CITY OF WAYNESBORO, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Waynesboro, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2022, and the related notes to the financial statements, which collectively comprise the City of Waynesboro, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Georgia, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the American Rescue Plan Act special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Waynesboro, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Waynesboro, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Waynesboro, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions on page 39 and 40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City 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 purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor 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 October 20, 2023 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.

Lanier, Deal, Proctor + Bloser

Statesboro, Georgia
October 20, 2023

CITY OF WAYNESBORO, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 4,578,108	$ 1,238,746	$ 5,816,854	$ 10,827
Restricted cash and cash equivalents	-	62,803	62,803	-
Receivables:				
Accounts	17,950	216,208	234,158	-
Taxes	1,808,993	-	1,808,993	-
Intergovernmental	442,743	-	442,743	-
Internal balances	(11,519)	11,519	-	-
Prepaid items	98,358	-	98,358	-
Capital assets:				
Nondepreciable capital assets	369,924	553,810	923,734	-
Depreciable capital assets, net	14,125,810	17,971,800	32,097,610	-
Total Assets	21,430,367	20,054,886	41,485,253	10,827
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pensions	276,445	68,760	345,205	-
LIABILITIES				
Current Liabilities:				
Accounts payable	358,063	313,435	671,498	-
Accrued interest payable	-	9,927	9,927	-
Accrued salaries	41,916	12,942	54,858	-
Other accrued liabilities	796	71,285	72,081	-
Compensated absences payable	15,364	7,019	22,383	-
Funds held for others	6,312	-	6,312	-
Notes payable	103,665	125,715	229,380	-
Bonds payable	-	630,000	630,000	-
Long-Term Liabilities:				
Compensated absences payable (net of current portion)	61,456	28,079	89,535	-
Notes payable (net of current portion)	252,941	284,638	537,579	-
Bonds payable (net of current portion)	-	4,105,000	4,105,000	-
Net pension liability	696,086	189,078	885,164	-
Total Liabilities	1,536,599	5,777,118	7,313,717	-
DEFERRED INFLOWS OF RESOURCES				
Resources related to pensions	362,400	72,597	434,997	-
NET POSITION				
Net investment in capital assets	14,139,128	13,380,257	27,519,385	-
Restricted for:				
Roads and capital projects	3,179,197	-	3,179,197	-
Public safety	8,945	-	8,945	-
Housing and development	7,101	-	7,101	-
Debt service	-	62,803	62,803	-
Unrestricted	2,473,442	830,871	3,304,313	10,827
Total Net Position	$ 19,807,813	$ 14,273,931	$ 34,081,744	$ 10,827

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

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	$ 1,587,037	$ 65,743	$ 975,069	-	$ (546,225)	-	$ (546,225)	-
Judicial - Municipal court	38,370	-	-	-	(38,370)		(38,370)	-
Public safety	2,776,205	214,032	37,139	-	(2,525,034)	-	(2,525,034)	-
Public works	1,409,095	6,350	-	$ 1,998,966	596,221	-	596,221	-
Health and welfare	48,779	-	48,779	-	-	-	-	-
Housing and development	301,193	-	17,878	4,500	(278,815)	-	(278,815)	-
Interest	14,500	-	-	-	(14,500)	-	(14,500)	-
Total Govermental Activities	6,175,179	286,125	1,078,865	2,003,466	(2,806,723)	-	(2,806,723)	-
Business-Type Activities:								
Water and Sewer	2,739,475	2,549,172	-	-	-	$ (190,303)	(190,303)	-
Natural Gas	1,224,918	1,904,951	-	-	-	680,033	680,033	-
Solid Waste	887,734	1,288,387	-	-	-	400,653	400,653	-
Total Business-Type Activities	4,852,127	5,742,510	-	-	-	890,383	890,383	-
Total Primary Government	$ 10,139,572	$ 4,740,248	$ 1,078,865	$ 2,003,466	(2,806,723)	890,383	(1,916,340)	-
Component Unit								
Downtown Development Authority	$ 3,726	$ -	$ 8,130	$ -				$ 4,404
		General Revenues						
		Property taxes levied for:						
		General purposes			1,814,955	-	1,814,955	-
		Sales taxes			1,401,012	-	1,401,012	-
		Insurance premium tax			466,090	-	466,090	-
		Franchise taxes			422,455	-	422,455	-
		Other taxes			711,251	-	711,251	-
		Interest earned			6,085	4,277	10,362	-
		Other			58,265	84,576	142,841	-
		Total General Revenues			4,880,113	88,853	4,968,966	-
		Transfers			850,956	(850,956)	-	-
		Total General Revenues and Transfers			5,731,069	(762,103)	4,968,966	-
		Change in Net Position			2,924,346	128,280	3,052,626	4,404
		Net Position, Beginning of Year			16,883,467	14,145,651	31,029,118	6,423
		Net Position, End of Year			$ 19,807,813	$ 14,273,931	$ 34,081,744	$ 10,827

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	SPLOST IV Capital Projects Fund	American Rescue Plan Act	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,539,477	$ 2,852,655	$ -	$ 185,976	$ 4,578,108
Receivables:					
Taxes	1,808,993	-	-	-	1,808,993
Accounts	-	-	-	17,950	17,950
Intergovernmental	321,648	94,196	-	26,899	442,743
Interfund	-	-	-	54,524	54,524
Prepaid items	98,358	-	-	-	98,358
TOTAL ASSETS	$ 3,768,476	$ 2,946,851	$ -	$ 285,349	$ 7,000,676
LIABILITIES					
Accounts payable	$ 280,677	$ -	$ -	$ 77,386	$ 358,063
Accrued salaries	41,916	-	-	-	41,916
Other accrued liabilities	796	-	-	-	796
Interfund payable	54,524	11,519	-	-	66,043
Funds held for others	-	-	-	6,312	6,312
TOTAL LIABILITIES	377,913	11,519	-	83,698	473,130
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	274,729	-	-	-	274,729
FUND BALANCES					
Nonspendable	98,358	-	-	-	98,358
Restricted for public safety	4,314	-	-	4,631	8,945
Restricted for housing and development	-	-	-	7,101	7,101
Restricted for capital projects	53,946	2,935,332	-	189,919	3,179,197
Unassigned	2,959,216	-	-	-	2,959,216
TOTAL FUND BALANCES	3,115,834	2,935,332	-	201,651	6,252,817
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 3,768,476	$ 2,946,851	$ -	$ 285,349	$ 7,000,676

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, 2022

Amounts reported for governmental activities in the statement of net position are different because:		
Total Governmental Fund Balances		$ 6,252,817
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Cost	$ 21,326,199	
Less accumulated depreciation	(6,830,465)	14,495,734
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		274,729
Deferred outflows and deferred inflows related to pensions is not reported in the governmental funds:		
Deferred outflows of revenues	276,445	
Deferred inflows of revenues	(362,400)	(85,955)
The City's net pension obligation is not reported in the governmental funds but is in the statement of net position.		(696,086)
Notes payable are not due and payable in the current period and, therefore, are not reported in the funds		(356,606)
Compensated absences payable are not due and payable in the current period and, therefore, are not reported in the funds		(76,820)
Net Position Of Governmental Activities		$ 19,807,813

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, 2022

	General	SPLOST IV Capital Projects Fund	American Rescue Plan Act	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 4,501,116	-	-	$ 196,618	$ 4,697,734
Intergovernmental	50,760	$ 1,720,543	$ 1,001,370	282,767	3,055,440
Licenses and permits	65,898	-	-	-	65,898
Charges for services	6,195	-	-	-	6,195
Fines and forfeitures	214,032	-	-	-	214,032
Interest	6,077	8,688	-	331	15,096
Contributions	17,878	-	-	-	17,878
Other	58,265	-	-	-	58,265
Total revenues	4,920,221	1,729,231	1,001,370	479,716	8,130,538
EXPENDITURES					
Current:					
General government	1,446,409	-	10,377	-	1,456,786
Judicial	38,370	-	-	-	38,370
Public safety	2,773,055	-	-	-	2,773,055
Public works	1,063,773	-	-	-	1,063,773
Health and welfare	-	-	-	48,779	48,779
Housing and development	271,745	-	-	78,647	350,392
Capital outlay:					
General government	-	63,802	-	-	63,802
Public works	-	295,800	-	205,099	500,899
Housing and development	-	-	-	4,500	4,500
Debt service:					
Principal	112,811	-	-	-	112,811
Interest	14,500	-	-	-	14,500
Total expenditures	5,720,663	359,602	10,377	337,025	6,427,667
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(800,442)	1,369,629	990,993	142,691	1,702,871
OTHER FINANCING SOURCES (USES)					
Transfers in	2,447,983	-	-	-	2,447,983
Transfers out	-	(489,790)	(990,993)	(116,244)	(1,597,027)
Total other financing sources (uses)	2,447,983	(489,790)	(990,993)	(116,244)	850,956
NET CHANGE IN FUND BALANCES	1,647,541	879,839	-	26,447	2,553,827
FUND BALANCES, JANUARY 1, 2022	1,468,293	2,055,493	-	175,204	3,698,990
FUND BALANCES, DECEMBER 31, 2022	$ 3,115,834	$ 2,935,332	$ -	$ 201,651	$ 6,252,817

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, 2022

Amounts reported for governmental activities in the statement of activities are different because:			
Net Change In Fund Balances - Total Governmental Funds			$ 2,553,827
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	$ (653,550)	
	Capital outlay	728,453	74,903
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 @ 6/30/22	274,729	
	Unavailable revenue @ 6/30/21	(156,700)	118,029
Repayment of notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net postion.			112,811
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.			69,135
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 @ 6/30/22	(76,820)	
	Liability @ 6/30/21	72,461	(4,359)
Change In Net Position of Governmental Activities			$ 2,924,346

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, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	$ 1,553,100	$ 1,696,926	$ 143,826
Motor vehicle	160,000	156,607	(3,393)
Mobile home	2,000	1,717	(283)
Franchise	393,000	422,455	29,455
Sales and use	1,600,000	1,401,012	(198,988)
Alcoholic beverage	235,000	186,836	(48,164)
Business and occupation	80,000	90,632	10,632
Insurance premium	480,000	466,090	(13,910)
Financial institution	27,000	28,798	1,798
Other	32,700	50,043	17,343
Licenses and permits	64,400	65,898	1,498
Intergovernmental	18,000	50,760	32,760
Charges for services	2,000	6,195	4,195
Fines and forfeitures	268,000	214,032	(53,968)
Interest	4,000	6,077	2,077
Contributions	10,000	17,878	7,878
Other	54,000	58,265	4,265
Total revenues	4,983,200	4,920,221	(62,979)
EXPENDITURES			
Current:			
General government	1,352,500	1,446,409	(93,909)
Judicial	15,000	38,370	(23,370)
Public safety	2,914,500	2,773,055	141,445
Public works	1,105,100	1,063,773	41,327
Housing and development	385,600	271,745	113,855
Debt service:			
Principal	113,000	112,811	189
Interest	4,600	14,500	(9,900)
Total expenditures	5,890,300	5,720,663	169,637
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(907,100)	(800,442)	106,658
OTHER FINANCING SOURCES (USES)			
Transfers in	907,100	2,447,983	1,540,883
NET CHANGE IN FUND BALANCE	-	1,647,541	1,647,541
FUND BALANCE, JANUARY 1, 2022	1,468,293	1,468,293	-
FUND BALANCE, DECEMBER 31, 2022	$ 1,468,293	$ 3,115,834	$ 1,647,541

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
AMERICAN RESCUE PLAN ACT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	$ 1,001,370	$ 1,001,370	-
EXPENDITURES			
Current:			
General government	11,000	10,377	623
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	990,370	990,993	623
OTHER FINANCING SOURCES (USES)			
Transfers out	(990,370)	(990,993)	(623)
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, JANUARY 1, 2022	-	-	-
FUND BALANCE, DECEMBER 31, 2022	$ -	$ -	$ -

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

ASSETS	Water and Sewer	Natural Gas	Solid Waste	Total
Current Assets				
Cash and cash equivalents	$ 1,238,746	-	-	$ 1,238,746
Restricted cash and cash equivalents	62,803	-	-	62,803
Accounts receivable	97,226	$ 68,242	$ 50,740	216,208
Interfund receivable	-	11,519	-	11,519
Total Current Assets	1,398,775	79,761	50,740	1,529,276
Capital Assets				
Nondepreciable assets	442,121	3,000	108,689	553,810
Depreciable assets (net of depreciation)	17,156,604	382,584	432,612	17,971,800
Total Capital Assets	17,598,725	385,584	541,301	18,525,610
Total Assets	18,997,500	465,345	592,041	20,054,886
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pensions	33,411	12,020	23,329	68,760
LIABILITIES				
Current Liabilities				
Accounts payable	32,787	239,166	41,482	313,435
Accrued salaries	6,267	1,939	4,736	12,942
Accrued interest payable	9,588	-	339	9,927
Compensated absences payable	4,793	943	1,283	7,019
Other accrued liabilities	18,907	41,520	10,858	71,285
Notes payable	-	29,055	96,660	125,715
Revenue bonds payable	630,000	-	-	630,000
Total Current Liabilities	702,342	312,623	155,358	1,170,323
Long-term Liabilites				
Compensated absences payable (net of current portion)	19,173	3,774	5,132	28,079
Notes payable (net of current portion)	-	107,878	176,760	284,638
Revenue bonds payable (net of current portion)	4,105,000	-	-	4,105,000
Net pension liability	93,340	31,654	64,084	189,078
Total Long-term Liabilites	4,217,513	143,306	245,976	4,606,795
Total Liabilities	4,919,855	455,929	401,334	5,777,118
DEFERRED INFLOWS OF RESOURCES				
Resources related to pensions	32,944	14,077	25,576	72,597
NET POSITION				
Net investment in capital assets	12,863,725	248,651	267,881	13,380,257
Restricted for debt service	62,803	-	-	62,803
Unrestricted	1,151,584	(241,292)	(79,421)	830,871
Total Net Position	$ 14,078,112	$ 7,359	$ 188,460	$ 14,273,931

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, 2022

	Water and Sewer	Natural Gas	Solid Waste	Total
OPERATING REVENUES				
Charges for services	$ 2,480,410	$ 1,875,148	$ 1,266,185	$ 5,621,743
Tap fees	18,300	-	-	18,300
Penalties	50,462	26,348	22,202	99,012
Other	-	3,455	-	3,455
Total operating revenues	2,549,172	1,904,951	1,288,387	5,742,510
OPERATING EXPENSES				
Salaries	321,462	127,586	250,494	699,542
Employee benefits	81,120	41,118	75,517	197,755
Utilities	226,177	3,936	2,003	232,116
Communications	20,637	5,729	2,855	29,221
Contractual services	639,688	27,196	8,811	675,695
Gas purchases	-	874,715	-	874,715
Landfill fees	-	-	202,948	202,948
Materials and supplies	183,271	2,018	75,112	260,401
Gasoline, oil, etc.	31,956	8,408	45,210	85,574
Repairs and maintenance	128,008	54,878	114,004	296,890
Depreciation	875,655	37,633	83,774	997,062
Travel and training	4,624	1,674	-	6,298
Other expenses	98,451	34,700	18,301	151,452
Total operating expenses	2,611,049	1,219,591	879,029	4,709,669
OPERATING INCOME (LOSS)	(61,877)	685,360	409,358	1,032,841
NONOPERATING REVENUE (EXPENSE)				
Interest income	4,277	-	-	4,277
Interest and loan fees	(128,426)	(5,327)	(8,705)	(142,458)
Insurance reimbursement	-	-	84,576	84,576
Total nonoperating revenue (expense)	(124,149)	(5,327)	75,871	(53,605)
INCOME (LOSS) BEFORE TRANSFERS	(186,026)	680,033	485,229	979,236
Transfers in	555,493	593	-	556,086
Transfers out	(186,366)	(735,141)	(485,535)	(1,407,042)
CHANGE IN NET POSITION	183,101	(54,515)	(306)	128,280
NET POSITION, JANUARY 1, 2022	13,895,011	61,874	188,766	14,145,651
NET POSITION, DECEMBER 31, 2022	$ 14,078,112	$ 7,359	$ 188,460	$ 14,273,931

See accompanying notes to the basic financial statements.

CITY OF WAYNESBORO, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Water and Sewer	Natural Gas	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 2,539,518	$ 1,902,526	$ 1,283,374	$ 5,725,418
Cash payments for employees	(408,563)	(173,931)	(329,987)	(912,481)
Cash payments for goods and services	(1,316,386)	(855,470)	(487,408)	(2,659,264)
Net cash provided by (used by) operating activities	814,569	873,125	465,979	2,153,673
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net transfers in (out)	(120,663)	(734,548)	(485,535)	(1,340,746)
Retirement of long-term debt (noncapital)	-	-	(47,587)	(47,587)
Net cash provided by (used by) noncapital financing activities	(120,663)	(734,548)	(533,122)	(1,388,333)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(452,055)	(105,193)	-	(557,248)
Proceeds from insurance reimbursement	-	-	169,900	169,900
Transfers in from capital projects fund	489,790	-	-	489,790
Principal payments on bonds payable	(600,000)	-	-	(600,000)
Payments on notes payable	-	(28,057)	(94,052)	(122,109)
Interest and loan fees paid	(129,641)	(5,327)	(8,705)	(143,673)
Net cash provided by (used by) capital and related financing activities	(691,906)	(138,577)	67,143	(763,340)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	4,277	-	-	4,277
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,277	-	-	6,277
CASH AND CASH EQUIVALENTS, JANUARY 1, 2022	1,295,272	-	-	1,295,272
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2022	$ 1,301,549	$ -	$ -	$ 1,301,549
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES				
Operating income (loss)	$ (61,877)	$ 685,360	$ 409,358	$ 1,032,841
Adjustments:				
Depreciation	875,655	37,633	83,774	997,062
(Increase) decrease in operating assets:				
Accounts receivable	(9,704)	(16,498)	(5,003)	(31,205)
(Increase) decrease in deferred outflows of resources related to pensions	(7,172)	(2,847)	(5,589)	(15,608)
Increase (decrease) in operating liabilities:				
Accounts payable	16,426	157,784	(18,164)	156,046
Other accrued liabilities	50	14,073	(10)	14,113
Accrued salaries	1,200	(174)	974	2,000
Compensated absences payable	1,224	(1,717)	1,600	1,107
Net pension liability	16,324	6,479	12,720	35,523
Increase (decrease) in deferred inflows of resources related to pensions	(17,557)	(6,968)	(13,681)	(38,206)
Net cash provided by (used by) operating activities	$ 814,569	$ 873,125	$ 465,979	$ 2,153,673

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.
>
> ***American Rescue Plan Act Fund –*** This fund is used to account for all Local Fiscal Recovery funds received by the City through the American Rescue Plan Act of 2021.

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 $176,170. The water and sewer enterprise fund, the natural gas enterprise fund, and the solid waste enterprise fund reported allowances for uncollectibles of $96,055, $32,439, and $51,965, respectively, at December 31, 2022.

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, 2022, 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

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.

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.

Implementation of GASB 87

The City has implemented GASB Statement 87, "Leases." The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City had no recorded lease receivables or payables as of December 31, 2022.

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.

Excess of Expenditures over Appropriations

For the year ended December 31, 2022, expenditures exceeded appropriations for the following departments within the general fund:

General government	$ 93,909
Judicial	23,370
Interest	9,900

These overexpenditures were funded primarily by underexpenditures in other departments.

Expenditures exceeded appropriations in the following special revenue funds and these overexpenditures were funded by additional revenues over amounts budgeted and/or available fund balance.

	Overexpenditures
Hotel/Motel Tax	$ 8,647
Family Connection Grant	779

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, 2022, the carrying amount of the City's deposits was $5,879,657 and the bank balance was $5,868,015. Of the bank balance, $500,000 was covered by federal depository insurance, and $5,368,015 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Discretely Presented Component Unit
At December 31, 2022, the carrying amount of deposits for the Waynesboro Downtown Development Authority was $10,827 and the bank balance was $10,827 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, 2022, property taxes were levied on December 14, 2022 and were due on February 15, 2023.

NOTE 5 – RECEIVABLES

Receivables at December 31, 2022, consisted of taxes, accounts (billings for user charges) and intergovernmental receivables arising from grants.

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 4	11,519
		$ 66,043

Interfund balances at December 31, 2022 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, 2022 is as follows:

	Transfer to:			
Transfers From:	General Fund	Water and Sewer Fund	Natural Gas Fund	Total
Water and Sewer Fund	$ 186,366	-	-	$ 186,366
Natural Gas Fund	715,389	$ 19,752	-	735,141
Solid Waste Fund	465,291	19,651	$ 593	485,535
Hotel Motel Tax Fund	116,244	-	-	116,244
American Rescue Plan Act Fund	964,693	26,300	-	990,993
SPLOST IV Fund	-	489,790	-	489,790
	$ 2,447,983	$ 555,493	$ 593	$ 3,004,069

NOTE 6 – INTERFUND BALANCES AND TRANSFERS (Continued)

For the year ended December 31, 2022, the Hotel Motel Tax special revenue fund transferred $116,244 to the General Fund for taxes collected in excess of the amount required by law to be used for tourism. The Water and Sewer, Natural Gas, and Solid Waste enterprise funds transferred $186,366, $715,389 and $465,291 to the general fund to repay accrued expenses. The Natural Gas and Solid Waste enterprise funds transferred $19,752 and $19,651 to the Water and Sewer fund to repay accrued expenses. The Solid Waste enterprise fund transferred $593 to the Natural Gas fund to repay accrued expenses. The SPLOST IV capital projects fund transferred $489,790 to the Water and Sewer enterprise fund for purchase of capital assets. The American Rescue Plan Act special revenue fund transferred $26,300 to the Water and Sewer enterprise fund to fund stormwater improvements. The American Rescue Plan Act special revenue fund transferred $964,693 to the General Fund to cover lost revenues due to the COVID pandemic.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance 12/31/21	Additions	Deductions	Balance 12/31/22
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 178,289	-	-	$ 178,289
Construction in progress	2,002,436	$ 3,000	$ 1,813,801	191,635
Total capital assets not being depreciated:	2,180,725	3,000	1,813,801	369,924
Capital assets being depreciated:				
Buildings and improvements	13,416,702	2,403,068	-	15,819,770
Machinery and equipment	5,030,069	136,186	29,750	5,136,505
Total capital assets being depreciated	18,446,771	2,539,254	29,750	20,956,275
Total capital assets	20,627,496	2,542,254	1,843,551	21,326,199
Accumulated depreciation:				
Buildings and improvements	2,669,974	361,917	-	3,031,891
Machinery and equipment	3,536,691	291,633	29,750	3,798,574
Total accumulated depreciation	6,206,665	653,550	29,750	6,830,465
Governmental activities capital assets, net	$ 14,420,831	$ 1,888,704	$ 1,813,801	$ 14,495,734

Governmental activities depreciation expense:

General government	$ 92,502
Public safety	162,108
Public works	369,086
Housing and development	29,854
Total governmental activities depreciation expense	$ 653,550

NOTE 7 – CAPITAL ASSETS (Continued)

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

	Balance 12/31/21	Additions	Deductions	Balance 12/31/22
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 113,317	-	-	$ 113,317
Construction in progress	148,192	$ 292,301	-	440,493
Total capital assets not being depreciated	261,509	292,301	-	553,810
Capital assets being depreciated:				
Buildings and improvements	32,115,867	218,103	-	32,333,970
Machinery and equipment	6,511,907	46,844	$ 284,412	6,274,339
Total capital assets being depreciated	38,627,774	264,947	284,412	38,608,309
Total capital assets	38,889,283	557,248	284,412	39,162,119
Accumulated depreciation:				
Buildings and improvements	16,802,573	716,039	-	17,518,612
Machinery and equipment	3,035,962	281,023	199,088	3,117,897
Total accumulated depreciation	19,838,535	997,062	199,088	20,636,509
Business-type activities capital assets, net	$ 19,050,748	$ (439,814)	$ 85,324	$ 18,525,610

Business-type activities depreciation expense:

Water and Sewer Fund	$ 875,655
Natural Gas Fund	37,633
Solid Waste Fund	83,774
Total business-type activities depreciation expense	$ 997,062

NOTE 8 – SHORT-TERM DEBT

In January 2022, the City issued tax anticipation notes through Queensborough Bank. The loan has an annual interest rate of 12% and has a maturity date of December 31, 2022. The loan balance was fully repaid as of December 31, 2022.

Balance at December 31, 2021	$ 1,000,275
Funds advanced	500,275
Repayments	(1,500,550)
Balance at December 31, 2022	$ -

Interest on short-term debt incurred during the year ended December 31, 2022 in governmental activities totaled $3,087, which was charged to expenditures during the year.

NOTE 9 – NOTES PAYABLE

Certain financing arrangements previously known as capital leases are no longer classified as leases under the new definition of a lease under GASB Statement 87. These agreements are financed purchases because they result in the transfer of ownership of the asset, and they are therefore accounted for as notes payable. The County's agreements that were identified as capital leases in the previous year but are shown as notes payable in the current year are detailed below.

	Governmental Activities	Business-type Activities
Note payable to Truist Bank for a fire truck, payable in annual installments of $34,294, including interest at 3.55% through February, 2026.	$ 102,573	
Note payable to Georgia Municipal Association for a street sweeper, payable in annual installments of $77,082, including interest at 2.07% through June, 2026.	254,033	
Note payable to Municipal Gas Authority of Georgia for upgrades to natural gas station, payable in annual installments of $33,385, including interest at 3.50% through May, 2027.		136,933
Note payable to Truist Bank for a solid waste vehicle, payable in annual installments of $37,676, including interest at 3.84% through August, 2024.		60,732
Note payable to Truist Bank for a solid waste vehicle, payable in annual installments of $64,553, including interest at 2.09% through May, 2026.		212,688
	$ 356,606	$ 410,353

NOTE 9 – NOTES PAYABLE (Continued)

As of December 31, 2022, annual debt service requirements to maturity are as follows:

Year ending	Governmental Activities			Business-Type Activities		
June 30	Principal	Interest	Total	Principal	Interest	Total
2023	$ 103,665	$ 7,711	$ 111,376	$ 125,715	$ 9,899	$ 135,614
2024	106,304	5,072	111,376	116,816	6,231	123,047
2025	109,016	2,360	111,376	94,434	3,504	97,938
2026	37,621	211	37,832	59,024	1,258	60,282
2027	-	-	-	14,365	128	14,493
	$ 356,606	$ 15,354	$ 371,960	$ 410,353	$ 21,020	$ 431,373

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, 2022 were $4,735,000.

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.

Annual debt service requirements to amortize all obligations outstanding, as of December 31, 2022 follow:

Year ending December 31	Principal	Interest	Total
2023	$ 630,000	$ 115,061	$ 745,061
2024	645,000	99,752	744,752
2025	660,000	84,078	744,078
2026	675,000	68,040	743,040
2027	690,000	51,638	741,638
2028-2029	1,435,000	52,488	1,487,488
	$ 4,735,000	$ 471,057	$ 5,206,057

NOTE 11 – CHANGES IN LONG-TERM DEBT

	Outstanding December 31, 2021	Additions	Reductions	Outstanding December 31, 2022	Amounts Due in One Year
Governmental Activities					
Notes payable	$ 469,417	-	$ 112,811	$ 356,606	$ 103,665
Compensated absences	72,461	$ 4,359	-	76,820	15,364
	$ 541,878	$ 4,359	$ 112,811	$ 433,426	$ 119,029
Business-Type Activities					
Notes payable	$ 580,049	-	$ 169,696	$ 410,353	$ 125,715
Revenue bonds payable	5,335,000	-	600,000	4,735,000	630,000
Compensated absences	33,991	$ 1,107	-	35,098	7,019
Total Business-Type Activities	$ 5,949,040	$ 1,107	$ 769,696	$ 5,180,451	$ 762,734

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 will be paid from the General Fund for the governmental activities, and from the Natural Gas and Solid Waste funds for the business-type activities. 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.

NOTE 12 – 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 City 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 12 – 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, 2022, the date of the most recent actuarial valuation, there were 143 participants as follows:

Active participants	73
Retirees and beneficiaries	49
Terminated plan members entitled to but not yet receiving benefits	21
Total	143

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 $194,522. 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022.

NOTE 12 – EMPLOYEE RETIREMENT PLAN (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2022 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, 2022 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%	6.55%
International equity	20%	7.30%
Global fixed income	5%	0.50%
Domestic fixed income	20%	0.40%
Real estate	10%	3.65%
	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 12 – 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, 2021	$ 4,864,229	$ 4,148,851	$ 715,378
Changes for the year:			
Service cost	117,435	-	117,435
Interest	356,482	-	356,482
Contributions from the employer	-	249,563	(249,563)
Net investment income	-	252,804	(252,804)
Difference between expected and actual experience	185,502	-	185,502
Benefit payments, including refunds of employee contributions	(296,014)	(296,014)	-
Administrative expenses	-	(12,734)	12,734
Net Changes	363,405	193,619	169,786
Balance, March 31, 2022	$ 5,227,634	$ 4,342,470	$ 885,164

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	$ 1,550,613	$ 885,164	$ 330,172

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

For the year ended December 31, 2022, the City recognized pension expense of $157,751. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions after measurement date	$ 183,883	-
Differences in expected and actual experience	161,322	$ (26,235)
Effects of changes in assumptions	-	(1,952)
Net differences between projected and actual net investment income	-	(406,810)
	$ 345,205	$ (434,997)

NOTE 12 – EMPLOYEE RETIREMENT PLAN (Continued)

City contributions subsequent to the measurement date of $183,883 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, 2022. 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	
2023	$ (42,098)
2024	(72,499)
2025	(169,276)
2026	10,198
	$ (273,675)

NOTE 13 – 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 14 – COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2022, there was no pending litigation that would have a material effect on the financial statements.

NOTE 15 – 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 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, 2022. No provisions have been made in the financial statements for the year ended December 31, 2022 for any estimate of potential unpaid claims.

NOTE 15 – RISK MANAGEMENT (continued)

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 16 – 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, 2022 is as follows:

Lodging tax receipts	$ 196,618	
Expended for community development/promotion	$ 78,647	40%

NOTE 17 – 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, 2022, the City paid $6,541 in such dues, which was based on a per capita amount of $1.15. 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 that the member governments are 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 18 – 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, 2022, real and personal property tax not collected by the City due to incentive agreements was $151,834. Such agreements in effect for Waynesboro resulted in an estimated $48.5 million in new capital investment and 154 new jobs.

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 20, 2023, 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, 2022

	Fiscal Year End							
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total pension liability								
Service cost	$ 117,435	$ 104,702	$ 91,023	$ 88,196	$ 75,662	$ 78,299	$ 76,583	$ 75,256
Interest	356,482	345,697	334,561	319,824	295,812	286,778	270,307	257,211
Differences between expected and actual experience	185,502	(43,724)	39,803	31,361	173,876	(14,834)	95,256	95,625
Changes of assumptions	-	-	-	-	55,681	-	-	-
Benefit payments, including refunds of employee contributions	(296,014)	(250,310)	(244,868)	(246,573)	(237,082)	(230,263)	(228,971)	(223,948)
Other changes	-	-	(4,879)	-	-	-	-	(32,661)
Net change in total pension liability	363,405	156,365	215,640	192,808	363,949	119,980	213,175	171,483
Total pension liability-beginning	4,864,229	4,707,864	4,492,224	4,299,416	3,935,467	3,815,487	3,602,312	3,430,829
Total pension liability-ending (a)	$ 5,227,634	$ 4,864,229	$ 4,707,864	$ 4,492,224	$ 4,299,416	$ 3,935,467	$ 3,815,487	$ 3,602,312
Plan fiduciary net position								
Contributions-employer	$ 249,563	$ 233,718	$ 219,961	$ 187,129	$ 174,185	$ 159,078	$ 148,065	$ 146,473
Net investment income	252,804	1,296,907	(215,349)	108,907	348,143	319,734	7,011	240,082
Benefit payments, including refunds of employee contributions	(296,014)	(250,310)	(244,868)	(246,573)	(237,082)	(230,263)	(228,971)	(223,948)
Administrative expense	(12,734)	(11,943)	(13,006)	(12,339)	(12,189)	(12,409)	(8,754)	(7,888)
Net change in plan fiduciary net position	193,619	1,268,372	(253,262)	37,124	273,057	236,140	(82,649)	154,719
Plan fiduciary net position-beginning	4,148,851	2,880,479	3,133,741	3,096,617	2,823,560	2,587,420	2,670,069	2,515,350
Plan fiduciary net position-ending (b)	$ 4,342,470	$ 4,148,851	$ 2,880,479	$ 3,133,741	$ 3,096,617	$ 2,823,560	$ 2,587,420	$ 2,670,069
Net pension liability-ending (a)-(b)	$ 885,164	$ 715,378	$ 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	83.07%	85.29%	61.18%	69.76%	72.02%	71.75%	67.81%	74.12%
Covered-employee payroll	3,097,930	3,425,690	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	28.57%	20.88%	56.62%	52.70%	47.14%	46.62%	52.00%	43.36%

(1) Only fiscal years 2022, 2021, 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

There were no changes in asumptions in the last two years.

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, 2022

	Fiscal Year End							
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarially determined contribution	*	$ 251,025	$ 227,949	$ 217,298	$ 177,072	$ 173,222	$ 154,363	$ 145,966
Contributions in relation to the actuarially determined contribution	*	249,102	227,061	213,946	162,316	186,086	141,499	145,966
Contribution deficiency (excess)	*	$ 1,923	$ 888	$ 3,352	$ 14,756	$ (12,864)	$ 12,864	$ -
Covered-employee payroll	*	3,425,690	3,227,464	2,577,808	2,551,324	2,385,230	2,361,688	2,150,154
Contributions as a percentage of covered-employee payroll	*	7.27%	7.04%	8.30%	6.36%	7.80%	5.99%	6.79%

*2022 information will be determined after fiscal year end and will be included in the 2023 valuation report

Notes to Schedule:

Valuation Date	The actuarially determined contribution rate was determined as of July 1, 2022, 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, 2023.

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	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.
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, 2022

	Nonmajor Capital Projects Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash	$ 175,033	$ 10,943	$ 185,976
Receivables:			
Accounts	-	17,950	17,950
Intergovernmental	14,886	12,013	26,899
Interfund	-	54,524	54,524
TOTAL ASSETS	$ 189,919	$ 95,430	$ 285,349
LIABILITIES			
Accounts payable	-	$ 77,386	$ 77,386
Funds held for others	-	6,312	6,312
Total liabilities	-	83,698	83,698
FUND BALANCES			
Restricted	$ 189,919	11,732	201,651
TOTAL LIABILITIES AND FUND BALANCES	$ 189,919	$ 95,430	$ 285,349

CITY OF WAYNESBORO, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Nonmajor Capital Projects Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	-	$ 196,618	$ 196,618
Intergovernmental	$ 233,988	48,779	282,767
Interest	325	6	331
Total revenues	234,313	245,403	479,716
EXPENDITURES			
Current:			
Health and welfare	-	48,779	48,779
Housing and development	-	78,647	78,647
Capital outlay:			
Public works	205,099	-	205,099
Housing and development	4,500	-	4,500
Total expenditures	209,599	127,426	337,025
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,714	117,977	142,691
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(116,244)	(116,244)
NET CHANGE IN FUND BALANCES	24,714	1,733	26,447
FUND BALANCES, JANUARY 1, 2022	165,205	9,999	175,204
FUND BALANCES, DECEMBER 31, 2022	$ 189,919	$ 11,732	$ 201,651

CITY OF WAYNESBORO, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2022

	2018 CHIP Capital Projects Fund	TIA SPLOST	2016 CDBG Capital Projects	Total Nonmajor Capital Projects Funds
ASSETS				
Cash	$ 28	$ 175,005	$ -	$ 175,033
Intergovernmental receivable	-	14,886	-	14,886
TOTAL ASSETS	$ 28	$ 189,891	$ -	$ 189,919
FUND BALANCES				
Restricted	$ 28	$ 189,891	$ -	$ 189,919
TOTAL LIABILITIES AND FUND BALANCES	$ 28	$ 189,891	$ -	$ 189,919

CITY OF WAYNESBORO, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2018 CHIP Capital Projects Fund	TIA SPLOST	2016 CDBG Capital Projects	Total Nonmajor Capital Projects Funds
REVENUES				
Intergovernmental	$ -	$ 229,488	$ 4,500	$ 233,988
Interest	-	325	-	325
Other	-	-	-	-
Total revenues	-	229,813	4,500	234,313
EXPENDITURES				
Capital outlay:				
Public works	-	205,099	-	205,099
Housing and development	-	-	4,500	4,500
Total expenditures	-	205,099	4,500	209,599
NET CHANGE IN FUND BALANCES	-	24,714	-	24,714
FUND BALANCES, JANUARY 1, 2022	28	165,177	-	165,205
FUND BALANCES, DECEMBER 31, 2022	$ 28	$ 189,891	$ -	$ 189,919

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CITY OF WAYNESBORO, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2022

	Hotel Motel Tax	Confiscated Assets	Family Connection Grant	Total Nonmajor Special Revenue Funds
ASSETS				
Cash	-	$ 10,943	-	$ 10,943
Receivables:				
Accounts	$ 17,950	-	-	17,950
Intergovernmental	-	-	$ 12,013	12,013
Interfund	54,524	-	-	54,524
TOTAL ASSETS	$ 72,474	$ 10,943	$ 12,013	$ 95,430
LIABILITIES				
Accounts payable	$ 65,373	-	$ 12,013	$ 77,386
Funds held for others	-	$ 6,312	-	6,312
Total liabilities	65,373	6,312	12,013	83,698
FUND BALANCES				
Restricted	7,101	4,631	-	11,732
TOTAL LIABILITIES AND FUND BALANCES	$ 72,474	$ 10,943	$ 12,013	$ 95,430

CITY OF WAYNESBORO, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Hotel Motel Tax	Confiscated Assets	Family Connection Grant	Total Nonmajor Special Revenue Funds
REVENUES				
Taxes	$ 196,618	-	-	$ 196,618
Intergovernmental	-	-	$ 48,779	48,779
Interest	-	$ 6	-	6
Total revenues	196,618	6	48,779	245,403
EXPENDITURES				
Current:				
Health and welfare	-	-	48,779	48,779
Housing and development	78,647	-	-	78,647
Total expenditures	78,647	-	48,779	127,426
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	117,971	6	-	117,977
OTHER FINANCING SOURCES (USES)				
Transfers out	(116,244)	-	-	(116,244)
NET CHANGE IN FUND BALANCE	1,727	6	-	1,733
FUND BALANCE, BEGINNING OF YEAR	5,374	4,625	-	9,999
FUND BALANCE, END OF YEAR	$ 7,101	$ 4,631	$ -	$ 11,732

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, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ 195,000	$ 196,618	$ 1,618
EXPENDITURES			
Current:			
Economic development	70,000	78,647	(8,647)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	125,000	117,971	(7,029)
OTHER FINANCING SOURCES (USES)			
Transfers out	(125,000)	(116,244)	8,756
NET CHANGE IN FUND BALANCE	-	1,727	1,727
FUND BALANCE, JANUARY 1, 2022	5,374	5,374	-
FUND BALANCE, DECEMBER 31, 2022	$ 5,374	$ 7,101	$ 1,727

CITY OF WAYNESBORO, GEORGIA
CONFISCATED ASSETS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	$ -	$ 6	$ 6
EXPENDITURES			
Current:			
Public safety	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	6	6
FUND BALANCE, JANUARY 1, 2022	4,625	4,625	-
FUND BALANCE, DECEMBER 31, 2022	$ 4,625	$ 4,631	$ 6

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, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	$ 48,000	$ 48,779	$ 779
EXPENDITURES			
Current:			
Health and welfare	48,000	48,779	(779)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
FUND BALANCE, JANUARY 1, 2022	-	-	-
FUND BALANCE, DECEMBER 31, 2022	$ -	$ -	$ -

CITY OF WAYNESBORO, GEORGIA
SCHEDULE OF PROJECTS PAID
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2022

SPLOST IV

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Building capital improvements	$ 750,000	$ 1,220,000	$ 772,233	$ 63,802	$ 836,035	69%
Equipment	464,400	600,000	355,572	-	355,572	59%
Recreation	300,000	300,000	157,118	-	157,118	52%
Road and street improvements	1,000,000	500,000	178,534	-	178,534	36%
Storm drainage improvements	1,000,000	3,500,000	2,016,389	295,800	2,312,189	66%
Water system improvements	2,000,000	2,403,342	1,921,072	-	1,921,072	80%
Sewer system improvements	2,000,000	744,451	254,661	489,790	744,451	100%
Totals	$ 7,514,400	$ 9,267,793	$ 5,655,579	$ 849,392	$ 6,504,971	70%

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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, 2022, 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 October 20, 2023.

Report on 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) as a basis for designing 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 deficiencies described in the accompanying schedule of findings as item 2022-1 through 2022-3 to be material weaknesses.

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 2022-4 to be a significant deficiency.

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 + Bloser

Statesboro, Georgia
October 20, 2023

MATERIAL WEAKNESSES

2022-1 Recording of Year End Accruals for the Financial Statements

Condition: The City's procedures to make sure all year end accruals such as receivables, accrued leave, 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 has received training and enacted procedures to record year end accruals, but does not have a complete understanding of all necessary accrual entries.

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, accrued leave, 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.

2022-2 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.

2022-3 Out of Balance Funds

Condition: During our audit, we discovered multiple funds that were out of balance.

Criteria: All transactions should have an equal amount of debits and credits within the appropriate fund.

Cause: Unbalanced entries were created by the software after journal entries were applied to years that had been previously closed. Finance staff did not notice unbalanced entries or out of balance funds.

Effect: The City's trial balance was incorrect and out of balance by fund.

Auditor's Recommendation: We recommend a member of the Finance Department staff be responsible for reviewing balances as of the beginning of the period to ensure that all account balances agree to prior year audited balances after all audit adjustments are posted.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and the Finance Department will implement procedures to ensure the proper review of closing entries and trial balances.

SIGNIFICANT DEFICIENCY

2022-4 Cash Bond Fees

Condition: The City's cash bond fee revenue is not fully recorded and the balance is not actively tracked.

Criteria: All cash bonds should be logged in a systematic manner so that they are properly tracked and recorded on the trial balance.

Cause: Procedures for tracking cash bond fees are inadequate, and funds are kept separate from the Edmunds accounting software.

Effect: The City's cash, liability, and revenue balances were incorrect and required adjustments.

Auditor's Recommendation: We recommend a member of the Finance Department staff be responsible for tracking cash bond revenue and recording the amounts in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and the Finance Department will implement procedures to ensure the cash bond fee balances are properly recorded.