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CITY OF WAYNESBORO
AUDITED FINANCIAL STATEMENTS
AND
SPECIAL REPORTS
For the Year Ended September 30, 2019

Williams & Assoc LLC
911 Court Street
Waynesboro MS 39367
601-735-7734

CITY OF WAYNESBORO

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CITY OF WAYNESBORO

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CITY OF WAYNESBORO

FINANCIAL AUDIT REPORT

WILLIAMS & ASSOC. LLC

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Board of Aldermen
City of Waynesboro, Mississippi

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Mississippi as of and for the year ended September 30, 2019, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Mississippi as of September 30, 2019, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting principles described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 budgetary comparison information 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.

Omission of Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waynesboro, Mississippi's basic financial statements. The other information accompanying the financial statements, which includes the Schedule of Changes in Long-Term Debt, Schedule of Investments-All Funds, Schedule of Surety Bonds for Municipal Officials and Employees, and Schedule of Capital Assets, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2020, on our consideration of the City of Waynesboro, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Waynesboro, Mississippi's internal control over financial reporting and compliance.

Williams & Assoc., LLC

**Waynesboro, MS
February 4, 2020**

CITY OF WAYNESBORO

FINANCIAL STATEMENTS

CITY OF WAYNESBORO
Statement of Net Position-Cash Basis
September 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 1,207,365	703,258	\$ 1,910,623
Total Current Assets	<u>1,207,365</u>	<u>703,258</u>	<u>1,910,623</u>
Noncurrent Assets			
Restricted Cash	55,278	204,031	259,309
Total Noncurrent Assets	<u>55,278</u>	<u>204,031</u>	<u>259,309</u>
Total Assets	<u>1,262,643</u>	<u>907,289</u>	<u>2,169,932</u>
NET ASSETS-CASH BASIS			
Nonspendable	24,240	204,031	228,271
Restricted For			
Fire Protection	168,199		168,199
Public Safety	67,269		67,269
Restitutions	5,916		5,916
Seized Funds	10,661		10,661
Parks & Recreation	5,797		5,797
Capital Projects			0
Public Works		703,258	703,258
Employment Security	8,696		8,696
Unrestricted	<u>971,865</u>		<u>971,865</u>
Total net Assets	<u>\$ 1,262,643</u>	<u>\$ 907,289</u>	<u>\$ 2,169,932</u>

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

CITY OF WAYNESBORO
Statement of Activities - Cash Basis
For the Year Ended September 30, 2019

Function / Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 809,707	\$ 66,455		\$ 932,096	188,844		\$ 188,844
Public Safety	1,751,035		29,764		(1,721,271)		(1,721,271)
Public Works	1,372,002				(1,372,002)		(1,372,002)
Health and Sanitation	726,929	550,942			(175,987)		(175,987)
Repairs and Main	45,000				(45,000)		(45,000)
Culture and Recreation	472,483				(472,483)		(472,483)
Debt Service Principal	57,437				(57,437)		(57,437)
Interest on Long-Term Debt	4,783				(4,783)		(4,783)
Total Government Activities	5,239,376	617,397	29,764	932,096	(3,660,119)		(3,660,119)
Business-type Activities							
Water & Sewer Fund	1,412,903	1,402,237				(10,666)	(10,666)
Debt Service Principal	23,465					(23,465)	(23,465)
Interest on Long-Term Debt	35,950					(35,950)	(35,950)
Total Business-type Activities	1,472,318	1,402,237	-	-	-	(70,081)	(70,081)
Total Primary Governmental	6,711,694	2,019,634	29,764	932,096	(3,660,119)	(70,081)	(3,730,200)

General Revenues:

Taxes:

Property Taxes, levied for general purposes	974,360		974,360
Property Taxes, levied for fire protection services	332,708		332,708
Sales Taxes	2,187,788		2,187,788
Road and Bridge Privilege Taxes	256,572		256,572
Franchise Taxes	297,132		297,132
1% Tax	15,162		15,162
Fines and Fees	247,368		247,368
Homestead Reimbursement from State of MS	67,523		67,523
Licenses and Permits	33,575		33,575
Intergovernmental Revenue - other than Grants			-
Miscellaneous Taxes	7,524		7,524
Proceeds Long Term Debt			-
Interest Earnings	7,814	8,288	16,102
Gain (Loss) on Sale of Capital Assets			-
Increase/decrease in Due From Other Funds			-
Increase/decrease in Due To Other Funds			-
Incr. (Decr.) in Meter Deposit Payable		14,896	14,896
Cleaning Fund Decrease in Liab.			-
Miscellaneous Income	97,094	-	97,094
Transfers Out	35,149		35,149
Transfers In			-

Total General Receipts

4,559,769	23,184	4,582,953
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Change in Net Assets

899,650	(46,897)	852,753
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Prior Period Adjustment

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Net Assets - Beginning

362,993	954,186	1,317,179
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Net Assets - Ending

\$ 1,262,643	\$ 907,289	\$ 2,169,932
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The notes to the financial statements are an integral part of this statement.

CITY OF WAYNESBORO
Statement of Net Position - Cash Basis
Governmental Funds
For the Year Ended September 30, 2019

	General Fund	Fire Protection Fund	Transportation Infrastructure Imp Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 516,865	\$ 168,199	\$ 455,000		\$ 1,140,064
Restricted Cash				55,278	\$ 55,278
Total Assets	<u>516,865</u>	<u>168,199</u>	<u>455,000</u>	<u>55,278</u>	<u>1,195,342</u>
 LIABILITIES AND FUND BALANCES					
Fund Balances - Cash Basis					
Nonspendable:					
Perpetual Care				24,240	24,240
Restricted:					-
Fire Protection		168,199			168,199
Public Safety				67,269	67,269
Restitutions				5,916	5,916
Seized Funds				10,661	10,661
Capital Projects			455,000		455,000
Employment Security				8,696	8,696
Committed:					-
Parks & Recreation				5,797	5,797
Assigned:					-
Clearing Funds					-
Unassigned	516,865				516,865
Total Fund Balances - Cash Basis	<u>\$ 516,865</u>	<u>\$ 168,199</u>	<u>\$ 455,000</u>	<u>\$ 122,579</u>	<u>\$ 1,262,643</u>

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

City of Waynesboro
Statement of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended September 30, 2019

	General Fund	Fire Protection Fund	Transportation Infrastructure Imp Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 974,360	\$ 332,708	\$ -	\$ -	\$ 1,307,068
Sales Taxes	2,187,788				2,187,788
Road and Bridge Privilege Taxes	256,572				256,572
Franchise Taxes	297,132				297,132
Fines and Forfeitures	204,095			22,273	226,368
Licenses and Permits	33,575				33,575
Homestead Exemption Reimb. State of MS	67,523				67,523
1% Tax				15,162	15,162
Charges for Services	617,396				617,396
Investment Earnings	6,916	229			7,145
Miscellaneous Receipts	89,300	70			89,370
Total Receipts	<u>4,734,657</u>	<u>333,007</u>	<u>-</u>	<u>37,435</u>	<u>5,105,099</u>
DISBURSEMENTS					
Current					
General Government	800,647			9,060	809,707
Public Safety	1,426,188	287,489		2,208	1,715,885
Public Works	1,372,002		45,000		1,417,002
Health and Sanitation	726,929				726,929
Culture and Recreation	472,483				472,483
Debt Service					
Principal on Debt	28,180	29,257			57,437
Interest and Other Charges	1,944	2,839			4,783
Total Disbursements	<u>4,828,373</u>	<u>319,585</u>	<u>45,000</u>	<u>11,268</u>	<u>5,204,226</u>
Excess (deficiency) of Receipts Over Disbursements	<u>(93,716)</u>	<u>13,422</u>	<u>(45,000)</u>	<u>26,167</u>	<u>(99,127)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Long-term Debt		-			-
Proceeds from Short-term Debt					-
Operating Grants	72,786	29,764	500,000	9,001	611,551
Proceeds from Sales of Capital Assets					
Transfers In	-			35,149	35,149
Transfers Out	(35,149)			-	(35,149)
Incr/Decr in Due from the Other Funds					
Incr/Decr in Due to Other Funds					
Total Other Financing Sources and Use	<u>37,637</u>	<u>29,764</u>	<u>500,000</u>	<u>44,150</u>	<u>611,551</u>
Net Change in Fund Balance	(56,079)	43,186	455,000	70,317	512,424
Prior Period Adjustment					-
Fund Balances - Beginning	<u>571,824</u>	<u>125,444</u>	<u>-</u>	<u>52,951</u>	<u>750,219</u>
Fund Balances - Ending	<u>\$ 515,745</u>	<u>\$ 168,630</u>	<u>\$ 455,000</u>	<u>\$ 123,268</u>	<u>\$ 1,262,643</u>

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

CITY OF WAYNESBORO
Statement of Net Position - Cash Basis
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds	
	<u>Water & Sewer Fund</u>	<u>Totals</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 703,258	\$ 703,258
Total Current Assets	<u>703,258</u>	<u>703,258</u>
Noncurrent Assets		
Restricted Cash	<u>204,031</u>	<u>204,031</u>
Total Assets	<u>907,289</u>	<u>907,289</u>
NET ASSETS		
Restricted for:		
Debt Service	204,031	204,031
Public Works	<u>703,258</u>	<u>703,258</u>
Total Net Assets	<u><u>\$ 907,289</u></u>	<u><u>\$ 907,289</u></u>

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

CITY OF WAYNESBORO
Statement of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds	
	Water & Sewer Fund	Total
Operating Receipts		
Charges for Services	\$ 1,369,602	\$ 1,369,602
Other Operating Receipts	32,635	32,635
Total Operating Receipts	<u>1,402,237</u>	<u>1,402,237</u>
Operating Disbursements		
Personnel Services	538,460	538,460
Utilities	138,250	138,250
Repairs and Maintenance	400,553	400,553
Supplies	110,583	110,583
Other Expenses	225,058	225,058
Total Operating Expenses	<u>1,412,904</u>	<u>1,412,904</u>
Operating Income (Loss)	<u>(10,667)</u>	<u>(10,667)</u>
Non-Operating Receipts (Disbursements)		
Debt Service - Principal	(35,949)	(35,949)
Debt Service - Interest	(23,465)	(23,465)
Other Financing Sources - L/T Capital		
Interest Earnings	8,288	8,288
Total Non-Operating Receipts (Disbursements)	<u>(51,126)</u>	<u>(51,126)</u>
Income (Loss) Before Contributions and Transfers	<u>(61,793)</u>	<u>(61,793)</u>
Capital Contributions		
Incr. (Decr.) in Meter Payable	14,896	14,896
Change in Due from Other Funds		
Transfers In	-	-
Transfers Out	-	-
Subtotal	<u>14,896</u>	<u>14,896</u>
Change in Net Assets	(46,897)	(46,897)
Net Assets - Beginning	954,186	954,186
Net Assets - Ending	<u>\$ 907,289</u>	<u>\$ 907,289</u>

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

CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2019

Note 1 Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Waynesboro is a political subdivision of the State of Mississippi. The City operates under an Alderman-Mayor form of government and possesses all rights and privileges provided by statute for municipalities.

B. Government-wide Financial Statements and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position-Cash Basis) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. 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 City combines the Statement of Activities and Statement of Net Position-Cash Basis.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function or segments are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include (1) receipts from 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 receipts are reported instead as general receipts.

Fund Financial Statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

C. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2019
(continued)

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized as soon as they are collected. Disbursements generally are recorded when spent.

The City reports the following major governmental funds:

General Fund – This fund is used to account for all activities of the general government for which a separate fund has not been established.

Fire Protection Fund – Accounts for monies from specific revenue sources that are restricted for fire protection services.

They City reports the following major proprietary fund:

Water and Sewer Fund – Accounts for the City's activities of providing water and sewer services to its residents.

Amounts reported as program receipts included (1) receipts from customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts.

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

D. Assets and Net Assets or Equity

Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposits. State law authorizes the city to invest in interest bearing time certificates of deposits with depositories and in obligations of the U S Treasury, State of Mississippi, or any county, municipality or school district of this state.

CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2019
(continued)

Fund Equity Classifications

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Government-Wide Financial Statements

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Alderman, the City's highest level of decision-making authority. This formal action is an order of the Board of Alderman as approved in the board minutes.

Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Aldermen pursuant to authorization established by Section 21-17-5, Miss Code Ann. (1972).

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City's general policy to use restricted resources first. When expenses are incurred for purposes for

CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2019
(continued)

which unrestricted (committed and unassigned) resources are available, and amounts in any of these restricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and the unassigned amounts.

Note 2 Defined Benefit Pension Plan

Plan Description – The City of Waynesboro, Mississippi, contributes to the Public Employee's Retirement System of Mississippi (PERS), a cost sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy – PERS members are required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll, effective July 1, 2019. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2019, 2018, and 2017 were \$278,478, \$272,112, and \$298,452, respectively, equal to the required contributions for each year.

Membership in PERS is a condition of employment for all eligible employees of the State of Mississippi, public schools, institutions of higher learning, community and junior colleges, and eligible employees of municipalities, counties and other political subdivisions and instrumentalities of municipal and county government that have entered into a Membership agreement approved by the PERS Board of Trustees (board).

Note 3 Contingencies

Federal Grants – The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable

CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2019
(continued)

purposes. Any disallowance resulting from a grantor audit may become a liability of the City.

Litigation – The City is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the City with respect to the various proceedings. However, the City’s legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the City.

Note 4 Deposits and Investments

The carrying amount of the City’s total deposits with financial institutions, including authorized petty cash on hand, at September 30, 2019 was \$2,170,635 and the bank balance was \$2,220,769. The collateral for public entities’ deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of the financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution’s trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2019, none of the City’s bank balance of \$2,220,769 was exposed to custodial credit risk.

Credit Risk – State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e) Miss. Code Ann. (1972). The City does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Concentration of Credit Risk – Disclosures of investments by amount and issuer for any issuer that represents five percent or more of the total investments is required.

CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2019
(continued)

This requirement does not apply to investments issued or explicitly guaranteed by the U. S. government, investments in mutual funds and external investments pools, and other pooled investments, As of September 30, 2019, the City had no investments other than Certificates of Deposits.

Note 5 Interfund Transactions and Balances

The following is a summary of interfund balances as of September 30, 2019.

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		
No Due To/Due Froms at 09/30/2019		\$ -
Total		\$ -

All interfund balances are expected to be repaid within one year from the date of the financial statements.

Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose/Explanation</u>
Transportation & Infrastructure Improvement Fund	General Fund	\$ 500,000	Funds were initially received from the Department of Finance & Admin by direct deposit into the General Fund.
Total		\$ 500,000	

All interfund transfers were routine and consistent with the activities of the fund making the transfer. Normal monthly garbage fee transfers are not included in this chart.

CITY OF WAYNESBORO
Notes to the Financial Statements
For the Year Ended September 30, 2019
(continued)

Note 6 Property Tax Revenues

State statutes exist under which the Board of Alderman may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority.

The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Alderman, each year at a meeting in September, levy property taxes for the ensuing fiscal year, which begins on October 1. Real property taxes become a lien on January 1 of the current year and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Note 7 Claims and Judgment

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in this fiscal year.

Note 8 Subsequent Events

Management of the City has evaluated events through February 4, 2020, the date of the financial statements were available to be issued. It has been determined that there are no subsequent events warranting disclosure in the notes to these financial statements.

CITY OF WAYNESBORO

SUPPLEMENTAL INFORMATION AND OTHER INFORMATION

CITY OF WAYNESBORO
Budgetary Comparison Schedule - Budget and Actual
General Fund
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	900,000	950,000	974,360	24,360
Licenses and permits	30,225	33,224	33,575	351
Road & Bridge Privilege Taxes	270,000	257,000	256,572	(428)
State Shared revenues	2,100,000	2,165,000	2,187,788	22,788
Fines and forfeitures	200,000	200,000	204,095	4,095
Franchise Taxes	269,000	297,105	297,132	27
Charges for Services	560,000	578,000	617,396	39,396
Loan/Grant proceeds	60,000	60,000	72,786	12,786
Other sources	139,105	174,384	163,739	(10,645)
Total Receipts	<u>4,528,330</u>	<u>4,714,713</u>	<u>4,807,443</u>	<u>92,730</u>
DISBURSEMENTS				
General government	867,874	842,523	830,771	(11,752)
Public Safety	1,879,069	1,792,806	1,426,188	(366,618)
Public works, Health & Sanitation	1,662,350	2,059,347	2,098,931	39,584
Culture and recreation	577,909	518,609	472,483	(46,126)
Total Disbursements	<u>4,987,202</u>	<u>5,213,285</u>	<u>4,828,373</u>	<u>(384,912)</u>
Excess of Receipts over (under) Disbursements	<u>(458,872)</u>	<u>(498,572)</u>	<u>(20,930)</u>	<u>477,642</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued				
Short-term debt issued				
Proceeds from sale of capital assets				
Decrease in Due to Other Funds				
Decrease in Other Assets				
Transfers In				
Transfers Out			(35,149)	
Total Other Financing Sources and Uses	<u>0</u>	<u>0</u>	<u>(35,149)</u>	
Net Change in Fund Balance	(458,872)	(498,572)	(56,079)	
Fund Balances - Beginning	<u>458,872</u>	<u>571,844</u>	<u>571,824</u>	
Fund Balances - Ending	<u>-</u>	<u>73,272</u>	<u>515,745</u>	

The notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF WAYNESBORO
Budgetary Comparison Schedule - Budget and Actual
Fire Protection Fund
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual (Budget Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property Taxes	290,000	320,000	332,708	(12,708)
State Shared Receipts	28,000	29,764	29,764	0
Interest/Other Sources	300	270	299	(29)
Total Receipts	<u>318,300</u>	<u>350,034</u>	<u>362,771</u>	<u>(12,737)</u>
EXPENDITURES				
Current:				
Personnel, Fixed Assets, and Other	394,735	386,535	319,585	66,950
Total Disbursements	<u>394,735</u>	<u>386,535</u>	<u>319,585</u>	<u>66,950</u>
Excess of Receipts Over (under) Disbursements	<u>(76,435)</u>	<u>(36,501)</u>	<u>43,186</u>	<u>(79,687)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				
Transfers Out				
Decrease in Due From General Fund				
Total Other Financing Sources and Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	(76,435)	(36,501)	43,186	
Cash Basis Fund Balances - Beginning	<u>76,435</u>	<u>124,913</u>	<u>125,444</u>	
Cash Basis Fund Balances - Ending	<u><u>0</u></u>	<u><u>88,412</u></u>	<u><u>168,630</u></u>	

The notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF WAYNESBORO
Notes to the Required Supplementary Information
For the Year Ended September 30, 2019

A. Budgetary Information

Generally, in the month of July, prior to the ensuing fiscal year beginning October 1 the Board of Aldermen of the City, using historical and anticipated fiscal data, prepare an original budget for each of the governmental funds for said fiscal year. The completed budget for the fiscal year includes each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the board that budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation

The Budgetary Comparison Schedule-Budget and Actual (Non-GAAP Basis presents the original and final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major special revenue fund.

The Budgetary Comparison Schedule-Budget and Actual (Non-GAAP) is part of required supplemental information.

C. Budget Reconciliation

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

CITY OF WAYNESBORO

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CITY OF WAYNESBORO
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2019

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019
Governmental Activities:				
Capital leases	\$ 321,430		57,437	\$ 263,993
Other loans	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Total	<u>\$ 321,430</u>	<u>-</u>	<u>57,437</u>	<u>\$ 263,993</u>
	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019
Business-type Activities				
Capital leases	327,191	-	10,092	\$ 317,099
Revenue bonds	-	-	-	-
Other loans	443,960	-	25,856	418,104
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Total	<u>\$ 771,151</u>	<u>\$ -</u>	<u>\$ 35,948</u>	<u>\$ 735,203</u>

CITY OF WAYNESBORO
Schedule of Investments-All Funds
For the Year Ended September 30, 2019

There were no investments as of September 30, 2019 other than funds in Certificates of Deposits.

CITY OF WAYNESBORO
Schedule of Capital Assets
For the Year Ended September 30, 2019

	Balance Oct. 1, 2018	Additions	Deletions	Transfers/ Adjustments	Balance Sept. 30, 2019
Governmental Activities:					
<u>Capital Assets:</u>					
Land	\$ 224,332				\$ 224,332
Construction in progress	458,278				458,278
Infrastructure	5,274,477				5,274,477
Buildings	4,023,192				4,023,192
Improvements other than buildings	632,818	11,627			644,445
Mobile equipment	1,866,736	54,110			1,920,846
Furniture and equipment	395,170	16,182			411,352
Leased property under capital leases	1,640,898				1,640,898
Total Governmental activities capital assets	\$ 14,515,901	81,919	0	0	\$ 14,597,820
 Business-type activities:					
<u>Capital Assets:</u>					
Land	\$ 0				\$ 0
Construction in progress	0				0
Infrastructure	14,638,369				14,638,369
Buildings	1,398,914				1,398,914
Improvements other than buildings	4,900	98,448			103,348
Mobile equipment	298,318	48,004			346,322
Furniture and equipment	334,546	44,693			379,239
Leased property under capital leases	29,292				29,292
Total Business-type activities capital assets	\$ 16,704,339	191,145	0	0	\$ 16,895,484

* No Deletions Noted

CITY OF WAYNESBORO
Schedule of Surety Bonds for Municipal Officials and Employees
For the Year Ended September 30, 2019

Name	Position	Company	Bond
Richard Johnson	Mayor	Western Surety Co.	175,000
Richard Johnson	Mayor	Western Surety Co.	50,000
Teresa A. Seawright	City Clerk	Western Surety Co.	175,000
Teresa A. Seawright	City Clerk	Western Surety Co.	37,500
Mary Dixon	Purchasing Clerk	Western Surety Co.	12,500
Alisa Shoemake	Deputy Clerk	Western Surety Co.	12,500
Holt Ross	Police Chief	Western Surety Co.	37,500
Tiffany Milsap	Court Clerk	Western Surety Co.	12,500
Sherry Burke	Deputy Court Clerk	Western Surety Co.	12,500
Tory McGill	Deputy Court Clerk	Western Surety Co.	12,500
The Water Dept. of Waynesboro	2 Water Dept. Clerks	RLI Surety	12,500
Various Police Officers	Police Officers	Western Surety Co.	1,000 to 25,000
Blanket Coverage anyone handling money	Up to 18 employees	Western Surety Co.	12,500
Board of Alderman (individually)	Alderman	Western Surety Co.	40,000

CITY OF WAYNESBORO

SPECIAL REPORTS

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

Honorable Mayor and Members of the Board of Aldermen
City of Waynesboro, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waynesboro, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Waynesboro, Mississippi's basic financial statements, and have issued our report thereon dated February 4, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Waynesboro, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Waynesboro, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Waynesboro, Mississippi'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 of Waynesboro'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.

Williams & Assoc., LLC

Waynesboro MS
February 4, 2020

WILLIAMS & ASSOC. LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Members of the Board of Aldermen
Waynesboro, MS

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 Waynesboro, Mississippi, as of and for the year end September 30, 2019, which collectively comprise the City's basic financial statements and have issued our report date February 4, 2020. We have 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and on our audit of the financial statements disclosed no instances of noncompliance with other state laws and regulations.

This report is intended for the information and use of the Mayor, Board of Aldermen, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Williams & Assoc., LLC

Waynesboro MS 39367

February 4, 2020

CITY OF WAYNESBORO

SCHEDULE OF FINDINGS & QUESTIONED COST

**City of Waynesboro, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019**

This schedule is not required for fiscal year ended September 30, 2019.