285
Total Other Financing Sources (Uses)	2,299,124	(705,596)	452,586	2,046,114
Net Change in Fund Balances	86,897	(10,894)	758,666	834,669
Fund Balances - Beginning of Year	368,511	10,894	751,995	1,131,400
Fund Balances - End of Year	$ 455,408	$ -	$ 1,510,661	$ 1,966,069

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

CITY OF WASHINGTON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balance - Total Governmental Funds		**$ 834,669**
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 is reported as depreciation expense. This is the amount by which depreciation of $329,839 exceeded capital outlay of ($125,117) in the current period.		**(204,722)**
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, intereston long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.		
Net Change in Interest Payable	**417**	
Debt Principal Payments	**61,328**	**61,745**
Government funds report pension contributions as expenditures. Howerver, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Net Change in Pension Related Items		**89,394**
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Unavailable Revenues		**(10,745)**
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Compensated Absences		**(6,025)**
Change in Net Position of Governmental Activities		**$ 764,316**

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

CITY OF WASHINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
BUDGET & ACTUAL (GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Property	$ 834,019	$ 834,019	$ 925,579	$ 91,560
Sales	374,000	374,000	563,121	189,121
Insurance Premium	310,000	310,000	421,739	111,739
Alcohol Excise	134,900	134,900	105,988	(28,912)
Franchise	94,400	94,400	102,671	8,271
Occupational	55,656	55,656	58,073	2,417
Other	9,300	9,300	17,326	8,026
Licenses & Permits	17,100	17,100	32,597	15,497
Intergovernmental	70,797	70,797	67,133	(3,664)
Fines & Forfeitures	72,000	72,000	50,201	(21,799)
Charges For Services	351,026	351,026	333,611	(17,415)
Investment Income	520	520	310	(210)
Contributions	1,000	1,000	1,050	50
Other	3,825	3,825	22,828	19,003
Total Revenues	2,328,543	2,328,543	2,702,227	373,684
EXPENDITURES				
Current:				
General Government	1,014,503	1,014,503	1,018,267	(3,764)
Judicial	69,276	69,276	70,821	(1,545)
Public Safety	1,142,351	1,142,351	1,087,337	55,014
Public Works	1,523,853	1,523,853	1,576,697	(52,844)
Health and Welfare	561,289	561,289	470,858	90,431
Culture and Recreation	399,272	399,272	286,585	112,687
Housing and Development	445,715	445,715	312,593	133,122
Debt Service	91,300	91,300	91,296	4
Total Expenditures	5,247,559	5,247,559	4,914,454	333,105
Excess of Revenues Over Expenditures	(2,919,016)	(2,919,016)	(2,212,227)	706,789
OTHER FINANCING SOURCES (USES)				
Transfers In	2,861,027	2,861,027	3,381,808	520,781
Transfers Out	(166,900)	(166,900)	(1,206,184)	(1,039,284)
Sale of Assets	285,000	285,000	123,500	(161,500)
Total Other Financing Sources (Uses)	2,979,127	2,979,127	2,299,124	(680,003)
Net Change in Fund Balances	60,111	60,111	86,897	26,786
Fund Balance, Beginning Of Year (as re-stated)	368,511	368,511	368,511	-
Fund Balance, End Of Year	$ 428,622	$ 428,622	$ 455,408	$ 26,786

CITY OF WASHINGTON, GEORGIA
PROPRIETARY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Business-Type Activities			
	Water and Sewer	Electric	Solid Waste	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ -	$ 9,335,692	$ -	$ 9,335,692
Investments	-	1,784,992	-	1,784,992
Restricted Assets				
Cash and Cash Equivalents	110,240	230,638	-	340,878
Investments	-	1,063,787	-	1,063,787
Accounts Receivable (Net of Allowance for Uncollectibles)	360,680	5,658,135	86,834	6,105,649
Due from Other Funds	-	33,085	-	33,085
Prepaid Expenses	6,262	9,650	1,232	17,144
Total Current Assets	477,182	18,115,979	88,066	18,681,227
Noncurrent Assets:				
Capital Assets not Being Depreciated	1,627,449	8,480	4,000	1,639,929
Capital Assets Net Of Accumulated Depreciation	13,222,205	1,308,397	405,305	14,935,907
Total Noncurrent Assets	14,849,654	1,316,877	409,305	16,575,836
Total Assets	15,326,836	19,432,856	497,371	35,257,063
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources - Pension	190,195	23,200	10,133	223,528
LIABILITIES				
Current Liabilities:				
Accounts Payable	67,359	2,430,607	17,006	2,514,972
Accrued Liabilities	14,665	6,900	3,642	25,207
Compensated Absences	36,694	15,258	7,088	59,040
Accrued Interest Payable	2,097	-	-	2,097
Notes Payable - Current	624,696	-	54,744	679,440
Liabilities Payable from Restricted Assets				
Customer Deposits	110,240	230,638	-	340,878
Total Current Liabilities	855,751	2,683,403	82,480	3,621,634
Noncurrent Liabilities				
Net Pension Liability	180,289	179,006	78,184	437,479
Notes Payable - Noncurrent	4,755,444	-	68,541	4,823,985
Total Noncurrent Liabilities	4,935,733	179,006	146,725	5,261,464
Total Liabilities	5,791,484	2,862,409	229,205	8,883,098
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources - Pension	16,796	22,695	13,460	52,951
NET POSITION				
Net Investment in Capital Assets	9,469,514	1,316,877	286,020	11,072,411
Restricted for MEAG Generation Trust	-	1,063,787	-	1,063,787
Unrestricted	239,237	14,190,288	(21,181)	14,408,344
Total Net Position	$ 9,708,751	$ 16,570,952	$ 264,839	$ 26,544,542

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

CITY OF WASHINGTON, GEORGIA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DECEMBER 31, 2023

	Business-Type Activities			
	Water and Sewer	Electric	Solid Waste	Total
OPERATING REVENUES				
Charges for Sales and Services	$ 2,794,139	$ 32,822,841	$ 545,092	$ 36,162,072
Other	-	1,286	-	1,286
Total Operating Revenues	2,794,139	32,824,127	545,092	36,163,358
OPERATING EXPENSES				
Cost of Sales and Services	1,285,305	22,066,041	219,166	23,570,512
Personal Services	886,946	563,310	240,706	1,690,962
Depreciation	497,806	117,368	85,868	701,042
Total Operating Expenses	2,670,057	22,746,719	545,740	25,962,516
Operating Income/(Loss)	124,082	10,077,408	(648)	10,200,842
NONOPERATING REVENUES (EXPENSES)				
Interest Revenues	-	12,408	-	12,408
Interest on Notes Payable	(21,357)	-	(229)	(21,586)
Net Increase in Fair Value of Investments	-	138,576	-	138,576
Total Nonoperating Revenues (Expenses)	(21,357)	150,984	(229)	129,398
Net Income (Loss) Before Transfers	102,725	10,228,392	(877)	10,330,240
Transfers in	1,509,276	1,057,340	249,056	2,815,672
Transfers out	(571,181)	(3,599,187)	(192,133)	(4,362,501)
Total Transfers in/(out)	938,095	(2,541,847)	56,923	(1,546,829)
Changes in Net Position	1,040,820	7,686,545	56,046	8,783,411
Net Position - Beginning	8,667,931	8,884,407	208,793	17,761,131
Net Position - Ending	$ 9,708,751	$ 16,570,952	$ 264,839	$ 26,544,542

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

CITY OF WASHINGTON, GEORGIA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	Business-Type Activities			
	Water and Sewer	Electric	Solid Waste	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	$ 2,827,210	$ 30,233,285	$ 543,432	$ 33,603,927
Cash Payments to Suppliers	(1,404,050)	(21,000,406)	(300,450)	(22,704,906)
Cash Payments to Employees	(897,766)	(571,076)	(245,011)	(1,713,853)
Net Cash provided by (Required for) Operating Activities	525,394	8,661,803	(2,029)	9,185,168
Cash Flows from Capital and Related Financing Activities:				
Transfers from Other Funds	812,081	-	-	812,081
Purchase of Capital Assets	(812,081)	(38,627)	-	(850,708)
Principal Paid on Notes Payable	(618,116)	-	(54,665)	(672,781)
Interest paid on Notes Payable	(21,357)	-	(229)	(21,586)
Net Cash Required for Capital and Related Financing Activities	(639,473)	(38,627)	(54,894)	(732,994)
Cash Flows from Noncapital Financing Activities:				
Transfers from Other Funds	697,195	1,057,340	249,056	2,003,591
Transfers to Other Funds	(571,181)	(3,599,187)	(192,133)	(4,362,501)
Net Cash Provided/(Used) by Noncapital Financing Activities	126,014	(2,541,847)	56,923	(2,358,910)
Cash Flows from Investing Activities:				
Interest Received	-	12,408	-	12,408
Net Cash Provided/(Used) by Investing Activities	-	12,408	-	12,408
Net Increase in Cash and Cash Equivalents	11,935	6,093,737	-	6,105,672
Cash and Equivalents at Beginning of Year	98,305	3,472,593	-	3,570,898
Cash and Equivalents at End of Year	110,240	9,566,330	-	9,676,570
Reconciliation of Operating Income/(Loss) to Net Cash Provided from/(Used by) Operating Activities:				
Operating Income/(Loss)	124,082	10,077,408	(648)	10,200,842
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	497,806	117,368	85,868	701,042
(Increase)/Decrease in Accounts Receivable	21,136	(2,617,900)	(1,660)	(2,598,424)
(Increase) in Due from Other Funds	-	(33,085)	-	(33,085)
(Increase)/Decrease in Prepaid Expenses	1,109	13,163	218	14,490
(Increase)/Decrease in Deferred Outflows - Pension	(163,500)	(19,944)	(8,711)	(192,155)
Increase/(Decrease) in Accounts Payable	(13,995)	1,105,223	(38,406)	1,052,822
Increase/(Decrease) in Accrued Liabilities	(10,820)	(7,766)	(4,305)	(22,891)
Increase in Customer Deposits	11,935	27,058	-	38,993
Increase in Compensated Absences	4,983	2,099	1,133	8,215
Increase/(Decrease) in Net Pension Liability	102,541	101,811	44,468	248,820
(Decrease) in Deferred Inflows - Pension	(49,883)	(103,632)	(79,986)	(233,501)
Net Cash Provided by/(Used by) Operating Activities	$ 525,394	$ 8,661,803	$ (2,029)	$ 9,185,168

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

Note 1 - Summary of Significant Accounting Policies

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements or APB opinions issued after November 30, 1989. The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The financial statements of the reporting entity include those of City of Washington, Georgia (the primary government). Component units are legally separate organizations for which the City is financially accountable for the entity or the exclusion of such entity would cause the City's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of the entity's governing body and either the City can impose its will on the entity or the potential exists for the entity to provide specific financial benefits or impose specific financial burdens on the City. Based on this definition, the City has one component unit, the Downtown Development Authority, that is required to be reported in these financial statements. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Downtown Development Authority of Washington, Georgia

The Downtown Development Authority of Washington, Georgia was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members, who are appointed by the Mayor and Council. The Downtown Development Authority provides for the vitalization of the downtown area of the City of Washington. In many respects, the Authority functions similar to a City department through regular participation in department director meetings, accounting, payroll, etc. The Authority is included in the reporting entity due to the nature and significance of its relationship with the City of Washington. The Downtown Development Authority of Washington, Georgia is reported in a separate column to emphasize that it is legally separate from the City. Separate financial statements of the component unit can be obtained from the Downtown Development Authority, P.O. Box 9, Washington, Georgia 30673.

1-B. Basis of Presentation

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. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the City's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Fiduciary funds are not included in the government-wide financial statements.

The Statement of Net Position presents the financial position of the governmental and business-type activities of the City at the fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type

activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City has elected not to allocate indirect expenses among its programs, functions and segments in the Statement of Activities. The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and, (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. To identify which functional program a revenue pertains to, the determining factor for *charges for services* is that function which *generates* the revenue; and for *grants and contributions*, the determining factor is that function to which the revenue is *restricted.* Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for both governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's two major governmental funds:

The General Fund – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund's unrestricted fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

American Rescue Plan Act Fund – This fund is used to account for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund.

Proprietary Funds – Proprietary fund financial statements include a statement of net position, statement of revenues, expenses, and changes in net position, and a statement of cash flows. Proprietary operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. The City's policy for defining operating and non-operating revenues and expenses in proprietary funds is based on the following concepts. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing business. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and the depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The generally accepted accounting principles applicable to proprietary funds are similar to those used by businesses in the private sector. The following are the City's major proprietary funds:

The Water/Sewer Enterprise Fund – This fund accounts for the activities of the government's water and sewer activities.

The Electric Enterprise Fund – This fund accounts for the user fees and expenses for the electric services provided to the citizens of the City

The Solid Waste Enterprise Fund – This fund accounts for the user fees and expenses for the solid waste services provided to the citizens of the City

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Additionally, the City reports the following fund types:

Governmental Fund Types

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

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

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

Component Units

The Downtown Development Authority of Washington, Georgia's operations are accounted for using a current financial resources measurement focus and using the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual. During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. All assets and liabilities associated with the operation of the City, including capital assets, as well as infrastructure assets purchased since January 1, 2003, and long-term liabilities, are included in the Statement of Net position. The Statement of Activities reports revenues and expenses. 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 that they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements – Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and non-major funds aggregated. All governmental funds are reported using the *flow of current financial resources measurement focus* and the *modified accrual basis of accounting.* With this measurement focus, only current assets and current liabilities generally are included in the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are reported. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements. Like the government-wide statements, all proprietary fund types are accounted for on the flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included in the Statements of Net position. The Statements of Changes in Fund Net Position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary fund activities.

1-D. Basis of Accounting

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

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

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 30 days for sales taxes and within 60 days for all other revenues) before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes and federal and state grants.

Program Revenues – 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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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.

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

Deferred/Unearned Revenue - The City recognizes revenues and other governmental fund financial resources in the accounting period in which they become both measurable and available. When an asset is received in a governmental fund, but the revenue is not available, the City reports a deferred inflow of resources until such time as the revenue becomes available. The City limits the use of the term "deferred" to items reported as deferred outflows of resources or deferred inflows of resources.

1-E. Assets, Liabilities and Fund Equity

1-E-1. Cash, Cash Equivalents and Investments

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

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

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

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

1-E-2. Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water and sewer charges are accrued as receivables and revenue at December 31, 2023.

1-E-3. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed. At the fund reporting level, an equal amount of fund balance is reserved, as this amount is not available for general appropriation.

1-E-4. Capital Assets

Capital Assets are defined by the City as assets with an initial, individual cost which exceeds certain capitalization thresholds and have an estimated useful life in excess of two years. General capital assets are those assets not specifically related to activities reported in the proprietary funds. All general infrastructure assets (e.g., roads, bridges, sidewalks and similar items) acquired or constructed after December 31, 2002 are reported in the government-wide financial statements. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide Statement of Net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the enterprise funds' Statement of Net Position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of $15,000 per item for streets, buildings, and grounds and $5,000 for all other capital assets that has an estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized. All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Assets	Estimated Useful Life in Years
Buildings and Improvements	12-40
Electric Plant Systems	30
Infrastructure	50
Equipment/Furniture	5-15
Software	5
Vehicles	5-20

At the inception of a capital lease, at the governmental fund reporting level, expenditures and an "other financing sources" of an equal amount are reported at the net present value of future minimum lease payments.

1-E-5. Compensated Absences

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

1-E-6. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the these funds. Capital leases are recognized as a liability in the governmental fund financial statements when due. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental type funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1-E-7. 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 Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The City restricts those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unrestricted fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations

are management's intent to set aside these resources for specific purposes and are tentative management plans that are subject to change.

GASB Statement 54 distinguishes fund balance classifications based on the relative strength of the constraints that control the purposes for which specified amounts can be spent. Beginning with the most restrictive constraints, fund balance amounts will be, if applicable, reported in the following categories:

1) **Nonspendable fund balance –** amounts that are not in a spendable form (e.g., inventory) or are legally or contractually required to be maintained intact (e.g., permanent fund principal).

2) **Restricted fund balance –** amounts that can be spent only for the specific purposes stipulated by external parties either constitutionally or through enabling legislation (e.g., grants or donations).

3) **Committed fund balance –** amounts that can be used only for the specific purposes determined by a formal action of the City Council. Commitments may be changed or lifted only by referring to the formal action that imposed the constraint originally.

4) **Assigned fund balance –** amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the City Council or by a designee to whom the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

5) **Unassigned fund balance –** includes all amounts not contained in other classifications and is the residual classification of the general fund only. Unassigned amounts are available for any legal purpose.

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.

Restricted fund balance is made up of funds which can only be used for public works, culture and recreation, housing and development and capital projects At December 31, 2023 the balance in restricted fund balance was $1,435,469.

Assigned fund balance is made up of funds intended to be used for public works, culture and recreation and housing and development. At At December 31, 2023 the balance in assigned fund balance was $65,394.

Net Position - Net Position represents the difference between assets and liabilities. Net Position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net position amount also is adjusted by any bond issuance deferral amounts. Net Position 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, laws or regulations of other governments. All other net positions are 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.

1-E-8. Deferred outflows/inflows of resources

In addition to assets, the financial statements of the City will sometimes report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of net position that

applies to a future period(s) and so will not be recognized as an outflow of resources in the form of expense or expenditure until that time. The City reports deferred outflows of resources related to its defined benefit pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable property taxes revenues. The City also reports deferred inflows of resources related to its defined benefit pension plans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

1-E-9. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund.

1-E-10. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap in fees to the extent they exceed the cost of the connection to the system or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-11. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and in the after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted). Transfers between governmental and business-type activities on the government-wide Statement of Activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

1-E-12. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information – The City follows these procedures in establishing the budgetary data for the funds reflected in the financial statements.

1. In November, a proposed operating budget for the fiscal year commencing January 1 is submitted to the City Council. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to January 1, the budget is legally enacted through passage of an ordinance.

4. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgetary amounts between line items within a fund can be done with the approval of the City Administrator. Transfer of amounts between each department of each fund must be approved by the City Council. This is the legal level of budgetary control.

5. The funds obtained from any source may be used for any appropriations named in said budget, except funds specifically restricted by the City ordinance or State law.

6. The City does not employ the use of encumbrance accounting.

7. Unexpended appropriations lapse at the end of the year.

8. At the end of the fiscal year, all amendments to the budget are approved through passage of an ordinance.

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned. The City's policies require that all deposits be federally insured or fully collateralized.

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

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

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

Foreign Currency Risk
The City has no investments denominated in a foreign currency.

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

The Municipal Competitive Trust accounts are held in the Intermediate, Intermediate Extended Maturity, and Short-term Portfolios; these portfolios are not rated. At the end of the current year, the average weighted maturity of the Intermediate, Intermediate Extended Maturity, and Short-term Portfolios were 29.06, 41.00, and 6.02 months, respectively. At the end of the current year, the City's balance in the Voluntary Flexible Operating Account and the Generation Trust Account was $1,784,992 and $1,063,787, respectively.

At the end of the current year, the City had the following investments:

Investment by fair value level	Level 1	Level 2	Level 3	Total
Major Funds				
General Fund				
Certificates of deposit	$ 3,353	$ -	$ -	$ 3,353
Electric Fund				
MEAG Competitive Trust	-	2,848,779	-	2,848,779
Nonmajor Funds				
Governmental				
Certificates of deposit	70,481	-	-	70,481
Total	$ 73,834	$ 2,848,779	$ -	$ 2,922,613

3-B. Receivables

Receivables at December 31, 2023 consisted of taxes, interest and accounts (billings for user charges, including unbilled utility receivables). Receivables and payables are recorded in the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation and, in the case of receivables, collectability. Receivables at December 31, 2023 consist of the following:

Governmental Funds:	General	2017 SPLOST	TSPLOST	CDBG/CHIP
Accounts	$ 38,488	$ -	$ -	$ -
Intergovernmental	49,188	36,988	-	9,831
Taxes	482,544	-	25,491	-
Net Receivable	$ 570,220	$ 36,988	$ 25,491	$ 9,831

Proprietary Funds:	Water/Sewer	Electric	Solid Waste
Accounts Receivable	$ 677,140	$7,539,235	$142,023
Less Allowance for uncollectible	316,460	1,881,100	55,189
Net Receivable	$ 360,680	$ 5,658,135	$ 86,834

3-C. Property Taxes

The City bills and collects its own property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables. Assessed values are an approximation of market value. At the government-wide level, property taxes are recognized as revenue when they are levied. The governmental fund statements recognize property taxes as revenue as soon as they are considered to be both measureable and available.
Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision.
Property values are assessed as of January 1st each year. Property taxes for the 2023 tax digest year, based upon the assessments as of January 1, 2023, were levied on October 11, 2023, billed on December 28, 2023, and due on January 26, 2024.

3-D. Deficit Fund Net position

The City had no deficit net position balances at December 31, 2023.

3-E. Excess of Expenditures Over Appropriations

The City had excess expenditures over budgeted amounts in the following General Fund areas:

General Government	$ 3,764
Judicial	$ 1,545
Public Works	$ 52,844

3-F. Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 1,242,035	$ -	$ -	$ 1,242,035
Historical Treasures	81,718	-	-	81,718
Total capital assets, not being depreciated	1,323,753	-	-	1,323,753
Capital assets being depreciated:				
Buildings and Improvements	5,353,818	-	-	5,353,818
Equipment and Vehicles	3,723,587	125,117	-	3,848,704
Software	75,335	-	-	75,335
Infrastructure	4,265,360	-	-	4,265,360
Total capital assets, being depreciated	13,418,100	125,117	-	13,543,217
Less accumulated depreciation for:				
Buildings and Improvements	(2,667,462)	(94,795)	-	(2,762,257)
Equipment and Vehicles	(2,599,883)	(139,587)	-	(2,739,470)
Software	(75,335)	-	-	(75,335)
Infrastructure	(1,598,414)	(95,457)	-	(1,693,871)
Total accumulated depreciation	(6,941,094)	(329,839)	-	(7,270,933)
Total capital assets being depreciated, net	6,477,006	(204,722)	-	6,272,284
Total governmental activities capital assets, net	$ 7,800,759	$ (204,722)	$ -	$ 7,596,037
Business-Type Activities				
Capital assets not being depreciated:				
Land	$ 207,190	$ -	$ -	$ 207,190
Construction in Progress	885,924	546,815	-	1,432,739
Total capital assets, not being depreciated	1,093,114	546,815	-	1,639,929
Capital assets being depreciated:				
Buildings and Improvements	736,686	-	-	736,686
Machinery and Equipment	1,610,497	246,250	-	1,856,747
Vehicles	1,696,543	57,643	-	1,754,186
Infrastructure	26,101,066	-	-	26,101,066
Total capital assets, being depreciated	30,144,792	303,893	-	30,448,685
Less accumulated depreciation for:				
Buildings and Improvements	(583,320)	(16,516)	-	(599,836)
Machinery and Equipment	(953,686)	(136,124)	-	(1,089,810)
Vehicles	(1,201,998)	(112,609)	-	(1,314,607)
Infrastructure	(12,072,732)	(435,793)	-	(12,508,525)
Total accumulated depreciation	(14,811,736)	(701,042)	-	(15,512,778)
Total capital assets being depreciated, net	15,333,056	(397,149)	-	14,935,907
Total business-type activities capital assets, net	$ 16,426,170	$ 149,666	$ -	$ 16,575,836

3-F. – Capital Assets – continued

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

Governmental Activities:	
General Government	$ 849
Public Safety	106,451
Public Works	121,544
Health and Welfare	68,534
Culture and Recreation	10,459
Housing and Development	22,002
Total Depreciation Expense	$ 329,839
Business-Type Activities:	
Water and Sewer	$ 497,806
Electric	117,368
Solid Waste	85,868
Total Depreciation Expense	$ 701,042

3-G. – Long Term Liabilities

Government Activities

Installment Sale Agreement

During 2018, the City entered into an Installment Sale Agreement with BB&T (now TRUIST) in the amount of $975,000 for the purpose of constructing a new fire station. The installment sale agreement bears interest at 4.05%. The balance of the installment sale agreement was $701,415 at the end of the current year. The installment sale agreement calls for 57 quarterly payments of $22,824 beginning January 30, 2019 and matures January 30, 2033. This note is collateralized by a security interest in the purchased property. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable, and the property may be repossessed by the lender.

Debt service requirements to maturity for the installment sale agreement are as follows:

Year	Principal	Interest	Total
2024	$ 63,850	$ 27,446	$ 91,296
2025	66,476	24,820	91,296
2026	69,209	22,087	91,296
2027	72,057	19,239	91,296
2028	75,018	16,278	91,296
2029-2033	354,805	32,202	387,007
	$ 701,415	$ 142,072	$ 843,487

3-G. – Long Term Liabilities (continued)

Business-Type Activities

Notes from Direct Borrowning

a. During 2003, the City entered into a direct borrowing agreement with Georgia Environmental Facilities Authority in the original amount of $789,731, bearing interest at 3.94%. The balance of the note was $82,941 at the end of the current year. The note calls for quarterly payments of principal and interest of $14,313 and matures October 2024. The purpose of the note was for construction of sewer rehabilitation. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues, fees and charges collected by the City.

b. During 2004, the City entered into a direct borrowing agreement with Georgia Environmental Facilities Authority in the original amount of $1,599,998, bearing interest at 4.06%. The balance of the note was $307,557 at the end of the current year. The note calls for monthly payments of principal and interest of $9,746 and matures February 1, 2027. The purpose of the note was to finance improvements to the Water and Sewer system. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues, fees and charges collected by the City.

c. During 2010, the City entered into a direct borrowing agreement with Georgia Environmental Facilities Authority in the original amount of $7,446,275, bearing zero interest. The balance of the note was $4,842,498 at the end of the current year. The note calls for monthly payments of $37,539 beginning January 31, 2014 and matures December 31, 2034. The purpose of the note was to finance improvements to the Water and Sewer system. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues, fees and charges collected by the City.

d. During 2017, the City entered into a direct borrowing agreement with Georgia Environmental Facilities Authority in the original amount of $204,703, bearing interest at 1.90%. The balance of the note was $147,144 at the end of the current year. The note calls for monthly payments of $1,308 beginning November 1, 2018 and matures October 1, 2033. The purpose of the note was to finance improvements to the Water and Sewer system. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues, fees and charges collected by the City.

e. During 2021, the City entered into a direct borrowing agreement with Georgia Environmental Facilities Authority in the original amount of $273,411, bearing interest at 0.15%. The balance of the note was $123,288 at the end of the current year. The note calls for monthly payments of $4,574 beginning March 1, 2021 and matures March 1, 2026. The purpose of the note was to finance the costs of purchasing a sanitation truck and approximately 2,100 rolling garbage canisters. Upon an event of default, all outstanding principal and accured interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues, fees and charges collected by the City.

3-G. – Long Term Liabilities (continued)

Business-Type Activities (continued)

Notes from Direct Borrowning (continued)

Annual debt service requirements to maturity from direct borrowings are as follows:

Year	Principal	Interest	Total
2024	$ 679,440	$ 15,818	$ 695,258
2025	657,547	9,033	666,580
2026	567,982	3,787	571,769
2027	464,239	1,920	466,159
2028	464,503	1,657	466,160
2029-2033	2,326,658	4,141	2,330,799
2034	343,059	21	343,080
	$ 5,503,428	$ 36,377	$ 5,539,805

Changes in Long – Term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

Governmental Activities:	Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023	Due Within One Year
Installment Sale	$ 762,743	$ -	$ 61,328	$ 701,415	$ 63,850
Compensated Absences	83,567	6,025	-	89,592	89,592
Total Governmental long term liabilities	$ 846,310	$ 6,025	$ 61,328	$ 791,007	$ 153,442

Business-type Activities:	Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023	Due Within One Year
Notes Payable	$ 6,176,209	$ -	$ 672,781	$ 5,503,428	$ 679,440
Compensated Absences	50,825	8,215	-	59,040	59,040
Total Business-type long term liabilities	$ 6,227,034	$ 8,215	$ 672,781	$ 5,562,468	$ 738,480

3-H. – Restricted and Assigned Fund Balances

The following is a summary of restricted and assigned fund balances of the governmental funds as of the end of the current year:

	General	Nonmajor Governmental	Total Governmental Funds
Restricted For:			
Public Works			
Transportation Improvements	$ -	$ 377,537	$ 377,537
Cemetery Improvements	7	-	7
Culture and Recreation			
Historical Properties	2,293	8,334	10,627
Callaway Plantation	-	40,531	40,531
Housing Development			
Economic Development	7,882	-	7,882
Capital Projects	-	998,885	998,885
	$ 10,182	$ 1,425,287	$ 1,435,469
Assigned For:			
Public Works			
Cemetery Care	$ -	$ 38,372	$ 38,372
Culture and Recreation			
Callaway Plantation Operations	-	2,391	2,391
Callaway Plantation Furnishings	-	17,867	17,867
Housing Development			
Economic Development	-	6,764	6,764
	$ -	$ 65,394	$ 65,394

3-I. Employee Retirement Plan

Plan Description and Provisions - Plan Description. The City, as authorized by the City Council, had established a defined benefit pension plan (The City of Washington Retirement Plan) covering all full-time employees. This plan was closed out for all new employees with a start date after January 1, 2020. The plan now only covers those employees who were eligible before that date. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Participants are not allowed to contribute to the Plan. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Benefits Provided
The GMEBS Plan provides retirement, disability, and death benefits to plan members and beneficiaries. All eligible City employees participated in the plan after five months of employment. Vesting takes place after five years of service. Normal retirement benefits are available to employees who retire at or after age 65 with five years of service. Early retirement is available after age 55 with 10 years of service. Retirement benefits are based upon age, average compensation and years of service. Benefit provisions are established under Public Retirement System Standards Law (Georgia Code Section 47-20-10). Employees are not permitted to contribute to the Plan. The City contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report

Contributions
Employees are not permitted to contribute to the Plan. The City contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report. The plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards Law. The Board of Trustees of GMEBS has adopted an actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution 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. For the year ended December 31, 2023, the City's recommended contributions of $198,113 was 17.79% of expected payroll.

Plan Membership
As of July 1, 2023, the current Plan membership includes the following categories of participants:

Retirees and beneficiaries currently receiving benefits	77
Terminated vested participants	28
Active vested participants	22
Active nonvested participants	1
Total membership in the Plan	128

Actuarial assumptions

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

Actuarial Assumptions:	
Net investment rate of return	7.375%
Projected salary increases	2.250%
Cost of living adjustments	2.000%
Inflation	2.250%

Mortality rates for the July 1, 2023 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The mortality and economic actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using 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. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of March 31, 2022, are summarized in the table below.

Asset class:	Target Allocation	Expected real rate of return
Domestic equity	45%	6.40%
International equity	20%	6.80%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Domestic fixed income	20%	0.40%
Cash	0%	-
	100%	

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.

Changes on the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the year ended December 31, 2023, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2022	$9,970,775	$9,377,861	$ 592,914
Changes for the year:			
Service Cost	33,567	-	33,567
Interest	711,933	-	711,933
Difference between expected and actual experience	(335,920)	-	(335,920)
Changes of assumptions	-		-
Contributions-employer	-	285,004	(285,004)
Contributions-employee	-	-	-
Other	-	-	-
Net investment income	-	(637,835)	637,835
Benefit payments	(702,014)	(702,014)	-
Administrative expense	-	(19,575)	19,575
Net Changes	(292,434)	(1,074,420)	781,986
Balances at December 31, 2023	$9,678,341	$8,303,441	$1,374,900

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to 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 percent, 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 (asset)	$ 2,435,103	$ 1,374,900	$ 481,414

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

For the year ended December 31, 2023 the City recognized pension expense of $291,375. At December 31, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (167,960)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	327,204	-
Total	$ 327,204	$ (167,960)

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 Dec 31,	Amount
2024	$ (173,217)
2025	(213,065)
2026	282,855
2027	262,671

Changes on the Net Pension Liability of the City

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2023.

3-J. – Defined Contribution Plan

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

Additionally, the City provides a single employer 401(a) defined contribution plan established and administered by the City for all full time employees. At the end of the current year, there were 21 plan members. Employees are not required to contribute to the Plan. Employees are eligible after one month of employment and are fully vested after five years. Plan provisions and contribution requirements are established and may be amended by resolution of the City Council. Separate financial statements are not issued for the Plan. For the current year, the City's contributions to the 401(a) Plan were $63,092 and the employees contributed $27,121 to the 457 Plan.

In accordance with GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the assets and liabilities of the City's Deferred Compensation Plan are not included within the City's financial statements.

3-K. - Interfund Balances and Transfers

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net position, except for any net residual amounts due between the aggregate governmental activities and the aggregate business-type activities, which are reclassified and presented as internal balances. All due to/from balances are expected to be repaid within one year. Interfund balances at December 31, 2023 are as follows:

Due To	Due From	Total
Electric Fund	SPLOST Fund	$33,085

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and, to return money to the fund from which it was originally provided once a project is completed. All transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

Interfund transfers for the year ended December 31, 2023, detailed below, consisted of the following amounts and represent charges for services or reimbursable expenses.

Transfers From	Transfers To	Total
General Fund	Water/Sewer Fund	$ 962,461
General Fund	Solid Waste	$ 243,723
Electric	General Fund	$3,381,809
Electric	E911	$ 217,378
Water/Sewer Fund	Electric	$ 565,848
Solid Waste	Electric	$ 192,133
ARPA	Electric	$ 158,781
Water/Sewer Fund	Solid Waste	$ 5,333
CHIP/CDBG	Electric	$ 140,577
ARPA	Water/Sewer Fund	$ 546,815

Note 4 - Other Notes

4-A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and workers compensation for which The City carries commercial insurance.
There have been no decreases in insurance coverage from the prior year. Settled claims from these risks have not exceeded coverage for the past three years.

4-B. Contingencies and Commitments

Commitments

The City has entered into Power Sales Contracts with the Municipal Electric Authority of Georgia (MEAG). The contracts require the City to purchase from MEAG all of the City's bulk power supply, other than power supplied by Federally-owned generation projects. MEAG is authorized to establish rates and charges so as to produce revenues sufficient to cover its costs. The City's payment obligations are general obligations to the payment of which the City's full faith and credit and taxing powers are pledged. The City purchased bulk power totaling $20,984,778 from MEAG during the current year. The City's future minimum payment obligations to the Authority will be based on the Authority's costs and the City's yearly demand for bulk power supply. At the end of the current year, the outstanding debt of MEAG was approximately $9.43 billion. The City of Washington's guarantee varies by individual MEAG project and totals $67,504,348

The City has adopted the provisions of a Municipal Competitive Trust agreement between the City and MEAG. MEAG established the Trust for the mutual benefit of MEAG and its wholesale customers who elect to become participants. The Trust was created to provide a means to mitigate the expected differential between "after deregulation" market rates for power and the associated costs of generating that power. The Trust created four types of accounts that are held by MEAG in the name of the City. The flexible operating trust account includes funds that are available to the City for operating costs and rate stabilization. As of the end of the current year, the balance in this account was $1,784,992. This amount is included in unrestricted investments in the Electric Fund. The generation

trust account is used to offset the City's share of future MEAG generation projects. As of the end of the current year, the balance in this account was $1,063,787. This amount is included in restricted investments in the Electric Fund.

Contingencies

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

Based on the advice of the City attorney, there are no measurable, material claims outstanding against the City at the end of the current year.

Approximately 83% of electric charges are generated from two customers.

4-C. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the Central Savannah River Area, is a member of the CSRA Regional Commission (CSRARC) and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RCs in Georgia. The RC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the CSRARC financial statements can be obtained from the:

Central Savannah River Area Regional Commission
3023 Riverwatch Parkway, Suite A
Augusta, Georgia 30907.

The Washington-Wilkes Payroll Development Authority is a governmental organization chartered by the State of Georgia. It is formed for the purpose of promoting business development in Wilkes County, Georgia and the City of Washington, Georgia. The Authority is reported as a discretely presented component unit of Wilkes County, Georgia. The Authority has a five member board consisting of the Wilkes County Chairman, the City of Washington Mayor, the President of the Chamber of Commerce, one appointee by the County Chairman and one appointee by the City Mayor. A copy of the Authority financial statements can be obtained from the Washington-Wilkes Payroll Development Authority, 23 Court Street, Washington, Georgia 30673.

4-D. Related Organizations

On August 21, 1951, the City of Washington (the "City") entered into a cooperative agreement with the Housing Authority of the City of Washington, Georgia (the "Housing Authority"). Under the terms of this agreement, the Housing Authority agrees to endeavor to secure a contract or contracts with the Public Housing Authority (the "PHA") for loans and annual contributions and agrees to endeavor to develop and administer one or more projects. The obligations of the parties apply only to projects aggregating not more than 250 units of low-rent housing located within the corporate limits of the City of Washington. Under the constitution and statutes of the State of Georgia, all projects are exempt from all real and personal property taxes levied or imposed by any taxing body. The City agrees that it will not levy or impose real or personal property taxes or special assessments upon such projects or upon the Housing Authority with respect thereto as long as (1) the projects are owned, or (2) a contract exists between the Housing Authority and the PHA, or (3) bonds issued in connection with the project are outstanding.

4-E. Internal Activity

It is the City's policy to eliminate or reclassify all internal activity and balances reported as interfund activity and balances in the fund financial statements in the government-wide Statement of Net position and Activities. These eliminations occur first within the governmental activities column and within the business-type activities column and then separately in the total primary government column.

CITY OF WASHINGTON, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CHANGES ON NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Year End 2023	Year End 2022	Year End 2021	Year End 2020	Year End 2019	Year End 2018	Year End 2017	Year End 2016	Year End 2015
Total pension liability									
Service Cost	$ 33,567	$ 43,619	$ 47,386	$ 65,728	$ 68,844	$ 72,014	$ 78,718	$ 79,302	$ 104,710
Interest	711,933	701,552	694,426	672,914	648,011	602,150	578,186	542,950	515,810
Changes of benefit terms/other	-	-	-	394,099	-	-	-	-	0
Differences between expected and actual experience	(335,920)	91,849	15,910	94,126	80,838	382,167	33,300	161,076	64,438
Change of assumptions	-	-	-	(193,966)	-	0	-	-	**(55,507)**
Benefit payments, including refunds of employee contributions	(702,014)	(670,384)	(644,279)	(497,323)	(427,760)	(401,522)	(360,458)	(296,872)	(261,651)
Other	-	-	-	-	-	159,936	-	-	-
Net change in total pension liability	(292,434)	166,636	113,443	535,578	369,933	814,745	329,746	486,456	367,800
Total pension liability - beginning	9,970,775	9,804,139	9,690,697	9,155,119	8,785,186	7,970,441	7,640,695	7,154,239	6,786,439
Total pension liability - ending	9,678,341	9,970,775	9,804,140	9,690,697	9,155,119	8,785,186	7,970,441	7,640,695	7,154,239
Plan fiduciary net position									
Contribution - employer	285,004	323,511	246,336	253,474	215,573	180,303	162,412	179,490	254,240
Net investment income	(637,835)	562,672	2,954,150	(493,841)	261,668	835,253	771,536	17,608	562,237
Benefit payments, including refunds of employee contributions	(702,014)	(670,384)	(644,279)	(497,323)	(427,760)	(401,522)	(360,458)	(296,872)	(261,651)
Administration expense	(19,575)	(18,500)	(18,367)	(21,625)	(19,697)	(19,606)	(20,175)	(14,790)	(13,839)
Net change in plan fiduciary net position	(1,074,420)	197,299	2,537,840	(759,315)	29,784	594,428	553,315	(114,564)	540,987
Plan fiduciary net position - beginning	9,377,861	9,180,562	6,642,722	7,402,037	7,372,253	6,777,825	6,224,510	6,339,074	5,798,087
Plan fiduciary net position - ending	8,303,441	9,377,861	9,180,562	6,642,722	7,402,037	7,372,253	6,777,825	6,224,510	6,339,074
Net pension asset (liability) - ending	$ (1,374,900)	$ (592,914)	$ (623,578)	$ (3,047,975)	$ (1,753,082)	$ (1,412,933)	$ (1,192,616)	$ (1,416,185)	$ (815,165)
Plan fiduciary net position as a percentage of total pension liability	85.79%	94.05%	93.64%	68.55%	80.85%	83.92%	85.04%	81.47%	88.61%
Covered-employee payroll	1,101,519	1,243,855	1,397,889	1,615,837	1,983,627	2,060,718	1,919,920	2,097,797	2,020,005
Net position asset (liability) as a percentage of covered-employee payroll	-124.82%	-47.67%	-44.61%	-188.63%	-88.38%	-68.57%	-62.12%	-67.51%	-40.35%
Schedule of City Contributions:									
Actuarially determined contributions	**	291,060	300,895	261,583	249,238	183,916	162,412	160,850	192,511
Contributions in relation to the actuarially determined contribution	**	-266,805	-322,694	-261,583	-249,238	-183,916	-162,412	-160,973	-191,976
Contibution deficiency (excess)	-	24,255	(21,799)	-	-	-	-	(123)	535
City's covered - employee payroll	**	1,243,855	1,397,889	1,512,449	1,830,282	2,027,263	2,060,718	1,919,920	2,097,797
Contributions as a percentage of covered-employee payroll	**	21.45%	23.08%	17.30%	13.62%	9.07%	7.88%	8.38%	9.18%

** - 2023 information will be determined after the fiscal year end and will be included in the 2024 valuation report (excerp from the July 1, 2023 Actuarial Valuation Report)

Historical information prior to the implementation of GASB 68 is not required.

WASHINGTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Special Revenue					Capital Projects			Permanent			
	E-911	Urban Redevelopment	Callaway Plantation Operating	Callaway Plantation Furnishings	TSPLOST Discretionary	SPLOST	2017 SPLOST	CDBG/CHIP Grant	Cemetery Perpetual Care	Historical Properties Commission Trust	Callaway Charitable Trust Endowment Principal	Total Nonmajor Governmental Funds
ASSETS												
Cash and Cash Equivalents	$ -	$ 6,764	$ -	$ 17,867	$ 352,046	$ 1,000	$ 572,207	$ 411,944	$ -	$ -	$ 39,127	$ 1,400,955
Investments	-	-	2,391	-	-	-	-	-	38,372	18,324	11,394	70,481
Receivables (net)												
Intergovernmental	-	-	-	-	-	-	36,988	9,831	-	-	-	46,819
Taxes	-	-	-	-	25,491	-	-	-	-	-	-	25,491
Total Assets	-	6,764	2,391	17,867	377,537	1,000	609,195	421,775	38,372	18,324	50,521	1,543,746
LIABILITIES												
Accounts and Contracts Payable	-	-	-	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	33,085	-	-	-	-	33,085
Total Liabilities	-	-	-	-	-	-	33,085	-	-	-	-	33,085
FUND BALANCE												
Nonspendable:												
Contractually Required to be Maintained Intact	-	-	-	-	-	-	-	-	-	9,990	9,990	19,980
Restricted	-	-	-	-	377,537	1,000	576,110	421,775	-	8,334	40,531	1,425,287
Assigned	-	6,764	2,391	17,867	-	-	-	-	38,372	-	-	65,394
Total Fund Balances	-	6,764	2,391	17,867	377,537	1,000	576,110	421,775	38,372	18,324	50,521	1,510,661
Total Liabilities and Fund Balance	$ -	$ 6,764	$ 2,391	$ 17,867	$ 377,537	$ 1,000	$ 609,195	$ 421,775	$ 38,372	$ 18,324	$ 50,521	$ 1,543,746

CITY OF WASHINGTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Special Revenue					Capital Projects			Permanent			
	E-911	Urban Redevelopment	Callaway Plantation Operating	Callaway Plantation Furnishings	TSPLOST Discretionary	SPLOST	2017 SPLOST	CDBG/CHIP Grant	Cemetery Perpetual Care	Historical Properties Commission Trust	Callaway Charitable Trust Endowment Principal	Total Nonmajor Governmental Funds
REVENUES												
Taxes	$ -	$ -	$ -	$ -	$ 156,330	$ -	$ -	$ -	$ -	$ -	$ -	$ 156,330
Intergovernmental	-	-	-	-	-	-	389,792	18,534	-	-	-	408,326
Investment Income	-	-	17	-	-	-	-	-	305	146	394	862
Total Revenues	-	-	17	-	156,330	-	389,792	18,534	305	146	394	565,518
EXPENDITURES												
Current:												
Public Safety	217,378	-	-	-	-	-	-	-	-	-	-	217,378
Public Works	-	-	-	-	-	-	-	24,760	-	-	-	24,760
Culture and Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Housing and Development	-	70	-	-	-	-	-	17,230	-	-	-	17,300
Total Expenditures	217,378	70	-	-	-	-	-	41,990	-	-	-	259,438
Excess (Deficiency) of Revenues Over (Under) Expenditures	(217,378)	(70)	17	-	156,330	-	389,792	(23,456)	305	146	394	306,080
OTHER FINANCING SOURCES (USES)												
Transfers In	217,378	-	-	-	-	-	-	-	-	-	-	217,378
Transfers Out	-	-	-	-	-	-	-	(140,577)	-	-	-	(140,577)
Sale of Assets	-	-	-	-	-	-	-	375,785	-	-	-	375,785
Total Other Financing Sources (Uses)	217,378	-	-	-	-	-	-	235,208	-	-	-	452,586
Net Change in Fund Balances	-	(70)	17	-	156,330	-	389,792	211,752	305	146	394	758,666
Fund Balances - Beginning of Year	-	6,834	2,374	17,867	221,207	1,000	186,318	210,023	38,067	18,178	50,127	751,995
Fund Balances - End of Year	$ -	$ 6,764	$ 2,391	$ 17,867	$ 377,537	$ 1,000	$ 576,110	$ 421,775	$ 38,372	$ 18,324	$ 50,521	$ 1,510,661

City of Washington, Georgia
Schedule of Findings and Responses
December 31, 2023

Finding 2023-1:	Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.
Effect:	Failure to properly segregate duties or implement compensating controls can lead to misappropriation of funds or abuse of the system that is not detected in a timely manner by employees in the normal course of performing their assigned functions
Recommendations:	Because of limited resources and personnel, management may not be able to properly address this finding, but checks and balances should be strengthened between the Accounting Department, City Manager , Mayor and City Council to offset this deficiency.
Views of Responsible Officials and Planned Corrective Actions:	We will continue to review our operations to determine the most efficient and effective solution to properly segregate duties.
Finding 2023-2:	The Cities expenditures exceeded appropriations at the legal level of control.
Recommendations:	We recommend that the City pass a budget that accurately reflects the expected expenditures and amend the budget throughout the year to account for unforeseen changes in these expenditures.
Views of Responsible Officials and Planned Corrective Actions:	We concur with the findings of our city auditor and plan on passing an accurate budget as well as amend the budget throughout the year to account for unforseen changes in revenues and expenditures.
Finding 2023-3:	During the course of the audit, it was noted that not all checking accounts were being reconciled on a timely basis and several bank reconciliations did not agree to the general ledger.
Effect:	This deficiency could resulted in errors and omissions and unreliable financial reports.
Recommendations:	It is recommended that any and all bank accounts be reconciled on a timely basis.
Views of Responsible Officials and Planned Corrective Actions:	We concur with this recommendation.

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*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the City of Washington, Georgia ("the City") as of and for the year ended December 31, 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 October 25, 2024.

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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. We consider the deficiencies described in the accompanying schedule of findings and responses, as items 2023-1 – 2023-3, to be significant deficiencies.

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 weak-nesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

City of Washington's Response to Finding

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City's responses and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed 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.

Morris & Waters

Morris and Waters

Canton, Georgia
October 25, 2024.

CITY OF WASHINGTON, GEORGIA
SCHEDULE OF PROJECTS USING SPECIAL PURPOSE SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cost	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total To Date
2011 SPLOST	$ 2,025,960	$ 2,025,960			
Water and Sewer Improvements			$ 2,229,669	$ -	$ 2,229,669
2017 SPLOST	$ 1,336,778	$ 1,336,778			
Water and Sewer; Streets and Sidewalks; Buildings; Fire Facilities and Equipment					
Water and Sewer			$ 1,394,993	$ -	$ 1,394,993

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