

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

*Section 7-7-211, Mississippi Code Annotated (1972)* gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

**CITY OF WAYNESBORO, MISSISSIPPI**

**Audited Financial Statements  
and Special Reports**

**For the Year Ended September 30, 2023**

# CITY OF WAYNESBORO, MISSISSIPPI

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective 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, 2023, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

#### Basis for Opinions

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

#### Emphasis of Matter - 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 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.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting, as described in Note 1, and for determining that the 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.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison Schedules, Schedule of Investments, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds and corresponding notes but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2024, 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 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 of Waynesboro, Mississippi'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 of Waynesboro, Mississippi's internal control over financial reporting and compliance.



Stephen D. Myrick, C.P.A., L.L.C.

Quitman, Mississippi

June 18, 2024

## **FINANCIAL STATEMENTS**

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**CITY OF WAYNESBORO, MISSISSIPPI**  
**Statement of Net Position - Cash Basis**  
**September 30, 2023**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 7,101,658	\$ 1,478,283	\$ 8,579,941
Restricted cash	11,993	68,969	80,962
Total Assets	<u>\$ 7,113,651</u>	<u>\$ 1,547,252</u>	<u>\$ 8,660,903</u>
<b>NET POSITION</b>			
Restricted for:			
Expendable:			
Public safety	\$ 281,882	\$ -	\$ 281,882
Public works	2,173,858	1,547,252	3,721,110
Culture and recreation	2,346,809	-	2,346,809
Unemployment compensation	8,235	-	8,235
Unrestricted	<u>2,302,867</u>	<u>-</u>	<u>2,302,867</u>
Total Net Position	<u>\$ 7,113,651</u>	<u>\$ 1,547,252</u>	<u>\$ 8,660,903</u>

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



**CITY OF WAYNESBORO, MISSISSIPPI**  
**Statement of Activities - Cash Basis**  
**For the Year Ended September 30, 2023**

<u>Functions/Programs</u>	<u>Program Cash Receipts</u>				<u>Net (Disbursements) Receipts and Changes in Net Position</u>		<u>Total</u>
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Governmental Activities:							
General government	\$ 886,241	\$ -	\$ -	\$ -	\$ (886,241)	\$ -	\$ (886,241)
Public safety	2,427,499	396,998	107,845	-	(1,922,656)	-	(1,922,656)
Public works	1,989,425	714,727	-	61,856	(1,212,842)	-	(1,212,842)
Health & welfare	29,785	-	-	-	(29,785)	-	(29,785)
Culture and recreation	481,065	-	341,080	1,500,000	1,360,015	-	1,360,015
Debt service:							
Principal	29,562	-	-	-	(29,562)	-	(29,562)
Interest	4,652	-	-	-	(4,652)	-	(4,652)
Total Governmental Activities	<u>5,848,229</u>	<u>1,111,725</u>	<u>448,925</u>	<u>1,561,856</u>	<u>(2,725,723)</u>	<u>-</u>	<u>(2,725,723)</u>
Business-type Activities:							
Water and sewer	<u>1,298,844</u>	<u>1,377,062</u>	<u>171,937</u>	<u>-</u>	<u>-</u>	<u>250,155</u>	<u>250,155</u>
Total Business-type Activities	<u>1,298,844</u>	<u>1,377,062</u>	<u>171,937</u>	<u>-</u>	<u>-</u>	<u>250,155</u>	<u>250,155</u>
Total Government	<u>\$ 7,147,073</u>	<u>\$ 2,488,787</u>	<u>\$ 620,862</u>	<u>\$ 1,561,856</u>	<u>(2,725,723)</u>	<u>250,155</u>	<u>(2,475,568)</u>
General Receipts:							
Property taxes					1,311,262	-	1,311,262
Road and bridge privilege taxes					258,732	-	258,732
Grants and contributions not restricted to specific programs					85,224	-	85,224
Sales tax					2,865,716	-	2,865,716
Licenses and permits					312,980	-	312,980
Unrestricted interest income					24,110	6,284	30,394
Miscellaneous					49,625	-	49,625
Proceeds from debt issuance					127,661	-	127,661
Compensation for loss of city property					-	32,661	32,661
Transfers					28,531	(28,531)	-
Total General Receipts					<u>5,063,841</u>	<u>10,414</u>	<u>5,074,255</u>
Changes in Net Position					<u>2,338,118</u>	<u>260,569</u>	<u>2,598,687</u>
Net Position - Beginning					<u>4,775,533</u>	<u>1,286,683</u>	<u>6,062,216</u>
Net Position - Ending					<u>\$ 7,113,651</u>	<u>\$ 1,547,252</u>	<u>\$ 8,660,903</u>

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

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Statement of Assets and Fund Balances - Cash Basis**  
**Governmental Funds**  
**September 30, 2023**

	<u>Major Funds</u>					<u>Other Governmental Funds</u>	<u>Total Governmenta l Funds</u>
	<u>General Fund</u>	<u>1% Special Tourism Tax Fund</u>	<u>Mississippi Infrastructure Fund</u>	<u>American Rescue Plan Fund</u>	<u>Waynesboro Sportsplex Fund</u>		
<b>ASSETS</b>							
Cash	\$ 2,302,867	\$ 846,809	\$ 980,054	\$ 1,193,077	\$ 1,500,000	\$ 278,851	\$ 7,101,658
Restricted cash	-	-	-	-	-	11,993	11,993
Total Assets	<u>\$ 2,302,867</u>	<u>\$ 846,809</u>	<u>\$ 980,054</u>	<u>\$ 1,193,077</u>	<u>\$ 1,500,000</u>	<u>\$ 290,844</u>	<u>\$ 7,113,651</u>
<b>FUND BALANCES</b>							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 281,882	\$ 281,882
Public works	-	-	980,054	1,193,077	-	727	2,173,858
Culture and recreation	-	846,809	-	-	1,500,000	-	2,346,809
Unemployment compensation	-	-	-	-	-	8,235	8,235
Unassigned	<u>2,302,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,302,867</u>
Total Fund Balances	<u>\$ 2,302,867</u>	<u>\$ 846,809</u>	<u>\$ 980,054</u>	<u>\$ 1,193,077</u>	<u>\$ 1,500,000</u>	<u>\$ 290,844</u>	<u>\$ 7,113,651</u>

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

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis**  
**Governmental Funds**  
**For the Year Ended September 30, 2023**

	<b>Major Funds</b>						<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>1% Special Tourism Tax Fund</b>	<b>Mississippi Infrastructure Fund</b>	<b>American Rescue Plan Fund</b>	<b>Waynesboro Sportsplex Fund</b>	<b>Other Governmental Funds</b>	
<b>RECEIPTS</b>							
Property taxes	\$ 977,486	\$ -	\$ -	\$ -	\$ -	\$ 333,776	\$ 1,311,262
Road and bridge privilege taxes	258,732	-	-	-	-	-	258,732
Sales tax	2,603,171	262,545	-	-	-	-	2,865,716
Licenses, commissions and other receipts	312,980	-	-	-	-	-	312,980
Fines and forfeitures	396,998	-	-	-	-	-	396,998
Intergovernmental receipts	181,847	-	341,080	-	1,500,000	73,078	2,096,005
Charge for services	714,727	-	-	-	-	-	714,727
Interest income	10,225	3,537	3,631	5,474	-	1,243	24,110
Miscellaneous receipts	49,516	-	-	-	-	109	49,625
Total Receipts	<u>5,505,682</u>	<u>266,082</u>	<u>344,711</u>	<u>5,474</u>	<u>1,500,000</u>	<u>408,206</u>	<u>8,030,155</u>
<b>DISBURSEMENTS</b>							
General government	846,385	-	-	-	-	39,856	886,241
Public safety	2,027,948	-	-	-	-	399,551	2,427,499
Public works	1,989,425	-	-	-	-	-	1,989,425
Health & Welfare	29,785	-	-	-	-	-	29,785
Culture and recreation	408,263	72,802	-	-	-	-	481,065
Debt service:							
Principal	1,490	-	-	-	-	28,072	29,562
Interest	628	-	-	-	-	4,024	4,652
Total Disbursements	<u>5,303,924</u>	<u>72,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>471,503</u>	<u>5,848,229</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>201,758</u>	<u>193,280</u>	<u>344,711</u>	<u>5,474</u>	<u>1,500,000</u>	<u>(63,297)</u>	<u>2,181,926</u>
<b>OTHER CASH SOURCES (USES)</b>							
Proceeds from long-term debt issuance	127,661	-	-	-	-	-	127,661
Transfers in	61,541	-	-	-	-	-	61,541
Transfers out	-	-	-	-	-	(33,010)	(33,010)
Total Other Cash Sources (Uses)	<u>189,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,010)</u>	<u>156,192</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over (Under) Disbursements and Other Cash Uses	390,960	193,280	344,711	5,474	1,500,000	(96,307)	2,338,118
Fund Balances - Beginning	<u>1,911,907</u>	<u>653,529</u>	<u>635,343</u>	<u>1,187,603</u>	<u>-</u>	<u>387,151</u>	<u>4,775,533</u>
Fund Balances - Ending	<u>\$ 2,302,867</u>	<u>\$ 846,809</u>	<u>\$ 980,054</u>	<u>\$ 1,193,077</u>	<u>\$ 1,500,000</u>	<u>\$ 290,844</u>	<u>\$ 7,113,651</u>

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

CITY OF WAYNESBORO, MISSISSIPPI  
Statement of Net Position - Cash Basis  
Proprietary Fund  
September 30, 2023

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>ASSETS</b>		
Cash	\$ 1,478,283	\$ 1,478,283
Restricted cash	68,969	68,969
Total Assets	<u>1,547,252</u>	<u>1,547,252</u>
<b>NET POSITION</b>		
Restricted for:		
Public works	1,547,252	1,547,252
Total Net Position	<u>\$ 1,547,252</u>	<u>\$ 1,547,252</u>

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

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Statement of Cash Receipts, Disbursements and Changes in Net Position - Cash Basis**  
**Proprietary Fund**  
**For the Year Ended September 30, 2023**

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>Operating Receipts</b>		
Charges for sales and services	\$ 1,352,109	\$ 1,352,109
Other services	24,953	24,953
Total Operating Receipts	<u>1,377,062</u>	<u>1,377,062</u>
<b>Operating Disbursements</b>		
Personal services	450,596	450,596
Contractual services	624,863	624,863
Materials and supplies	136,189	136,189
Miscellaneous	27,782	27,782
Total Operating Disbursements	<u>1,239,430</u>	<u>1,239,430</u>
Operating Income (Loss)	<u>137,632</u>	<u>137,632</u>
<b>Nonoperating Receipts (Disbursements)</b>		
Interest income	6,284	6,284
Intergovernmental grants	171,937	171,937
Compensation for loss of city property	32,661	32,661
Principal paid	(41,233)	(41,233)
Interest expense	(18,181)	(18,181)
Net Nonoperating Receipts (Disbursements)	<u>151,468</u>	<u>151,468</u>
Net Income (Loss) Before Transfers	289,100	289,100
Transfers out	(28,531)	(28,531)
Changes in Net Position	<u>260,569</u>	<u>260,569</u>
Net Position - Beginning	1,286,683	1,286,683
Net Position - Ending	<u>\$ 1,547,252</u>	<u>\$ 1,547,252</u>

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

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Statement of Fiduciary Net Position - Cash Basis**  
**September 30, 2023**

	Private Purpose Trust Fund	Custodial Funds
<b>Assets</b>		
Cash	\$ 25,470	\$ 10,771
Total Assets	\$ 25,470	\$ 10,771
 <b>Net Position</b>		
Restricted for:		
Individuals, organizations and other governments	\$ 25,470	\$ 10,771
Total Net Position	\$ 25,470	\$ 10,771

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

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Statement of Changes in Fiduciary Net Position - Cash Basis**  
**For the Year Ended September 30, 2023**

	Private Purpose Trust Fund	Custodial Funds
<b>Cash Additions</b>		
Investment income:		
Interest and dividends	\$ 142	\$ -
Restitution collections	-	370
Total Additions	<u>142</u>	<u>370</u>
<b>Cash Deductions</b>		
Restitution disbursements	-	370
Total Deductions	<u>-</u>	<u>370</u>
Changes in Fiduciary Net Position	<u>142</u>	<u>-</u>
<b>Net Position - Beginning, as previously reported</b>	25,329	5,516
Prior period adjustment	-	5,255
<b>Net Position - Beginning, as restated</b>	<u>25,329</u>	<u>10,771</u>
<b>Net Position - Ending</b>	<u>\$ 25,471</u>	<u>\$ 10,771</u>

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

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2023**

**Note 1: Summary of Significant Accounting Policies**

**A. Financial Reporting Entity.**

The City of Waynesboro, Mississippi (the City) is a municipal corporation governed by a mayor elected from the citizens of the City at-large and a five-member board of aldermen. Four aldermen are elected by the citizens from a specific district and one alderman is elected by the citizens of the City at-large. The financial statements of the City are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require the City to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the City. There are no outside organizations that should be included as component units of the City's reporting entity.

**B. Basis of Presentation.**

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the City as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities and business-type activities of the City at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the City's governmental activities and business-type activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the City with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general receipts of the City.

Fund Financial Statements:

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund balances, receipts and disbursements. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

**C. Measurement Focus and Basis of Accounting.**

The Government-wide, Governmental Funds, Proprietary Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported



**CITY OF WAYNESBORO, MISSISSIPPI**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2023**

in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The receipts and disbursements of Proprietary Funds are classified as operating or nonoperating. Operating receipts and disbursements generally result from providing services in connection with a Proprietary Fund's primary operations. All other receipts and disbursements are reported as nonoperating.

The City reports the following major Governmental Funds:

General Fund – This fund is used to account for and report all financial resources not accounted for and reported in another fund.

1% Special Tourism Tax Fund – This fund is used to account for monies from specific revenue sources that are restricted for 1% Special Tourism Tax.

Mississippi Infrastructure Fund – This fund is used to account for monies from state sources that are restricted for public works infrastructure.

American Rescue Plan Fund – This fund is used to account for monies from federal sources that are restricted for public works infrastructure.

Waynesboro Sportsplex Fund – This fund is used to account for monies from local and state sources and expenditures that are restricted for the construction of the City's new sportsplex.

The City reports the following major Enterprise Fund:

Water and Sewer Fund – This fund is used to account for the activities associated with the City's water distribution and sewage collection systems.

Additionally, the City reports the following fund types:

**GOVERNMENTAL FUND TYPES**

Special Revenue Funds – These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

Capital Projects Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**PROPRIETARY FUND TYPES**

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the City has decided that periodic determination of receipts collected, disbursements paid and/or net income is necessary for management accountability.

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2023**

FIDUCIARY FUND TYPES

Private-purpose Trust Funds - These funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

**D. Account Classifications.**

The account classification used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

**E. Deposits.**

State law authorizes the City to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the City may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit, and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally twelve months or less).

**F. Restricted Cash.**

In Other Governmental Funds, the City maintains unreleased narcotics seized funds and forfeitures that are representative of restricted cash.

In the Water and Sewer Fund, the City maintains meter deposits that it requires new users of its water and sewer system to pay up front in order to use the City's water and sewer systems. The City is required to maintain these deposits in a separate bank account and return this deposit less any outstanding balance owed the City to the customer upon discontinuation of service.

**G. Equity Classifications.**

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position not meeting the definition of “restricted”.

Net Position Flow Assumption:

When a disbursement is paid 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 disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2023**

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the City:

*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.

*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 disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

When a disbursement is paid 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 disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

**H. Property Tax Receipts.**

Numerous statutes exist under which the Board of Aldermen 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 Aldermen, each year at a meeting in September, levies 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 as of 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. All property taxes are recognized as receipts when collected. The Wayne County Tax Collector serves as the collector for the City's property taxes and remits the collections monthly to the City.

**I. Changes in Accounting Standards.**

GASB 96, *Subscription-Based Information Technology Arrangements*, was implemented during the 2023 fiscal year. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purpose of the standard is to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, reliability, relevance, and consistency of information about SBITAs. These financial statements do not reflect SBITAs in accordance with GASB 96 as these financial statements were prepared using the cash basis of accounting.

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2023**

**Note 2: Prior Period Adjustment**

Explanation	Amount
To record beginning balance for the employee flower fund	\$ 5,255
Total	\$ 5,255

**Note 3: Deposits.**

The carrying amount of the City’s total deposits with financial institutions at September 30, 2023 was \$8,697,144 (which includes \$1,309 in petty cash and \$80,962 in restricted cash), and the bank balance was \$8,790,309. The collateral for public entities’ deposits in financial institutions is 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, *Mississippi Code of 1972 Annotated*. 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 a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**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. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). 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.

**Note 4: Restricted Cash.**

The restricted cash amount included in Other Governmental Funds represents seized funds unreleased for use in the amount of \$11,993. The restricted cash amount in the Water and Sewer Fund represents customer meter deposits in the amount of \$68,969.

**Note 5: Interfund Transfers.**

The following is a summary of interfund transfers at September 30, 2023:

Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 33,010
	Water & Sewer Fund	28,531
Total		\$ 61,541

The purpose of the transfers was to reimburse funds for related expenses. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

**Note 6: Claims and Judgements.**

**Risk Financing.**

The City finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The City pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2023**

Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2023, to January 1, 2024. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**Note 7: 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 disbursements of resources for allowable purposes. The City may be responsible for any disallowances.

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 8: Related Party.**

For the fiscal year ended September 30, 2023, the City of Waynesboro paid the brother of an Alderman approximately \$271,320 for bushhogging, street right-of-way repair services as well as various other repair and maintenance projects. It is the representation of management with the City of Waynesboro, Mississippi that these services were consummated on terms equivalent to those that prevail in other arm's-length transactions by requiring competitive quotes where applicable in accordance with Mississippi Purchasing Laws.

**Note 9: Related Organization.**

The City's Board of Aldermen are responsible for appointing five members to the board of trustees of the Waynesboro-Wayne County Library System, one from the respective ward of the Alderman who appoints them, but the City's accountability for this organization does not extend beyond making the appointments. The City appropriated \$116,000 for an operating grant to the Waynesboro-Wayne County Library System for the 2023 fiscal year.

**Note 10: Joint Ventures.**

The City participates in the following joint venture:

Chickasawhay Natural Gas District - The City is a participant with the City of Quitman and the City of Shubuta in a joint venture to operate Chickasawhay Natural Gas District ("The District"), a special governmental unit established by state statute to provide natural gas service to the residences of the three cities' citizens and as well as to citizens of certain areas of Clarke and Wayne counties. The District is governed by a seven-member board of trustees composed of the mayor of each of the three participating cities, four members elected by the customers, two each from Clarke and Wayne counties. Each of the three cities is not presently obligated by contract to supplement the District's operating revenues. The District's board minutes are silent to a specific formula outlining each participant's claim to joint venture assets, and there is no written joint venture agreement among the participants. Therefore, no explicit and measurable equity interest is deemed to exist. Complete financial statements for the District can be obtained from the District's administrative office at 306 S. Archusa Avenue, Quitman, MS 39355 or call (601) 776-8887.

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2023**

**Note 11: Defined Benefit Pension Plan.**

Plan Description. The City of Waynesboro, Mississippi, contributes to the Public Employees' 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) 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. At September 30, 2023, PERS members were required to contribute 9% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The rate at September 30, 2023 was 17.40% of annual covered payroll. 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, 2023, 2022 and 2021 were \$333,925, \$312,928, and \$299,110, respectively, equal to the required contributions for each year.

**Note 12: Tax Abatements.**

Tax abatements are available to manufacturers and other new enterprises as authorized in Sections 27-31-101 and 27-31-105 of Mississippi Code Annotated (1972) and are granted by the Board of Aldermen to encourage businesses to locate or expand operations in the City and to create new job opportunities for City residents.

The City negotiates property taxes on an individual basis and approves all abatements for up to ten years. The City has one type of abatement under Section 27-31-102, Miss. Code Annotated (1972) for all allowable property tax levies, which does not provide for the abatement of school or state tax levies. Current agreements do not have any provisions for recapturing abated taxes.

The City had a total of thirty-two ad valorem tax abatement agreements with eight different industries as of September 30, 2023. The amount of taxes abated during fiscal year 2023 totaled \$219,049.

**Note 13: Insurance Recoveries.**

The City received \$32,661 in insurance loss recoveries related to property damage during the 2022-2023 fiscal year. In the government-wide Statement of Activities – Cash Basis, the insurance loss recoveries were reported as miscellaneous receipts.

**Note 14: Subsequent Events.**

Events that occur after the Statement of Net Position-Cash Basis date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position-Cash Basis date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position-Cash Basis date require disclosure in the accompanying notes. Management of the City evaluated the activity of the City through June 18, 2024, (the date the financial statements were available to be issued) and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

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**OTHER INFORMATION**



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**CITY OF WAYNESBORO, MISSISSIPPI**  
**Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis)**  
**General Fund**  
**For the Year Ended September 30, 2023**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Tax Levy	1,000,000	950,000	977,486	\$ 27,486
Road and bridge taxes	265,000	255,000	258,732	3,732
State shared revenues	2,500,000	2,600,000	2,688,394	88,394
Licenses and permits	39,200	35,000	40,143	5,143
Fines and forfeitures	300,000	395,000	396,998	1,998
Loan/grant proceeds	250,000	115,000	118,624	3,624
Franchise taxes	305,800	270,000	272,837	2,837
Charges for services	705,000	705,000	714,727	9,727
Other sources	248,600	178,250	99,399	(78,851)
Total Receipts	<u>5,613,600</u>	<u>5,503,250</u>	<u>5,567,340</u>	<u>64,090</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	871,120	860,000	846,498	13,502
Public safety	1,457,150	1,844,500	1,817,207	27,293
Public works	3,178,750	2,094,357	2,072,509	21,848
Culture and recreation	537,400	446,375	438,048	8,327
Debt service:				
Principal	-	1,490	1,490	-
Interest	-	628	628	-
Total Disbursements	<u>6,044,420</u>	<u>5,247,350</u>	<u>5,176,380</u>	<u>70,970</u>
Excess (Deficiency) of Receipts and Other Cash Sources over (under) Disbursements and other Cash Uses				
	(430,820)	255,900	390,960	135,060
Fund Balances - Beginning	757,670	1,910,534	1,923,113	12,579
Fund Balances - Ending	<u>\$ 326,850</u>	<u>\$ 2,166,434</u>	<u>\$ 2,314,073</u>	<u>\$ 147,639</u>

The accompanying notes to the Other Information are an integral part of this statement.

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis)**  
**1% Special Tourism Tax Fund**  
**For the Year Ended September 30, 2023**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
State shared revenues	\$ 240,000	\$ 260,000	\$ 262,545	\$ 2,545
Interest/other sources	3,500	3,500	3,537	37
Total Receipts	<u>243,500</u>	<u>263,500</u>	<u>266,082</u>	<u>2,582</u>
<b>DISBURSEMENTS</b>				
Current:				
Culture and recreation	243,500	119,000	72,802	46,198
Total Disbursements	<u>243,500</u>	<u>119,000</u>	<u>72,802</u>	<u>46,198</u>
Excess (Deficiency) of Receipts over (under) Disbursements	-	144,500	193,280	48,780
Fund Balances - Beginning	-	653,529	653,529	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 798,029</u>	<u>\$ 846,809</u>	<u>\$ 48,780</u>

The accompanying notes to the Other Information are an integral part of this statement.

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis)**  
**Mississippi Infrastructure Fund**  
**For the Year Ended September 30, 2023**  
**UNAUDITED**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>RECEIPTS</b>				
Intergovernmental receipts	\$ 365,000	\$ 340,000	\$ 341,080	\$ 1,080
Interest income	<u>2,500</u>	<u>3,500</u>	<u>3,631</u>	<u>131</u>
Total Receipts	<u>367,500</u>	<u>343,500</u>	<u>344,711</u>	<u>1,211</u>
<b>DISBURSEMENTS</b>				
Current:				
Public works	<u>367,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Disbursements	<u>367,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts over (under) Disbursements	-	343,500	344,711	1,211
Fund Balances - Beginning	-	<u>635,344</u>	<u>386,720</u>	<u>(248,624)</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 978,844</u>	<u>\$ 731,431</u>	<u>\$(247,413)</u>

The accompanying notes to the Other Information are an integral part of this statement.

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis)**  
**American Rescue Plan Fund**  
**For the Year Ended September 30, 2023**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Interest income	\$ 4,300	\$ 5,000	\$ 5,474	\$ 474
Total Receipts	<u>4,300</u>	<u>5,000</u>	<u>5,474</u>	<u>474</u>
<b>DISBURSEMENTS</b>				
Current:				
Public works	500,000	-	-	-
Total Disbursements	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts over (under) Disbursements	(495,700)	5,000	5,474	474
Fund Balances - Beginning	495,700	1,187,603	596,960	(590,643)
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 1,192,603</u>	<u>\$ 602,434</u>	<u>\$ (590,169)</u>

The accompanying notes to the Other Information are an integral part of this statement.

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis)**  
**Waynesboro Sportsplex Fund**  
**For the Year Ended September 30, 2023**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental receipts	\$ -	\$ 1,500,000	\$ 1,500,000	\$ -
Total Receipts	<u>-</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
<b>DISBURSEMENTS</b>				
Current:				
Public works	-	-	-	-
Total Disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts over (under) Disbursements	-	1,500,000	1,500,000	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>

The accompanying notes to the Other Information are an integral part of this statement.

**Waynesboro, Mississippi**  
**Notes to Other Information**  
**For the Year Ended September 30, 2023**

**Budgetary Comparison Information.**

**A. Budgetary Information.**

Statutory requirements dictate how and when the City's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the City, using historical and anticipated fiscal data and proposed budgets submitted by the department managers for their departments, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When, during the fiscal year, it appears to the Board of Aldermen 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 presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary 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.

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Schedule of Investments - All Funds**  
**For the Year Ended September 30, 2023**  
**UNAUDITED**

Fund	Type of Investment	Interest Rate	Original Acquisition Date	Renewal Date	Maturity Date	Investment Cost/Value
<b>ENTERPRISE FUND</b>						
Water and Sewer Fund	Certificate of Deposit	0.35%	8/26/1988	8/26/2022	8/26/2023	\$ 10,000
	Certificate of Deposit	0.35%	8/26/1988	8/26/2022	8/26/2023	10,000
	Certificate of Deposit	1.51%	8/23/1990	8/23/2022	8/23/2023	27,150
	Certificate of Deposit	1.51%	8/23/1990	8/23/2022	8/23/2023	27,150
	Certificate of Deposit	1.51%	8/23/1990	8/23/2022	8/23/2023	54,300
	Certificate of Deposit	1.24%	1/12/1989	12/2/2021	12/2/2022	<u>11,250</u>
Total Water and Sewer Fund						<u>\$139,850</u>
<b>FIDUCIARY FUND</b>						
Cemetery Trust Fund	Certificate of Deposit	0.60%	4/23/1986	1/22/2023	1/22/2024	\$ 23,022
	Certificate of Deposit	0.10%	4/22/1986	1/21/2023	1/21/2024	<u>809</u>
Total Fiduciary Funds						<u>\$ 23,831</u>



**CITY OF WAYNESBORO, MISSISSIPPI**  
**Schedule of Capital Assets**  
**For the Fiscal Year Ended September 30, 2023**  
**UNAUDITED**

**Governmental Activities:**

	Balance October 1, 2022	Additions	Deletions	Adjustments	Balance September 30, 2023
Land	\$ 224,332	\$ -	\$ -	\$ -	\$ 224,332
Construction in progress	458,278	25,612	-	(458,278)	25,612
Infrastructure	6,120,046	39,857	-	-	6,159,903
Buildings	4,023,192	-	-	-	4,023,192
Improvements other than buildings	644,445	26,971	-	-	671,416
Mobile equipment	2,062,578	464,554	233,489	-	2,293,643
Furniture and equipment	495,072	29,620	-	-	524,692
Leased property under capital leases	1,640,898	-	-	-	1,640,898
Total Capital Assets	<u>\$ 15,668,841</u>	<u>\$ 586,614</u>	<u>\$ 233,489</u>	<u>\$ (458,278)</u>	<u>\$ 15,563,688</u>

**Business-type Activities:**

	Balance October 1, 2022	Additions	Deletions	Adjustments	Balance September 30, 2023
Infrastructure	\$ 14,744,313	\$ -	\$ -	\$ -	\$ 14,744,313
Buildings	1,398,914	-	-	-	1,398,914
Improvements other than buildings	103,348	-	-	-	103,348
Mobile equipment	374,480	8,438	-	-	382,918
Furniture and equipment	379,239	-	-	-	379,239
Leased property under capital leases	29,292	-	-	-	29,292
Total Capital Assets	<u>\$ 17,029,586</u>	<u>\$ 8,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,038,024</u>

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Schedule of Changes in Long-term Debt**  
**For the Year Ended September 30, 2023**  
**UNAUDITED**

<u>Description and Purpose</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance October 1, 2022</u>	<u>Issued</u>	<u>Principal Payments</u>	<u>Balance September 30, 2023</u>	<u>Interest Paid</u>
<b>Governmental Activities:</b>									
<b>A. Other Loans</b>									
2018 Fire Truck	11/16/2017	279,000	11/15/2027	2.85%	154,025	-	28,072	125,953	4,024
JCB 3CX Backhoe	7/3/2023	127,661	8/3/2026	5.90%	-	127,661	1,490	126,171	628
Total Governmental Activities Debt					<u>\$ 154,025</u>	<u>\$ 127,661</u>	<u>\$ 29,562</u>	<u>\$ 252,124</u>	<u>\$ 4,652</u>
 <b>Business-type Activities</b>									
<b>A. Other Loans</b>									
Jones Branch Project	3/5/2004	\$422,300	3/5/2039	4.50%	\$281,755	\$ -	\$12,636	\$ 269,119	\$12,180
Big Well	3/21/2014	556,326	8/21/2033	2.00%	337,458	-	28,597	308,861	6,001
Total Business-type Activities Debt					<u>\$ 619,213</u>	<u>\$ -</u>	<u>\$ 41,233</u>	<u>\$ 577,980</u>	<u>\$ 18,181</u>

**CITY OF WAYNESBORO, MISSISSIPPI**  
**Schedule of Surety Bonds for Municipal Officials**  
**September 30, 2023**  
**UNAUDITED**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond Amount</u>
Richard E. Johnson	Mayor	RLI Surety	\$ 50,000
Kevin Stevens	Alderman	Western Surety Company	100,000
George Timothy Cochran	Alderman	RLI Surety	100,000
Albert D. Busby	Alderman	Western Surety Company	100,000
Tammie Wilson	Alderman	Western Surety Company	100,000
Michael Norsworthy	Alderman	Western Surety Company	100,000
Dwayne Rawson	Municipal Clerk	RLI Surety	50,000
Alisa Shoemake	Deputy Municipal Clerk	RLI Surety	50,000
Mary Dixon	Deputy Municipal Clerk	RLI Surety	50,000
Shretta Everett	Deputy Municipal Water Clerk	RLI Surety	50,000
Danielle Pough	Deputy Municipal Water Clerk	RLI Surety	50,000
Tiffany Milsap	Deputy Municipal Court Clerk	RLI Surety	50,000
Tory McGill	Deputy Municipal Court Clerk	RLI Surety	50,000
Holt Ross	Chief of Police	RLI Surety	50,000

**SPECIAL REPORTS**

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# Stephen D. Myrick C.P.A., L.L.C.

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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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

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 (*Government Auditing Standards*), the 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, 2023, 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 June 18, 2024.

### **Report on 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) 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 of Waynesboro, Mississippi'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 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2023-001 and 2023-002.

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

We noted certain other matters which we have reported to the management of the City of Waynesboro, Mississippi in the Schedule of Findings and Responses as "Other Noncompliance" and in Independent Auditors' Report on Compliance with State Laws and Regulations dated June 18, 2024, included within this document.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Waynesboro, Mississippi's responses to the findings identified on our audit and described in the accompanying Schedule of Findings and Responses. The City of Waynesboro, Mississippi's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record, and its distribution is not limited.



Stephen D. Myrick, C.P.A., L.L.C.  
Quitman, Mississippi  
June 18, 2024

# Stephen D. Myrick C.P.A., L.L.C.

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

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

We have audited the cash basis financial statements of the City of Waynesboro, Mississippi as of and for the year ended September 30, 2023, and have issued our report dated June 18, 2024. 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 *Government Auditing Standards*.

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 not express such an opinion.

The results of those procedures and our audit of the cash basis financial statements disclosed the following instances of noncompliance with state laws and regulations:

1. **The Water and Sewer Fund Final Amended budget was exceeded.**

**Repeat Finding:** Yes

**Criteria:** The Municipal Audit and Accounting Guide as prepared by the Office of State Auditor of Mississippi and *Sections 21-35-15 to 21-35-17 Mississippi Code Annotated* requires municipalities to remain within the spending limits set by the budget and annual revenue.

**Condition:** As a part of our audit procedures on budgetary compliance, we observed two instances where the City of Waynesboro, Mississippi exceeded its final amended budget in the Water & Sewer Fund.

**Cause:** Inadvertent oversight.

**Effect:** Failure to properly budget all funds could result in an over-expenditure of funds by the City and result in noncompliance with state statutes.

**Recommendation:** We recommend that the City of Waynesboro, Mississippi implement additional internal controls to ensure that it doesn't exceed its final amended budget as required by the



Municipal Audit and Accounting Guide prepared by the Office of State Auditor of Mississippi.

**View of Respective Official(s):**

Budget amendment was made but outstanding debt was overlooked. Correction will be instituted in the current fiscal year to ensure all outstanding debts are received or coded to the next fiscal year.

**2. The annual inventory of capital assets was not performed.**

**Repeat Finding:** No

**Criteria:** The Municipal Audit and Accounting Guide, prepared by the Office of State Auditor of Mississippi requires municipalities to perform an annual inventory of all fixed assets owned by the municipality.

**Condition:** As a part of our audit procedures on compliance with the municipal compliance questionnaire, we determined that the City of Waynesboro, Mississippi did not perform its annual inventory of fixed assets as required by the Municipal Audit and Accounting Guide, prepared by the Office of State Auditor of Mississippi.

**Cause:** Current city personnel were unaware of the requirement.

**Effect:** Failure to complete the annual inventory of fixed assets could result in the misappropriation of fixed assets and noncompliance with state statutes.


**Recommendation:** We recommend that the City of Waynesboro, Mississippi implement additional internal controls to ensure compliance with the requirements outlined in the Mississippi Municipal Fixed Assets Management Manual and the Municipal Audit and Accounting Guide, prepared by the Office of State Auditor of Mississippi for fixed assets.

**View of Respective Official(s):**

This will be conducted in the future before the end of each fiscal year.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended for the information of the City's management and the Office of the State Auditor 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.

  
Stephen D. Myrick, C.P.A., L.L.C.  
Quitman, Mississippi  
June 18, 2024

**City of Waynesboro, Mississippi**  
**Schedule of Findings and Questioned Costs**  
**September 30, 2023**

**Section 1: Summary of Auditor’s Results**

***Financial Statements:***

1. Type of auditor's report issued on the financial statements:

Governmental activities	Unmodified
Business-type activities	Unmodified
General Fund	Unmodified
1% Special Tourism Tax Fund	Unmodified
Mississippi Infrastructure Fund	Unmodified
American Rescue Plan Fund	Unmodified
Waynesboro Sportsplex Fund	Unmodified
Aggregate remaining fund information	Unmodified
Water and Sewer Fund	Unmodified
  
2. Internal control over financial reporting:
  - a. Material weaknesses identified? No
  
  - b. Significant deficiencies identified? Yes
  
3. Noncompliance material with the financial statements noted? No

**Section 2: Financial Statement Findings**

**Significant Deficiency**  
**Other Noncompliance**

**2023-001.                    Internal Controls over Municipal Court should be strengthened.**

**Repeat Finding:**            No

**Criteria:**                    The Municipal Audit and Accounting Guide, along other procedures established by the Office of State Auditor of Mississippi requires the following municipal court procedures:

- **Daily deposits:** All collections into the municipal treasury.
- **Partial Payments Approval:** Only Municipal Court judges are allowed to approve defendants to pay their fines on a partial payment basis.

Additionally, other elements of a well-developed internal control system allow for the following:

- **Daily Reconciliation:** Funds in the cash receipts drawer at the end of the day to the daily receipts report and the deposit slip.
- **Computerized Receipts:** Issuance of computerized cash receipts through the system that allows for immediate posting of all payments.

**City of Waynesboro, Mississippi**  
**Schedule of Findings and Questioned Costs**  
**September 30, 2023**

**Condition:** As a result of our audit procedures on police tickets and fines, we observed the following instances where the city's current internal control system over municipal court collections was not adequate to ensure compliance with the Municipal Audit and Accounting Guide established by the Office of State Auditor of Mississippi:

- Four instances where deposits were not made daily.
- One instance where the partial pay decision could not be located for a defendant who had paid their fine through partial payments.
- The municipal court judge or the municipal court clerk are both allowed to approve defendants to pay their fines through partial payments.

We also observed the following weaknesses in the design of the current internal control system:

- Funds held in the cash drawer are not reconciled to the daily receipts report produced by the municipal court system and deposit slip.
- Manual receipts are issued to defendants.

**Cause:** The current system of internal control is not adequately designed to ensure that municipal court fulfills requirements established by the Office of State Auditor of Mississippi or other organizations for developing well designed systems of internal control.

**Effect:** An inadequate system of internal control over the municipal court system could result in the possibility of the loss or misappropriation of public funds.

**Recommendation:** We recommend that the City implement additional internal controls to ensure the following:

- **Approval of Partial Pay Determinations:** Only the municipal court judge should approve partial pay determinations.
- **Documentation of Judge's Decision:** The judge's partial pay decision should be documented and retained in the defendant's file after the defendant has fulfilled the payment requirements.
- **Daily Deposits:** All collections received should be deposited daily.
- **Daily Reconciliations:** Daily reconciliations should be performed to reconcile the funds in the cash drawer with the daily receipts report and deposit slip. These reconciliations must be conducted in the presence of two individuals who will sign the daily reconciliation as the counter and verifier.

**Views of Responsible Officials:**

Corrections have been implemented already as audit was being conducted.

**City of Waynesboro, Mississippi**  
**Schedule of Findings and Questioned Costs**  
**September 30, 2023**

**Significant Deficiency**

**2023-002.**                    **Internal Controls in certain funds should be strengthened to ensure adequate segregation of duties.**

**Repeat Finding:**            No

**Criteria:**                    An effective system of internal controls should include adequate segregation of duties that to prevent one employee from managing all aspects of a funds transactions including, the subsequent reconciliation of the bank statements.

**Condition:**                Under the City’s current system of internal control, the municipal clerk manages all aspects of transactions for most funds, except for the Accounts Payable Clearing Fund, Payroll Clearing Fund, and Water & Sewer Fund. Specifically, for these funds, the following tasks are all handled by the municipal clerk:

- Preparation of all cash receipts
- Creation and posting of all disbursements
- Serving as one of the dual check signers
- Reconciliation of bank statements

Additionally, the municipal clerk also has access to the signature stamps for both check signers.

However, there are notable internal control weaknesses in this system:

- Signature Stamps: Checks are signed using signature stamps for both check signers, which the municipal clerk has access to.

These practices concentrate significant financial control and oversight in the hands of a single individual, increasing the risk of errors or fraudulent activities.

**Cause:**                    The system of internal control is not adequately designed to ensure proper segregation of duties.

**Effect:**                    An internal control system that does not ensure adequate segregation of duties could result in the loss or misappropriation of public funds and the reporting of inaccurate amounts to those charged with governance.

**Recommendation:**      We recommend that the City segregate duties for these funds by implementing the following measures:

- Have another employee reconcile the bank statements each month.
- Consider limiting access to the mayor’s signature stamp.

**Views of Responsible Officials:**

Corrections have been implemented. Bank reconciliations are now being completed deputy clerk and accounts payable clerk.