CITY OF WAYNESBORO, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Waynesboro, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Georgia, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Georgia, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions on pages 38 and 39 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.

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 the missing information.

Other Information

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

The combining and individual fund financial statements and schedule of projects paid with special sales tax proceeds are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedule of projects paid with special sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2022 on our consideration of the City of Waynesboro, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Waynesboro, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Waynesboro, Georgia's internal control over financial reporting and compliance.

Hanier, Deal + Proctor

Statesboro, Georgia
January 22, 2022

CITY OF WAYNESBORO, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 3,401,909	$ 504,923	$ 3,906,832	$ 8,056
Restricted cash and cash equivalents	-	56,470	56,470	-
Receivables:				
Accounts	11,660	156,762	168,422	-
Taxes	1,644,291	-	1,644,291	-
Intergovernmental	474,739	-	474,739	-
Internal balances	(11,519)	11,519	-	-
Prepaid items	39,386	-	39,386	-
Capital assets:				
Nondepreciable capital assets	1,421,560	235,888	1,657,448	-
Depreciable capital assets, net	10,617,585	19,184,592	29,802,177	-
Total Assets	17,599,611	20,150,154	37,749,765	8,056
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pensions	509,030	116,590	625,620	-
LIABILITIES				
Current Liabilities:				
Accounts payable	526,098	220,925	747,023	-
Accrued interest payable	16,946	12,226	29,172	-
Accrued salaries	38,642	8,228	46,870	-
Other accrued liabilities	3,044	65,952	68,996	-
Compensated absences payable	12,872	6,232	19,104	-
Tax anticipation notes	948,323	-	948,323	-
Capital leases payable	29,024	60,411	89,435	-
Notes payable	-	66,389	66,389	-
Bonds payable	-	535,000	535,000	-
Long-Term Liabilities:				
Compensated absences payable (net of current portion)	51,489	24,928	76,417	-
Capital leases payable (net of current portion)	132,645	260,341	392,986	-
Notes payable (net of current portion)	-	47,587	47,587	-
Bonds payable (net of current portion)	-	5,335,000	5,335,000	-
Net pension liability	1,475,120	352,265	1,827,385	-
Total Liabilities	3,234,203	6,995,484	10,229,687	-
DEFERRED INFLOWS OF RESOURCES				
Resources related to pensions	6,828	2,020	8,848	-
NET POSITION				
Net investment in capital assets	11,877,476	13,115,752	24,993,228	-
Restricted for:				
Roads and capital projects	2,780,065	-	2,780,065	-
Public safety	6,874	-	6,874	-
Housing and development	11,279	-	11,279	-
Debt service	-	56,470	56,470	-
Unrestricted	191,916	97,018	288,934	8,056
Total Net Position	$ 14,867,610	$ 13,269,240	$ 28,136,850	$ 8,056

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Program/Function	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total	Component Unit
Governmental Activities:								
General government	$ 1,289,322	$ 36,170	$ 280,741	$ 42,000	$ (930,411)	-	$ (930,411)	-
Judicial - Municipal court	25,844	-	-	-	(25,844)		(25,844)	-
Public safety	3,117,252	217,011	-	-	(2,900,241)	-	(2,900,241)	-
Public works	1,382,587	9,450	-	3,115,167	1,742,030	-	1,742,030	-
Health and welfare	48,508	-	48,509	-	1	-	1	-
Housing and development	800,308	-	16,745	369,738	(413,825)	-	(413,825)	-
Culture and recreation	13,700	-	-	-	(13,700)	-	(13,700)	-
Interest	24,749	-	-	-	(24,749)	-	(24,749)	-
Total Govermental Activities	6,702,270	262,631	345,995	3,526,905	(2,566,739)	-	(2,566,739)	-
Business-Type Activities:								
Water and Sewer	2,713,869	2,047,246	-	-	-	$ (666,623)	(666,623)	-
Natural Gas	690,517	932,922	-	-	-	242,405	242,405	-
Solid Waste	913,097	1,202,321	-	-	-	289,224	289,224	-
Total Business-Type Activities	4,317,483	4,182,489	-	-	-	(134,994)	(134,994)	-
Total Primary Government	$ 10,106,656	$ 3,242,799	$ 345,995	$ 3,526,905	(2,566,739)	(134,994)	(2,701,733)	-
Component Unit								
Downtown Development Authority	$ 751	$ -	$ 3,584	$ -				$ 2,833
		General Revenues						
		Property taxes levied for:						
		General purposes			1,596,595	-	1,596,595	-
		Sales taxes			1,452,244	-	1,452,244	-
		Insurance premium tax			473,276	-	473,276	-
		Franchise taxes			394,423	-	394,423	-
		Other taxes			636,768	-	636,768	-
		Interest earned			2,827	2,553	5,380	-
		Other			55,852	-	55,852	-
		Total General Revenues			4,611,985	2,553	4,614,538	-
		Transfers			20,799	(20,799)	-	-
		Total General Revenues and Transfers			4,632,784	(18,246)	4,614,538	-
		Change in Net Position			2,066,045	(153,240)	1,912,805	2,833
		Net Position, Beginning of Year			12,801,565	13,422,480	26,224,045	5,223
		Net Position, End of Year			$ 14,867,610	$ 13,269,240	$ 28,136,850	$ 8,056

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	SPLOST IV Capital Projects Fund	2018 CHIP Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 516,638	$ 2,804,669	$ 8	$ 80,594	$ 3,401,909
Receivables:					
Taxes	1,644,291	-	-	-	1,644,291
Accounts	-	-	-	11,660	11,660
Intergovernmental	190,577	112,626	146,444	25,092	474,739
Interfund	-	-	-	54,524	54,524
Prepaid items	39,386	-	-	-	39,386
TOTAL ASSETS	$ 2,390,892	$ 2,917,295	$ 146,452	$ 171,870	$ 5,626,509
LIABILITIES					
Accounts payable	$ 44,017	$ 268,960	$ 146,444	$ 66,677	$ 526,098
Accrued salaries	38,642	-	-	-	38,642
Accrued interest payable	16,946	-	-	-	16,946
Other accrued liabilities	3,044	-	-	-	3,044
Tax anticipation notes	948,323	-	-	-	948,323
Interfund payable	54,524	11,519	-	-	66,043
TOTAL LIABILITIES	1,105,496	280,479	146,444	66,677	1,599,096
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	470,205	-	-	-	470,205
FUND BALANCES					
Nonspendable	39,386	-	-	-	39,386
Restricted for public safety	2,255	-	-	4,619	6,874
Restricted for housing and development	-	-	8	11,271	11,279
Restricted for capital projects	53,946	2,636,816	-	89,303	2,780,065
Unassigned	719,604	-	-	-	719,604
TOTAL FUND BALANCES	815,191	2,636,816	8	105,193	3,557,208
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,390,892	$ 2,917,295	$ 146,452	$ 171,870	$ 5,626,509

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Amounts reported for governmental activities in the statement of net position are different because:			
Total Governmental Fund Balances			$ 3,557,208
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:			
	Cost	$ 17,725,941	
	Less accumulated depreciation	(5,686,796)	12,039,145
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:			
	Property taxes		470,205
Deferred outflows and deferred inflows related to pensions is not reported in the governmental funds:			
	Deferred outflows of revenues	509,030	
	Deferred inflows of revenues	(6,828)	502,202
The City's net pension obligation is not reported in the governmental funds but is in the statement of net position.			(1,475,120)
Capital leases payable are not due and payable in the current period and, therefore, are not reported in the funds			(161,669)
Compensated absences payable are not due and payable in the current period and, therefore, are not reported in the funds			(64,361)
Net Position Of Governmental Activities			$ 14,867,610

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	SPLOST IV Capital Projects Fund	2018 CHIP Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 4,375,367	-	-	$ 173,285	$ 4,548,652
Intergovernmental	368,847	$ 2,850,138	$ 320,251	311,312	3,850,548
Licenses and permits	36,140	-	-	-	36,140
Charges for services	9,480	-	-	-	9,480
Fines and forfeitures	213,567	-	-	3,444	217,011
Interest	2,823	5,280	-	332	8,435
Contributions	16,745	-	-	-	16,745
Other	55,844	-	8	-	55,852
Total revenues	5,078,813	2,855,418	320,259	488,373	8,742,863
EXPENDITURES					
Current:					
General government	1,178,171	-	-	-	1,178,171
Judicial	25,844	-	-	-	25,844
Public safety	2,987,498	-	-	-	2,987,498
Public works	1,202,051	-	-	-	1,202,051
Health and welfare	-	-	-	48,508	48,508
Housing and development	322,010	-	320,251	69,314	711,575
Capital outlay:					
General government	-	521,065	-	619,883	1,140,948
Public safety	-	295,770	-	-	295,770
Public works	-	1,316,374	-	431,748	1,748,122
Culture and recreation	-	13,700	-		13,700
Housing and development	-	-	-	49,487	49,487
Debt service:					
Principal	25,717	-	-	-	25,717
Interest	24,749	-	-	-	24,749
Total expenditures	5,766,040	2,146,909	320,251	1,218,940	9,452,140
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(687,227)	708,509	8	(730,567)	(709,277)
OTHER FINANCING SOURCES (USES)					
Transfers in	929,576	-		-	929,576
Transfers out	(219,456)	(585,350)	-	(103,971)	(908,777)
Total other financing sources (uses)	710,120	(585,350)	-	(103,971)	20,799
NET CHANGE IN FUND BALANCES	22,893	123,159	8	(834,538)	(688,478)
FUND BALANCES, JANUARY 1, 2020	792,298	2,513,657	-	939,731	4,245,686
FUND BALANCES, DECEMBER 31, 2020	$ 815,191	$ 2,636,816	$ 8	$ 105,193	$ 3,557,208

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts reported for governmental activities in the statement of activities are different because:			
Net Change In Fund Balances - Total Governmental Funds			$ (688,478)
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 as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.			
	Depreciation expense	$ (501,215)	
	Capital outlay	3,379,487	2,878,272
Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities.			-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			
	Property taxes:		
	Unavailable revenue @ 6/30/20	470,205	
	Unavailable revenue @ 6/30/19	(465,550)	4,655
Repayment of capital leases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net postion.			25,717
The change in the net pension liability and pension related deferred outflows and deferred inflows is reported on the gevernment-wide statement of activities but not in the governmental funds.			(169,163)
Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
	Liability @ 6/30/20	(64,361)	
	Liability @ 6/30/19	79,403	15,042
Change In Net Position of Governmental Activities			$ 2,066,045

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	$ 1,426,200	$ 1,591,941	$ 165,741
Motor vehicle	205,000	146,487	(58,513)
Mobile home	2,000	1,761	(239)
Franchise	386,000	394,423	8,423
Sales and use	1,500,000	1,452,244	(47,756)
Alcoholic beverage	168,000	175,347	7,347
Business and occupation	85,000	70,831	(14,169)
Insurance premium	440,000	473,276	33,276
Financial institution	25,000	32,820	7,820
Other	32,500	36,237	3,737
Licenses and permits	76,200	36,140	(40,060)
Intergovernmental	93,000	368,847	275,847
Charges for services	3,000	9,480	6,480
Fines and forfeitures	185,000	213,567	28,567
Interest	1,500	2,823	1,323
Contributions	2,000	16,745	14,745
Other	45,500	55,844	10,344
Total revenues	4,675,900	5,078,813	402,913
EXPENDITURES			
Current:			
General government	1,082,300	1,178,171	(95,871)
Judicial	15,000	25,844	(10,844)
Public safety	2,826,000	2,987,498	(161,498)
Public works	1,240,200	1,202,051	38,149
Housing and development	335,600	322,010	13,590
Debt service:			
Principal	26,000	25,717	283
Interest	14,500	24,749	(10,249)
Total expenditures	5,539,600	5,766,040	(226,440)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(863,700)	(687,227)	176,473
OTHER FINANCING SOURCES (USES)			
Transfers in	978,400	929,576	(48,824)
Transfers out	(14,700)	(219,456)	(204,756)
Total other financing sources (uses)	963,700	710,120	(253,580)
NET CHANGE IN FUND BALANCE	100,000	22,893	(77,107)
FUND BALANCE, JANUARY 1, 2020	792,298	792,298	-
FUND BALANCE, DECEMBER 31, 2020	$ 892,298	$ 815,191	$ (77,107)

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

ASSETS	Water and Sewer	Natural Gas	Solid Waste	Total
Current Assets				
Cash and cash equivalents	$ 504,923	-	-	$ 504,923
Restricted cash and cash equivalents	56,470	-	-	56,470
Accounts receivable	86,356	$ 30,767	$ 39,639	156,762
Interfund receivable	-	11,519	-	11,519
Total Current Assets	647,749	42,286	39,639	729,674
Capital Assets				
Nondepreciable assets	124,199	3,000	108,689	235,888
Depreciable assets (net of depreciation)	18,469,175	336,307	379,110	19,184,592
Total Capital Assets	18,593,374	339,307	487,799	19,420,480
Total Assets	19,241,123	381,593	527,438	20,150,154
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pensions	55,115	21,254	40,221	116,590
LIABILITIES				
Current Liabilities				
Accounts payable	8,758	136,850	75,317	220,925
Accrued salaries	3,475	1,693	3,060	8,228
Accrued interest payable	11,887	-	339	12,226
Compensated absences payable	3,747	1,319	1,166	6,232
Other accrued liabilities	16,717	39,797	9,438	65,952
Notes payable	-	-	66,389	66,389
Capital lease payable	-	27,094	33,317	60,411
Revenue bonds payable	535,000	-	-	535,000
Total Current Liabilities	579,584	206,753	189,026	975,363
Long-term Liabilites				
Compensated absences payable (net of current portion)	14,988	5,278	4,662	24,928
Notes payable (net of current portion)	-	-	47,587	47,587
Capital lease payable (net of current portion)	-	164,990	95,351	260,341
Revenue bonds payable (net of current portion)	5,335,000	-	-	5,335,000
Net pension liability	167,465	63,015	121,785	352,265
Total Long-term Liabilites	5,517,453	233,283	269,385	6,020,121
Total Liabilities	6,097,037	440,036	458,411	6,995,484
DEFERRED INFLOWS OF RESOURCES				
Resources related to pensions	985	330	705	2,020
NET POSITION				
Net investment in capital assets	12,723,374	147,223	245,155	13,115,752
Restricted for debt service	56,470	-	-	56,470
Unrestricted	418,372	(184,742)	(136,612)	97,018
Total Net Position	$ 13,198,216	$ (37,519)	$ 108,543	$ 13,269,240

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Water and Sewer	Natural Gas	Solid Waste	Total
OPERATING REVENUES				
Charges for services	$ 1,988,816	$ 909,429	$ 1,176,701	$ 4,074,946
Tap fees	13,200	-	-	13,200
Penalties	43,887	18,246	25,620	87,753
Recovery of bad debts	1,343	-	-	1,343
Other	-	5,247	-	5,247
Total operating revenues	2,047,246	932,922	1,202,321	4,182,489
OPERATING EXPENSES				
Salaries	263,889	112,634	195,554	572,077
Employee benefits	91,601	46,780	86,402	224,783
Utilities	126,985	-	-	126,985
Communications	17,183	5,484	1,674	24,341
Contractual services	730,772	20,017	50,866	801,655
Gas purchases	-	405,906	-	405,906
Landfill fees	-	-	227,061	227,061
Materials and supplies	130,755	2,644	31,539	164,938
Gasoline, oil, etc.	13,034	3,722	45,361	62,117
Repairs and maintenance	134,998	36,603	112,872	284,473
Depreciation	861,183	14,753	60,654	936,590
Travel and training	2,356	733	-	3,089
Other expenses	186,889	36,683	93,995	317,567
Total operating expenses	2,559,645	685,959	905,978	4,151,582
OPERATING INCOME (LOSS)	(512,399)	246,963	296,343	30,907
NONOPERATING REVENUE (EXPENSE)				
Interest income	2,553	-	-	2,553
Interest and loan fees	(154,224)	(4,558)	(7,119)	(165,901)
Total nonoperating revenue (expense)	(151,671)	(4,558)	(7,119)	(163,348)
INCOME (LOSS) BEFORE TRANSFERS	(664,070)	242,405	289,224	(132,441)
Transfers in	804,806	-	-	804,806
Transfers out	-	(432,033)	(393,572)	(825,605)
CHANGE IN NET POSITION	140,736	(189,628)	(104,348)	(153,240)
NET POSITION, JANUARY 1, 2020	13,057,480	152,109	212,891	13,422,480
NET POSITION, DECEMBER 31, 2020	$ 13,198,216	$ (37,519)	$ 108,543	$ 13,269,240

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Water and Sewer	Natural Gas	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 2,177,571	$ 1,113,789	$ 1,318,125	$ 4,609,485
Cash payments for employees	(277,844)	(117,895)	(197,083)	(592,822)
Cash payments for goods and services	(1,443,706)	(507,719)	(634,564)	(2,585,989)
Net cash provided by (used by) operating activities	456,021	488,175	486,478	1,430,674
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from (to) other funds	-	(11,519)	-	(11,519)
Net transfers in (out)	219,456	(432,033)	(393,572)	(606,149)
Retirement of long-term debt (noncapital)	-	-	(32,500)	(32,500)
Interest and fiscal charges paid	-	-	(1,875)	(1,875)
Net cash provided by (used by) noncapital financing activities	219,456	(443,552)	(427,947)	(652,043)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(585,352)	(232,149)	-	(817,501)
Transfers in from capital projects fund	585,350	-	-	585,350
Principal payments on bonds payable	(520,000)	-	-	(520,000)
Proceeds from capital lease		207,000	-	207,000
Payments on capital lease	-	(14,916)	(53,287)	(68,203)
Interest and loan fees paid	(155,277)	(4,558)	(5,244)	(165,079)
Net cash provided by (used by) capital and related financing activities	(675,279)	(44,623)	(58,531)	(778,433)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	4,798	-	-	4,798
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,996	-	-	4,996
CASH AND CASH EQUIVALENTS, JANUARY 1, 2020	556,397	-	-	556,397
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2020	$ 561,393	$ -	$ -	$ 561,393
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES				
Operating income (loss)	$ (512,399)	$ 246,963	$ 296,343	$ 30,907
Adjustments:				
Depreciation	861,183	14,753	60,654	936,590
(Increase) decrease in operating assets:				
Accounts receivable	128,428	180,865	114,576	423,869
(Increase) decrease in deferred outflows of resources related to pensions	(7,323)	(3,915)	(5,642)	(16,880)
Increase (decrease) in operating liabilities:				
Accounts payable	(34,146)	43,232	1,522	10,608
Other accrued liabilities	-	(3,655)	-	(3,655)
Deposits for services	1,895	-	1,225	3,120
Accrued salaries	(3,514)	(971)	(838)	(5,323)
Compensated absences payable	(637)	495	1,724	1,582
Net pension liability	35,285	15,061	26,148	76,494
Increase (decrease) in deferred inflows of resources related to pensions	(12,751)	(4,653)	(9,234)	(26,638)
Net cash provided by (used by) operating activities	$ 456,021	$ 488,175	$ 486,478	$ 1,430,674

See accompanying notes to the basic financial statements.

The City of Waynesboro, Georgia was incorporated in 1803 under the laws of the State of Georgia. The City operates under a Mayor and City Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, water and sewer, natural gas, and general administrative services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise fund at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes, or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the City's discretely presented component unit. It is reported separately to emphasize that it is legally separate from the City.

A brief description of the City's discretely presented component unit follows:

Waynesboro Downtown Development Authority (the Authority) – The Authority works to promote the economic development and revitalization of the downtown area. The City Council appoints the board members and is legally obligated or has otherwise assumed financial responsibility for the organization. Therefore, the Authority is fiscally dependent on the City. Complete financial statements for the Authority can be obtained directly from the Waynesboro Downtown Development Authority at 628 Myrick Street, Waynesboro, Georgia 30830.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide 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.

Government-wide Financial Statements – The government-wide financial statements include the statement of net position and the statement of activities. 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, grants and the City's general revenues, from business-type activities, generally financed in whole or part with service charges to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City.

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 does not allocate indirect expenses to functions 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. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *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 governmental and proprietary funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major individual governmental funds and enterprise funds are reported in separate columns with a composite column for non-major funds.

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 two categories of funds: governmental and proprietary.

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 major governmental funds:

> ***General Fund*** – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of the State of Georgia.
>
> ***SPLOST IV Capital Projects Funds*** – This capital projects fund accounts for the special purpose local option sales tax collected to be used for various capital improvements within the City.
>
> ***2018 Community Home Investment Program (CHIP) Capital Projects Funds*** – This fund is used to account for the costs to rehabilitate owner-occupied homes and construct affordable single-family homes for low and moderate income persons. Financing is being provided through a Community Home Investment Program (CHIP) funded through the Georgia Department of Community Affairs.

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds and internal service funds. The City has three enterprise funds. The City accounts for its water and sewer operations within the Water and Sewer fund, its natural gas operations within the Natural Gas Fund, and its solid waste operations within the Solid Waste Fund.

1-C. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1-C. Measurement Focus (continued)

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on 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 prepared. 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 a 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 on 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 activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on 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 in 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 unearned 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, is 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 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1-D. Basis of Accounting (continued)

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 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual: property taxes, sales taxes, franchise taxes, interest, and federal and state grants.

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.

1-E. Assets, Liabilities, Deferred Outflows and Deferred Inflows of Resources, and Fund Equity

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or United States Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. The general fund reported an allowance for uncollectible taxes of $69,469. The water and sewer enterprise fund, the natural gas enterprise fund, and the solid waste enterprise fund reported allowances for uncollectibles of $42,436, 17,544, and $29,689, respectively, at December 31, 2020.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns on the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances on this statement. These amounts are ultimately eliminated from the total column on the statement of net position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, 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 services are consumed. At the fund reporting level, an equal amount of fund balance is reported as non-spendable since this amount is not available for general appropriation.

Restricted Assets – Cash and Cash Equivalents

Restricted cash includes amounts set aside to meet the requirements of applicable bond covenants of the water and sewer fund revenue bond.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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 City fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position and in the proprietary 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 $10,000 for infrastructure, and a capitalization threshold of $5,000 for other capital assets. The City's infrastructure consists of streets, bridges, storm sewers, sidewalks, traffic islands, street lights, traffic signals, and street signs. For streets, the City has only capitalized infrastructure constructed after July 1, 2003. Improvements to capital assets are capitalized. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Depreciation is computed using the straight-line method over the following useful lives:

Asset Class	Life
Buildings and improvements	40-50 years
Machinery and equipment	5-10 years
Office furnishings and equipment	5-7 years
Vehicles	5-7 years

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Unpaid accumulated sick leave does not vest and is not paid upon termination.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. The proprietary funds report the total compensated liability at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "*when due."*

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 those funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are amortized over the life of the bonds using the effective interest method and bond issuance costs are expensed in the current period.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is resources related to pensions reported at the government-wide level for governmental and business-type activities and at the fund level for enterprise funds.

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 City has an 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 revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The City also has deferred inflows of resources related to its pension plan reported at the government-wide level for governmental and business-type activities and at the fund level for its proprietary funds.

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. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

Net Position – Net position represent the difference between assets and liabilities. Net investment 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, sewer, natural gas, and solid waste operations. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund and include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 after the non-operating revenues/expenses section in proprietary funds. Repayment 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 governmental and business-type activities are eliminated from the total column.

Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City adopts an annual operating budget for the general fund. The budget resolution reflects the total of each department's appropriation in each fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

During the year, the City Council approved budget revisions.

All unexpended annual appropriations lapse at year-end.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Excess of Expenditures over Appropriations

For the year ended December 31, 2020, expenditures exceeded appropriations for the following departments within the general fund:

General government	$	95,871
Judicial		10,844
Public safety		161,498
Interest		10,249

These overexpenditures were funded primarily by underexpenditures in other departments and excess revenues over amounts budgeted.

Expenditures exceeded appropriations by $508 for the Family Connection Grant special revenue fund, which were funded by excess revenues over amounts budgeted.

NOTE 3 – CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Statutes require collateral at 110% of pledged deposits to be held in the Government's name by the trust department.

At December 31, 2020, the carrying amount of the City's deposits was $3,963,302 and the bank balance was $4,040,038. Of the bank balance, $500,000 was covered by federal depository insurance, and $3,540,038 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Discretely Presented Component Unit

At December 31, 2020, the carrying amount of deposits for the Waynesboro Downtown Development Authority was $8,056 and the bank balance was $8,056 which was covered by federal depository insurance.

NOTE 4 – PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of the day the taxes become delinquent. Property taxes are billed near the end of each year and are payable within sixty days. The City bills and collects its own property taxes. Property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended December 31, 2020, property taxes were levied on November 9, 2020 and were due on January 27, 2021.

NOTE 5 – RECEIVABLES

Receivables at December 31, 2020, consisted of taxes, accounts (billings for user charges) and intergovernmental receivables arising from grants.

NOTE 5 – RECEIVABLES (continued)

Receivables are recorded on 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 collectability.

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Receivable Fund	Payable Fund	Amount
Hotel Motel Tax	General	$ 54,524
Natural Gas	SPLOST IV	11,519
		$ 66,043

Interfund balances at December 31, 2020 represent charges for services or reimbursable expenses. The City expects to repay all interfund balances within one year.

A summary of transfers for the year ended December 31, 2020 is as follows:

	Transfer to:		
Transfers From:	General Fund	Water and Sewer Fund	Total
General Fund	-	$ 219,456	$ 219,456
Natural Gas Fund	$ 432,033	-	432,033
Solid Waste Fund	393,572	-	393,572
Hotel Motel Tax Fund	103,971	-	103,971
SPLOST IV Fund	-	585,350	585,350
	$ 929,576	$ 804,806	$ 1,734,382

For the year ended December 31, 2020, the Hotel Motel Tax special revenue fund transferred $103,971 to the General Fund for taxes collected in excess of the amount required by law to be used for tourism. The General Fund transferred $219,456 to the Water and Sewer enterprise fund to fund operations. The Natural Gas and Solid Waste enterprise funds transferred $432,033 and $393,572 to the general fund to repay accrued expenses. The SPLOST IV capital projects fund transferred $585,352 to the Water and Sewer enterprise fund for purchase of capital assets.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 12/31/19	Additions	Deductions	Balance 12/31/20
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 178,289	-	$ -	$ 178,289
Construction in progress	61,828	$ 1,181,443	-	1,243,271
Total capital assets not being depreciated:	240,117	1,181,443	-	1,421,560
Capital assets being depreciated:				
Buildings and improvements	10,126,885	1,660,184	-	11,787,069
Machinery and equipment	3,979,452	537,860	-	4,517,312
Total capital assets being depreciated	14,106,337	2,198,044	-	16,304,381
Total capital assets	14,346,454	3,379,487	-	17,725,941
Accumulated depreciation:				
Buildings and improvements	2,124,889	249,452	-	2,374,341
Machinery and equipment	3,060,692	251,763	-	3,312,455
Total accumulated depreciation	5,185,581	501,215	-	5,686,796
Governmental activities capital assets, net	$ 9,160,873	$ 2,878,272	$ -	$ 12,039,145

Governmental activities depreciation expense:

General government	$ 87,382
Public safety	157,110
Public works	227,124
Housing and development	29,599
Total governmental activities depreciation expense	$ 501,215

NOTE 7 – CAPITAL ASSETS (Continued)

The following table presents the changes in capital assets for the City's enterprise funds:

	Balance 12/31/19	Additions	Deductions	Balance 12/31/20
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 113,317	-	$ -	$ 113,317
Construction in progress	-	$ 122,571	-	122,571
Total capital assets not being depreciated	113,317	122,571	-	235,888
Capital assets being depreciated:				
Buildings and improvements	31,379,084	462,781	-	31,841,865
Machinery and equipment	5,955,852	232,149	-	6,188,001
Total capital assets being depreciated	37,334,936	694,930	-	38,029,866
Total capital assets	37,448,253	817,501	-	38,265,754
Accumulated depreciation:				
Buildings and improvements	15,392,660	699,636	-	16,092,296
Machinery and equipment	2,516,024	236,954	-	2,752,978
Total accumulated depreciation	17,908,684	936,590	-	18,845,274
Business-type activities capital assets, net	$ 19,539,569	$ (119,089)	$ -	$ 19,420,480

Business-type activities depreciation expense:

Water and Sewer Fund	$ 861,183
Natural Gas Fund	14,753
Solid Waste Fund	60,654
Total business-type activities depreciation expense	$ 936,590

NOTE 8 – SHORT-TERM DEBT

In January 2020, the City issued tax anticipation notes through Queensborough Bank. The loan has an annual interest rate of 2.75% and has a maturity date of May 19, 2021. The loan balance as of December 31, 2020 was $948,323 and is reported in the General Fund.

NOTE 8 – SHORT-TERM DEBT (continued)

Balance at December 31, 2019	$ 894,475
Funds advanced	959,631
Repayments	(905,783)
Balance at December 31, 2020	$ 948,323

Interest on short-term debt incurred during the year ended December 31, 2020 in governmental activities totaled $19,029, which was charged to expenditures during the year.

NOTE 9 – NOTES PAYABLE

Business-type Activities

In 2011, the City obtained a $1,050,000 loan from the Georgia Environmental Finance Authority for the purpose of completing the City's environmental remediation plan in connection with landfill closure.

The outstanding loan balance as of December 31, 2020 was $113,976. The loan has an annual interest rate of 2.82% and monthly payments began on July 1, 2015 in the amount of $5,729, including interest and will continue through September, 2022.

Annual debt service requirements to amortize all notes payable outstanding as of December 31, 2020 for business-type activities follow:

Year ending December 31	Principal	Interest	Total
2021	$ 66,389	$ 2,360	$ 68,749
2022	47,587	529	48,116
	$ 113,976	$ 2,889	$ 116,865

NOTE 10 – BONDS PAYABLE

Business-type Activities

In December, 2016, the City issued revenue bonds in the amount of $7,835,000. The City issued the Series 2016 Combined Public Utility System Refunding Revenue Bonds to advance refinance existing loans and bonds payable. The outstanding bonds as of December 31, 2020 were $5,870,000.

The bonds are payable from the net revenues of the water and sewer system and are not general obligations of the City. The City has pledged future water and sewer customer revenues, net of specified operating expenses to repay the bonds. The revenue bonds have an interest rate of 2.43%. The bonds require principal payments each December 1 and interest is payable semiannually on June 1 and December 1 each year.

NOTE 10 – BONDS PAYABLE (continued)

Annual debt service requirements to amortize all obligations outstanding, as of December 31, 2020 follow:

Year ending December 31	Principal	Interest	Total
2021	$ 535,000	$ 142,641	$ 677,641
2022	600,000	129,641	729,641
2023	630,000	115,061	745,061
2024	645,000	99,752	744,752
2025	660,000	84,078	744,078
2026-2029	2,800,000	172,166	2,972,166
	$ 5,870,000	$ 743,339	$ 6,613,339

NOTE 11 – CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of various equipment costing $688,173. Amortization of the cost of the equipment is included in depreciation expense in the government-wide financial statements and accumulated depreciation was $117,723 at December 31, 2020. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at December 31, 2020:

Year ending June 30	Governmental Activities	Business-Type Activities	Total
2021	$ 34,294	$ 71,060	$ 105,354
2022	34,294	71,060	105,354
2023	34,294	71,060	105,354
2024	34,294	58,502	92,796
2025	34,294	33,385	67,679
2026-2027	5,716	47,878	53,593
Total minimum lease payments	177,186	352,945	530,131
Less amount representing interest	15,517	32,193	47,711
Present value of future minimum lease payments	$ 161,669	$ 320,752	$ 482,421

NOTE 12 – CHANGES IN LONG-TERM DEBT

	Outstanding December 31, 2019	Additions	Reductions	Outstanding December 31, 2020	Amounts Due in One Year
Governmental Activities					
Capital leases payable	$ 187,385	$ -	$ 25,716	$ 161,669	$ 29,024
Compensated absences	79,403	-	15,042	64,361	12,872
	$ 266,788	$ -	$ 40,758	$ 226,030	$ 41,896
Business-Type Activities					
Capital leases payable	$ 181,955	$ 207,000	$ 68,203	$ 320,752	$ 60,411
Notes payable	146,476	-	32,500	113,976	66,389
Revenue bonds payable	6,390,000	-	520,000	5,870,000	535,000
Compensated absences	29,578	1,582	-	31,160	6,232
Total Business-Type Activities	$ 6,748,009	$ 208,582	$ 620,703	$ 6,335,888	$ 668,032

The compensated absences liability will be paid from the General Fund for governmental activities and from the Water and Sewer Fund, Natural Gas Fund, and Solid Waste Fund for business-type activities. Principal and interest payments related to the notes payable for the City's Solid Waste Fund are financed from income derived from the operation of the Solid Waste System. Principal and interest payments related to the bonds payable for the City's Water and Sewer Fund are financed from income derived from the operation of the Water and Sewer System. The capital lease obligations will be paid from the General Fund for governmental activities and from the Natural Gas Fund and Solid Waste Fund for business-type activities.

NOTE 13 – EMPLOYEE RETIREMENT PLAN

Plan Description

The City's defined benefit pension plan, the City of Waynesboro Retirement Plan (the "Plan"), provides retirement and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS) an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Benefits Provided

All full-time County employees are immediately eligible to participate in the Plan. Benefits are fully vested after 10 years of service. Plan participants are eligible to receive early retirement benefits at the age of fifty-five with the completion of ten years of total credited service. Normal retirement benefits may be received at the age of sixty-five with five years of total credited service.

NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)

Normal retirement benefits are calculated based on a flat percentage of 1.25 percent of final average earnings plus two percent multiplied by years of total credited service as an eligible regular employee. The number of years of total credited service which may be used to calculate the benefit is not limited. Monthly benefits are paid at $1/12^{th}$ of the calculated amount. The same formula is used for all participants who are regular employees. Final average earnings are the annual average of earnings paid to a participant by the City for the five consecutive years of credited service preceding the participant's most recent termination in which the participant's earnings were the highest.

For participants electing to receive early retirement benefits, the benefit will be reduced on an actuarially equivalent basis to account for early commencement of benefits.

In-service death benefits arc payable to the participant's pre-retirement beneficiary, equal to the decreased monthly retirement benefit that would have otherwise been payable to the participant had he elected 100% joint and survivor benefit under the plan. For this benefit, a participant must be eligible for early or normal retirement.

Employees Covered by Benefit Terms
At March 31, 2020, the date of the most recent actuarial valuation, there were 137 participants as follows:

Active participants	81
Retirees and beneficiaries	48
Terminated plan members entitled to but not yet receiving benefits	8
Total	137

Contributions
The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is $194,909. This minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards.

Net Pension Liability
The City’s net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020.

NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined 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 target allocation and best estimates of arithmetic real rates return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.41%
International equity	20%	6.96%
Global fixed income	5%	3.06%
Domestic fixed incor	20%	1.96%
Real estate	10%	4.76%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a)-(b)
Balance, March 31, 2019	$ 4,492,224	$ 3,133,741	$ 1,358,483
Changes for the year:			
Service cost	91,023	-	91,023
Interest	334,561	-	334,561
Contributions from the employer	-	219,961	(219,961)
Net investment income	-	(215,349)	215,349
Difference between expected and actual experience	39,803	-	39,803
Benefit payments, including refunds of employee contributions	(244,868)	(244,868)	-
Administrative expenses	-	(13,006)	13,006
Other	(4,879)	-	(4,879)
Net Changes	215,640	(253,262)	468,902
Balance, March 31, 2020	$ 4,707,864	$ 2,880,479	$ 1,827,385

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 one percentage point lower (6.375 percent) or one percentage point higher (8.375 percent) than the current rate:

	Discount Rate - 1% (6.375%)	Current Discount Rate (7.375%)	Discount Rate + 1% (8.375%)
City's net pension liability	$ 2,426,785	$ 1,827,385	$ 1,327,621

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

For the year ended December 31, 2020, the City recognized pension expense of $390,319. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions after measurement date	$ 113,087	-
Differences in expected and actual experience	136,086	$ (4,944)
Effects of changes in assumptions	22,272	(3,904)
Net differences between projected and actual net investment income	354,175	-
	$ 625,620	$ (8,848)

City contributions subsequent to the measurement date of $113,087 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	
2021	$ 135,558
2022	144,172
2023	127,178
2024	96,777
	$ 503,685

NOTE 14 – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by Nationwide Retirement Solutions. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, death, or an unforeseeable emergency. All of the amounts deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefits of participants and their beneficiaries. As a result, the deferred compensation investments are not included in the City's financial statements.

NOTE 15 – COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2020, there was no pending litigation that would have a material effect on the financial statements.

NOTE 16 – 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; workers' compensation claims; and natural disasters. The City joined the Georgia Interlocal

NOTE 16 – RISK MANAGEMENT (continued)

Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims and representing the City in defense and settlement of claims. GIRMA's basis for establishing the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2020. No provisions have been made in the financial statements for the year ended December 31, 2020 for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (the Fund). As a participant in the Fund, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the Fund in an amount that is determined based on actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the Fund permits the Fund to levy an assessment upon its members to make up any deficiency the Fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

NOTE 17 – HOTEL-MOTEL LODING TAX

The City has levied a 5% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires all lodging taxed levied in excess of 3% be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. The City's policy is to remit a portion of the taxes levied to the Waynesboro/Burke County Chamber of Commerce to promote tourism. The Chamber has certified that the funds received from the City were used for, or planned to be used for, the intended purpose as outlined within the Official Code of Georgia. A summary of the transactions for the year ended December 31, 2020 is as follows:

Lodging tax receipts	$ 173,285	
Expended for community development/promotion	$ 69,314	40%

NOTE 18 – JOINT VENTURE

Under Georgia law, the City, in conjunction with the thirteen counties and forty-one cities in east Georgia known as the Central Savannah River Area (CSRA), is a member of the CSRA Regional Commission (CSRA RC). The CSRA RC is a public organization that assists local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development. The operations are mainly financed by membership dues and financial assistance provided by the State of Georgia. Membership in the CSRA RC is required by the Official Code of Georgia Annotated (O.C.G.A,) §58-8-34 with annual dues based on a per capita amount. During the year ended December 31, 2020, the City paid $6,631 in such dues, which was based on a per capita amount of $.55. The CSRA RC Board membership is composed of one County official, one city official, and one private sector individual from each county. O.C.G.A. §58-8-39.1 provides

NOTE 18 – JOINT VENTURE (continued)

that the County is liable for any debts or obligations of the CSRA RC. The Comprehensive Annual Financial Report of the CSRA RC may be obtained from:

CSRA Regional Commission
3023 River Watch Parkway, Suite A
Augusta, GA 30907

NOTE 19 – TAX ABATEMENTS

The City is subject to tax abatements granted by the Burke County Development Authority (the Authority), a component unit of Burke County, Georgia. The Authority can enter into agreements for industrial projects to encourage the creation of jobs and new capital investment through an "Investment Assistance Program." Georgia case law and statutory provision, including the Development Authorities Law (Title 36 Chapter 62 of the Georgia Code Annotated), provide the Authority with the power to enter into such agreements with companies.

The Authority may accept title to real property (land and building) and personal property (machinery and equipment) assets from a company in return for job creation and/or capital investment and provide a tax benefit to the company through a lease agreement with the Authority. Agreements with respect to taxation of such assets under the lease provide the terms and conditions of any tax abatement. In general, failure to create jobs and/or investments as set forth in the agreements would result in a reduction (or claw back) of any tax abatements. The Authority monitors compliance with performance and accountability agreements to ensure the companies meet the agreed-upon commitments.

For the year ended December 31, 2020, real and personal property tax not collected by the City due to incentive agreements was $99,480. Such agreements in effect for Waynesboro resulted in an estimated $40.5 million in new capital investment and 149 new jobs.

NOTE 20 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 22, 2022, the date that the financial statements were available to be issued.

CITY OF WAYNESBORO, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WAYNESBORO RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Fiscal Year End					
	2020	**2019**	**2018**	**2017**	**2016**	**2015**
Total pension liability						
Service cost	$ 91,023	$ 88,196	$ 75,662	$ 78,299	$ 76,583	$ 75,256
Interest	334,561	319,824	295,812	286,778	270,307	257,211
Differences between expected and actual experience	39,803	31,361	173,876	(14,834)	95,256	95,625
Changes of assumptions	-	-	55,681	-	-	-
Benefit payments, including refunds of employee contributions	(244,868)	(246,573)	(237,082)	(230,263)	(228,971)	(223,948)
Other changes	(4,879)	-	-	-	-	(32,661)
Net change in total pension liability	215,640	192,808	363,949	119,980	213,175	171,483
Total pension liability-beginning	4,492,224	4,299,416	3,935,467	3,815,487	3,602,312	3,430,829
Total pension liability-ending (a)	$ 4,707,864	$ 4,492,224	$ 4,299,416	$ 3,935,467	$ 3,815,487	$ 3,602,312
Plan fiduciary net position						
Contributions-employer	$ 219,961	$ 187,129	$ 174,185	$ 159,078	$ 148,065	$ 146,473
Net investment income	(215,349)	108,907	348,143	319,734	7,011	240,082
Benefit payments, including refunds of employee contributions	(244,868)	(246,573)	(237,082)	(230,263)	(228,971)	(223,948)
Administrative expense	(13,006)	(12,339)	(12,189)	(12,409)	(8,754)	(7,888)
Net change in plan fiduciary net position	(253,262)	37,124	273,057	236,140	(82,649)	154,719
Plan fiduciary net position-beginning	3,133,741	3,096,617	2,823,560	2,587,420	2,670,069	2,515,350
Plan fiduciary net position-ending (b)	$ 2,880,479	$ 3,133,741	$ 3,096,617	$ 2,823,560	$ 2,587,420	$ 2,670,069
Net pension liability-ending (a)-(b)	$ 1,827,385	$ 1,358,483	$ 1,202,799	$ 1,111,907	$ 1,228,067	$ 932,243
Plan fiduciary net position as a percentage of the total pension liability	61.18%	69.76%	72.02%	71.75%	67.81%	74.12%
Covered-employee payroll	3,227,464	2,577,808	2,551,324	2,385,230	2,361,688	2,150,154
Net pension liability as a percentage of covered-employee payroll	56.62%	52.70%	47.14%	46.62%	52.00%	43.36%

(1) Only fiscal years 2020, 2019, 2018, 2017, 2016, and 2015 were available. The City will continue to present information for years available until a full 10-year trend is compiled.

Notes to Schedule:

Changes of assumptions

Amounts reported for the fiscal year ending in 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

- The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct Scale SSA2019. Previously future mortality improvements were not explicitly projected.
- The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligiblity was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.
- The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is avialable on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.
- Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71, and 100% at ages 72 and older. In addition, the first year a participant is eligible for normal retirement, the rate is increased by 30%.
- Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.
- Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligiblity through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.
- The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.
- The disability rates were changed to 50% of the rates in the prior age-based table.
- The inflation assumption was decreased from 2.75% to 2.25%.
- The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.
- The investment return assumption was decreased from 7.50% to 7.375%.

Benefit Changes

There were no changes in benefit provisions in the last two years.

CITY OF WAYNESBORO, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WAYNESBORO RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Fiscal Year End					
	2020	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarially determined contribution	*	$ 217,298	$ 177,072	$ 173,222	$ 154,363	$ 145,966
Contributions in relation to the actuarially determined contribution	*	213,946	162,316	186,086	141,499	145,966
Contribution deficiency (excess)	*	$ 3,352	$ 14,756	$ (12,864)	$ 12,864	$ -
Covered-employee payroll	*	2,577,808	2,551,324	2,385,230	2,361,688	2,150,154
Contributions as a percentage of covered-employee payroll	*	8.30%	6.36%	7.80%	5.99%	6.79%

*2020 information will be determined after fiscal year end and will be included in the 2021 valuation report

Notes to Schedule:

Valuation Date	The actuarially determined contribution rate was determined as of July 1, 2020, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending December 31, 2021.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial Assumptions:

Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	See changes of assumptions in the Notes to Schedule of Changes in the Net Pension Liability.
Mortality	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

CITY OF WAYNESBORO, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Nonmajor Capital Projects Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash	$ 75,975	$ 4,619	$ 80,594
Receivables:			
Accounts	-	11,660	11,660
Intergovernmental	13,328	11,764	25,092
Interfund	-	54,524	54,524
TOTAL ASSETS	$ 89,303	$ 82,567	$ 171,870
LIABILITIES			
Accounts payable	-	$ 66,677	$ 66,677
Total liabilities	-	66,677	66,677
FUND BALANCES			
Restricted	$ 89,303	15,890	105,193
TOTAL LIABILITIES AND FUND BALANCES	$ 89,303	$ 82,567	$ 171,870

CITY OF WAYNESBORO, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Nonmajor Capital Projects Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	-	$ 173,285	$ 173,285
Fees, fines and forfeitures	-	3,444	3,444
Intergovernmental	$ 262,804	48,508	311,312
Interest	327	5	332
Total revenues	263,131	225,242	488,373
EXPENDITURES			
Current:			
Health and welfare	-	48,508	48,508
Housing and development	-	69,314	69,314
Capital outlay	1,101,118	-	1,101,118
Total expenditures	1,101,118	117,822	1,218,940
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(837,987)	107,420	(730,567)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(103,971)	(103,971)
NET CHANGE IN FUND BALANCES	(837,987)	3,449	(834,538)
FUND BALANCES, JANUARY 1, 2020	927,290	12,441	939,731
FUND BALANCES, DECEMBER 31, 2020	$ 89,303	$ 15,890	$ 105,193

CITY OF WAYNESBORO, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2020

	SPLOST III	TIA SPLOST	2016 CDBG Capital Projects	Total Nonmajor Capital Projects Funds
ASSETS				
Cash	$ -	$ 75,975	$ -	$ 75,975
Intergovernmental receivable	-	13,328	-	13,328
TOTAL ASSETS	$ -	$ 89,303	$ -	$ 89,303
FUND BALANCES				
Restricted	-	$ 89,303	$ -	$ 89,303
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 89,303	$ -	$ 89,303

CITY OF WAYNESBORO, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	SPLOST III	TIA SPLOST	2016 CDBG Capital Projects	Total Nonmajor Capital Projects Funds
REVENUES				
Intergovernmental	-	$ 213,317	$ 49,487	$ 262,804
Interest	$ 175	152	-	327
Total revenues	175	213,469	49,487	263,131
EXPENDITURES				
Capital:				
General government	619,883	-		619,883
Public works	-	431,748	-	431,748
Housing and development	-	-	$ 49,487	49,487
Total expenditures	619,883	431,748	49,487	1,101,118
NET CHANGE IN FUND BALANCES	(619,708)	(218,279)	-	(837,987)
FUND BALANCES, JANUARY 1, 2020	619,708	307,582	-	927,290
FUND BALANCES, DECEMBER 31, 2020	$ -	$ 89,303	$ -	$ 89,303

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CITY OF WAYNESBORO, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2020

	Hotel Motel Tax	Confiscated Assets	Family Connection Grant	Total Nonmajor Special Revenue Funds
ASSETS				
Cash	-	$ 4,619	-	$ 4,619
Receivables:				
Accounts	$ 11,660	-	-	11,660
Intergovernmental	-	-	$ 11,764	11,764
Interfund	54,524	-	-	54,524
TOTAL ASSETS	$ 66,184	$ 4,619	$ 11,764	$ 82,567
LIABILITIES				
Accounts payable	$ 54,913	$ -	$ 11,764	$ 66,677
Total liabilities	54,913	-	11,764	66,677
FUND BALANCES				
Restricted	11,271	4,619	-	15,890
TOTAL LIABILITIES AND FUND BALANCES	$ 66,184	$ 4,619	$ 11,764	$ 82,567

CITY OF WAYNESBORO, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Hotel Motel Tax	Confiscated Assets	Family Connection Grant	Total Nonmajor Special Revenue Funds
REVENUES				
Taxes	$ 173,285	-	-	$ 173,285
Fees, fines and forfeitures	-	$ 3,444	-	3,444
Intergovernmental	-	-	$ 48,508	48,508
Interest	-	5	-	5
Total revenues	173,285	3,449	48,508	225,242
EXPENDITURES				
Current:				
Health and welfare	-	-	48,508	48,508
Housing and development	69,314	-	-	69,314
Total expenditures	69,314	-	48,508	117,822
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	103,971	3,449	-	107,420
OTHER FINANCING SOURCES (USES)				
Transfers out	(103,971)	-	-	(103,971)
NET CHANGE IN FUND BALANCE	-	3,449	-	3,449
FUND BALANCE, BEGINNING OF YEAR	11,271	1,170	-	12,441
FUND BALANCE, END OF YEAR	$ 11,271	$ 4,619	$ -	$ 15,890

CITY OF WAYNESBORO, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ 195,000	$ 173,285	$ (21,715)
EXPENDITURES			
Current:			
Economic development	75,000	69,314	5,686
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	120,000	103,971	(16,029)
OTHER FINANCING SOURCES (USES)			
Transfers out	(120,000)	(103,971)	16,029
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, JANUARY 1, 2020	11,271	11,271	-
FUND BALANCE, DECEMBER 31, 2020	$ 11,271	$ 11,271	$ -

CITY OF WAYNESBORO, GEORGIA
CONFISCATED ASSETS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	$ -	$ 5	$ 5
Fees, fines and forfeitures	-	3,444	3,444
	-	3,449	3,449
EXPENDITURES			
Current:			
Public safety	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	3,449	3,449
FUND BALANCE, JANUARY 1, 2020	-	1,170	1,170
FUND BALANCE, DECEMBER 31, 2020	$ -	$ 4,619	$ 4,619

CITY OF WAYNESBORO, GEORGIA
FAMILY CONNECTION GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	$ 48,000	$ 48,508	$ 508
EXPENDITURES			
Current:			
Health and welfare	48,000	48,508	(508)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
FUND BALANCE, JANUARY 1, 2020	-	-	-
FUND BALANCE, DECEMBER 31, 2020	$ -	$ -	$ -

CITY OF WAYNESBORO, GEORGIA
SCHEDULE OF PROJECTS PAID
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2020

SPLOST III

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Building renovation and construction	$ 1,310,200	$ 3,492,588	$ 2,872,705	$ 619,883	$ 3,492,588	100%
Patrol vehicles and utility equipment	327,550	129,893	129,893	-	129,893	100%
Roads, streets, sidewalks and drainage improvements	2,384,564	180,908	180,908	-	180,908	100%
Water and sewer improvements	2,620,400	2,295,175	2,295,175	-	2,295,175	100%
Totals	$ 6,642,714	$ 6,098,564	$ 5,478,681	$ 619,883	$ 6,098,564	100%

SPLOST IV

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Building capital improvements	$ 750,000	$ 901,253	-	$ 521,065	$ 521,065	58%
Equipment	464,400	558,056	$ 59,802	295,770	355,572	64%
Recreation	300,000	360,502	-	13,700	13,700	4%
Road and street improvements	1,000,000	1,201,671	-	59,945	59,945	5%
Storm drainage improvements	1,000,000	1,201,671	107,988	112,597	220,585	18%
Water system improvements	2,000,000	2,403,342	191,890	1,729,182	1,921,072	80%
Sewer system improvements	2,000,000	2,403,342	-	-	-	0%
Totals	$ 7,514,400	$ 9,029,837	$ 359,680	$ 2,732,259	$ 3,091,939	34%

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Waynesboro, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Georgia, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City of Waynesboro, Georgia's basic financial statements, and have issued our report thereon dated January 22, 2022

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the deficiency described in the accompanying schedule of findings as item 2020-2 to be a material weakness.

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 deficiency described in the accompanying schedule of findings as item 2020-3 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Waynesboro, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as Finding 2020-1.

City of Waynesboro, Georgia's Response to Findings

City of Waynesboro, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings. The City of Waynesboro, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Lanier, Deal + Proctor

Statesboro, Georgia
January 22, 2022

NONCOMPLIANCE

2020-1 Tax Anticipation Note

Condition: At December 31, 2020, the City's tax anticipation loan remained outstanding.

Criteria: Georgia law authorizes the governing authority to incur temporary loans which shall not exceed 75 percent of the total gross income collected in the previous year and requires that such loans be payable on or before December 31.

Cause: It appears that inability to repay the loan at year end was a result of delays in the approval of the City's digest, causing delays in billing of property taxes.

Effect: The failure to repay the loan at year end is a violation of state law.

Auditor's Recommendation: We recommend that the City establish a repayment plan as soon as possible in order to repay this loan and bring the City into compliance with state law.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and we will make every effort to expedite the property tax digest approval process once it has been provided to the City. Alternate measures are being made to build an additional reserve to prevent reliance on tax anticipation loans.

MATERIAL WEAKNESS

2020-2 Recording of Year End Accruals for the Financial Statements

Condition: The City's procedures to make sure all year end accruals such as receivables, prepaid items, and unearned revenue are included in the financial statements are inadequate.

Criteria: All revenues earned and realizable and all expenditures incurred should be recorded at the end of the year via journal entry.

Cause: The City does not have procedures in place to make sure all accruals are recorded at year end for the financial statements.

Effect: Many of the adjusting journal entries needed to record these accruals were material to the City's financial statements.

Auditor's Recommendation: When conducting the year end closing, we recommend the City review for all needed accruals for receivables, prepaid items, and unearned revenue.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and we will implement procedures to establish a process for ensuring the completeness of year end accruals for the City's financial statements.

SIGNIFICANT DEFICIENCY

2020-3 Decentralized Cash Accounts

Condition: During our audit, we discovered transaction activity for various bank accounts and funds that were not being recorded in the financial software causing financial records to be inaccurate and incomplete.

Criteria: All transactions that should be recorded in a fund's financial statements should be included in the primary accounting records for that fund.

Cause: Certain bank accounts were not recorded in the Edmunds accounting software and therefore were not included in the City's trial balance.

Effect: The City's trial balance was incomplete.

Auditor's Recommendation: We recommend a member of the Finance Department staff be responsible for the recording of all account activity into the financial software. If separate accounting software is used for various bank accounts then the activity should be recorded in Edmunds at least annually.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and the Finance Department will implement procedures to ensure the proper posting of transactions to the general ledger.