Washington-Wilkes Payroll Development Authority, Georgia
ANNUAL FINANCIAL REPORT
For the year ended June 30, 2019

Washington-Wilkes Payroll Development Authority
Annual Financial Report
June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Wilkes County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, the major fund, and the accompanying notes to the financial statements of Washington-Wilkes Payroll Development Authority (WWPDA), Georgia, as of and for the year ended June 30, 2019, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinions, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities of WWPDA, Georgia, as of June 30, 2019, and the respective changes in financial position for the required funds for the year then ended in conformity with accounting principles generally accepted in the United State of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not 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.

Management has omitted 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, which consider it to be a part of financial reporting for

placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by that missing information.

I have applied certain limited procedures to the budgeted financial statements in accordance with auditing standards generally accepted in the Unites States of America, which consisted of inquires of management regarding 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.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not 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.

Management has omitted 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, which consider it to be a part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by that missing information.

Supplementary and Other Information

My audit was performed for the purpose of forming opinions on the respective financial statements that collectively comprise the Authority's basic financial statements. The supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements and is the responsibility of the County's management. The financial statements and the schedule of loans are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures such as comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the financial statements and schedule of loans 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, I have also issued a report dated November 29, 2019, on my consideration of WWPDA's internal control over financial reporting and my tests of its compliance with laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the County's internal control over financial reporting and compliance.

Steven G Albertson

Steven G. Albertson, CPA
Washington, Georgia
November 29, 2019

Basic Financial Statements

Government Wide Financial Statements

Washington-Wilkes Payroll Development Authority
Statement of Net Position
June 30, 2019

	Primary Government
	Governmental Activities
Assets and Deferred Outflows of Resources	
Current Assets	
Cash and Cash equivalents	688,268
Investments	
Due from Wilkes County (SPLOST)	0
Capital Assets	
Nondepreciable capital assets	511,435
Depreciable capital assets, net	1,729,469
Total Capital Assets	2,240,904
Deferred Outflows of Resources	0
Total Assets and Deferred Outflows of Resources	2,929,172
Liabilities and Deferred Inflows of Resources	
Current Liabilities	
Accounts payable	0
Long Term Liabilities	
Compensated absences payable (net of current portion)	
Long Term notes payable/guarenteed	1,096,796
Net Postion	
Invested in capital assets, net of related debt	1,144,108
Unrestricted	688,268
Total Net Position	1,832,376

See accompanying notes to the basic financial statements

The accompanying notes are an intergral part of the financial statements.

Washington-Wilkes Payroll Development Authority
Statement of Activities
For the year ended June 30, 2019

Functions	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Capital Grants, Contributions and Interest	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total
Primary Government						
Governmental Activities						
General government				0		0
Judicial						
Financial services						
Public safety				0		0
Public works				0		0
Industrial Development	193,718	521,380	0	327,662		327,662
Interest	204,987			(204,987)		(204,987)
Total Governmental Activities	398,706	521,380	0	122,675	0	122,675
General Revenues						
Property taxes levied for:						
General purposes				0		0
Debt service				0		0
Sales taxes				0		0
Hotel/motel taxes				0		0
Intergovernmental revenues				0		0
Investment earnings				0		0
Other revenues				24,088		24,088
Total General Revenues				24,088	0	24,088
Sale of assets				0	0	0
Total General Revenues and asset sales				24,088	0	24,088
Change in Net Position				146,763	0	146,763
Net Position beginning of year -(Note 2D)				1,685,613		1,685,613
Net Position End of Year				1,832,376	0	1,832,376

See accompanying notes to the basic finnancial statements

Fund Financial Statements

Washington-Wilkes Payroll Development Authority
Combined Balance Sheet - All Fund Types
June 30, 2019

	General Fund
ASSETS	
Cash	$ 688,268
Due from County	$ -
Due from Others	$ -
Investment in General Fixed Assets	$ -
Total Assets	$ 688,268
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	$ -
Fund Balance	
Restricted for project completion	$ -
Restricted for Statutory Purposes	$ -
Unassigned	$ 688,268
Total Fund Balance	$ 688,268
Total Liabilities and Fund Balance	$ 688,268

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

Washington-Wilkes Payroll Development Authority, Georgia
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019

Amounts Reported for governmental activities in the statement of net position are different because:

Total Fund balance on Balance Sheet	$ 688,268
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (capital assets net of depreciation: see Note 4-D)	$ 2,240,904
Loan balances not shown on Fund statements Long-term Liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds (Loans payable)	$ (1,096,796)
Net position of governmental activities	$ 1,832,376

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

Washington-Wilkes Payroll Development Authority
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types
For the year ending June 30, 2019

	General
Revenue	
County Appropriations	$ -
Rent	$ 176,132
Reimbursements	$ 21,488
State Grants	$ -
Other Revenue	$ 323,761
Total Revenue	$ 521,380
Operating Expenditures	
Personnel	$ -
Buildings and maintenance	$ 23,646
Seminars and travel	$ 2,726
Other operating expenditures	$ 71,812
Total Operating Expenditures	$ 98,183
Excess (deficit) of Revenues over Expenditures before capital expenditures	$ 423,197
Other financing sources (uses)	
Loan Proceeds	$ -
Sale of Assets	$ -
Debt service	
Interest	$ 204,987
Principle payments	$ 115,991
Excess (deficit) of Revenues over Expenditures	$ 102,219
Beginning Fund Balance	$ 586,049
Ending Fund Balance	$ 688,268

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

Washington-Wilkes Payroll Development Authority, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2019

Net change in Fund balances - total governmental funds	$	102,219
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.	$	-
Sale of assets or ipairment of assets	$	24,088
Reimbursement to state for grant proceeds previously recorded as revenues	$	-
Loan principle payments for which the PDA is Guarantor.	$	115,991
Loan proceeds are recorded as financing revenues in the fund statements	$	-
Depreciation for the current year.	$	(95,535)
Change in net position of governmental activities.	$	146,763

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

Note 1
General Statement

The Washington-Wilkes Payroll Development Authority is a governmental organization chartered by the State of Georgia. It is formed for the purpose of promoting business development in Wilkes County, Georgia, and the City of Washington, Georgia. Its five member board is comprised of Wilkes County elected officials, City of Washington elected officials, and the president of the Washington-Wilkes Chamber of Commerce.

The accounting and reporting policies of the Washington-Wilkes Payroll Development Authority, Georgia, relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the Washington-Wilkes Payroll Development Authority, Georgia, are described below.

Financial Reporting Entity

The Washington-Wilkes Payroll Development Authority, Georgia, combined financial statements include the accounts of all Washington-Wilkes Payroll Development Authority, Georgia, operations. The criteria for including organizations as component units within the Washington-Wilkes Payroll Development Authority, Georgia, reporting entity, are dependant on the significance of their operational or financial relationships with the city. Based on the aforementioned criteria, the Washington-Wilkes Payroll Development Authority, Georgia, has no component units, but is a discretely presented component unit of the government wide statements of Wilkes County, Georgia.

B. BASIS OF PRESENTATION

The Authority'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 a statement of net position and a statement of activities. These statements report financial information for the Department as a whole. All funds other than fiduciary activities are included at the government-wide reporting level. Individual funds are not displayed at this reporting level, but the statements distinguish governmental activities, generally supported by taxes and Department general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Department's governmental activities and for each identifiable activity of the business-type activities of the Department. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The Department does not allocate indirect expenses to functions in the statements of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly related to 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 Department'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.*

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the Department. 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 Department.

Fund Financial Statements – During the year, the Department segregates transactions related to certain Department 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 Department at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds. The fiduciary finds are reported by type.

Fund Accounting – The Department 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 Department uses three categories of funds: governmental, proprietary and fiduciary.

Government 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 Department reports the difference between governmental fund assets and liabilities as fund balance. The following are the Department's major governmental funds:

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

Special Revenue Fund - The Special Revenue Fund is used to account for specific revenue sources, including special services district, grants, and similar trust funds, that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds, Special Assessment Funds, and Trust Funds).

The authority has no proprietary type funds.

C. BASIS OF ACCOUNTING

Measurement Focus/Basis of Accounting

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 to the Department are included on the statement of net position. The statement of activities reports revenues and expenses, including depreciation.

Fund Financial Statements – All government funds are accounted for using a flow of current financial resources measurement focus in these financial statements. 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 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 measurements 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 net total assets. The statement of cash flows provides information about how the Department finances and meets the cash flow needs of its proprietary activities.

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, governmental funds use the modified accrual basis of accounting and fiduciary funds use the accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transaction, in which each party gives and receives 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 Department, phrase "available for exchange transactions" means expected to be received within twelve months of year-end.

Revenues – Non-Exchange Transactions – Non-exchange transactions in which the Department receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donation. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place and on the modified accrual basis, it is recognized in the year received (i.e., when considered available). 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 Department must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provide to the Department 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 to e susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.
Sales taxes collected by the State of Georgia, Department of Revenue, for the May and June sales are reported as deferred revenue at year-end. Property taxes receivable not collected within 60 days of year-end have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

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.

D. Assets, Liabilities and Fund Equity

1-D-1. 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 Department. Investments are stated at fair value based on quoted market prices. Although the PDA has no formal policy in regard to depository risk, it follows the laws of the State of Georgia.

Georgia law authorizes the Department 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 government or governmental agency
- Obligations of any corporation of the government
- Prime bankers' acceptances
- The State of Georgia local government pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S, obligations.

1-D-2. Receivables

The PDA loaned funds to Wilkes County during the period in the amount of $180,974 related to preliminary engineering for the new 911 Call Center. This amount will be reimbursed by the County within the next six months.

1-D-3. Interfund Balances

On the fund financial statements, receivables and payable resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the government-wide 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.

1-D-4. Consumable Inventories

On the government-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statement, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditure in the governmental fund types when consumed.

1-D-5. 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 Department reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of the date received. The Department maintains a capitalization threshold of five thousand dollars. The Department's infrastructure consists of roads, bridges, and water and sewer lines. Improvements (i.e., betterments) 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. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

All reported capital assets are depreciated except for land, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Department's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	Beginning Balance	Additions	Retirements	Ending Balance
Assets	7/1/2018			6/30/2019
Land	$ 511,435	$ -	$ -	$ 511,435
Depreciable assets				
Buildings	$ 2,279,873	$ -	$ -	$ 2,279,873
Office Equipment	$ -	$ -	$ -	$ -
Engineering and Construction	$ 377,987	$ -	$ -	$ 377,987
	$ 2,657,860	$ -	$ -	$ 2,657,860
		Current	Disposed	
Less Accumulated depreciation			$ -	$ -
Buildings	$ (687,330)	$ (87,975)		$ (775,305)
Office Equipment	$ -		$ -	$ -
Engineering and Construction	$ (145,526)	$ (7,560)		$ (153,086)
	$ (832,856)	$ (95,535)	$ -	$ (928,391)
Net Assets	$ 1,825,004	$ (95,535)	$ -	$ 1,729,469

The PDA purchases buildings and creates a capital lease for the repurchase of the buildings to entice businesses to locate in the community. The term is usually for 10 years.

Compensated Absences

The Washington-Wilkes Payroll Development Authority, Georgia, currently has no employees therefore there are no accruals for compensated absences.

Comparative Data

Comparative totals for the prior year have not been presented in the accompanying combined financial statements. Previous year's audits are available at the Authority's offices at 23 Court Street, Washington, Georgia.

1-D-6. 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 to the extent to which the County is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form 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 enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws and 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 County. The County may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the County'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 County has adopted a 35 percent reserve policy to retain in reserve an equivalent of 35 percent of current year budgeted revenues from the unreserved/undesignated fund balance.

Net Position Flow Assumptions – In order to report net position as restricted versus an unrestricted net position, the County has established a policy of using restricted positions fully before using unrestricted positions.

Net position – Net position represent the difference between assets and liabilities. The net position component "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 County or through external restrictions imposed by creditors, grantors or laws or regulations of governments. All other net position are reported as unrestricted.

NOTE 2 – CHANGE IN FINANCIAL REPORTING MODEL

Reserved

NOTE 3 - DEPOSITS AND INVESTMENTS:

Deposits

The Commission maintains its cash on deposits with local financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). Under Georgia law, the Commission may invest and reinvest any money subject to its control in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the Local Government Investment Pool established by state law; and obligations of other political subdivisions of Georgia.

The Washington-Wilkes Payroll Development Authority, Georgia's, deposits are categorized to give an indication of the level of risk assumed by the Washington-Wilkes Payroll Development Authority, Georgia, at year end. Category 1 includes deposits that are insured or registered or for which the securities are held by the Washington-Wilkes Payroll Development Authority, Georgia, or its agent in the Washington-Wilkes Payroll Development Authority, Georgia's, name. Category 2 includes deposits for which the collateralized securities are held by the financial institution's trust department or agent in the Washington-Wilkes Payroll Development Authority, Georgia's name. Category 3 includes uncollateralized deposits or deposits collateralized by securities which are held in the financial institution's name, or by its trust department or agent but not in the Washington-Wilkes Payroll Development Authority, Georgia's name.

As of June 30, 2019, the Washington-Wilkes Payroll Development Authority, Georgia's deposits were insured by the FDIC up to $250,000 per financial institution. Excess deposits were collateralized by the financial institutions with securities held by the institution's agents in the Washington-Wilkes Payroll Development Authority, Georgia's name. Collateral is maintained at 110% of the deposit balance.

The following schedule shows the Washington-Wilkes Payroll Development Authority, Georgia's deposit balances at year-end by credit category:

Category 1	688,267
Category 2	
Category 3	
Total	688,267

The carrying amount for the cash balances is $686,049.

NOTE 4 - TAXES:

The Authority cannot currently levy any type of tax.

NOTE 5 - INDIVIDUAL FUND DISCLOSURES:

For the year ended June 30, 2019, the general fund had no excess of expenditures over amended budget.

NOTE 6 - CONTINGENT LIABILITIES:

Although the Washington-Wilkes Payroll Development Authority, Georgia, did not participate in federal and state assisted grant programs during the period these programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise, as the result of these audits, is not believed to be material.

Various claims and lawsuits may arise against the Washington-Wilkes Payroll Development Authority, Georgia. In the opinion of Commission management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the Washington-Wilkes Payroll Development Authority, Georgia's, financial position.

The WWPDA is the guarantor for loans as detailed in NOTE 8 and 9. There may be contingent liability for these loans. All loans are current at this time.

NOTE 7 - RISK MANAGEMENT:
The Washington-Wilkes Payroll Development Authority is under the umbrella of Wilkes County for insurance purposes.

NOTE 8 - BONDS and LEASE PURCHASE AGREEMENTS:
The Washington Manufacturing Plant is currently occupied by Atlanta Fiberglass, with the Authority responsible for the loan payments. The Authority passes through or makes these payments to the F&M Bank. Additionally, the Authority has entered into a sale/leaseback with Wills Memorial Hospital for $500,000 for additional buildings.

NOTE 9 – LONG TERM LIABILITIES:
The companies responsible for the loans on two buildings/land holdings are current with their lease/purchase payments. A liability has been accrued to the Authority as guarantor for the outstanding loans until the loans are settled in the amount of $340,925. The PDA is directly responsible for loans in the amount of $895,951. The following activity took place during the year ended June 30, 2019:

	Balance 7/1/18	Additions	Principle	Interest	Balance 6/30/19
PDA as Guarantor					
LOC Callaway Manufacturing L	$ 340,925.01	$ -	$ 24,088.58	$ -	$ 316,836.43
Blake and Gene Callaway					
Totals as Guarantor	$ 340,925.01	$ -	$ 24,088.58	$ -	$ 316,836.43
PDA as Primary					
Wills Memorial Hospital bldgs	$ 425,000.00	$ -	$ 75,000.00	$ -	$ 350,000.00
443416500					
FSB Loan - 431811600	$ -	$ -	$ -	$ -	$ -
FSB 432245200	$ 113,575.85	$ -	$ 14,597.45	$ -	$ 98,978.40
Lazarus Fin 44201800	$ 357,374.89	$ -	$ 26,393.28	$ -	$ 330,981.61
	$ -		$ -	$ -	$ -
Wash Manft 441781700					
Atlanta Fiberglass	$ -		$ -	$ -	$ -
Interest				$ 204,987.47	
Totals as Primary	$ 895,950.74	$ -	$ 115,990.73	$ 204,987.47	$ 779,960.01
Grand Totals	$ 1,236,875.75	$ -	$ 140,079.31	$ 204,987.47	$ 1,096,796.44

All notes are on a one year maturity with balloon payments due at the end of each year. The Authority typically renews the note with the bank and makes a variable payment of principle and interest based on the amount available to the Authority and the amount of pass through payments collected and cleared through the various entities on the note. The Lazarus financing note is currently non-performing and was paid down with Authority funds.

NOTE 10 - SUBSEQUENT EVENTS:

There were no subsequent events of a material nature which would affect the financial statements.

Required Supplementary Information

Washington-Wilkes Payroll Development Authority
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget versus Actual - All Governmental Fund Types
For the year ended June 30, 2019

	Actual	Budget	Difference
Revenue			
County Appropriations	$ -	$ -	$ -
Rent	$ 176,132	$ 198,900	$ (22,769)
Reimbursements	$ 21,488	$ 25,000	$ (3,512)
State Grants	$ -	$ -	$ -
Other Revenue	$ 323,761	$ -	$ 323,761
Total Revenue	$ 521,380	$ 223,900	$ 297,480
Operating Expenditures			
Personnel	$ -	$ -	$ -
Buildings and maintenance	$ 23,646	$ 23,646	$ -
Seminars and travel	$ 2,726	$ 2,726	$ -
Other operating expenditures	$ 71,812	$ 71,812	$ -
Total Operating Expenditures	$ 98,183	$ 98,183	$ -
Excess (deficit) of Revenues over Expenditures before capital expenditures	$ 423,197	$ 125,717	$ 297,480
Other financing sources (uses)			
Loan Proceeds	$ -	$ -	$ -
Sale of Assets	$ -	$ -	$ -
Debt Service			
Interest	$ 204,987	$ 204,987	$ -
Principle retirements	$ 115,991	$ 115,991	$ -
Excess (deficit) of Revenues over Expenditures	$ 102,219	$ 102,219	$ -
Beginning Fund Balance	$ 586,049		
Ending Fund Balance	$ 688,268		

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

Steven G. Albertson, CPA, PC
Certified Public Accountant

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

To the Board
Washington-Wilkes Payroll Development Authority, Georgia

I have audited the accompanying financial statements of governmental activities for the major fund and the notes to the financial statements of the Washington-Wilkes Payroll Development Authority, Georgia, as of and for the year ended June 30, 2019, which collectively comprise the Authority's basic financial statements as listed in the table of contents and have issued my report thereon dated November 29, 2019. I conducted my 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.

Internal Control Over Financial Reporting
In planning and performing our audit, I considered Wilkes County, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, I do not express any opinions on the effectiveness of the County's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is more than a remote likelihood that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting 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 deficiencies, significant deficiencies, or material weaknesses. I noted no deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Wilkes County, Georgia's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing opinions on compliance with those provisions were not an objective of my audit and, accordingly, I do not express such opinions. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Management has omitted 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, which consider it to be a part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by that missing information.

Purpose of this Report
This 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Steven G Albertson
Steven G. Albertson, CPA
Washington, Georgia
November 29, 2019