

WAYCROSS-WARE COUNTY DEVELOPMENT AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2020

WAYCROSS-WARE COUNTY DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Waycross-Ware County
Development Authority
Waycross, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the **Waycross-Ware County Development Authority** (the "Authority") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

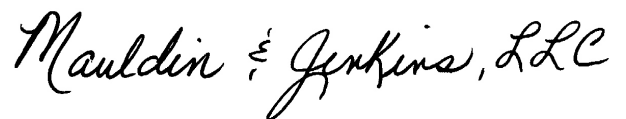
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management 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 the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2022, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.



Savannah, Georgia
November 3, 2022

WAYCROSS-WARE COUNTY DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION DECEMBER 31, 2020

ASSETS	
Cash	\$ 191,519
Capital assets, non-depreciable	2,071,024
Capital assets, depreciable (net of accumulated depreciation)	<u>416,555</u>
Total assets	<u>2,679,098</u>
LIABILITIES	
Payroll taxes payable	<u>1,328</u>
Total liabilities	<u>1,328</u>
NET POSITION	
Investment in capital assets	2,487,579
Unrestricted	<u>190,191</u>
Total net position	<u><u>\$ 2,677,770</u></u>

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

WAYCROSS-WARE COUNTY DEVELOPMENT AUTHORITY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Revenues and Changes in Net Position</u>
Primary government				Governmental Activities
Governmental activities:				
Economic development	\$ 329,774	\$ 471,423	\$ 386,980	\$ 528,629
Total governmental activities	<u>\$ 329,774</u>	<u>\$ 471,423</u>	<u>\$ 386,980</u>	<u>528,629</u>
		General Revenues:		
		Unrestricted interest earnings		<u>1,323</u>
		Total general revenues		<u>1,323</u>
		Change in net position		529,952
		Net position, beginning of year		<u>2,147,818</u>
		Net position, end of year		<u><u>\$ 2,677,770</u></u>

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

WAYCROSS-WARE COUNTY DEVELOPMENT AUTHORITY

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

ASSETS	General Fund
Cash	\$ 191,519
Total assets	<u>\$ 191,519</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Payable and accruals	<u>\$ 1,328</u>
Total liabilities	<u>\$ 1,328</u>
FUND BALANCE	
Unassigned	<u>\$ 190,191</u>
Total fund balance	190,191
 Amounts reported for governmental activities in the statement of net position are different because: Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	
	<u>2,487,579</u>
Net position of governmental activities	<u>\$ 2,677,770</u>

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

WAYCROSS-WARE COUNTY DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund
Revenues	
Intergovernmental	
City appropriations	\$ 50,000
County appropriations	126,075
Special purpose local option sales tax	210,905
Interest income	1,323
Other	351,812
Total revenues	<u>740,115</u>
Expenditures	
Current:	
Personnel	134,599
General and administrative	124,511
Capital outlay	532,475
Total expenditures	<u>791,585</u>
Deficiency of revenues under expenditures	(51,470)
Other Financing Sources (Uses)	
Collection of property taxes for GATX	209,772
Property taxes paid to County for GATX	(90,161)
Total other financing sources, net	<u>119,611</u>
Net change in fund balance	68,141
Fund balance, beginning of year	<u>122,050</u>
Fund balance, end of year	<u>\$ 190,191</u>

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

WAYCROSS-WARE COUNTY DEVELOPMENT AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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

Net change in fund balance - governmental funds	\$ 68,141
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation in the current period.	
Total capital outlay	479,376
Total depreciation expense	<u>(17,565)</u>
Change in net position - governmental activities	<u>\$ 529,952</u>

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

WAYCROSS-WARE COUNTY DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	Final Budget	Actual	Variance
Revenues			
Intergovernmental			
City appropriations	\$ 50,000	\$ 50,000	\$ -
County appropriations	125,000	126,075	1,075
Special purpose local option sales tax	700,000	210,905	(489,095)
Interest income	-	1,323	1,323
Other	35,000	351,812	316,812
Total revenues	910,000	740,115	(169,885)
Expenditures			
Current:			
Personnel	144,000	134,599	9,401
General and administrative	142,550	124,511	18,039
Capital outlay	627,000	532,475	94,525
Total expenditures	913,550	791,585	121,965
Deficit of revenues under expenditures	(3,550)	(51,470)	(47,920)
Other Financing Sources			
Collection of property taxes for GATX	98,347	209,772	111,425
Property taxes paid to County for GATX	(91,938)	(90,161)	1,777
Total other financing sources	6,409	119,611	113,202
Net change in fund balance	2,859	68,141	65,282
Fund balance, beginning of year	207,103	207,103	-
Fund balance, end of year	\$ 209,962	\$ 275,244	\$ 65,282

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

WAYCROSS-WARE COUNTY DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Waycross-Ware County Development Authority (the "Authority") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. The Financial Reporting Entity

The reporting entity of the Authority consists of the primary authority governmental unit (which includes all of the funds, organizations, institutions, agencies, and offices that make up the legal entity, plus those funds which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); the organization for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statement to be misleading or incomplete.

Component units are legally separated organizations for which the elected officials of the primary government are financially accountable. The Authority is financially accountable if its Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the Authority. The Authority may also be financially accountable for another organization if fiscally dependent on the Authority.

There are not component units to the Authority's operation.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Authority. The Authority reports only governmental activities.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

There are no reportable funds as separate accounting entities for the Authority. They are all funds from the same general sources used for the same general purpose.

D. Cash

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

E. Capital Assets

Capital assets, which include furniture and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 2003 were not required to be capitalized by the Authority.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Capital Assets (Continued)

Depreciation of all exhaustible capital assets is charged an allocation expense against operations in the government-wide financial statements.

Accumulated depreciation is reported on the government-wide Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method.

Land and land rights	Not depreciated
Improvements other than building	10 – 25 years
Buildings	40 – 99 years
Machinery, furniture and equipment	3 – 25 years
Infrastructure	25 – 50 years
Utility property and improvement	10 – 50 years

F. Long-Term Obligations

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

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

Conduit debt consists of certain limited obligation bonds issued by the Authority for the express purpose of providing capital financing for a specific third-party that is not part of the issuer's financial reporting entity. Conduit debt obligations bear the name of the governmental issuer, but the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third-party on whose behalf they are issued.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Equity

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

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

- **Non-spendable** – Fund balances are reported as non-spendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors through the adoption of a resolution. Only the Board of Directors may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the Authority’s intent to be used for specific purposes, but are neither restricted nor committed.
- **Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Equity (Continued)

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

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

H. Use of Estimates

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

NOTE 2. RELATED ORGANIZATIONS

The Waycross-Ware County Development Authority is a related organization of the City of Waycross and Ware County governments.

NOTE 3. ECONOMIC DEPENDENCY

The Waycross-Ware County Development Authority is economically dependent upon funding provided by the City of Waycross and Ware County governments. Four members of the Authority are appointed by the Waycross City Commission and four members are appointed by the Board of Commissioners of Ware County.

NOTE 4. LEGAL COMPLIANCE – BUDGETS

A request for budget appropriations for the next fiscal year is prepared for the General Fund operations and is submitted to the Board of Directors of the Waycross-Ware County Development Authority for approval.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. DEPOSITS

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2020, all of the Authority’s bank balances were covered by federal depository insurance.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 1,447,637	\$ -	\$ -	\$ 1,447,637
Construction in progress	144,011	479,376	-	623,387
Total capital assets, not being depreciated	<u>1,591,648</u>	<u>479,376</u>	<u>-</u>	<u>2,071,024</u>
Capital assets, depreciable				
Land improvements	1,882,194	-	-	1,882,194
Furniture, fixtures and equipment	77,122	-	-	77,122
Vehicles	25,855	-	-	25,855
Total capital assets, depreciable	<u>1,985,171</u>	<u>-</u>	<u>-</u>	<u>1,985,171</u>
Less accumulated depreciation for:				
Land improvements	1,464,120	11,099	-	1,475,219
Furniture, fixtures and equipment	72,280	1,295	-	73,575
Vehicles	14,651	5,171	-	19,822
Total accumulated depreciation	<u>1,551,051</u>	<u>17,565</u>	<u>-</u>	<u>1,568,616</u>
Total capital assets, depreciable, net	<u>434,120</u>	<u>(17,565)</u>	<u>-</u>	<u>416,555</u>
Total capital assets, net	<u>\$ 2,025,768</u>	<u>\$ 461,811</u>	<u>\$ -</u>	<u>\$ 2,487,579</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

During 2020, the Authority incurred \$479,376 in land improvements for the Norton Project and other special projects. These expenses were recorded as construction in progress. Special Purpose Local Option Sales Tax ("SPLOST") funds were used to cover land improvements. Once these projects are complete, they will be capitalized and depreciated over the remaining useful life. For the year ended December 31, 2020, the Authority recognized \$17,565 in depreciation expense.

NOTE 7. LEASEHOLD CONDUIT LOANS

The Authority has entered into various agreements with private industry to secure financing for their capital buildings, equipment and other leasehold improvements. These arrangements are done to provide favorable property tax incentives to new or expanding businesses. The Authority is not considered to be liable for the outstanding balances of these loans as the property is considered the only collateral.

NOTE 8. CONDUIT DEBT OBLIGATIONS

In accordance with provisions of the Revenue Bonds Laws of the State of Georgia, the Authority issued a number of Revenue Bonds in 2017 for the purpose of loaning the proceeds to a local business to finance the acquisition and/or construction of facilities and equipment. Conduit debt outstanding as of December 31, 2020 is \$27,577,314.

NOTE 9. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by management. Settled claims in the past three years have not exceeded the coverages.

COMPLIANCE SECTION



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

**To the Board of Directors
Waycross-Ware County
Development Authority
Waycross, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Waycross-Ware County Development Authority (the "Authority"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 3, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2020-001 and 2020-002 that we considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

Authority's Response to Findings

The Authority's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
November 3, 2022

WAYCROSS-WARE COUNTY DEVELOPMENT AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiencies identified not considered
to be material weaknesses?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

There was not an audit of major federal award programs as of December 31, 2020 due to the Authority having less than \$750,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2020-001. SEGREGATION OF DUTIES

Criteria: Adequate number of personnel should be employed to provide for proper segregation of duties.

Condition: Due to the size of the Authority, there is not an adequate number of employees to provide for the proper segregation of duties.

Effect: Lack of complete segregation of duties can result in misappropriation of funds.

Recommendation: Additional personnel should be hired or procedures should be implemented requiring the segregation of duties of the accounting personnel.

Views of Responsible Officials and Planned Corrective Action: We concur with the recommendation, however, due to limited resources and personnel, we cannot correct the lack of segregation of duties.

WAYCROSS-WARE COUNTY DEVELOPMENT AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-002. ANTI-FRAUD PROGRAM

Criteria: The Authority does not have a written Anti-Fraud Program.

Condition: The Association of Certified Fraud Examiners reports that fraud prevention requires a system of rules, which, in their aggregate, minimize the likelihood of fraud occurring while maximizing the possibility of detecting and fraudulent activity that may transpire. The potential of being caught most often persuades likely perpetrators not to commit the fraud. Because of this principle, the existence of a thorough control system is essential to fraud prevention.

Effect: The absence of an Anti-Fraud Program increases the risk that a material misstatement in the financial statements could occur.

Recommendation: A written fraud program should be adopted to implement controls to help mitigate the risk of fraudulent activity.

Views of Responsible Officials and Planned Corrective Action: We concur with the recommendation, however, due to limited resources and personnel, we cannot correct the lack of segregation of duties.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable.

WAYCROSS-WARE COUNTY DEVELOPMENT AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2020

STATUS OF PRIOR YEAR FINDINGS

2019-001. SEGREGATION OF DUTIES

Criteria: Adequate number of personnel should be employed to reduce conflicting job duties.

Condition: Due to the size of the Authority, there is not an adequate number of employees to provide for the proper segregation of duties.

Status: Unresolved. See 2020-001.

2019-002. ASSETS OF THE AUTHORITY AND LEASED PROPERTY

Criteria: Internal controls should be in place to ensure amounts reported for capital assets and related items are appropriate and properly valued and recorded in accordance with generally accepted accounting principles.

Condition: The value of the Authority's land and property improvements were not able to be substantiated due to various lease engagements on the properties.

Status: Resolved.

2019-003. ANTI-FRAUD PROGRAM

Criteria: Internal controls should be in place to help minimize the likelihood of fraud occurring while maximizing the possibility of detecting any fraudulent activity that may transpire.

Condition: The Authority does not have a written Anti-Fraud Program.

Status: Unresolved.