TOWN OF CADWELL, GEORGIA

Report to Clifton Smith, Mayor
October 12, 2023

TOWN OF CADWELL
1006 Coleman Street
CADWELL, GA 31009

October 12, 2023

Symphona LLP
1004 Hillcrest Parkway
Dublin, GA 31021

This representation letter is provided in connection with your audit of the basic financial statements of Town of Cadwell, Georgia as of and for the year ended December 31, 2022 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of October 12, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 20, 2023 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. The methods, data, and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

6. We did not consult an attorney for litigation purposes.

7. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statements.

8. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

9. We have informed you of all uncorrected misstatements.

   As of and for the year ended December 31, 2022, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the opinion units of the basic financial statements For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probably that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Opinion Unit: General Fund

Description	Assets	Liabilities	Equity	Revenue	Expenses	Net Income (Loss)
Unrecorded misstatements - factual						
40 [12/31/2022] - To properly record balances of property tax receivable and revenue	801	-	-	(1,281)	480	(801)
Unrecorded misstatements - projected						
None present						
Unrecorded misstatements - judgmental						
None present						
Total uncorrected misstatements	**801**	-	-	**(1,281)**	**480**	**(801)**
Cumulative net position and fund balance misstatements			(801)			

Information Provided

10. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;

    b. Additional information that you have requested from us for the purpose of the audit;

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and

    d. Minutes of the meetings of the governing board[s] and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

11. All transactions have been recorded in the accounting records and are reflected in the financial statements.

12. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:

    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the financial statements.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Town's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.

15. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.

16. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

17. We have disclosed to you the identity of the Town's related parties and all the related-party relationships and transactions of which we are aware.

18. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Town's ability to record, process, summarize and report financial data.

19. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

21. With respect to combining and individual non-major fund financial statements and the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds presented in relation to the financial statements as a whole:

    a. We acknowledge our responsibility for the presentation of such information.

    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

1. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

2. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.

3. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

4. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.

5. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.

6. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

7. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.

8. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.

9. Has a process to track the status of audit findings and recommendations.

10. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.

11. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

12. We have reviewed the financial statements and all proposed adjusting journal entries and we hereby approve the financial statements and proposed auditor adjustments.

Town of Cadwell, Georgia

Clifton Smith, Mayor

EXHIBIT B

Significant Written Communications Between Management and Our Firm

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Clifton Smith, Mayor
Town of Cadwell
P.O. Box 121
Cadwell, GA 31009

Attention: Clifton Smith, Mayor

We are pleased to present this report related to our audit of the basic financial statements of the Town of Cadwell, Georgia (the Town) as of and for the year ended December 31, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Town of Cadwell, Georgia's financial reporting process.

This report is intended solely for the information and use of the Mayor and Council, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Town of Cadwell, Georgia.

Symphona LLP

Dublin, GA
October 12, 2023

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REQUIRED COMMUNICATIONS

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With* Governance) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under 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 have been described to you in our arrangement letter dated January 20, 2023. Our audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated February 21, 2023 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices
Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies
Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Town. The Town did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant Unusual Transactions
We did not identify any significant unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates
Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates".

Audit Adjustments and Uncorrected Misstatements

Audit Adjustments
Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the Town are shown in the attached "Summary of Recorded Audit Adjustments".

Uncorrected Misstatements
Uncorrected misstatements are summarized in the attached "Summary of Uncorrected Misstatements".

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Observations About the Audit Process

Disagreements With Management
We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements..

Consultations With Other Accountants
We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management
No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit
We did not encounter any significant difficulties in dealing with management during the audit.

Letter Communicating Significant Deficiencies and Material Weaknesses in Internal Control Over Financial Reporting
We have separately communicated the significant deficiencies and material weaknesses in internal control over financial reporting identified during our audit of the basis financial statements, and this communication is attached as Exhibit A.

Significant Written Communications Between Management and Our Firm

Copies of material written communications between our firm and the management of the Town, including the representation letter provided to us by management, are attached as Exhibit B.

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SUMMARY OF RECORDED AUDIT ADJUSTMENTS

General Fund:

Description	Assets	Liabilities	Equity	Revenue	Expenses	Net Income (Loss)
Corrected						
3 [12/31/2022] - To reverse the receivable entry made in 2021 for LOST	(7,871)	-	-	7,871	-	7,871
4 [12/31/2022] - To record Current Year LOST Receivable	9,770	-	-	(9,770)	-	(9,770)
6 [12/31/2022] - Reverse entry made from last year - AJE1 PY	-	400	(400)	-	-	-
7 [12/31/2022] - General Fund - To move invoices posted in 2023 that should have been 2022	-	(183)	-	-	183	183
9 [12/31/2022] - Prior period adjustment to correct items that where not properly updated in 2021	(13,318)	2,362	2,059	8,897	-	8,897
12 [12/31/2022] - To remove TSPLOST balances from GF	(8,842)	-	-	8,842	-	8,842
13 [12/31/2022] - To correct TSPLOST balances in the GF - client double posted $777.44 June deposit through an unbalanced entry and revenue balance includes $727 deposit on 12/31/21 recorded in PY.	(727)	-	-	1,504	(777)	727
22 [12/31/2022] - To move Payroll expenses to Water Fund	50,147	-	-	-	(50,147)	(50,147)
24 [12/31/2022] - To correct opening balance of Property Tax Receivable.	5,393	-	(5,393)	-	-	-
25 [12/31/2022] - To Defer insurance fees collected in December 2022, but where for 2023.	-	(390)	-	390	-	390
26 [12/31/2022] - To record 2023 Prepaid insurance that was misclassified as an expense in 2022	2,199	-	-	-	(2,199)	(2,199)
35 [12/31/2022] - To appropriately record revenue Received from Laurens Co. Tax Comm. for Motor Vehicle Taxes.	-	-	-	-	-	-
36 [12/31/2022] - To correct opening balance of Fund balance for General Fund.	-	-	(152)	152	-	152
39 [12/31/2022] - To properly record property tax balances	(5,651)	-	2,530	-	3,121	3,121
42 [12/31/2022] - to record deferred tax revenue	-	(4,149)	-	4,149	-	4,149
Total corrected adjusting journal entries	**31,100**	**(1,960)**	**(1,356)**	**22,035**	**(49,819)**	**(27,784)**
Cumulative equity misstatements			(29,140)			

Water Fund:

Description	Assets	Liabilities	Equity	Revenue	Expenses	Net Income (Loss)
Corrected						
8 [12/31/2022] - Water Fund - to move invoices from 2023 to 2022	-	(2,913)	-	-	2,913	2,913
9 [12/31/2022] - Prior period adjustment to correct items that where not properly updated in 2021	-	848	(848)	-	-	-
15 [12/31/2022] - To make entry recorded by previous auditor to correct the prior period balance.	(8,778)	-	8,778	-	-	-
20 [12/31/2022] - To correct opening balance of Accounts receivable for Water Fund.	12,143	-	(12,143)	-	-	-
21 [12/31/2022] - To correct balance of Accounts receivable based on procedures performed on rollforward wkp.	532	-	-	(532)	-	(532)
23 [12/31/2022] - To move Payroll expenses to Water Fund	-	(50,147)	-	-	50,147	50,147
27 [12/31/2022] - To break out Water Fund Revenue	-	-	-	-	-	-
28 [12/31/2022] - To record preior year depreciation for Water Fund	(48,001)	-	48,001	-	-	-
29 [12/31/2022] - To record Current Year Depreciation Expense for Water Fund	(48,198)	-	-	-	48,198	48,198
30 [12/31/2022] - To correct opening balance of Fund balance for Water Fund	-	-	(2,355)	2,355	-	2,355
31 [12/31/2022] - To transfer CDBG and ARPA Expenses to the Water and Sewer Fund to be capitalized.	419,620	-	-	(419,620)	-	(419,620)
32 [12/31/2022] - To record Accounts Payable for CDBG and ARPA and to record transfer of expenses to Water. And to record additional revenue related to the CDBG Grant Accounts Payable	74,577	-	-	(74,577)	-	(74,577)
33 [12/31/2022] - To properly present the opening balance of Contributed Capital to agree to Beginning net Fixed Assets.	-	-	-	-	-	-
34 [12/31/2022] - To correct opening balance of Water Deposits	-	18,343	(18,343)	-	-	-
37 [12/31/2022] - Prior period adjustment to remove balance of loan paid off in 2021	-	(831)	831	-	-	-
38 [12/31/2022] - To correct balance due to General Fund.	-	(1,972)	-	-	1,972	1,972
Total corrected adjusting journal entries	**401,895**	**(36,672)**	**23,921**	**(492,374)**	**103,230**	**(389,144)**
Cumulative equity misstatements			(365,223)			

ARPA Fund:

Description	Assets	Liabilities	Equity	Revenue	Expenses	Net Income (Loss)
Corrected						
11 [12/31/2022] - To properly Close out 2021 Income statements balances.	-	-	-	159	(159)	-
31 [12/31/2022] - To transfer CDBG and ARPA Expenses to the Water and Sewer Fund to be capitalized.	-	-	-	-	-	-
32 [12/31/2022] - To record Accounts Payable for CDBG and ARPA and to record transfer of expenses to Water. And to record additional revenue related to the CDBG Grant Accounts Payable	-	(49,175)	-	-	49,175	49,175
Total corrected adjusting journal entries	-	**(49,175)**	-	**159**	**49,016**	**49,175**
Cumulative equity misstatements			49,175			

CDBG Fund:

Description	Assets	Liabilities	Equity	Revenue	Expenses	Net Income (Loss)
Corrected						
2 [12/31/2022] - To Correct an entry that was double recorded.	-	-	-	306,284	(306,284)	-
10 [12/31/2022] - To properly close out CDBG 2021 Balances	-	-	175	(175)	-	(175)
14 [12/31/2022] - To record revenue and expenses that where recorded in ARPA Fund	-	-	-	(4,224)	4,224	-
31 [12/31/2022] - To transfer CDBG and ARPA Expenses to the Water and Sewer Fund to be capitalized.	-	-	-	-	-	-
32 [12/31/2022] - To record Accounts Payable for CDBG and ARPA and to record transfer of expenses to Water. And to record additional revenue related to the CDBG Grant Accounts Payable	25,401	(25,401)	-	(25,401)	25,401	-
Total corrected adjusting journal entries	**25,401**	**(25,401)**	**175**	**276,484**	**(276,659)**	**(175)**
Cumulative equity misstatements			-			

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TSPLOST Fund:

Description	Assets	Liabilities	Equity	Revenue	Expenses	Net Income (Loss)
Corrected						
16 [12/31/2022] - To record TSPLOST balances $727 receivable balance recorded on PY balance sheet was actually deposit made on 12/31/21 for November 2021 disbursements that should have been recorded in the cash account. Opening balance adjustment made at AJE 16 to properly record PY receivable balance at 12/31/21.	8,842	-	-	(8,842)	-	(8,842)
17 [12/31/2022] - To correct beginning receivable balance in TSPLOST fund. No receivable recorded by client in PY.	830	-	(830)	-	-	-
18 [12/31/2022] - To reverse prior year receivable entry and record current year receivable for TSPLOST	22	-	-	(22)	-	(22)
Total corrected adjusting journal entries	**9,694**	-	**(830)**	**(8,864)**	-	**(8,864)**
Cumulative equity misstatements			(9,694)			

SUMMARY OF UNCORRECTED MISSTATEMENTS

General Fund:

Description	Assets	Liabilities	Equity	Revenue	Expenses	Net Income (Loss)
Unrecorded misstatements - factual						
40 [12/31/2022] - To properly record balances of property tax receivable and revenue	801	-	-	(1,281)	480	(801)
Unrecorded misstatements - projected						
None present						
Unrecorded misstatements - judgmental						
None present						
Total uncorrected misstatements	**801**	-	-	**(1,281)**	**480**	**(801)**
Cumulative net position and fund balance misstatements			(801)			

EXHIBIT A

Letter(s) Communicating Significant Deficiencies and Material Weaknesses in Internal Control Over Financial Reporting

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Where everything connects

October 12, 2023

Town of Cadwell
P.O. Box 121
Cadwell, GA 31009

In planning and performing our audit of the basic financial statements of the Town of Cadwell, Georgia (the Town) as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be 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 following deficiencies in the Town of Cadwell, Georgia's internal control to be material weaknesses:

Material Weakness #1 – 2022-1 Improper Segregation of Duties

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

Material Weakness #2 - 2022-2 Account and Transaction Recording

Certain audit adjustments were required to fairly state the balances on general ledger accounts at the end of the accounting period. Accounts should be properly adjusted and reconciled to ensure that the financial statements are presented fairly at the end of the accounting period. 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. Management should establish policies and procedures to assist the Town in fairly stating the balances of accounts at the end of the accounting period.

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We consider the following deficiencies in the Town of Cadwell, Georgia's internal control to be significant deficiencies.

Significant Deficiency #1 - 2022-3 Budget

No budget was adopted for the ARPA, CDBG, SPLOST, or TSPLOST funds as required by law. A balanced legal budget should be formulated and adopted for all Governmental Fund Types including all Special Revenue Funds. 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. During the budget process, we recommend the Mayor verify that an approved, sufficient budget has been prepared for all Governmental Fund Types.

Significant Deficiency #2 - 2022-4 Controls over Cash

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. Management should establish policies and procedures to ensure the internal controls put in place are functioning properly. Failure to properly maintain dual signatures on checks heightens the risk for misappropriation and/or fraud to go undetected.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing and results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Sincerely,

Symphona LLP.