TOWN OF CADWELL

ANNUAL FINANCIAL REPORT

December 31, 2022

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Town of Cadwell

Opinions

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Cadwell, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town'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 financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Cadwell, Georgia, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, 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.

Responsibilities of Management 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.

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 Town's ability to continue as a going concern for 12 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 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, 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 Town'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 Town'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.

Required Supplementary Information

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

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The nonmajor fund financial statements and the Schedule of Expenditures of Special Purpose Local Option Sales Tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor fund financial statements and the Schedule of Expenditures of

Special Purpose Local Option Sales Tax are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023, on our consideration of the Town of Cadwell, Georgia'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 Town of Cadwell'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 Town of Cadwell, Georgia's internal control over financial reporting and compliance.

Symphona LLP

Dublin, Georgia
October 12, 2023

BASIC FINANCIAL STATEMENTS

TOWN OF CADWELL, GEORGIA

EXHIBIT 1

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 168,405	$ 390,316	$ 558,721
Receivables, net of allowances for uncollectibles:			
Accounts	11,430	12,960	24,390
Intergovernmental	36,023	-	36,023
Due from other funds	50,647	-	50,647
Prepaid expenses	2,199	-	2,199
Capital assets:			
Land and other non-depreciable assets	-	503,197	503,197
Other capital assets, net of depreciation	169,459	897,649	1,067,108
Total assets	438,163	1,804,122	2,242,285
LIABILITIES			
Accounts payable and accrued expenses	76,646	6,903	83,549
Due to other funds	500	50,147	50,647
Unearned revenue	77,276	-	77,276
Customer deposits	-	18,600	18,600
Total liabilities	154,422	75,650	230,072
DEFERRED INFLOWS OF RESOURCES	4,539	-	4,539
NET POSITION			
Net Investment in capital assets	169,459	1,400,846	1,570,305
Restricted for capital projects	316	-	316
Restricted for special programs	9,694	-	9,694
Unrestricted	99,733	327,626	427,359
Total net position	$ 279,202	$ 1,728,472	$ 2,007,674

The Accompanying Notes to the Financial Statements are an integral part of this statement

TOWN OF CADWELL, GEORGIA

EXHIBIT 2

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total
Primary Government							
Governmental Activities:							
General government	$ 112,964	$ 1,890	$ -	$ -	$ (111,074)	$ -	$ (111,074)
Public works	5,319	-	124,221	376,164	495,066	-	495,066
Total governmental activities	118,283	1,890	124,221	376,164	383,992	-	383,992
Business-Type Activities:							
Water and sewer services	197,933	119,469	-	-	-	(78,464)	(78,464)
Total primary government	$ 316,216	$ 121,359	$ 124,221	$ 376,164	383,992	(78,464)	305,528
General Revenues:							
Property taxes					16,509	-	16,509
Sales and other taxes					154,061	-	154,061
Other intergovernmental					18,608	-	18,608
Unrestricted investment earnings					589	-	589
Transfer in					-	494,196	494,196
Transfer out					(494,197)	-	(494,197)
Miscellaneous					4,644	3,560	8,204
Total general revenues and transfers					(299,786)	497,756	197,970
Change in net position					84,206	419,292	503,498
Net position, beginning					194,996	1,309,180	1,504,176
Net position, ending					$ 279,202	$ 1,728,472	$ 2,007,674

The Accompanying Notes to the Financial Statements are an integral part of this statement

TOWN OF CADWELL, GEORGIA

EXHIBIT 3

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	CDBG Fund	ARPA Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and short term investments	$ 32,471	$ 325	$ 126,451	$ 316	$ 8,842	$ 168,405
Receivables, net of allowance	11,430	-	-	-	-	11,430
Intergovernmental receivable	9,770	25,401	-	-	852	36,023
Due from other funds	500	-	-	-	-	500
Interfund balances	50,147	-	-	-	-	50,147
Prepaid expenditures	2,199	-	-	-	-	2,199
Total assets	$ 106,517	$ 25,726	$ 126,451	$ 316	$ 9,694	$ 268,704
LIABILITIES						
Accounts payable and accrued expenses	$ 183	$ 25,401	$ 49,175	$ -	$ -	$ 74,759
Unearned revenue	-	-	77,276	-	-	77,276
Accrued expenses	1,887	-	-	-		1,887
Due to other funds	-	500	-	-	-	500
Total liabilities	2,070	25,901	126,451	-	-	154,422
Deferred Inflows of Resources - Unavailable revenues	4,539	-	-	-	-	4,539
FUND BALANCES						
Nonspendable:						
Prepaid expenditures	2,199	-	-	-	-	2,199
Restricted for capital projects	-	-	-	316	-	316
Restricted for special programs	-	-	-	-	9,694	9,694
Unassigned	97,709	(175)	-	-	-	97,534
Total fund balance (deficit)	99,908	(175)	-	316	9,694	109,743
Total liabilities and fund balances	$ 106,517	$ 25,726	$ 126,451	$ 316	$ 9,694	$ 268,704

The Accompanying Notes to the Financial Statements are an integral part of this statement

TOWN OF CADWELL, GEORGIA

EXHIBIT 4

RECONCILIATION OF NET POSITION –GOVERNMENTAL FUNDS
IN THE STATEMENT OF NET POSITION
TO TOTAL FUND BALANCE – GOVERNMENTAL FUNDS ON THE BALANCE SHEET
YEAR ENDED DECEMBER 31, 2022

Fund balance - total governmental funds	$	109,743
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		169,459
Net position of governmental activities	$	279,202

The Accompanying Notes to the Financial Statements are an integral part of this statement

TOWN OF CADWELL, GEORGIA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	CDBG Fund	ARPA Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 170,570	$ -	$ -	$ -	$ -	$ 170,570
Licenses and permits	1,890	-	-	-	-	1,890
Intergovernmental	9,744	376,164	124,221	-	8,864	518,993
Other revenues	4,644	-	-	-	-	4,644
Interest income	589	-	-	-	-	589
Total revenues	187,437	376,164	124,221	-	8,864	696,686
EXPENDITURES						
General government	81,136	-	6,189	19,392	-	106,717
Public works	-	-	-	5,319	-	5,319
Public safety	-	-	-	-	-	-
Total expenditures	81,136	-	6,189	24,711	-	112,036
EXCESS (DEFIECIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	106,301	376,164	118,032	(24,711)	8,864	584,650
OTHER FINANCING SOURCE (USES)						
Transfers out	-	(376,164)	(118,032)	-	-	(494,196)
Total other financing source (use)	-	(376,164)	(118,032)	-	-	(494,196)
NET CHANGES IN FUND BALANCE(DEFICIT)	106,301	-	-	(24,711)	8,864	90,454
FUND BALANCE(DEFICIT), BEGINNING	(6,393)	(175)	-	25,027	830	19,289
FUND BALANCE(DEFICIT), ENDING	$ 99,908	$ (175)	$ -	$ 316	$ 9,694	$ 109,743

The Accompanying Notes to the Financial Statements are an integral part of this statement

TOWN OF CADWELL, GEORGIA

EXHIBIT 6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds	$ 90,454
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays, reported as expenditures in governmental funds, are shown as capital assets in the Statement of Net Position.	19,238
Depreciation expenses on governmental capital assets are included in the governmental activities column in the Statement of Net Position but are not shown in the governmental funds.	(25,486)
Change in net position of governmental activities	$ 84,206

The Accompanying Notes to the Financial Statements are an integral part of this statement

TOWN OF CADWELL, GEORGIA

EXHIBIT 7

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2022

	Enterprise Fund
	Water and Sewage Enterprise Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 390,316
Accounts receivable	12,960
Total current assets	403,276
Long-Term Assets:	
Capital Assets:	
Land and other non-depreciable assets	503,197
Other capital assets, net of depreciation	897,649
Total capital assets	1,400,846
Total assets	1,804,122
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	6,903
Interfund balances	50,147
Customer deposits	18,600
Total current liabilities	75,650
NET POSITION	
Investment in capital assets	1,400,846
Unrestricted	327,626
Total net position	$ 1,728,472

The Accompanying Notes to the Financial Statements are an integral part of this statement

TOWN OF CADWELL, GEORGIA

EXHIBIT 8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2022

	Enterprise Fund
	Water and Sewage Enterprise Fund
OPERATING REVENUE	
Charges for services	$ 119,469
OPERATING EXPENSES	
Cost of Services	70,565
Personnel Services	50,147
Professional services	14,206
Repairs	7,780
Depreciation	48,198
Other costs	7,037
Total operating expenses	197,933
OPERATING LOSS	(78,464)
NON-OPERATING REVENUES	
Other	3,560
Total non-operating revenues	3,560
Net loss	(74,904)
Transfer in from other funds	494,196
Change in net position	419,292
TOTAL NET POSITION, BEGINNING	1,309,180
TOTAL NET POSITION, ENDING	$ 1,728,472

The Accompanying Notes to the Financial Statements are an integral part of this statement

TOWN OF CADWELL, GEORGIA

EXHIBIT 9

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2022

	Enterprise Fund	
	Water and Sewage Enterprise Fund	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	$	125,265
Cash payments to other suppliers of goods or services		(92,307)
Net cash provided by operating activities		32,958
NET INCREASE IN CASH AND CASH EQUIVALENTS		32,958
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		357,358
CASH AND CASH EQUIVALENTS, END OF YEAR	$	390,316
SUPPLEMENTAL CASH FLOW INFORMATION:		
Transfer from ARPA for capital assets	$	(118,033)
Transfer from CDBG for capital assets	$	(376,163)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$	(78,464)
Other income		3,560
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		48,198
Net change in assets and liabilities attributable to operations:		
Accounts receivable		2,236
Due from other funds		1,751
Due to other funds		50,147
Accounts payable and accrued expenses		5,530
Customer deposits		-
Net cash provided by operating activities	$	32,958

The Accompanying Notes to the Financial Statements are an integral part of this statement

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Town of Cadwell, Georgia have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to Government units. The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements. The more significant accounting policies established in GAAP and used by the Town are described below.

Reporting Entity
These financial statements present the Town of Cadwell, Georgia which is governed by an elected five-member council.

The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's council
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is a fiscal dependency by the organization on the Town

Based on the GASB criteria, the Town has no entities that qualified as discretely presented or blended component units.

Government-wide and Fund Financial Statements
The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Town has presented the following major governmental funds:

The General Fund is the general operating fund of the Town of Cadwell, Georgia. The Fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The CDBG fund accounts for activities of the Town's receipt and use of Community Development Block Grant funds.

The ARPA Fund accounts for activities of the Town's receipt and use of the State and Local Fiscal Recovery Funds received through the American Rescue Plan Act ("ARPA").

The SPLOST Capital Projects Fund accounts for capital outlay and other transactions related to the additional one-percent special local option sales tax currently in effect for Laurens County, Georgia.

The Town has presented the following non-major governmental funds:

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

Proprietary funds are accounted for using the economic resources measurement focus and accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the statement of net position. The Town has presented the following major proprietary fund:

The Water and Sewage Fund is used to account for the provisions of water and sewer services to the residents of the Town. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Measurement Focus, Basis of Accounting and Basis of Presentation

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting and Basis of Presentation, continued

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 will be collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

GASB 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and used to account for capital assets and long-term liabilities that are not reflected on the balance sheet of Governmental type funds due to the current financial resources measurement focus that they use.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Governmental activities have been consolidated in the government-wide financial statements. Total governmental funds have been combined with general capital assets and long term liabilities. The effect of interfund activity has been removed from the government-wide financial statements. Due to/from other funds have been eliminated as well as operating transfers between funds.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Assets, Liabilities and Net Position or Equity

1. Deposits – Cash includes amounts in both interest-bearing and non-interest-bearing demand deposits. State statutes authorize the Town to invest in obligations of the U.S. Treasury, obligations of the State of Georgia or any other state, obligations fully insured or guaranteed by the United States government or governmental agency, Local Government Investment Pool, commercial paper, corporate bonds, obligation of other political subdivisions of the State of Georgia, and repurchase agreements. Any bank deposits in excess of the total Federal Deposit Insurance Corporation insured amount must be secured by an equivalent amount of State or U.S. obligations.

   For purposes of the statement of cash flows, the proprietary fund's cash and cash equivalents includes a deposit account.

2. Receivables and Payables – Activity between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

   Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "interfund balances."

3. Prepaid Items - For prepaid expenditures in the government-wide and fund financial statements, the Town reports the expenditures during the benefiting period.

4. Capital Assets - Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of two years and a cost of $500 or more. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist.

   Donated capital assets are valued at their estimated fair market value on the date received. The Town maintains a capitalization threshold of any asset with more than two years of useful life.

   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

   Major outlays for capital assets and improvements are capitalized as projects are constructed. GASB Statement 37 prohibits the capitalization of interest on assets constructed for use in governmental activities. However, interest from debt not considered to be general long-term debt may be included as part of the cost of assets constructed for business-type activities. The Town follows the policy of capitalizing interest as a component of the cost of enterprise fund fixed assets constructed for its own use. The Town did not incur interest expense during the year ended December 31, 2022.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Capital Assets, continued –

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and other improvements	7-39
Infrastructure	15-20
Equipment	5-10
Vehicles	7

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

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

Fund Balance
Generally, fund balance represents the difference between the 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 Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (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 Town 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 Town Council through the approval of a motion. Only the Town Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the Town Council's intent to be used for specific purposes, but are neither restricted nor committed.

Fund Balance, continued

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The Town reports positive unassigned fund balances only in the general fund. Negative unassigned fund balances may be reported in all funds.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balances, such as grant agreements that require a dollar match. Additionally, the Town would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction or improvement of the assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted net position – This amount is all net positions that do not meet the definition of "invested in capital assets, net of related debts" or "restricted net position."

7. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

8. Deferred outflows/inflows of resources- In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The Town has no items that fell under this financial statement element.

   In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports unavailable revenues from property taxes and federal/state grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Liquidity Risk
Liquidity risk is the risk of not having sufficient liquid financial resources to meet obligations when they fall due. The Town faces significant risks threatening its ability to generate cash from revenues sufficient to pay operating expenditures. Some of the Town's largest revenue streams, such as sales taxes and grants are especially susceptible during times of major economic downturns and period of low growth.

Compliance Risk
The Town participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs prior to and/or including the year ended December 31, 2022 have not been conducted and/or completed. Accordingly, the funds compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the grant requirements will be established at some future date.

Budgets and Budgetary Accounting
Prior to year-end, the Town Clerk prepares a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. The budget so adopted may be revised during the year only by formal action of the Town Council in a regular meeting and no increase in expenditures shall be made therein without provision also being made for financing same. The Mayor is delegated to transfer sums within departments. No increase in the departmental budgets for the Town

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, continued

may be made without the approval of the Town Council and amendments to the budget. The general fund is subject to budgetary control on a department basis.

The budget for the General Fund is adopted on a basis consistent with GAAP inasmuch as encumbrances are not recorded.

During the year, the Council authorized amendments to include appropriations for activities that were not originally budgeted and to reclassify certain character and functional expenditures.

Deficit Fund Balance
The CDBG fund has a deficit fund balance of ($175).

NOTE 3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2022, none of the Town's bank balance was exposed to custodial credit risk.

State Statutes require collateral pledged in the amount of 110% of deposits. Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below:

Under the *dedicated method*, a depository shall secure the deposits of each of its public depositors separately.

Under the *pooled method*, a depository shall secure deposits of public bodies which have deposits through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposits with such depository as set forth in code Section 45-8-13.1.

The County utilized the dedicated method to secure deposits of public funds.

Additional disclosures with regards to deposits can be located in the summary of significant accounting policies under the assets, liabilities and net position or equity section.

Investments – The Town owns no investments as of December 31, 2022.

As of December 31, 2022, the Town did not have a formal investment policy.

Property and Other Taxes

Property Taxes
Property taxes for 2022 are to be levied in November 2022 on property values assessed as of January 1, 2022. Bills for one-half of the estimated levy were sent out on March 15 and due by June 30. The final bills are sent out in November with taxes due on January 15, 2023. After this date, penalties and interest are assessed by the government with active pursuance of delinquent taxes early in the following year. Liens are placed on property when taxes are delinquent more than one year from the due date.

NOTE 3. DETAILED NOTES ON ALL FUNDS, continued

Receivables

Primary Government

Receivables at December 31, 2022 for the Town's funds, including applicable allowances for uncollectible accounts, are as follows:

	General	CDBG	Non-major Funds	Enterprise Fund
Receivables:				
Taxes	$ 12,978	$ -	$ -	$ -
Intergovernmental	9,770	25,401	852	-
Accounts	-	-	-	12,960
Gross receivables	22,748	25,401	852	12,960
Less: allowance for Uncollectibles	1,548	-	-	-
Net receivables	$ 21,200	$ 25,401	$ 852	$ 12,960

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Grant drawdowns prior to meeting all eligibility requirements (ARPA Fund)	$ -	$ 77,176
Property Taxes	$ 4,539	$ -

NOTE 3. DETAILED NOTES ON ALL FUNDS, continued

A. Capital Assets

Primary Government

Capital asset activity for the year ended December 31, 2022 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets:				
Buildings and other improvements	$ 408,855	$ 19,238	$ -	$ 428,093
Infrastructure	111,025	-		111,025
Equipment	126,979	-	-	126,979
Vehicles	2,442	-	-	2,442
Total other capital assets at historical cost	649,301	19,238	-	668,539
Accumulated depreciation for:				
Buildings and other improvements	(379,029)	(7,475)	-	(386,504)
Infrastructure	(34,896)	(5,618)	-	(40,514)
Equipment	(57,227)	(12,393)	-	(69,620)
Vehicles	(2,442)	-	-	(2,442)
Total accumulated depreciation	(473,594)	(25,486)	-	(499,080)
Governmental activities capital assets, net	$ 175,707	$ (6,248)	$ -	$ 169,459
Business-type activities				
Capital assets not being depreciated -				
Land	$ 9,000	$ -	$ -	$ 9,000
Construction in progress	-	494,197	-	494,197
Total capital assets not being depreciated	9,000	494,197	-	503,197
Other capital assets:				
Water and sewer system	1,862,011	-	-	1,862,011
Equipment - water and sewer	41,040	-	-	41,040
Total other capital assets at historical cost	1,903,051	-	-	1,903,051
Accumulated depreciation for:				
Water and sewer system	(930,961)	(44,389)	-	(975,350)
Equipment - water and sewer	(26,243)	(3,809)	-	(30,052)
Total accumulated depreciation	(957,204)	(48,198)	-	(1,005,402)
Other capital assets, net	945,847	(48,198)	-	897,649
Business-type activities capital assets, net	$ 954,847	$ 445,999	$ -	$ 1,400,846

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

Total general government function depreciation expense	$ 25,486
Total water and sewer service function depreciation expense	$ 48,198

NOTE 3. DETAILED NOTES ON ALL FUNDS, continued

Due from Other Governments

Amounts due from other Governmental entities at December 31, 2022 are as follows:

	Federal	State	Total
Major Funds:			
General Fund	$ -	$ 9,770	$ 9,770
CDBG Fund	25,401	-	25,401
Nonmajor Funds:			
TSPLOST Discretionary Fund	-	852	852
Total	$25,401	$10,622	$ 36,023

Interfund Receivables and Payables

Generally, outstanding balances between funds reported as due to/from other funds include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding, and other miscellaneous receivables and payables between funds. As of December 31, 2022, the composition of interfund balances, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	$ 50,147
General Fund	CDBG Fund	500
		$ 50,647

Fund Transferred From:	Fund Transferred To:	Amount
ARPA	Water Fund	$ 376,164
CDBG	Water Fund	118,032
Total		$ 494,196

NOTE 4. OTHER INFORMATION

Risk Management – Claims and Judgments

The Town of Cadwell is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town joined the Georgia Interlocal Risk Management Agency on November 30, 1987. This membership allows the Town to share liability, crime, motor vehicle and property damage risks. Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency ("GIRMA") is a municipal interlocal risk management agency organized to function as an unincorporated nonprofit instrumentality of its member municipalities. GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect, in accordance with the member government contract and related coverage descriptions, any member of GIRMA against liability or loss.

NOTE 4. OTHER INFORMATION, continued

The Town of Cadwell must participate at all times in at least one fund that is established by GIRMA. Other responsibilities of the Town are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agent's reasonable access to all facilities of the Town and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA to represent the Town in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Town within the scope of loss protection furnished by the Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the Town.
- To furnish full cooperation to GIRMA's attorneys claims adjusters, Service Company and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the Town participates.

The Town of Cadwell retains the first $1,000 of each risk of loss in the form of a deductible. The Town files all claims with GIRMA. GIRMA bills the Town for any risk of loss up to the $1,000 deductible. The basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the Town of Cadwell became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

NOTE 4. OTHER INFORMATION, continued

Risk Management – Claims and Judgments, continued

The Town is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The Town is also to allow the pool's agents and attorneys to represent the Town in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Town within the scope of loss protection furnished by the funds.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The fund is to pay all costs against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Subsequent Events

The Town performed an evaluation of subsequent events through October 12, 2023, the date upon which the Town's financial statements were available for issue. The Town has not evaluated subsequent events after this date.

Required Supplementary Information Other Than
Management's Discussion and Analysis

TOWN OF CADWELL, GEORGIA

EXHIBIT 10

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
REVENUES				
Taxes	$ 142,240	$ 142,240	$ 170,570	$ 28,330
Licenses and permits	18,700	18,700	1,890	(16,810)
Intergovernmental	6,600	6,600	9,744	3,144
Other revenues	6,600	6,600	4,644	(1,956)
Interest income	340	340	589	249
Total revenues	174,480	174,480	187,437	12,957
EXPENDITURES				
General government	121,000	121,000	81,136	39,864
Public works	45,230	45,230	-	45,230
Public safety	8,250	8,250	-	8,250
Total expenditures	174,480	174,480	81,136	93,344
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	106,301	106,301
NET CHANGE IN FUND BALANCE	-	-	106,301	106,301
FUND DEFICIT, BEGINNING	(6,393)	(6,393)	(6,393)	-
FUND BALANCE, ENDING	$ (6,393)	$ (6,393)	$ 99,908	$ 106,301

TOWN OF CADWELL, GEORGIA

EXHIBIT 11

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ARPA FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ -	$ 124,221	$ 124,221
Total revenues	-	-	124,221	124,221
EXPENDITURES				
General government	-	-	6,189	(6,189)
Total expenditures	-	-	6,189	(6,189)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	118,032	118,032
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	(118,032)	(118,032)
Total other financing sources (uses)	-	-	(118,032)	(118,032)
FUND BALANCE, BEGINNING	-	-	-	-
FUND BALANCE, ENDING	$ -	$ -	$ -	$ -

Other Supplementary Information

NON-MAJOR GOVERNMENTAL FUNDS

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

- TSPLOST Discretionary Fund accounts for the resources restricted for various road projects.

TOWN OF CADWELL, GEORGIA

EXHIBIT 12

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	TSPLOST Discretionary Fund	Total Non-Major Funds
ASSETS		
Cash	$ 8,842	$ 8,842
Intergovernmental receivable	852	852
Total Assets	$ 9,694	$ 9,694
LIABILITY AND FUND BALANCE		
Liability	$ -	$ -
Fund Balance:		
Restricted for capital projects	-	-
Restricted for special programs	9,694	9,694
Total Liability and Fund Balance	$ 9,694	$ 9,694

TOWN OF CADWELL, GEORGIA

EXHIBIT 13

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2022

	TSPLOST Discretionary Fund	Total Non-Major Fund
REVENUES		
Taxes	$ 8,864	$ 8,864
Total revenues	8,864	8,864
EXPENDITURES		
Public Works	-	-
Total expenditures	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,864	8,864
FUND BALANCE, BEGINNING	830	830
FUND BALANCE, ENDING	$ 9,694	$ 9,694

TOWN OF CADWELL, GEORGIA

EXHIBIT 14

BUDGETARY COMPARISON SCHEDULE
TSPLOST DISCRETIONARY FUND
YEAR ENDED DECEMBER 31, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	$ -	$ 8,864	$ 8,864
Total revenues	-	8,864	8,864
EXPENDITURES			
Public works	-	-	-
Total expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	8,864	8,864
FUND BALANCE, BEGINNING	-	830	830
FUND BALANCE, ENDING	$ -	$ 9,694	$ 9,694

OTHER REPORTS

Symphona

Where everything connects

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 Honorable Mayor and Town Council
Town of Cadwell, 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, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Cadwell, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Cadwell, Georgia's basic financial statements and have issued our report thereon dated October 12, 2023.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described as 2022-1 and 2022-2 in the accompanying schedule of findings and responses to be material weaknesses.

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. We consider the deficiencies described as 2022-3 and 2022-4 in the accompany schedule of findings and responses to be significant deficiencies.

Compliance and Other Matters

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

The Town of Cadwell, Georgia's Response to Findings

The Town of Cadwell, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Cadwell, Georgia'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.

Symphona LLP

October 12, 2023
Dublin, Georgia

TOWN OF CADWELL, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022

FINDINGS AND RESPONSES - FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS:

2022-1 Improper Segregation of Duties

Condition: Due to the limited number of personnel, overlapping of duties exists in the Town's operations primarily in the areas of cash receipts and disbursements.

Criteria: Internal controls should be in place that provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

Effect: Failure to properly segregate duties between recording, processing and reconciliation of cash accounts can lead to misappropriations of funds that are not detected during the normal course of business.

Recommendation: The duties of recording, processing and reconciliation of cash accounts should be segregated between employees.

Response/Corrective Action Plan: We concur with the recommendation. The Cadwell Town Council members are working on this area to evaluate and determine the most efficient and effective solution to properly segregate duties between recording, processing and reconciliation of cash accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

2022-2 Account and Transaction Recording

Condition: Certain audit adjustments were required to fairly state the balances on general ledger accounts at the end of the accounting period.

Criteria: Accounts should be properly adjusted and reconciled to ensure that the financial statements are presented fairly at the end of the accounting period.

Effect: Failure to properly record transactions and reconcile accounts could cause the financial statements to not be fairly stated at the end of the accounting period.

Recommendation: Management should establish policies and procedures to assist the Town in fairly stating the balances of accounts at the end of the accounting period.

Response/Corrective Action Plan: We concur with the recommendation. We will review procedures in place to ensure that account balances are fairly stated at the end of the accounting period.

TOWN OF CADWELL, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022

SIGNIFICANT DEFICIENCY:

2022-3 Budget

Condition: No budget was adopted for the ARPA, CDBG, SPLOST, or TSPLOST funds as required by law.

Criteria: A balanced legal budget should be formulated and adopted for all Governmental Fund Types including all Special Revenue Funds.

Effect: Georgia State Law requires that balanced budgets be adopted for all Governmental Fund Types therefore, the lack of a balanced budget is a violation of State Law. Failure to properly budget the Town's revenues and expenditures could lead to future cash flow problems.

Recommendation: During the budget process, we recommend the Mayor verify that an approved, sufficient budget has been prepared for all Governmental Fund Types.

Response/Corrective Action Plan: We concur with the recommendation. We will continue reviewing the budgeting process in order to provide a better monitoring system of the City's cash flows, as well as establish a balanced budget for all Governmental Fund Types.

2022-4 Controls over Cash

Condition: We noted a check with only one signature clearing the bank when the Town's policy is for two signatures to be on all checks.

Criteria: Management should establish policies and procedures to ensure the internal controls put in place are functioning properly.

Effect: Failure to properly maintain dual signatures on checks heightens the risk for misappropriation and/or fraud to go undetected.

Recommendation: All checks should have two signatures.

Response/Corrective Action Plan: We concur with the recommendation. We will review procedures in place to ensure the internal controls such as requiring dual-signatures on checks are functioning properly.

OTHER INFORMATION

TOWN OF CADWELL, GEORGIA

EXHIBT 15

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
YEAR ENDED DECEMBER 31, 2022

Project Description Per SPLOST Referendum	Estimated Cost Original	Expenditures Prior Years	Current Year	Total
Special-Purpose Local Option Sales Tax 2024: Roads, bridges, transportation and capital improvements, water and sewer infrastructure				
Total SPLOST 2024	$ 100,000	$ 25,946	$ 24,711	$ 50,657

In 2017, the voters of Laurens County passed a special purpose sales tax which went into effect July 1, 2018 and will end June 30, 2024. A total of 0.1% of the collections is remitted by Laurens County to the Town of Cadwell on a monthly basis. The purpose of this tax is to be used by the Town of Cadwell for capital outlay related to roads, bridges, transportation, capital improvements, and water and sewer infrastructure. The unexpended proceeds are currently being held by the Town of Cadwell in the 2024 SPLOST Fund.