

**CITY OF WAYCROSS, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**

**CITY OF WAYCROSS, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**FINANCIAL REPORT**  
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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Waycross, Georgia** (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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**Opinions**

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matters**

As discussed in Note 15, the City implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* in the fiscal year 2021. This standard significantly changed the accounting for the City's Municipal Court Fund and Police Condemnation Fund. Our opinions are not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the City's Net Pension Liability and Related Ratios, the Schedule of City Contributions – Retirement Plan (on pages 47 – 50) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. The accompanying schedules of expenditures of special purpose local option sales tax proceeds and the schedule of transportation special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of the City.

The combining statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, the schedule of transportation special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are 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, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, the schedule of transportation special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Savannah, Georgia  
April 6, 2022

**CITY OF WAYCROSS, GEORGIA**

**STATEMENT OF NET POSITION  
JUNE 30, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,162,112	\$ 1,816,384	\$ 16,978,496
Taxes receivable	255,347	-	255,347
Accounts receivable, net of allowances	265,278	1,111,217	1,376,495
Due from other governments	662,834	-	662,834
Internal balances	(1,306,763)	1,306,763	-
Inventories	61,210	49,302	110,512
Prepaid expenses	58,996	-	58,996
Capital assets:			
Non-depreciable	11,855,481	1,073,042	12,928,523
Depreciable, net	15,479,452	30,580,725	46,060,177
Total assets	<u>42,493,947</u>	<u>35,937,433</u>	<u>78,431,380</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	2,629,443	-	2,629,443
Total deferred outflows or resources	<u>2,629,443</u>	<u>-</u>	<u>2,629,443</u>
<b>LIABILITIES</b>			
Accounts payable	1,332,364	507,659	1,840,023
Accrued liabilities	302,632	17,720	320,352
Customer deposits payable	-	269,927	269,927
Capital leases due within one year	236,054	-	236,054
Capital leases due in more than one year	558,955	-	558,955
Notes payable due within one year	30,000	-	30,000
Notes payable due in more than one year	432,500	-	432,500
Loans payable due within one year	-	906,982	906,982
Loans payable due in more than one year	-	3,104,700	3,104,700
Compensated absences due within one year	169,757	10,791	180,548
Compensated absences due in more than one year	396,099	25,178	421,277
Net pension liability due in more than one year	7,289,598	-	7,289,598
Total liabilities	<u>10,747,959</u>	<u>4,842,957</u>	<u>15,590,916</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	286,303	-	286,303
Total deferred inflows of resources	<u>286,303</u>	<u>-</u>	<u>286,303</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,077,424	27,642,085	53,719,509
Restricted for:			
Capital projects	11,022,266	-	11,022,266
Community development projects	107,727	-	107,727
Other projects	35,127	-	35,127
Unrestricted	(3,153,416)	3,452,391	298,975
Total net position	<u>\$ 34,089,128</u>	<u>\$ 31,094,476</u>	<u>\$ 65,183,604</u>

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

**CITY OF WAYCROSS, GEORGIA**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities:							
General government	\$ 1,964,245	\$ 1,220,221	\$ -	\$ -	\$ (744,024)	\$ -	\$ (744,024)
Public safety	6,883,358	29,780	-	947,757	(5,905,821)	-	(5,905,821)
Public works	4,138,383	19,988	-	4,306,011	187,616	-	187,616
Community development	1,172,435	-	-	-	(1,172,435)	-	(1,172,435)
Judicial	374,263	405,871	-	-	31,608	-	31,608
Interest on long-term debt	12,405	-	-	-	(12,405)	-	(12,405)
Total governmental activities	<u>14,545,089</u>	<u>1,675,860</u>	<u>-</u>	<u>5,253,768</u>	<u>(7,615,461)</u>	<u>-</u>	<u>(7,615,461)</u>
Business-type activities:							
Public utilities	7,133,600	6,833,238	-	306,288	-	5,926	5,926
Waste management	2,410,225	2,635,762	-	-	-	225,537	225,537
City auditorium	178,343	15,000	-	-	-	(163,343)	(163,343)
Total business-type activities	<u>9,722,168</u>	<u>9,484,000</u>	<u>-</u>	<u>306,288</u>	<u>-</u>	<u>68,120</u>	<u>68,120</u>
<b>Total primary government</b>	<u>\$ 24,267,257</u>	<u>\$ 11,159,860</u>	<u>\$ -</u>	<u>\$ 5,560,056</u>	<u>(7,615,461)</u>	<u>68,120</u>	<u>(7,547,341)</u>
General revenues							
Taxes:							
Property taxes					3,655,558	-	3,655,558
Sales taxes					3,865,908	-	3,865,908
Franchise taxes					1,079,658	-	1,079,658
Other taxes					2,145,851	-	2,145,851
Unrestricted investment earnings					7,854	4,457	12,311
Miscellaneous					595,270	-	595,270
Transfers					62,455	(62,455)	-
Total general revenues and transfers					<u>11,412,554</u>	<u>(57,998)</u>	<u>11,354,556</u>
Change in net position					3,797,093	10,122	3,807,215
Net position, beginning of year, as restated					<u>30,292,035</u>	<u>31,084,354</u>	<u>61,376,389</u>
Net position, end of year					<u>\$ 34,089,128</u>	<u>\$ 31,094,476</u>	<u>\$ 65,183,604</u>

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

# CITY OF WAYCROSS, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2021

	General Fund	SPLOST 2014 Fund	TSPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,942,295	\$ 2,164,687	\$ 8,325,200	\$ 854,940	\$ 13,287,122
Taxes receivable, net	255,347	-	-	-	255,347
Accounts receivable, net	171,672	-	-	-	171,672
Due from other governments	320,335	660	341,839	-	662,834
Due from other funds	1,465,497	-	-	-	1,465,497
Inventories	32,171	-	-	-	32,171
Prepaid expenditures	-	-	-	4,996	4,996
Other receivables	-	-	-	84,350	84,350
Total assets	<u>\$ 4,187,317</u>	<u>\$ 2,165,347</u>	<u>\$ 8,667,039</u>	<u>\$ 944,286</u>	<u>\$ 15,963,989</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 130,557	\$ 163,892	\$ 65,434	\$ 73,217	\$ 433,100
Accrued liabilities	287,764	-	-	-	287,764
Total liabilities	<u>418,321</u>	<u>163,892</u>	<u>65,434</u>	<u>73,217</u>	<u>720,864</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	208,717	-	-	-	208,717
Total deferred inflows of resources	<u>208,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,717</u>
<b>FUND BALANCES</b>					
Non-spendable	32,171	-	-	4,996	37,167
Restricted	-	2,001,455	8,601,605	734,151	11,337,211
Committed	-	-	-	59,755	59,755
Assigned	-	-	-	72,167	72,167
Unassigned	3,528,108	-	-	-	3,528,108
Total fund balances	<u>3,560,279</u>	<u>2,001,455</u>	<u>8,601,605</u>	<u>871,069</u>	<u>15,034,408</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,187,317</u>	<u>\$ 2,165,347</u>	<u>\$ 8,667,039</u>	<u>\$ 944,286</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	26,924,243
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	208,717
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
These deferred outflows of resources consist of pension and other post-employment benefits related experience differences, assumption changes and contributions.	2,629,443
Internal service funds are used by management to charge the costs of certain functions to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(1,732,836)
Deferred inflows of resources are not available to pay for current expenditures and, therefore, are not reported in the funds.	
These deferred inflows of resources consist of pension and other post-employment benefits related differences between projected and actual earnings on plan investments.	(286,303)
Certain liabilities are not due and payable in the current period and are, therefore, not reported in the funds.	

	Net pension liability	\$ (7,289,598)	
	Capital leases payable	(370,539)	
	Notes payable	(462,500)	
	Compensated absences	(565,856)	
	Accrued interest	(51)	
		<u>(8,688,544)</u>	
Net position of governmental activities			<u>\$ 34,089,128</u>

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

**CITY OF WAYCROSS, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>General Fund</b>	<b>SPLOST 2014 Fund</b>	<b>TSPLOST Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ 10,757,678	\$ -	\$ -	\$ 368,746	\$ 11,126,424
Fines and forfeitures	608,442	-	-	-	608,442
Licenses and permits	992,105	-	-	-	992,105
Intergovernmental	705,647	502,435	3,567,338	474,949	5,250,369
Charges for services	34,024	-	-	41,289	75,313
Interest revenue	476	714	2,685	7,378	11,253
Other revenues	480,334	-	90,641	24,295	595,270
Total revenues	<u>13,578,706</u>	<u>503,149</u>	<u>3,660,664</u>	<u>916,657</u>	<u>18,659,176</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,932,866	-	-	5,098	1,937,964
Public safety	6,409,332	-	-	21,408	6,430,740
Public works	3,099,642	-	-	181,595	3,281,237
Community development	811,892	-	-	346,750	1,158,642
Judicial	374,263	-	-	-	374,263
Debt service:					
Principal	124,017	-	38,634	-	162,651
Interest	7,630	-	4,775	-	12,405
Capital outlay	-	2,905,554	1,776,089	266,909	4,948,552
Total expenditures	<u>12,759,642</u>	<u>2,905,554</u>	<u>1,819,498</u>	<u>821,760</u>	<u>18,306,454</u>
Excess (deficiency) of revenues over (under) expenditures	<u>819,064</u>	<u>(2,402,405)</u>	<u>1,841,166</u>	<u>94,897</u>	<u>352,722</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	307,331	-	-	-	307,331
Transfers out	-	-	-	(244,876)	(244,876)
Capital leases	262,360	-	-	-	262,360
Total other financing sources (uses)	<u>569,691</u>	<u>-</u>	<u>-</u>	<u>(244,876)</u>	<u>324,815</u>
Net change in fund balances	1,388,755	(2,402,405)	1,841,166	(149,979)	677,537
<b>Fund balances, beginning of year, as restated</b>	<u>2,171,524</u>	<u>4,403,860</u>	<u>6,760,439</u>	<u>1,021,048</u>	<u>14,356,871</u>
<b>Fund balances, end of year</b>	<u>\$ 3,560,279</u>	<u>\$ 2,001,455</u>	<u>\$ 8,601,605</u>	<u>\$ 871,069</u>	<u>\$ 15,034,408</u>

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

# CITY OF WAYCROSS, GEORGIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Net change in fund balances - total governmental funds. \$ 677,537

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	\$ 4,763,532	
Depreciation expense	<u>(1,217,930)</u>	
		3,545,602

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (379,449)

Internal service funds are used by management to charge the costs of certain functions to individual funds. The net revenue of certain activities in the internal service funds is reported with governmental activities. (32,436)

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

Capital lease proceeds	\$ (262,360)	
Principal payments of long-term debt	<u>162,651</u>	
		(99,709)

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

Pension expense	\$ 132,104	
Compensated absences	<u>(46,556)</u>	
		<u>85,548</u>

\$ 3,797,093

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

**CITY OF WAYCROSS, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 10,324,000	\$ 10,324,000	\$ 10,757,678	\$ 433,678
Fees and fines	317,000	317,000	608,442	291,442
Licenses and permits	885,400	885,400	992,105	106,705
Intergovernmental	10,000	10,000	705,647	695,647
Charges for services	32,000	32,000	34,024	2,024
Investment earnings	15,500	15,500	476	(15,024)
Other revenues	397,000	397,000	480,334	83,334
Total revenues	<u>11,980,900</u>	<u>11,980,900</u>	<u>13,578,706</u>	<u>1,597,806</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,146,911	2,146,911	1,932,866	214,045
Public safety	6,388,579	6,388,579	6,409,332	(20,753)
Public works	2,810,836	2,810,836	3,099,642	(288,806)
Community development	856,574	856,574	811,892	44,682
Judicial	-	-	374,263	(374,263)
Debt service:				
Principal	30,000	30,000	124,017	(94,017)
Interest and other charges	-	-	7,630	(7,630)
Total expenditures	<u>12,232,900</u>	<u>12,232,900</u>	<u>12,759,642</u>	<u>(526,742)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(252,000)</u>	<u>(252,000)</u>	<u>819,064</u>	<u>1,071,064</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	252,000	252,000	307,331	55,331
Capital leases	-	-	262,360	262,360
Total other financing sources	<u>252,000</u>	<u>252,000</u>	<u>569,691</u>	<u>317,691</u>
Net change in fund balances	-	-	1,388,755	1,388,755
<b>Fund balances, beginning of year, as restated</b>	<u>2,171,524</u>	<u>2,171,524</u>	<u>2,171,524</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,171,524</u>	<u>\$ 2,171,524</u>	<u>\$ 3,560,279</u>	<u>\$ 1,388,755</u>

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

**CITY OF WAYCROSS, GEORGIA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021**

	<b>Public Utilities Fund</b>	<b>Waste Management Fund</b>	<b>Nonmajor City Auditorium Fund</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 1,743,950	\$ 72,265	\$ -
Accounts receivable, net of allowances	791,641	319,576	-
Due from other funds	1,315,841	-	-
Inventories	49,302	-	-
Prepaid expenses	-	-	-
Total current assets	<u>3,900,734</u>	<u>391,841</u>	<u>-</u>
<b>NON-CURRENT ASSETS</b>			
Restricted assets, cash	169	-	-
Capital assets:			
Non-depreciable	1,062,690	10,352	-
Depreciable, net of accumulated depreciation	29,562,481	13,657	1,004,587
Total non-current assets	<u>30,625,340</u>	<u>24,009</u>	<u>1,004,587</u>
Total assets	<u>34,526,074</u>	<u>415,850</u>	<u>1,004,587</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	507,404	-	255
Accrued liabilities	11,891	5,109	720
Due to other funds	-	-	9,078
Compensated absences	-	10,791	-
Customer deposits payable	231,719	19,677	18,531
Current portion - capital leases	-	-	-
Current portion - loans payable	906,982	-	-
Total current liabilities	<u>1,657,996</u>	<u>35,577</u>	<u>28,584</u>
<b>NON-CURRENT LIABILITIES</b>			
Compensated absences	-	25,178	-
Capital leases payable, net of current portion	-	-	-
Loans payable, net of current portion	3,104,700	-	-
Total non-current liabilities	<u>3,104,700</u>	<u>25,178</u>	<u>-</u>
Total liabilities	<u>4,762,696</u>	<u>60,755</u>	<u>28,584</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,613,489	24,009	1,004,587
Unrestricted	3,149,889	331,086	(28,584)
Total net position	<u>\$ 29,763,378</u>	<u>\$ 355,095</u>	<u>\$ 976,003</u>

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

<u>Total</u>	<u>Internal Service Funds</u>
\$ 1,816,215	\$ 1,874,990
1,111,217	9,256
1,315,841	-
49,302	29,039
-	54,000
<u>4,292,575</u>	<u>1,967,285</u>
169	-
1,073,042	-
<u>30,580,725</u>	<u>410,690</u>
<u>31,653,936</u>	<u>410,690</u>
<u>35,946,511</u>	<u>2,377,975</u>
507,659	899,264
17,720	14,817
9,078	2,772,260
10,791	-
269,927	-
-	102,358
906,982	-
<u>1,722,157</u>	<u>3,788,699</u>
25,178	-
-	322,112
<u>3,104,700</u>	<u>-</u>
<u>3,129,878</u>	<u>322,112</u>
<u>4,852,035</u>	<u>4,110,811</u>
27,642,085	-
3,452,391	(1,732,836)
<u>\$ 31,094,476</u>	<u>\$ (1,732,836)</u>

**CITY OF WAYCROSS, GEORGIA**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>Public Utilities Fund</b>	<b>Waste Management Fund</b>	<b>Nonmajor City Auditorium Fund</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 6,833,238	\$ 2,635,762	\$ 15,000
Other services	-	-	-
Total operating revenues	<u>6,833,238</u>	<u>2,635,762</u>	<u>15,000</u>
<b>OPERATING EXPENSES</b>			
Personal services	1,945,281	752,782	8,680
Contractual services	2,591,448	1,451,960	10,092
Utilities	-	-	18,071
Repairs and maintenance	232,658	171,232	3,256
Other supplies and expenses	1,117,965	834	362
Insurance claims and expenses	-	12,690	800
Retirement payments	-	-	-
Depreciation	1,215,246	20,485	137,082
Total operating expenses	<u>7,102,598</u>	<u>2,409,983</u>	<u>178,343</u>
Operating income (loss)	<u>(269,360)</u>	<u>225,779</u>	<u>(163,343)</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>			
Miscellaneous revenue	-	-	-
Interest income	4,457	-	-
Interest expense	(31,002)	(242)	-
Total non-operating income (expenses)	<u>(26,545)</u>	<u>(242)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	<u>(295,905)</u>	<u>225,537</u>	<u>(163,343)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>306,288</u>	<u>-</u>	<u>-</u>
<b>TRANSFERS</b>			
Transfers out	(62,455)	-	-
Total transfers	<u>(62,455)</u>	<u>-</u>	<u>-</u>
Change in net position	(52,072)	225,537	(163,343)
<b>Net position, beginning of year</b>	<u>29,815,450</u>	<u>129,558</u>	<u>1,139,346</u>
<b>Net position, end of year</b>	<u>\$ 29,763,378</u>	<u>\$ 355,095</u>	<u>\$ 976,003</u>

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

<u>Total</u>	<u>Internal Service Funds</u>
\$ 9,484,000	\$ 588,382
-	4,836,859
9,484,000	5,425,241
2,706,743	323,328
4,053,500	43,180
18,071	-
407,146	29,748
1,119,161	-
13,490	3,742,004
-	1,265,356
1,372,813	103,890
9,690,924	5,507,506
(206,924)	(82,265)
-	63,422
4,457	4
(31,244)	(13,597)
(26,787)	49,829
(233,711)	(32,436)
306,288	-
(62,455)	-
(62,455)	-
10,122	(32,436)
31,084,354	(1,700,400)
\$ 31,094,476	\$ (1,732,836)

**CITY OF WAYCROSS, GEORGIA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>Public Utilities Fund</b>	<b>Waste Management Fund</b>	<b>Nonmajor City Auditorium Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 7,309,672	\$ 2,584,301	\$ 15,000
Receipts from other funds for services	-	-	-
Payments to suppliers	(3,846,953)	(1,739,900)	(25,064)
Payments to employees	(1,945,281)	(752,782)	(7,960)
Net cash provided by (used in) operating activities	<u>1,517,438</u>	<u>91,619</u>	<u>(18,024)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers out	(62,455)	-	-
Miscellaneous non-operating revenue	-	-	-
Net cash provided by (used in) non-capital financing activities	<u>(62,455)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from the issuance of loans	399,208	-	-
Capital contributions	306,288	-	-
Acquisition and construction of capital assets	(1,002,400)	-	-
Principal paid on capital leases payable	(9,899)	(19,513)	-
Principal paid on loans payable	(525,403)	-	-
Interest paid	(32,017)	(242)	-
Net cash used in capital and related financing activities	<u>(864,223)</u>	<u>(19,755)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest revenue	4,457	-	-
Net cash provided by investing activities	<u>4,457</u>	<u>-</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	<u>595,217</u>	<u>71,864</u>	<u>(18,024)</u>
Cash and cash equivalents:			
<b>Beginning of year</b>	<u>1,148,902</u>	<u>401</u>	<u>18,024</u>
<b>End of year</b>	<u>\$ 1,744,119</u>	<u>\$ 72,265</u>	<u>\$ -</u>
<b>Classified as:</b>			
Cash and cash equivalents	\$ 1,743,950	\$ 72,265	\$ -
Restricted assets, cash	169	-	-
	<u>\$ 1,744,119</u>	<u>\$ 72,265</u>	<u>\$ -</u>

(Continued)

<u>Totals</u>	<u>Internal Service Funds</u>
\$ 9,908,973	\$ 1,904,500
-	3,311,082
(5,611,917)	(5,131,262)
<u>(2,706,023)</u>	<u>(323,328)</u>
<u>1,591,033</u>	<u>(239,008)</u>
(62,455)	-
<u>-</u>	<u>63,422</u>
<u>(62,455)</u>	<u>63,422</u>
399,208	421,988
306,288	-
(1,002,400)	(421,988)
(29,412)	(90,478)
(525,403)	-
<u>(32,259)</u>	<u>(13,597)</u>
<u>(883,978)</u>	<u>(104,075)</u>
4,457	4
<u>4,457</u>	<u>4</u>
649,057	(279,657)
<u>1,167,327</u>	<u>2,154,647</u>
<u>\$ 1,816,384</u>	<u>\$ 1,874,990</u>
\$ 1,816,215	\$ 1,874,990
169	-
<u>\$ 1,816,384</u>	<u>\$ 1,874,990</u>

**CITY OF WAYCROSS, GEORGIA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Public Utilities Fund</u>	<u>Waste Management Fund</u>	<u>Nonmajor City Auditorium Fund</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (269,360)	\$ 225,779	\$ (163,343)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,215,246	20,485	137,082
Changes in assets and liabilities:			
(Increase) in accounts receivable	(84,096)	(55,028)	-
Decrease in due from other funds	559,133	-	-
(Increase) in prepaids	-	-	-
Increase (decrease) in accounts payable	95,118	(111,793)	(3,686)
Increase in accrued liabilities	-	5,109	720
Increase in compensated absences	-	3,567	-
Increase in customer deposits	1,397	3,500	2,125
Increase (decrease) in due to other funds	-	-	9,078
Net cash provided by (used in) operating activities	<u>\$ 1,517,438</u>	<u>\$ 91,619</u>	<u>\$ (18,024)</u>

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

<u>Total</u>	<u>Internal Service Funds</u>
\$ (206,924)	\$ (82,265)
1,372,813	103,890
(139,124)	-
559,133	-
-	(54,000)
(20,361)	(50,974)
5,829	-
3,567	-
7,022	-
9,078	(155,659)
<u>\$ 1,591,033</u>	<u>\$ (239,008)</u>

## **NOTES TO FINANCIAL STATEMENTS**

# CITY OF WAYCROSS, GEORGIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. The Financial Reporting Entity**

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

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

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

The City's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, internal service funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds, and internal service funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, sales taxes, franchise taxes, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services provided. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

#### D. Budgets and Budgetary Accounting

An annual budget is adopted (as required by law) by the City for the general and special revenue funds. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles.

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

1. Prior to June 30, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. Budgets and Budgetary Accounting (Continued)

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

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

The Official Code of Georgia Annotated ("O.C.G.A.") §36-81-3(b) requires an annual balanced budget for the general fund, each special revenue fund and requires a project-length balanced budget for each capital project fund. For the year ended June 30, 2021, the City did not adopt annual budgets for the Forfeited Property Fund, Jail Fund, Okfenokee Classic Fund, FEMA Fund, and ATM Machine Fund.

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### E. Cash and Cash Equivalents

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

#### F. Deposits and Investments

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

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

#### G. Inventory and Prepaid Items

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Short-term Interfund Receivables/Payables

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

#### I. Capital Assets

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

Depreciation is provided on the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 – 50
Machinery and equipment	5 – 10
Vehicles	5 – 10
Infrastructure	20 – 35

#### J. Long-term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as deferred charges, are deferred and amortized over the life of the bonds using the straight-line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. Compensated Absences

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

The entire compensated absences liability is reported on the government-wide financial statements.

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

#### L. Fund Equity

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

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

Fund balances are classified as follows:

- **Non-spendable** – Fund balances are reported as non-spendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission through the adoption of a resolution. Only the City Commission may modify or rescind the commitment.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Fund Equity (Continued)

##### *Fund Balances (Continued) –*

- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Commission has authorized the City Manager or City Finance Director to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balances only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

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

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

#### M. Use of Estimates

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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 three items that qualify for reporting in this category. All of these items relate to the City's Retirement Plan and are reported in the government-wide Statement of Net Position. Experience differences result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience differences are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. Changes in actuarial assumptions, which adjust the net pension liability, are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Additionally, any contributions made by the City to the pension plan, before year-end but subsequent to the measurement date of the City's net pension liability, are reported as deferred outflows of resources.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balances that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category, one of which arises only under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other item relates to the City's Retirement Plan and is reported in the government-wide Statement of Net Position. The net difference between projected and actual earnings on pension plan investments is deferred and amortized against pension expense over a five-year period, resulting in recognition as deferred inflows of resources.

#### O. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Waycross Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. DEFICIT NET POSITION

The following funds had deficit net positions at June 30, 2021:

	<u>Net Position Deficit</u>
Internal Service Funds:	
Health Insurance Fund	\$ 2,640,676
Workers' Compensation Fund	230,699
Warehouse Fund	27,364
Payroll Fund	12,305
Enterprise Fleet Management Fund	20,031

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

### NOTE 3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2021, the following departments of the General Fund had excess of actual expenditures over appropriations. The over-expenditures were funded by excess revenues over appropriations.

	<u>Excess</u>
General Fund:	
Public safety	\$ 20,753
Public works	288,806
Judicial	374,263
Debt service	101,647

### NOTE 4. DEPOSITS AND INVESTMENTS

As of June 30, 2021, the carrying amount of the City's bank deposits was \$16,978,496 and the respective bank balances totaled \$23,503,607. The bank balances were collateralized with pooled securities held by the pledging financial institutions trust department or agent in the government's name.

As of June 30, 2021, the City's carrying amount of deposits, related bank balances, and other cash were as follows:

Amounts as presented on the entity-wide statement of net position:	
Cash and cash equivalents	<u>\$ 16,978,496</u>
Cash deposited with financial institutions	<u><u>\$ 16,978,496</u></u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

**Custodial credit risk** is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The City has a policy to reduce its exposure to this risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2021, the City's bank balance was not exposed to custodial credit risk.

### NOTE 5. RECEIVABLES

#### A. Accounts Receivable

Receivables as of June 30, 2021, including the applicable allowances for uncollectible accounts for governmental funds, are as follows:

	General	2014 SPLOST	TSPLOST	Nonmajor Governmental	Total
Receivables:					
Taxes	\$ 336,912	\$ -	\$ -	\$ -	\$ 336,912
Accounts	171,672	-	-	-	171,672
Intergovernmental	320,335	660	341,839	-	662,834
Other	-	-	-	84,350	84,350
Gross receivables	<u>828,919</u>	<u>660</u>	<u>341,839</u>	<u>84,350</u>	<u>1,255,768</u>
Less: allowance for uncollectibles	(81,565)	-	-	-	(81,565)
Net total receivables	<u><u>\$ 747,354</u></u>	<u><u>\$ 660</u></u>	<u><u>\$ 341,839</u></u>	<u><u>\$ 84,350</u></u>	<u><u>\$ 1,174,203</u></u>

Receivables as of June 30, 2021, including the applicable allowances for uncollectible accounts for business-type funds, are as follows:

	Public Utilities	Waste Management	Internal Service	Total
Receivables:				
Accounts	\$ 1,000,811	\$ 357,998	\$ 9,256	\$ 1,368,065
Gross receivables	1,000,811	357,998	9,256	1,368,065
Less: allowance for uncollectibles	(209,170)	(38,422)	-	(247,592)
Net total receivables	<u><u>\$ 791,641</u></u>	<u><u>\$ 319,576</u></u>	<u><u>\$ 9,256</u></u>	<u><u>\$ 1,120,473</u></u>

#### B. Property Taxes

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. RECEIVABLES (CONTINUED)

#### C. Hotel/Motel Lodging Taxes

The City is required to disburse funds received from the collection of hotel/motel taxes pursuant to O.C.G.A. §48-13- 51(a)(3.7). The tax rate is 5% and is levied on a monthly basis. The City received \$368,746 from the collection of the hotel/motel tax during the fiscal year ended June 30, 2021. The City disbursed \$278,550 for the promotion of tourism. Lodging tax funds in the amount of \$244,876 were transferred to the General Fund during the fiscal year ended June 30, 2021.

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 5,099,609	\$ -	\$ -	\$ -	\$ 5,099,609
Construction in progress	2,337,147	4,418,725	-	-	6,755,872
Total capital assets, not being depreciated	<u>7,436,756</u>	<u>4,418,725</u>	<u>-</u>	<u>-</u>	<u>11,855,481</u>
Capital assets, being depreciated:					
Buildings	10,670,468	-	(10,453)	-	10,660,015
Machinery and equipment	4,646,578	165,199	-	-	4,811,777
Vehicles	5,932,254	421,988	(41,632)	-	6,312,610
Infrastructure	39,238,738	179,608	-	-	39,418,346
Total capital assets, being depreciated	<u>60,488,038</u>	<u>766,795</u>	<u>(52,085)</u>	<u>-</u>	<u>61,202,748</u>
Less accumulated depreciation for:					
Buildings	(5,127,413)	(205,036)	10,453	-	(5,321,996)
Machinery and equipment	(3,538,034)	(256,440)	-	-	(3,794,474)
Vehicles	(5,188,503)	(344,290)	41,632	-	(5,491,161)
Infrastructure	(30,599,611)	(516,054)	-	-	(31,115,665)
Total accumulated depreciation	<u>(44,453,561)</u>	<u>(1,321,820)</u>	<u>52,085</u>	<u>-</u>	<u>(45,723,296)</u>
Total capital assets, being depreciated, net	<u>16,034,477</u>	<u>(555,025)</u>	<u>-</u>	<u>-</u>	<u>15,479,452</u>
Governmental activities capital assets, net	<u>\$ 23,471,233</u>	<u>\$ 3,863,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,334,933</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service funds capital assets are included as part of the above totals for governmental activities. At year-end, internal service fund capital assets with a net book value of \$410,690 are included in the above amounts.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land and improvements	\$ 235,859	\$ -	\$ -	\$ -	\$ 235,859
Construction in progress	148,981	837,183	-	(148,981)	837,183
Total capital assets, not being depreciated	<u>384,840</u>	<u>837,183</u>	<u>-</u>	<u>(148,981)</u>	<u>1,073,042</u>
Capital assets, being depreciated:					
Buildings	12,194,323	-	-	-	12,194,323
Machinery and equipment	4,946,171	111,317	-	-	5,057,488
Vehicles	863,874	-	-	-	863,874
Infrastructure	56,146,325	53,900	-	148,981	56,349,206
Total capital assets, being depreciated	<u>74,150,693</u>	<u>165,217</u>	<u>-</u>	<u>148,981</u>	<u>74,464,891</u>
Less accumulated depreciation for:					
Buildings	(8,387,555)	(282,497)	-	-	(8,670,052)
Machinery and equipment	(4,500,129)	(89,387)	-	-	(4,589,516)
Vehicles	(829,732)	(62,658)	-	-	(892,390)
Infrastructure	(28,793,937)	(938,271)	-	-	(29,732,208)
Total accumulated depreciation	<u>(42,511,353)</u>	<u>(1,372,813)</u>	<u>-</u>	<u>-</u>	<u>(43,884,166)</u>
Total capital assets, being depreciated, net	<u>31,639,340</u>	<u>(1,207,596)</u>	<u>-</u>	<u>148,981</u>	<u>30,580,725</u>
Business-type activities capital assets, net	<u>\$ 32,024,180</u>	<u>\$ (370,413)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,653,767</u>

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

Governmental activities:	
General government	\$ 211,900
Public safety	423,878
Public works	668,837
Community development	17,205
Total depreciation expense - governmental activities	<u>\$ 1,321,820</u>
Business-type activities:	
Public utilities	\$ 1,215,246
Waste management	20,485
City auditorium	137,082
Total depreciation expense - business-type activities	<u>\$ 1,372,813</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT

#### A. Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Capital leases	\$ 333,790	\$ 684,347	\$ (223,128)	\$ 795,009	\$ 236,054
Notes payable	492,500	-	(30,000)	462,500	30,000
Net pension liability	7,178,700	3,550,383	(3,439,485)	7,289,598	-
Compensated absences	519,300	232,107	(185,551)	565,856	169,757
Governmental activity Long-term liabilities	<u>\$ 8,524,290</u>	<u>\$ 4,466,837</u>	<u>\$ (3,878,164)</u>	<u>\$ 9,112,963</u>	<u>\$ 435,811</u>
<u>Business-type activities:</u>					
Capital leases	\$ 29,412	\$ -	\$ (29,412)	\$ -	\$ -
Loans payable	4,137,877	399,208	(525,403)	4,011,682	906,982
Compensated absences	32,402	27,184	(23,617)	35,969	10,791
Business-type activity Long-term liabilities	<u>\$ 4,199,691</u>	<u>\$ 426,392</u>	<u>\$ (578,432)</u>	<u>\$ 4,047,651</u>	<u>\$ 917,773</u>

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

#### B. Notes and Loans Payable

##### Business-type Activities Loans:

In October 1998, the City entered into a loan agreement (98-L68WJ) with the Georgia Environmental Facilities Authority for certain water and sewer projects for a total amount of \$2,000,000. Repayment is over 80 quarterly payments beginning September 1, 2001 at 4.1%. The loan was paid off during the current fiscal year.

In August 2000, the City entered into a loan program (CWSRF 00-001) with the Georgia Department of Natural Resources and the Georgia Environmental Facilities Authority for certain sewer improvements for a total amount of \$935,467. Repayment is over 78 quarterly payments at 3% beginning September 1, 2002. At June 30, 2021, the outstanding balance of this loan was \$65,087 and quarterly payments are \$16,124. This loan is to be repaid from revenues of the Water and Sewer System; however, the obligation to repay this loan is a general obligation of the City to which it has dedicated its general power of taxation.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### B. Notes and Loans Payable (Continued)

##### Business-type Activities Loans (Continued):

In September 2000, the City entered into a loan agreement (2000-L36WJ) with the Georgia Environmental Facilities Authority for sewer improvements for a total amount of \$9,815,000. Repayment is over 80 quarterly payments beginning October 1, 2002 at 2%. At June 30, 2021, the outstanding balance was \$925,188 and quarterly payments are \$154,018. This loan is to be repaid from revenues of the Water and Sewer System; however, the obligation to repay this loan is a general obligation of the City.

In June 2003, the City entered into a loan agreement (CWSRF-00-020) with the Georgia Environmental Facilities Authority for certain water and sewer projects. At June 30, 2021, the outstanding balance was \$780,986. Repayment is over 80 quarterly payments of \$34,376 at 3%. This loan is to be repaid from revenues of the Water and Sewer System; however, the obligation to repay this loan is a general obligation of the City.

In November 2009, the City entered into a loan agreement (CW09071PF60) with the Georgia Environmental Facilities Authority for the construction of a litter trap. The total amount received was \$120,785 as part of the American Recovery and Reinvestment Act ("ARRA"). The ARRA funds will help finance water system improvements through a low-interest loan in the amount of \$47,393 and a subsidy of \$80,400. The loan was paid off during the current fiscal year.

In October 2016, the City entered into a loan agreement (DW2016005) with the Georgia Environmental Facilities Authority for replacement of existing water meters with an advanced metering infrastructure system ("AMI") and software upgrades. At June 30, 2021, the outstanding balance was \$1,841,213. Repayment is over 180 monthly payments of \$11,340 at .65%.

In May 2020, the City entered into a loan agreement (DW2020009) with the Georgia Environmental Facilities Authority to install a water main and related appurtenances. At June 30, 2021, the outstanding balance was \$24,803. This loan is still in the drawdown phase, therefore maturities are not available and not presented below.

In November 2020, the City entered into a loan agreement (CW2020002) with the Georgia Environmental Facilities Authority for upgrades to the Waycross Wastewater Treatment Plant. At June 30, 2021, the outstanding balance was \$374,405. This loan is still in the drawdown phase, therefore maturities are not available and not presented below.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### B. Notes and Loans Payable (Continued)

##### Business-type Activities Loans (Continued):

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

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 955,934	\$ 906,982	\$ 48,952
2023	599,472	567,483	31,989
2024	273,583	248,581	25,002
2025	273,584	253,119	20,465
2026	273,584	257,775	15,809
2027 – 2031	852,275	819,480	32,795
2032 – 2036	566,813	559,054	7,759
	<u>\$ 3,795,245</u>	<u>\$ 3,612,474</u>	<u>\$ 182,771</u>

##### Governmental Activities Note:

In March 2010, the City entered into an agreement with BC Waycross Associates, LLP to finance construction of storm water infrastructure and a regional storm water retention pond on the owner's property to accept off-site storm water runoff and render owner's property suitable for development. The total amount financed of \$800,000 is due in 320 monthly payments of \$2,500 beginning March 15, 2010 at 0% interest. At June 30, 2021, the outstanding balance on this loan was \$462,500.

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

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 30,000	\$ 30,000	\$ -
2023	30,000	30,000	-
2024	30,000	30,000	-
2025	30,000	30,000	-
2026	30,000	30,000	-
2027 – 2031	150,000	150,000	-
2032 – 2036	150,000	150,000	-
2037	12,500	12,500	-
	<u>\$ 462,500</u>	<u>\$ 462,500</u>	<u>\$ -</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### B. Notes and Loans Payable (Continued)

##### Capital Leases

The City has entered into various lease agreements as lessee to finance various machinery and equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is a summary of equipment leased under capital lease agreements by the City as of June 30, 2021.

	<b>Governmental Activities</b>
Equipment	\$ 898,046
Less accumulated depreciation	(585,136)
Carrying value	\$ 312,910

The following is a schedule of the future minimum lease payments required under these capital leases and the present value of the net minimum lease payments at June 30, 2021:

<b>Fiscal Year Ending</b>	<b>Governmental Activities</b>
2022	\$ 259,945
2023	243,577
2024	204,993
2025	143,543
2026	21,401
Total minimum lease payments	873,459
Less amount representing interest	(78,450)
Present value of future minimum lease payments	795,009
Less current maturities	(236,054)
	\$ 558,955

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. PENSION PLAN

#### A. Plan Description

The City, as authorized by the City Commission, has established a non-contributory defined benefit pension plan, the City of Waycross Retirement Plan (the "Plan"), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Commission, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at [www.gmanet.com](http://www.gmanet.com) or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

*Plan membership.* As of January 1, 2021, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	188
Inactive plan members entitled to, but not receiving benefits	75
Active plan members	177
Total	<u><u>440</u></u>

*Contributions.* The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Commission. City contributions to the Plan were \$1,389,624 for the year ended June 30, 2021.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. PENSION PLAN (CONTINUED)

#### B. Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2020.

*Actuarial assumptions.* The total pension liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The mortality table for healthy retirees and beneficiaries was changed from the gender-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the gender-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLAN (CONTINUED)

#### B. Net Pension Liability of the City (Continued)

*Actuarial assumptions (Continued).* The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45 %	6.40%
International equity	20	7.05
Domestic fixed income	20	1.15
Real estate	10	4.50
Global fixed income	5	1.25
Cash	-	
Total	100 %	

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

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLAN (CONTINUED)

#### B. Net Pension Liability of the City (Continued)

*Changes in the Net Pension Liability of the City.* The changes in the components of the net pension liability of the City for the year ended June 30, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Beginning Balance</b>	\$ 30,651,260	\$ 23,472,560	\$ 7,178,700
<b>Changes for the year:</b>			
Service cost	206,161	-	206,161
Interest	2,199,324	-	2,199,324
Differences between expected and actual experience	1,099,881	-	1,099,881
Contributions – employer	-	1,211,976	(1,211,976)
Net investment income	-	2,227,509	(2,227,509)
Benefit payments, including refunds of employee contributions	(2,072,149)	(2,072,149)	-
Administrative expense	-	(45,017)	45,017
<b>Net changes</b>	<u>1,433,217</u>	<u>1,322,319</u>	<u>110,898</u>
<b>Ending Balance</b>	<u>\$ 32,084,477</u>	<u>\$ 24,794,879</u>	<u>\$ 7,289,598</u>

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

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

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	\$ 10,822,946	\$ 7,289,598	\$ 4,313,543

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLAN (CONTINUED)

#### B. Net Pension Liability of the City (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2020, and the current sharing pattern of costs between employer and employee.

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

For the year ended June 30, 2021, the City recognized pension expense of \$1,093,414. At June 30, 2021, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 286,303
Differences between expected and actual experience	986,480	-
Changes in actuarial assumptions	728,446	-
City contributions subsequent to the measurement date	914,517	-
Total	\$ 2,629,443	\$ 286,303

City contributions subsequent to the measurement date of \$914,517 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30,</b>			
2022	\$	437,212	
2023		718,208	
2024		379,160	
2025		(105,957)	
Total	\$	1,428,623	

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. INTERFUND BALANCES AND TRANSFERS

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2021, balances of interfund amounts receivable or payable have been recorded.

Interfund receivable and payable balances as of June 30, 2021, are as follows:

<b>Due From</b>	<b>Due To</b>		<b>Total</b>
	<b>General</b>	<b>Public Utilities</b>	
Internal service funds	\$ 1,460,714	\$ 1,311,546	\$ 2,772,260
Nonmajor proprietary fund	4,783	4,295	9,078
Total	\$ 1,465,497	\$ 1,315,841	\$ 2,781,338

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

Interfund transfers for the year ended June 30, 2021, consisted of the following:

<b>Transfer From</b>	<b>Transfer To</b>
	<b>General</b>
Nonmajor Governmental	\$ 244,876
Public Utilities	62,455
Total	\$ 307,331

### NOTE 10. DEFERRED COMPENSATION PLAN

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

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

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 10. DEFERRED COMPENSATION PLAN (CONTINUED)**

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

### **NOTE 11. COMMITMENTS AND CONTINGENCIES**

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

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

### **NOTE 12. JOINT VENTURES**

Under Georgia law, the City, in conjunction with other cities and counties in the 18-county South Georgia area, is a member of the Southern Georgia Regional Development Commission ("SGRC") and is required to pay annual dues thereto. During the year ended June 30, 2021, the City paid \$17,611 in such dues. Membership in the SGRC is required by the O.C.G.A. §50- 8-34 which provides for the organizational structure of the Regional Commissions ("RC") in Georgia. The RC Board membership includes elected officials from member counties and cities and nonpublic appointed members. The law defines RCs as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. Separate financial statements may be obtained from:

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

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 13. RISK MANAGEMENT

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

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

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

Also, the City has established an internal service fund to account for its self-insurance program relating to workers' compensation insurance. The purpose of this fund is to pay worker's compensation claims for the city employees while minimizing the total costs to the municipality. The City maintains a stop-loss policy with a private insurance company. City officials believe that the reserve in this fund is adequate to cover any incurred, but not reported, losses through the statement date. Changes in the claims liability amount in the fiscal years 2019 – 2021 were:

<u>Fiscal Year</u>	<u>Balance Beginning of Fiscal Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance End of Fiscal Year</u>
2019	\$ 71,477	\$ 3,149,659	\$ 2,473,648	\$ 747,488
2020	747,488	2,778,272	2,639,121	886,639
2021	886,639	2,162,539	2,162,673	886,505

### NOTE 14. FUND EQUITY

The City's fund balances at June 30, 2021 are classified as follows:

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

General Fund:	
Inventories	\$ 32,171
WPD Info Technology Fund:	
Prepays	<u>4,996</u>
Total Non-spendable	<u><u>\$ 37,167</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. FUND EQUITY (CONTINUED)

Restricted – The following fund balances are restricted for:

Special Revenue Funds:

<i>Cemetery Fund</i> - used to account for funds that accumulated for cemetery improvements and expansion.	\$ 1,221
<i>Forfeited Property Fund</i> - used to account for funds received from property forfeitures.	59,608
<i>Jail Fund</i> - used to account for vending revenue of the jail.	1,099
<i>EIP Revolving Loan Fund</i> - used to account for revolving loans issued to local businesses.	111,912
<i>Waycross Fire Dept. Fund</i> - used to account for contributions and miscellaneous grants received for the purpose of the fire department.	8,645
<i>FEMA Grants Fund</i> - used to account for the expenditure and reimbursement of FEMA grant funds.	565
<i>Misc Grants Fund</i> - used to account for the expenditure and reimbursement of various grant funds.	22,294
<i>Hotel/Motel Tax Fund</i> - used to account for hotel/motel tax revenues.	107,727
<i>ATM Machine Fund</i> - used to account for fees earned at the ATM Machine.	<u>1,874</u>
Total Restricted for Special Revenue	<u>\$ 314,945</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 14. FUND EQUITY (CONTINUED)

Restricted (Continued) – The following fund balances are restricted for:

Capital Project Funds:

<i>SPLOST 2008 – 2013 Fund</i> - used to account for capital projects financed with special purpose local option sales tax.	\$ 116
<i>SPLOST 2014 Fund</i> - used to account for capital projects financed with special purpose local option sales tax.	2,001,455
<i>TSPLOST Fund</i> - used to account for capital projects financed with transportation special purpose local option sales tax.	8,601,605
<i>LMIG Fund</i> - used to account for capital projects financed with Georgia DOT local maintenance improvement program.	419,090
Total Restricted for Capital Projects	<u>\$ 11,022,266</u>
Total Restricted Fund Balance	<u><u>\$ 11,337,211</u></u>

Committed – The following fund balances are committed to:

Special Revenue Funds:

<i>Community Development Fund</i> - used to account for miscellaneous revenues that are committed to community development expenditures.	\$ 59,755
Total Committed Fund Balance	<u><u>\$ 59,755</u></u>

Assigned – The following fund balances are assigned to:

Special Revenue Funds:

<i>WPD Info Technology Fund</i> - used to account for fines and forfeitures that are restricted for the use of police department information technology expenditures.	\$ 13,953
<i>Okefenokee Classic Fund</i> - used to account for activity involving Okefenokee classic and related community events.	43,237
<i>Misc Fund</i> - used to account for donations for the purpose of upkeep and improvements to Henry Walker Park.	5,180
<i>Fallen Firefighter Scholarship Fund</i> - used to account for donations for the purpose of awarding scholarships.	9,797
Total Assigned Fund Balance	<u><u>\$ 72,167</u></u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 14. FUND EQUITY (CONTINUED)

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

The following balances are unassigned:

<i>General Fund</i>	\$ 3,528,108
Total Unassigned Fund Balance	<u><u>\$ 3,528,108</u></u>

### NOTE 15. RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANCES

In fiscal year 2021, the City adopted GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on: 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The City restated beginning governmental activities net position and beginning fund balances for the General Fund and the Forfeited Property Fund for the cumulative effect of this accounting change. These changes are in accordance with generally accepted accounting principles.

Fund balance, General Fund, as previously reported	\$ 2,044,335
Prior period adjustment - implementation of GASB No. 84	<u>127,189</u>
Fund balance, General Fund, as restated	<u><u>\$ 2,171,524</u></u>

Fund balance, nonmajor governmental funds, as previously reported	\$ 982,368
Prior period adjustment - implementation of GASB No. 84	<u>38,680</u>
Fund balance, nonmajor governmental funds, as restated	<u><u>\$ 1,021,048</u></u>

Net position, governmental activities, as previously reported	\$ 30,126,166
Prior period adjustment - implementation of GASB No. 84	<u>165,869</u>
Net position, governmental activities, as restated	<u><u>\$ 30,292,035</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF WAYCROSS, GEORGIA

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total pension liability</b>			
Service cost	\$ 206,161	\$ 198,141	\$ 192,647
Interest on total pension liability	2,199,324	2,080,959	2,040,414
Differences between expected and actual experience	1,099,881	323,138	74,368
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(2,072,149)	(1,911,684)	(1,632,975)
Other	-	1,456,891	-
<b>Net change in total pension liability</b>	<u>1,433,217</u>	<u>2,147,445</u>	<u>674,454</u>
<b>Total pension liability - beginning</b>	<u>30,651,260</u>	<u>28,503,815</u>	<u>27,829,361</u>
<b>Total pension liability - ending (a)</b>	<u>32,084,477</u>	<u>30,651,260</u>	<u>28,503,815</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	1,211,976	1,252,633	1,155,866
Net investment income	2,227,509	684,686	2,149,941
Benefit payments, including refunds of member contributions	(2,072,149)	(1,911,684)	(1,632,975)
Administrative expenses	(45,017)	(43,141)	(46,405)
<b>Net change in plan fiduciary net position</b>	<u>1,322,319</u>	<u>(17,506)</u>	<u>1,626,427</u>
<b>Plan fiduciary net position - beginning</b>	<u>23,472,560</u>	<u>23,490,066</u>	<u>21,863,639</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>24,794,879</u>	<u>23,472,560</u>	<u>23,490,066</u>
<b>City's net pension liability - ending (a) - (b)</b>	<u>\$ 7,289,598</u>	<u>\$ 7,178,700</u>	<u>\$ 5,013,749</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	77.3%	76.6%	82.4%
<b>Covered payroll</b>	\$ 6,504,087	\$ 5,852,603	\$ 6,590,887
<b>Net pension liability as a percentage of covered payroll</b>	112.1%	122.7%	76.1%

**Notes to the Schedule:**

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

	2018	2017	2016	2015
\$	225,540	\$ 207,015	\$ 227,258	\$ 251,053
	1,990,517	1,892,540	1,792,817	1,793,391
	227,231	720,404	750,194	7,838
	-	-	-	(652,628)
	(1,592,095)	(1,519,404)	(1,447,622)	(1,366,508)
	498,035	-	-	-
	1,349,228	1,300,555	1,322,647	33,146
	<u>26,480,133</u>	<u>25,179,578</u>	<u>23,856,931</u>	<u>23,823,785</u>
	<u>27,829,361</u>	<u>26,480,133</u>	<u>25,179,578</u>	<u>23,856,931</u>
	1,295,082	1,052,861	1,271,784	1,346,236
	2,888,955	1,970,741	215,191	1,828,654
	(1,592,095)	(1,519,404)	(1,447,622)	(1,366,508)
	(49,773)	(29,741)	(33,233)	(26,282)
	2,542,169	1,474,457	6,120	1,782,100
	<u>19,321,470</u>	<u>17,847,013</u>	<u>17,840,893</u>	<u>16,058,793</u>
	<u>21,863,639</u>	<u>19,321,470</u>	<u>17,847,013</u>	<u>17,840,893</u>
\$	<u>5,965,722</u>	<u>7,158,663</u>	<u>7,332,565</u>	<u>6,016,038</u>
	78.6%	73.0%	70.9%	74.8%
\$	6,483,790	\$ 7,006,241	\$ 6,658,368	\$ 6,733,231
	92.0%	102.2%	110.1%	89.3%

# CITY OF WAYCROSS, GEORGIA

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

	2021	2020	2019
Actuarially determined contribution	\$ 1,389,624	\$ 1,265,356	\$ 1,201,300
Contributions in relation to the actuarially determined contribution	1,389,624	1,265,356	1,201,300
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 6,504,087	\$ 5,852,603	\$ 6,590,887
Contributions as a percentage of covered-employee payroll	21.4%	21.6%	18.2%

**Notes to the Schedule:**

Valuation Date	January 1, 2021
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return	
On Investments	7.375%
Projected Salary Increases	2.25%, plus service based merit increases
Cost-of-living Adjustment	0.00%
Amortization Method	Closed level dollar for unfunded liability

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

2018	2017	2016	2015
\$ 1,262,900	\$ 1,175,945	\$ 1,142,494	\$ 1,313,925
<u>1,262,900</u>	<u>1,173,157</u>	<u>1,047,286</u>	<u>1,314,801</u>
<u>\$ -</u>	<u>\$ 2,788</u>	<u>\$ 95,208</u>	<u>\$ (876)</u>
\$ 6,483,790	\$ 7,006,241	\$ 6,658,368	\$ 6,733,231
19.5%	16.7%	15.7%	19.5%

**COMBINING STATEMENTS  
AND SCHEDULES**

# CITY OF WAYCROSS, GEORGIA

## NONMAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

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

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

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

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

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

The **Community Development Fund** accounts for the receipt and expenditures of monies received from community block grants for improvements to the community.

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

The **Waycross Fire Dept. Fund** accounts for the activity of the City's fire department.

The **Okefenokee Classic Fund** accounts for activities for the Okefenokee Classic.

The **FEMA Grants Fund** accounts for the federal grant monies received from the Federal Emergency Management Association.

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

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

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

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

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

# CITY OF WAYCROSS, GEORGIA

## NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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### CAPITAL PROJECTS FUNDS

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

The **LMIG Fund** accounts for local maintenance and improvements grants received by the City.

The **SPLOST 2008 – 2013 Fund** accounts for the special one cent sales tax revenues that are specifically restricted to various capital improvements within the City limits.

**CITY OF WAYCROSS, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	Special Revenue Funds					
	Cemetery Fund	Forfeited Property Fund	Jail Fund	WPD Info Technology Fund	Community Development Fund	EIP Revolving Loan Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,221	\$ 63,111	\$ 1,099	\$ 12,359	\$ 59,755	\$ 60,607
Prepaid expenses	-	-	-	4,996	-	-
Other receivable	-	-	-	1,594	-	51,305
Total assets	<u>\$ 1,221</u>	<u>\$ 63,111</u>	<u>\$ 1,099</u>	<u>\$ 18,949</u>	<u>\$ 59,755</u>	<u>\$ 111,912</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ -	\$ 3,503	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>3,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	4,996	-	-
Restricted	1,221	59,608	1,099	-	-	111,912
Committed	-	-	-	-	59,755	-
Assigned	-	-	-	13,953	-	-
Total fund balances	<u>1,221</u>	<u>59,608</u>	<u>1,099</u>	<u>18,949</u>	<u>59,755</u>	<u>111,912</u>
Total liabilities and fund balances	<u>\$ 1,221</u>	<u>\$ 63,111</u>	<u>\$ 1,099</u>	<u>\$ 18,949</u>	<u>\$ 59,755</u>	<u>\$ 111,912</u>

(Continued)

**Special Revenue Funds**

<b>Waycross Fire Dept. Fund</b>	<b>Okefenokee Classic Fund</b>	<b>FEMA Grants Fund</b>	<b>Misc Grants Fund</b>	<b>Hotel/Motel Tax Fund</b>	<b>Misc Fund</b>	<b>Fallen Firefighters Scholarship</b>	<b>ATM Machine Fund</b>
\$ 8,645	\$ 41,512	\$ 565	\$ 19,794	\$ 81,577	\$ 5,180	\$ 9,797	\$ 23,474
-	-	-	-	-	-	-	-
-	1,725	-	2,500	27,226	-	-	-
<u>\$ 8,645</u>	<u>\$ 43,237</u>	<u>\$ 565</u>	<u>\$ 22,294</u>	<u>\$ 108,803</u>	<u>\$ 5,180</u>	<u>\$ 9,797</u>	<u>\$ 23,474</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,076	\$ -	\$ -	\$ 21,600
-	-	-	-	1,076	-	-	21,600
-	-	-	-	-	-	-	-
8,645	-	565	22,294	107,727	-	-	1,874
-	-	-	-	-	-	-	-
-	43,237	-	-	-	5,180	9,797	-
<u>8,645</u>	<u>43,237</u>	<u>565</u>	<u>22,294</u>	<u>107,727</u>	<u>5,180</u>	<u>9,797</u>	<u>1,874</u>
<u>\$ 8,645</u>	<u>\$ 43,237</u>	<u>\$ 565</u>	<u>\$ 22,294</u>	<u>\$ 108,803</u>	<u>\$ 5,180</u>	<u>\$ 9,797</u>	<u>\$ 23,474</u>

**CITY OF WAYCROSS, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021**

		<u>Capital Project Funds</u>		
		<u>LMIG</u>	<u>SPLOST</u>	
		<u>Fund</u>	<u>2008-2013</u>	
			<u>Fund</u>	<u>Total</u>
		<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>ASSETS</b>				
Cash and cash equivalents		\$ 466,128	\$ 116	\$ 854,940
Prepaid expenses		-	-	4,996
Other receivable		-	-	84,350
Total assets		<u>\$ 466,128</u>	<u>\$ 116</u>	<u>\$ 944,286</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities		\$ 47,038	\$ -	\$ 73,217
Total liabilities		<u>47,038</u>	<u>-</u>	<u>73,217</u>
<b>FUND BALANCES</b>				
Nonspendable		-	-	4,996
Restricted		419,090	116	734,151
Committed		-	-	59,755
Assigned		-	-	72,167
Total fund balances		<u>419,090</u>	<u>116</u>	<u>871,069</u>
Total liabilities and fund balances		<u>\$ 466,128</u>	<u>\$ 116</u>	<u>\$ 944,286</u>

(Concluded)

**CITY OF WAYCROSS, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds					
	Cemetery Fund	Forfeited Property Fund	Jail Fund	WPD Info Technology Fund	Community Development Fund	EIP Revolving Loan Fund
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees	-	29,168	-	11,621	-	-
Intergovernmental	-	-	-	-	-	-
Interest revenue	-	-	-	-	-	7,371
Other revenues	-	-	5,118	-	4,447	2,249
Total revenues	<u>-</u>	<u>29,168</u>	<u>5,118</u>	<u>11,621</u>	<u>4,447</u>	<u>9,620</u>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	16,627	4,781	-	-	-
Public works	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	6,455	-	-
Total expenditures	<u>-</u>	<u>16,627</u>	<u>4,781</u>	<u>6,455</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>12,541</u>	<u>337</u>	<u>5,166</u>	<u>4,447</u>	<u>9,620</u>
<b>Other financing uses</b>						
Transfers out	-	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	12,541	337	5,166	4,447	9,620
<b>Fund balances (deficit), beginning of year, as restated</b>	<u>1,221</u>	<u>47,067</u>	<u>762</u>	<u>13,783</u>	<u>55,308</u>	<u>102,292</u>
<b>Fund balances, end of year</b>	<u>\$ 1,221</u>	<u>\$ 59,608</u>	<u>\$ 1,099</u>	<u>\$ 18,949</u>	<u>\$ 59,755</u>	<u>\$ 111,912</u>

(Continued)

**Special Revenue Funds**

<b>Waycross Fire Dept. Fund</b>	<b>Okefenokee Classic Fund</b>	<b>FEMA Grants Fund</b>	<b>Misc Grants Fund</b>	<b>Hotel/Motel Tax Fund</b>	<b>Misc Fund</b>	<b>Fallen Firefighters Scholarship</b>	<b>ATM Machine Fund</b>
\$ -	\$ -	\$ -	\$ -	\$ 368,746	\$ -	\$ -	\$ -
500	-	-	-	-	-	-	-
-	-	-	242,110	-	-	-	-
-	-	-	2	-	1	-	4
4,681	-	-	-	-	-	-	7,800
<u>5,181</u>	<u>-</u>	<u>-</u>	<u>242,112</u>	<u>368,746</u>	<u>1</u>	<u>-</u>	<u>7,804</u>
-	-	-	-	-	-	-	5,098
-	-	-	-	-	-	-	-
-	-	-	181,595	-	-	-	-
-	-	-	64,200	278,550	-	4,000	-
-	-	-	-	-	-	-	-
-	-	-	<u>245,795</u>	<u>278,550</u>	<u>-</u>	<u>4,000</u>	<u>5,098</u>
<u>5,181</u>	<u>-</u>	<u>-</u>	<u>(3,683)</u>	<u>90,196</u>	<u>1</u>	<u>(4,000)</u>	<u>2,706</u>
-	-	-	-	<u>(244,876)</u>	-	-	-
-	-	-	-	<u>(244,876)</u>	-	-	-
5,181	-	-	(3,683)	(154,680)	1	(4,000)	2,706
<u>3,464</u>	<u>43,237</u>	<u>565</u>	<u>25,977</u>	<u>262,407</u>	<u>5,179</u>	<u>13,797</u>	<u>(832)</u>
<u>\$ 8,645</u>	<u>\$ 43,237</u>	<u>\$ 565</u>	<u>\$ 22,294</u>	<u>\$ 107,727</u>	<u>\$ 5,180</u>	<u>\$ 9,797</u>	<u>\$ 1,874</u>

**CITY OF WAYCROSS, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Capital Project Funds</u>		
	<u>LMIG Fund</u>	<u>SPLOST 2008-2013 Fund</u>	<u>Total</u>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 368,746
Fees	-	-	41,289
Intergovernmental	232,839	-	474,949
Interest revenue	-	-	7,378
Other revenues	-	-	24,295
Total revenues	<u>232,839</u>	<u>-</u>	<u>916,657</u>
<b>Expenditures</b>			
Current:			
General government	-	-	5,098
Public safety	-	-	21,408
Public works	-	-	181,595
Community development	-	-	346,750
Capital outlay	260,454	-	266,909
Total expenditures	<u>260,454</u>	<u>-</u>	<u>821,760</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,615)</u>	<u>-</u>	<u>94,897</u>
<b>Other financing uses</b>			
Transfers out	-	-	(244,876)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(244,876)</u>
Net change in fund balances	(27,615)	-	(149,979)
<b>Fund balances (deficit), beginning of year, as restated</b>	<u>446,705</u>	<u>116</u>	<u>1,021,048</u>
<b>Fund balances, end of year</b>	<u>\$ 419,090</u>	<u>\$ 116</u>	<u>\$ 871,069</u>

(Concluded)

**CITY OF WAYCROSS, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 2008-2013  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>Project Description</b>	<b>Original Estimated Cost</b>	<b>Current Estimated Cost</b>	<b>Expenditures</b>		
			<b>Prior Years</b>	<b>Current Year</b>	<b>Total</b>
Roads and streets	\$ 5,381,812	\$ 5,381,812	\$ 3,739,852	\$ -	\$ 3,739,852
Public buildings	3,600,000	3,600,000	4,107,809	-	4,107,809
Information technology	75,000	75,000	60,921	-	60,921
Water and sewer rehabilitation and expansion	2,000,000	2,000,000	1,132,751	-	1,132,751
Fire and special purpose vehicles	1,350,000	1,369,332	1,369,332	-	1,369,332
Property acquisition and demolition	600,000	600,000	133,908	-	133,908
Downtown Development Authority	500,000	500,000	387,259	-	387,259
	<u>\$ 13,506,812</u>	<u>\$ 13,526,144</u>	<u>\$ 10,931,832</u>	<u>\$ -</u>	<u>\$ 10,931,832</u>

**CITY OF WAYCROSS, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 2014  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Project Description</u>	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Expenditures</u>		
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Roads, streets and bridge improvements and equipment	\$ 5,740,000	\$ 5,740,000	\$ 3,619,316	\$ 293,444	\$ 3,912,760
Water and sewer rehabilitation	1,000,000	1,000,000	885,523	105,378	990,901
Public facility improvements, demolition and acquisition	6,422,000	6,422,000	3,431,999	2,307,533	5,739,532
Public safety and special purpose vehicle fleet	1,500,000	1,500,000	1,424,400	-	1,424,400
City park improvements	435,000	435,000	150,388	90,263	240,651
Development authority construction, infrastructure economic development	250,000	250,000	73,782	108,936	182,718
Information technology equipment, software and training	125,000	125,000	157,887	-	157,887
	<u>\$ 15,472,000</u>	<u>\$ 15,472,000</u>	<u>\$ 9,743,295</u>	<u>\$ 2,905,554</u>	<u>\$ 12,648,849</u>

**CITY OF WAYCROSS, GEORGIA**

**SCHEDULE OF EXPENDITURES OF TRANSPORTATION  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Project Description</u>	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Expenditures</u>		
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Roads, streets and bridge improvements and equipment	\$ 1,694,606	\$ 1,706,401	\$ 1,084,772	\$ 1,611,967	\$ 2,696,739
	<u>\$ 1,694,606</u>	<u>\$ 1,706,401</u>	<u>\$ 1,084,772</u>	<u>\$ 1,611,967</u>	<u>\$ 2,696,739</u>
				FY21 TSPLOST expenditures \$ 1,611,967	
				Regional TSPLOST expenditures not included above 207,531	
				<u>\$ 1,819,498</u>	

# CITY OF WAYCROSS, GEORGIA

## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

**CITY OF WAYCROSS, GEORGIA**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2021**

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Liability Insurance Fund</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 26,995	\$ 601,806	\$ 684,242
Accounts receivable, net of allowances	9,256	-	-
Prepaid expenses	-	54,000	-
Inventories	-	-	-
Total current assets	<u>36,251</u>	<u>655,806</u>	<u>684,242</u>
<b>NON-CURRENT ASSETS</b>			
Capital assets, depreciable, net of accumulated depreciation	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>36,251</u>	<u>655,806</u>	<u>684,242</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	504	886,505	-
Accrued liabilities	-	-	-
Due to other funds	2,676,423	-	-
Current portion - capital leases	-	-	-
Total current liabilities	<u>2,676,927</u>	<u>886,505</u>	<u>-</u>
<b>NON-CURRENT LIABILITIES</b>			
Capital leases payable, net of current portion	-	-	-
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,676,927</u>	<u>886,505</u>	<u>-</u>
<b>NET POSITION</b>			
Unrestricted	(2,640,676)	(230,699)	684,242
Total net position	<u>\$ (2,640,676)</u>	<u>\$ (230,699)</u>	<u>\$ 684,242</u>

<u>Retirement Fund</u>	<u>Payroll Fund</u>	<u>Warehouse Fund</u>	<u>City Garage Fund</u>	<u>Enterprise Fleet Management Fund</u>	<u>Total Internal Service Funds</u>
\$ 398,479	\$ 1,564	\$ 60,273	\$ 101,631	\$ -	\$ 1,874,990
-	-	-	-	-	9,256
-	-	-	-	-	54,000
-	-	-	29,039	-	29,039
<u>398,479</u>	<u>1,564</u>	<u>60,273</u>	<u>130,670</u>	<u>-</u>	<u>1,967,285</u>
-	-	-	-	410,690	410,690
-	-	-	-	410,690	410,690
<u>398,479</u>	<u>1,564</u>	<u>60,273</u>	<u>130,670</u>	<u>410,690</u>	<u>2,377,975</u>
-	11,831	89	335	-	899,264
-	-	-	14,817	-	14,817
-	2,038	87,548	-	6,251	2,772,260
-	-	-	-	102,358	102,358
<u>-</u>	<u>13,869</u>	<u>87,637</u>	<u>15,152</u>	<u>108,609</u>	<u>3,788,699</u>
-	-	-	-	322,112	322,112
-	-	-	-	322,112	322,112
<u>-</u>	<u>13,869</u>	<u>87,637</u>	<u>15,152</u>	<u>430,721</u>	<u>4,110,811</u>
398,479	(12,305)	(27,364)	115,518	(20,031)	(1,732,836)
<u>\$ 398,479</u>	<u>\$ (12,305)</u>	<u>\$ (27,364)</u>	<u>\$ 115,518</u>	<u>\$ (20,031)</u>	<u>\$ (1,732,836)</u>

**CITY OF WAYCROSS, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Liability Insurance Fund</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 588,382	\$ -	\$ -
Operating contributions	1,500,149	400,000	350,692
Total operating revenues	<u>2,088,531</u>	<u>400,000</u>	<u>350,692</u>
<b>OPERATING EXPENSES</b>			
Personal services	-	-	-
Purchased or contracted service	-	-	-
Repairs and maintenance	-	-	-
Insurance claims and expenses	1,911,759	529,418	445,690
Retirement payments	-	-	-
Depreciation	-	-	-
Total operating expenses	<u>1,911,759</u>	<u>529,418</u>	<u>445,690</u>
Operating income (loss)	<u>176,772</u>	<u>(129,418)</u>	<u>(94,998)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest expense	-	-	-
Interest revenue	-	-	-
Miscellaneous revenue	25,635	-	27,953
Total non-operating revenues (expenses)	<u>25,635</u>	<u>-</u>	<u>27,953</u>
Change in net position	202,407	(129,418)	(67,045)
<b>NET POSITION, beginning of year</b>	<u>(2,843,083)</u>	<u>(101,281)</u>	<u>751,287</u>
<b>NET POSITION, end of year</b>	<u>\$ (2,640,676)</u>	<u>\$ (230,699)</u>	<u>\$ 684,242</u>

<b>Retirement Fund</b>	<b>Payroll Fund</b>	<b>Warehouse Fund</b>	<b>City Garage Fund</b>	<b>Enterprise Fleet Management Fund</b>	<b>Total Internal Service Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 588,382
1,270,582	823,712	-	391,724	100,000	4,836,859
<u>1,270,582</u>	<u>823,712</u>	<u>-</u>	<u>391,724</u>	<u>100,000</u>	<u>5,425,241</u>
-	-	4,747	318,581	-	323,328
-	-	-	19,831	23,349	43,180
-	-	-	29,748	-	29,748
-	855,137	-	-	-	3,742,004
1,265,356	-	-	-	-	1,265,356
-	-	-	-	103,890	103,890
<u>1,265,356</u>	<u>855,137</u>	<u>4,747</u>	<u>368,160</u>	<u>127,239</u>	<u>5,507,506</u>
5,226	(31,425)	(4,747)	23,564	(27,239)	(82,265)
-	-	-	-	(13,597)	(13,597)
-	4	-	-	-	4
-	-	-	-	9,834	63,422
<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>(3,763)</u>	<u>49,829</u>
5,226	(31,421)	(4,747)	23,564	(31,002)	(32,436)
<u>393,253</u>	<u>19,116</u>	<u>(22,617)</u>	<u>91,954</u>	<u>10,971</u>	<u>(1,700,400)</u>
<u>\$ 398,479</u>	<u>\$ (12,305)</u>	<u>\$ (27,364)</u>	<u>\$ 115,518</u>	<u>\$ (20,031)</u>	<u>\$ (1,732,836)</u>

**CITY OF WAYCROSS, GEORGIA**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Liability Insurance Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,904,500	\$ -	\$ -
Receipts from other funds for services	-	346,000	350,692
Payments to suppliers	(1,930,135)	(529,552)	(456,475)
Payments to employees	-	-	-
Net cash provided by (used in) operating activities	<u>(25,635)</u>	<u>(183,552)</u>	<u>(105,783)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Miscellaneous non-operating revenue	<u>25,635</u>	<u>-</u>	<u>27,953</u>
Net cash provided by non-capital financing activities	<u>25,635</u>	<u>-</u>	<u>27,953</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	-	-	-
Proceeds from capital leases payable	-	-	-
Principal paid on capital leases	-	-	-
Interest paid	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest revenue	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Change in cash and cash equivalents	-	(183,552)	(77,830)
<b>Cash and cash equivalents:</b>			
Beginning of year	<u>26,995</u>	<u>785,358</u>	<u>762,072</u>
End of year	<u>\$ 26,995</u>	<u>\$ 601,806</u>	<u>\$ 684,242</u>

(Continued)

<b>Retirement Fund</b>	<b>Payroll Fund</b>	<b>Warehouse Fund</b>	<b>City Garage Fund</b>	<b>Enterprise Fleet Management Fund</b>	<b>Total Internal Service Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,904,500
1,270,582	825,750	20,083	391,724	106,251	3,311,082
(1,265,356)	(855,208)	(15,336)	(52,188)	(27,012)	(5,131,262)
-	-	(4,747)	(318,581)	-	(323,328)
5,226	(29,458)	-	20,955	79,239	(239,008)
-	-	-	-	9,834	63,422
-	-	-	-	9,834	63,422
-	-	-	-	(421,988)	(421,988)
-	-	-	-	421,988	421,988
-	-	-	-	(90,478)	(90,478)
-	-	-	-	(13,597)	(13,597)
-	-	-	-	(104,075)	(104,075)
-	4	-	-	-	4
-	4	-	-	-	4
5,226	(29,454)	-	20,955	(15,002)	(279,657)
393,253	31,018	60,273	80,676	15,002	2,154,647
<u>\$ 398,479</u>	<u>\$ 1,564</u>	<u>\$ 60,273</u>	<u>\$ 101,631</u>	<u>\$ -</u>	<u>\$ 1,874,990</u>

**CITY OF WAYCROSS, GEORGIA**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Health Insurance Fund	Workers' Compensation Fund	Liability Insurance Fund
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 176,772	\$ (129,418)	\$ (94,998)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	-	-	-
Changes in assets and liabilities:			
(Increase) in prepaids and other assets	-	(54,000)	-
(Decrease) in accounts payable	(18,376)	(134)	(10,785)
Increase (decrease) in due to other funds	(184,031)	-	-
	<u>\$ (25,635)</u>	<u>\$ (183,552)</u>	<u>\$ (105,783)</u>
Net cash provided by (used in) operating activities	<u>\$ (25,635)</u>	<u>\$ (183,552)</u>	<u>\$ (105,783)</u>

**(Concluded)**

<u>Retirement Fund</u>	<u>Payroll Fund</u>	<u>Warehouse Fund</u>	<u>City Garage Fund</u>	<u>Enterprise Fleet Management Fund</u>	<u>Total Internal Service Funds</u>
\$ 5,226	\$ (31,425)	\$ (4,747)	\$ 23,564	\$ (27,239)	\$ (82,265)
-	-	-	-	103,890	103,890
-	-	-	-	-	(54,000)
-	(71)	(15,336)	(2,609)	(3,663)	(50,974)
-	2,038	20,083	-	6,251	(155,659)
<u>\$ 5,226</u>	<u>\$ (29,458)</u>	<u>\$ -</u>	<u>\$ 20,955</u>	<u>\$ 79,239</u>	<u>\$ (239,008)</u>

## **COMPLIANCE SECTION**



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Waycross, Georgia** (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Waycross, Georgia's basic financial statements and have issued our report thereon dated April 6, 2022.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-002 that we consider to be a material weakness.

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### **Compliance and Other Matters**

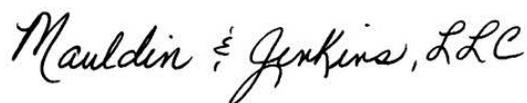
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-001.

### **City of Waycross, Georgia's Responses to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Savannah, Georgia

April 6, 2022



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

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

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Waycross, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Savannah, Georgia  
April 6, 2022

**CITY OF WAYCROSS, GEORGIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Grant Identification Number</b>	<b>Total Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b><u>U.S. Department of the Treasury</u></b>				
<b>Passed through Georgia Governors Office of Planning and Budget</b>				
COVID-19 - Coronavirus Relief Fund	21.019	14550-CRF	\$ 705,647	\$ -
<b>Total U.S. Department of the Treasury</b>			<u>705,647</u>	<u>-</u>
<b><u>U.S. Environmental Protection Agency</u></b>				
<b>Passed through the Georgia Department of Natural Resources</b>				
Capitalization Grants for Clean Water State Revolving Funds	66.458	GEFA-CW2020002	557,127	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	GEFA-DW20200009	33,940	-
<b>Total U.S. Environmental Protection Agency</b>			<u>591,067</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,296,714</u>	<u>\$ -</u>

# CITY OF WAYCROSS, GEORGIA

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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### **NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Waycross, Georgia (the "City"), and is presented on the modified accrual basis of accounting.

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

### **NOTE 2. DE MINIMIS INDIRECT COST RATE**

The City chose not to use the 10% de minimis cost rate for the year ended June 30, 2021.

### **NOTE 3. NON-CASH AWARDS**

The City did not receive non-cash federal awards during the year ended June 30, 2021.

# CITY OF WAYCROSS, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

### SECTION I SUMMARY OF AUDIT RESULTS

#### **Financial Statements**

Type of auditor's report issued Unmodified

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

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

Noncompliance material to financial statements noted?  Yes  No

#### **Federal Awards**

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

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

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

Any audit findings disclosed that are required to  
be reported in accordance with the Uniform  
Guidance?  Yes  No

Identification of major program:

CFDA Number  
21.019

Name of Federal Program or Cluster  
**U.S. Department of the Treasury**  
Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee?  Yes  No

# CITY OF WAYCROSS, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2021 – 001. Special Revenue Fund Budgets

**Criteria:** In accordance with state law, all local governments shall operate under an annual balanced budget for the General Fund, each special revenue fund, and each debt service fund in use by the local government.

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

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

**Cause:** Oversight during budget process.

**Recommendation:** We recommend management adopt budgets for all special revenue funds.

**Views of Responsible Officials and Planned Corrective Action:** Management agrees with the finding. In FY 2022, management will prepare and pass budgets for all special revenue funds as required by statute.

# CITY OF WAYCROSS, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

#### 2021 – 002. Year-End Close Process

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

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

**Effect:** This condition could lead to inaccurate financial reporting.

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

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

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

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

### SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

# CITY OF WAYCROSS, GEORGIA

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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### STATUS OF PRIOR YEAR AUDIT FINDINGS

#### 2020 – 001. Special Revenue Fund Budgets

**Criteria:** In accordance with state law, all local governments shall operate under an annual balanced budget for the General Fund, each special revenue fund, and each debt service fund in use by the local government.

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

**Auditee Response/Status:** Unresolved – See current year financial audit finding 2021 – 001.

#### 2020 – 002. Year-End Close Process

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

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

**Auditee Response/Status:** Unresolved – See current year financial audit finding 2021 – 002.