TOWN OF
WAVERLY HALL, GEORGIA

FINANCIAL STATEMENTS

Year Ended June 30, 2021

AJK

TOWN OF WAVERLY HALL, GEORGIA
FINANCIAL STATEMENTS
Year Ended June 30, 2021

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AJK

AJK, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council
Town of Waverly Hall
Waverly Hall, Georgia 31831

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Waverly Hall, Georgia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Waverly Hall, Georgia'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, the business-type activities, each major fund, and the aggregate remaining fund information, and the respective budgetary comparison for the General Fund and TIA Fund of the Town of Waverly Hall, Georgia, as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

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 opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Waverly Hall, Georgia's basic financial statements. The other supplemental information consists of the Schedule of Special Purpose Sales Tax and Use Tax and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Schedule of Special Purpose Sales Tax and Use Tax is 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 December 9, 2021, on our consideration of the Town of Waverly Hall, 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 Waverly Hall, Georgia'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 Town of Waverly Hall, Georgia's internal control over financial reporting and compliance.

AJK, LLC
Manchester, Georgia
December 9, 2021

TOWN OF WAVERLY HALL, GEORGIA
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 648,624	$ 85,128	$ 733,752
Receivables (net, where applicable, of allowance for uncollectibles):			
Property taxes	1,164		1,164
Sales taxes	30,793		30,793
Accounts	15,661	26,404	42,065
Prepaid items	7,882		7,882
Internal balance	(797)	797	-
Capital assets, not being depreciated	751,335		751,335
Capital assets, net of depreciation	1,256,154	565,352	1,821,506
Total assets	2,710,816	677,681	3,388,497
Liabilities			
Accounts payable	17,393	975	18,368
Accrued liabilities	5,162		5,162
Unearned revenue	83,457		83,457
Customer deposits		13,210	13,210
Long-term debt:			
Due within one year	8,930	23,684	32,614
Due in more than one year	30,430	242,051	272,481
Total liabilities	145,372	279,920	425,292
Net Position			
Net investment in capital assets	1,968,129	299,617	2,267,746
Restricted for:			
Capital projects	284,828		284,828
Public works	95,184		95,184
Unrestricted	217,303	98,144	315,447
Total net position	$ 2,565,444	$ 397,761	$ 2,963,205

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

TOWN OF WAVERLY HALL, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services, Fees Fines and Forfeitures	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 276,727	$ 12,929	$ 2,500		$ (261,298)		$ (261,298)
Public safety	354,126		89,152	$ 10,000	(254,974)		(254,974)
Judicial	77,381				(77,381)		(77,381)
Public works	47,814	128,916		139,662	220,764		220,764
Public welfare	3,973				(3,973)		(3,973)
Culture and recreation	40,770				(40,770)		(40,770)
Interest paid on long-term debt	2,387				(2,387)		(2,387)
Total governmental activities	803,178	141,845	91,652	149,662	(420,019)		(420,019)
Business-type activities:							
Water	203,051	202,334				$ (717)	(717)
Total business-type activities	203,051	202,334				(717)	(717)
Total primary government	$ 1,006,229	$ 344,179	$ 91,652	$ 149,662	(420,019)	(717)	(420,736)
General revenues:							
Taxes:							
Property					135,042		135,042
Sales					230,653		230,653
Franchise					40,904		40,904
Insurance premium					59,029		59,029
Other					34,390		34,390
Interest income					275		275
Gain on sale of capital assets						11,145	11,145
Miscellaneous					94,578		94,578
Transfers					(102,206)	102,206	-
Total general revenues and transfers					492,665	113,351	606,016
Change in net position					72,646	112,634	185,280
Net position - Beginning (restated)					2,492,798	285,127	2,777,925
Net position - Ending					$ 2,565,444	$ 397,761	$ 2,963,205

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

TOWN OF WAVERLY HALL, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	Major Governmental Fund Types			Nonmajor Governmental Fund Types	
	General	SPLOST	TIA	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 228,915	$ 273,268	$ 146,441		$ 648,624
Receivables (net, where applicable of allowances for uncollectibles):					
Property taxes	1,164				1,164
Sales taxes	18,740	10,037	2,016		30,793
Accounts	15,661				15,661
Due from other funds		1,523			1,523
Prepaid items	7,882				7,882
Total assets	$ 272,362	$ 284,828	$ 148,457	$ -	$ 705,647
Liabilities					
Accounts payable	$ 17,393				$ 17,393
Accrued liabilities	5,162				5,162
Due to other funds	2,320				2,320
Unearned revenue	30,184		$ 53,273		83,457
Total liabilities	55,059	$ -	53,273	$ -	108,332
Fund Balances					
Fund balances:					
Nonspendable- prepaid items	7,882				7,882
Restricted for:					
Capital projects		284,828			284,828
Public works			95,184		95,184
Unassigned	209,421				209,421
Total fund balances	217,303	284,828	95,184	-	597,315
Total liabilities and fund balances	$ 272,362	$ 284,828	$ 148,457	$ -	$ 705,647

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

TOWN OF WAVERLY HALL, GEORGIA
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION
June 30, 2021

Fund balances - Total governmental funds	$ 597,315
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:	
Add - Capital assets	3,253,120
Deduct - Accumulated depreciation	(1,245,631)
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position.	
General obligation bonds payable	(39,360)
Net position of governmental activities	$ 2,565,444

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

TOWN OF WAVERLY HALL, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	Major Governmental Fund Types			Nonmajor Governmental Fund Type	
	General	SPLOST	TIA	Debit Service Fund	Total Governmental Funds
Revenues:					
Taxes:					
Property	$ 135,042				$ 135,042
Sales	204,992		$ 25,661		230,653
Franchise	40,904				40,904
Insurance premium	59,029				59,029
Other	34,390				34,390
Licenses and permits	10,224				10,224
Intergovernmental	23,894	$ 139,111			163,005
Grants and subsidies	75,258				75,258
Fees, fines and forfeitures	128,916				128,916
Investment income	51	551	224		826
Donations	2,500				2,500
Other revenue	97,283				97,283
Total revenues	812,483	139,662	25,885	$ -	978,030
Expenditures:					
Current:					
General government	262,540				262,540
Judicial	77,381				77,381
Public safety	282,644				282,644
Public works	46,497		12		46,509
Public welfare	3,973				3,973
Culture and recreation	6,676				6,676
Capital Outlay:					
General government	6,117				6,117
Public safety	10,688				10,688
Culture and recreation		40,788			40,788
Debt Service:					
Principal	8,380				8,380
Interest	2,387				2,387
Total expenditures	707,283	40,788	12	-	748,083
Excess (deficiency) of revenues over (under) expenditures	105,200	98,874	25,873	-	229,947
Other financing sources (uses):					
Transfers in	12,814		25,132		37,946
Transfers out	(40,166)	(93,007)		(6,979)	(140,152)
Total other financing sources (uses)	(27,352)	(93,007)	25,132	(6,979)	(102,206)
Net changes in fund balances	77,848	5,867	51,005	(6,979)	127,741
Fund balances at beginning of year (restated)	139,455	278,961	44,179	6,979	469,574
Fund balances at end of year	$ 217,303	$ 284,828	$ 95,184	$ -	$ 597,315

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

TOWN OF WAVERLY HALL, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Net changes in fund balances - Total governmental funds	$ 127,741
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays. 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 by which depreciation expense ($118,098) exceeded capital outlay ($54,623) in the current period.	(63,475)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activites, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net change in the following:	
General obligation bonds payable	8,380
Change in net position of governmental activities	$ 72,646

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

TOWN OF WAVERLY HALL, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property	$ 125,500	$ 125,500	$ 135,042	$ 9,542
Sales	177,000	177,000	204,992	27,992
Franchise	43,400	43,400	40,904	(2,496)
Insurance premium	57,000	57,000	59,029	2,029
Other	31,750	31,750	34,390	2,640
Licenses and permits	8,900	8,900	10,224	1,324
Intergovernmental	13,894	13,894	23,894	10,000
Grants and subsidies	-	-	75,258	75,258
Fees, fines and forfeitures	230,000	230,000	128,916	(101,084)
Investment income	600	600	51	(549)
Donations	-	-	2,500	2,500
Other revenue	3,100	3,100	97,283	94,183
Total revenues	691,144	691,144	812,483	121,339
Expenditures:				
Current:				
General government:				
Mayor and council	9,000	9,000	9,200	(200)
Administration	94,920	87,220	95,201	(7,981)
Financial administration	24,000	24,000	25,146	(1,146)
Elections	-	-	127	(127)
General government	69,842	69,842	132,866	(63,024)
Total general government	197,762	190,062	262,540	(72,478)
Judicial system:				
Court	50,734	50,734	77,381	(26,647)
Public safety:				
Police	352,575	352,575	191,288	161,287
Fire	31,835	31,835	91,356	(59,521)
Total public safety	384,410	384,410	282,644	101,766
Public works:				
Streets	38,179	45,879	46,497	(618)

(Continue...)

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

TOWN OF WAVERLY HALL, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2021
(Continued)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Public welfare:				
Senior assistance	2,708	2,708	2,500	208
Community involvement			1,473	(1,473)
Total public welfare	2,708	2,708	3,973	(1,265)
Culture and recreation:				
Parks and recreation	6,700	6,700	6,676	24
Debt Service:				
Principal	8,380	8,380	8,380	-
Interest	2,271	2,271	2,387	(116)
Total debt service	10,651	10,651	10,767	(116)
Capital outlay:				
General government	-	-	6,117	(6,117)
Public safety	-	-	10,688	(10,688)
Total capital outlay	-	-	16,805	(16,805)
Total expenditures	691,144	691,144	707,283	(16,139)
Excess (deficiency) of revenues over (under) expenditures	-	-	105,200	105,200
Other financing sources (uses):				
Transfers in			12,814	12,814
Transfers out			(40,166)	(40,166)
Total other financing sources (uses	-	-	(27,352)	(27,352)
Net changes in fund balances	-	-	77,848	77,848
Fund balances at beginning of year	139,455	139,455	139,455	-
Fund balances at end of year	$ 139,455	$ 139,455	$ 217,303	$ 77,848

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

TOWN OF WAVERLY HALL, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TIA
Year Ended June 30, 2021

	Original and Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Sales tax	$ 28,433	$ 25,661	$ (2,772)
Investment income		224	224
Total revenues	28,433	25,885	(2,548)
Expenditures:			
Current:			
Public works:			
Streets	28,433	12	28,421
Total expenditures	28,433	12	28,421
Excess (deficiency) of revenues over (under) expenditures	-	25,873	25,873
Other financing sources (uses):			
Transfers in		25,132	25,132
Total other financing sources (uses)	-	25,132	25,132
Net changes in fund balances	-	51,005	51,005
Fund balances, beginning of year (restated)	44,179	44,179	-
Fund balances, end of year	$ 44,179	$ 95,184	$ 51,005

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

TOWN OF WAVERLY HALL, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-Type Activities Major Fund Type
	Water
Assets	
Current assets:	
Cash and cash equivalents	$ 85,128
Receivables (net of allowance for uncollectibles)	26,404
Due from other funds	797
Total current assets	112,329
Noncurrent assets:	
Capital assets, net of depreciation	565,352
Total noncurrent assets	565,352
Total assets	677,681
Liabilities	
Current liabilities:	
Accounts payable	975
Customer deposits	13,210
Notes payable, current portion	23,684
Total current liabilities	37,869
Noncurrent liabilities:	
Notes payable	242,051
Total noncurrent liabilities	242,051
Total liabilities	279,920
Net Position	
Net investment in capital assets	299,617
Unrestricted	98,144
Total net position	$ 397,761

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

TOWN OF WAVERLY HALL, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-Type Activities Major Fund Type
	Water
Operating revenues:	
Charges for services:	
Sales	$ 201,616
Other revenue	718
Total operating revenues	202,334
Operating expenses:	
Cost of sales and services	58,382
Administration	94,544
Contractual and other services	3,652
Depreciation	43,531
Total operating expenses	200,109
Operating income (loss)	2,225
Nonoperating revenues (expenses):	
Interest expense	(2,942)
Gain on sale of capital assets	11,145
Total nonoperating revenues (expenses)	8,203
Income (loss) before transfers	10,428
Transfers in	108,041
Transfers out	(5,835)
Change in net position	112,634
Net position, at the beginning of the year	285,127
Net position, at the end of the year	$ 397,761

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

TOWN OF WAVERLY HALL, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-Type Activities Major Fund Type	
	Water	
Cash flows from operating activities:		
Receipts from customers and users	$	182,228
Payments to employees for services		(5,289)
Payments to suppliers of goods and services		(150,622)
Net cash provided (used) by operating activities		26,317
Cash flows from noncapital financing activities:		
Transfers in		15,034
Transfers out		(5,835)
Net cash provided (used) by noncapital financing activities		9,199
Cash flows from capital and related financing activities:		
Transfers in		93,007
Proceeds from sale of assets		20,890
Purchase of capital assets		(74,428)
Principal paid on capital debt		(17,058)
Interest paid on capital debt		(2,942)
Net cash provided (used) by capital and related financing activities		19,469
Net increase (decrease) in cash and cash equivalents		54,985
Cash at beginning of year		30,143
Cash at end of year	$	85,128
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	$	2,225
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		43,531
(Increase) or decrease in:		
Accounts receivable		(7,940)
Increase (decrease) in:		
Accounts payable		667
Due to other funds		(14,066)
Customer deposits		1,900
Net cash provided (used) by operating activities	$	26,317

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Waverly Hall, Georgia (the Town) have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Town are described below.

The Town of Waverly Hall, Georgia operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, public works, development, culture, recreation, and public utilities. The Mayor and Town Council are elected by the citizens of Waverly Hall and as such have the decision-making authority over the Town.

The Town is not included in any other "reporting entity" as defined by the Governmental Accounting Standards Board. As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Based on these criteria, the Town of Waverly Hall has no component units.

A. 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 nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The 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 customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column on the governmental and proprietary fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund 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 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.

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, including property taxes, 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 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.

Property taxes, grants from other governments, charges for services 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. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

General Fund - This is the operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

SPLOST Fund - This is the capital project fund established to account for the Town's portion of SPLOST funds received from the County for the purpose of improvements or acquisition of assets or construction of major capital projects.

TIA Fund - This is a special revenue fund established to account for the Town's share of Transportation Investment Act sales tax.

The Town reports the following major proprietary fund:

Water Fund - This fund accounts for activities of the government's water activities including water supply.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water function and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

The proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town's net position is reported in three parts: 1) net investment in capital assets; 2) restricted net position; and 3) unrestricted net position. 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.

C. Budgets and Budgetary Accounting

An annual budget is legally adopted for the General Fund and Special Revenue Fund. The capital project fund representing the Special Purpose Local Option Sales Tax adopt their budget on a project length basis instead of an annual budget. The Budget Committee prepares the proposed budget, which is submitted to the Town Council for review. The Council holds a public budget hearing, and afterward adopts the official Town budget. The legal level of control (the level at which expenditures may not legally exceed the budget) is exercised by the Town Council on a departmental basis. The Council may amend the budget when unexpected modifications are required.

Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. The budget amounts shown in these financial statements include any amendments approved by the Town council during the year.

D. Cash and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition, and nonnegotiable certificates of deposit regardless of maturity.

Statutes authorize the Town to invest in obligations of the United States and its agencies and in certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation (FDIC) provided, however, that the portion of such certificates of deposit in excess of the amount insured by the FDIC is adequately collateralized.

The Town has no investments.

E. Compensated absences

Vacation and sick leave does accumulate for the Town's employees. Employees earn vacation each year on their anniversary date, but no more than 40 hours can carryforward to the next year. Terminated employees may be paid for unused vacation at retirement or other termination. Sick leave sick does not vest and is not paid upon retirement or other termination. Due to the immaterial amount and because the accrual does not exceed a normal year's accumulation, management of the Town does not accrue the liability.

F. Receivables and Payables

Activity between 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 "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectable.

G. Revenue Recognition - Property Taxes

The Town's property taxes are normally levied each October on the assessed value as of the prior January 1 for all real and business personal property located within the Town limits. Taxes are due sixty days after the levy date. Taxes not paid thirty days after the due date are considered to be delinquent.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. An allowance for uncollectible taxes is provided for delinquent taxes.

H. Inventory and Prepaid Items

Inventory is valued at the lower of cost (first-in, first-out) or market and consists of expendable supplies. The Town uses the "consumption" method to record inventory. Currently, the Town has no inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

I. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of one year. Infrastructure assets acquired or constructed after July 1, 2003 will be capitalized. Prior infrastructure assets have not been capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation plus any ancillary charges incurred to put the asset into service.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The costs of normal maintenance and repairs to all capital assets that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings	50-60 years
Improvements	10-30 years
Vehicles	5-7 years
Equipment	3-10 years
Sidewalks	40 years
Water distribution	50 years
Sewer distribution	50 years

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are 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.

K. Fund Equity

The Town has implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength to the spending constraints placed on the purpose for which resources can be used:

- **Nonspendable fund balance** – amounts that are not in a spendable form (such as inventory or prepaid items) or are required to be maintained intact;

- **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

- **Committed fund balance** – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

- **Assigned fund balance** – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

- **Unassigned fund balance** – amounts that are available for any purpose; positive amounts are reported only in the general fund.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget documentation as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for a specific purpose (such as purchase of capital assets, construction, debt service, or for other purposes). It is the Town's policy to use restricted fund balances first, assigned, followed by committed, and then unassigned amounts, respectively.

L. Deferred outflows/inflows of resources

In addition to assets, the financial statements of the Town will sometimes report a separate section for deferred outflows of resources. This separate 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 in the form of expense or expenditure until that time. Currently, the Town has no items that qualify for reporting as a deferred outflow of resources.

Also, in addition to liabilities, the financial statement of the Town will sometimes report a separate section for deferred inflows of resources. This separate 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 in the form of revenue until that time. Currently, the Town of has no items that qualify for reporting as a deferred inflow of resources.

M. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

N. Use of Estimates to Prepare Financial Statements

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

O. Subsequent Events

Subsequent events have been evaluated by management through December 9, 2021, which is the date the financial statements were available to be issued.

2. DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the Town's deposits was 733,752, which includes $183 petty cash; and the bank balance was $742,083. Of the bank balance, $494,283 was covered by federal depository insurance and $247,800 was collateralized through a multiple financial institution collateral pool.

The Town does not have a deposit policy for custodial credit risk.

3. ACCOUNTS RECEIVABLE

Property tax and Accounts (fines) receivable at June 30, 2021 in the General Fund is reported net of an allowance for doubtful accounts of $4,336 and $29,979, respectively.

Accounts receivable at June 30, 2021 in the Water Fund is reported net of an allowance for doubtful accounts of $23,933.

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	$ 713,517			$ 713,517
Construction in progress		$ 37,818		37,818
Total capital assets, not being depreciated	713,517	37,818	$ -	751,335
Capital assets being depreciated:				
Improvements	586,133			586,133
Buildings	959,397			959,397
Equipment	680,502	16,805	(23,239)	674,068
Vehicles	333,687		(51,500)	282,187
Total capital assets being depreciated	2,559,719	16,805	(74,739)	2,501,785
Less, accumulated depreciation for:				
Improvements	(132,308)	(29,215)		(161,523)
Buildings	(357,804)	(19,829)		(377,633)
Equipment	(441,924)	(46,385)	23,239	(465,070)
Vehicles	(270,236)	(22,669)	51,500	(241,405)
Total accumulated depreciation	(1,202,272)	(118,098)	74,739	(1,245,631)
Total capital assets being depreciated, net	1,357,447	(101,293)	-	1,256,154
Total governmental activities capital assets, net	$ 2,070,964	$ (63,475)	$ -	$2,007,489
Business-Type Activities				
Capital assets being depreciated:				
Buildings	$ 14,894			$ 14,894
Vehicles	50,618		$ (24,364)	26,254
Equipment	111,336	$ 74,428	(21,141)	164,623
Water distribution system	1,004,205			1,004,205
Sewerage treatment plant	113,778			113,778
Total capital assets being depreciated	1,294,831	74,428	(45,505)	1,323,754
Less, accumulated depreciation for:				
Buildings	(10,980)	(745)		(11,725)
Vehicles	(32,713)	(5,562)	14,619	(23,656)
Equipment	(84,439)	(13,552)	21,141	(76,850)
Water distribution system	(508,722)	(23,672)		(532,394)
Sewerage treatment plant	(113,777)			(113,777)
Total accumulated depreciation	(750,631)	(43,531)	35,760	(758,402)
Total business-type activities capital assets, net	$ 544,200	$ 30,897	$ (9,745)	$ 565,352

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

Governmental activities:	
General government	$ 14,187
Public safety	71,482
Public works	1,305
Culture and recreation	31,124
Total depreciation expense - Governmental activities	$ 118,098
Business-type activities:	
Water	$ 43,531

4. LONG-TERM DEBT

A. General Obligation Bonds

In 1996, the Town issued general obligation bonds in the amount of $150,000 to finance construction of a fire department building. Bonds are payable in annual installments including interest. The bonds are paid from General Fund revenues including an annual stipend from Harris County, and are backed by the full faith and credit of the Town.

Direct placement general obligation bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Construction of Fire Department Building	5.00%	$ 39,360

General obligation bond debt service requirements maturity are as follows:

	Principal	Interest
Year ending June 30:		
2022	$ 8,930	$ 1,968
2023	9,510	1,522
2024	10,130	1,046
2025	10,790	540
	$ 39,360	$ 5,076

B. Notes Payable

During the year ended June 30, 2015, the Town entered into a direct borrowing note payable agreement with the Georgia Environmental Finance Authority (GEFA) to finance water system improvements. The original amount of this note was $385,000, it is payable in monthly installments of $1,968 including interest at 2.13%, and it is being repaid through Water Fund revenue. Notes payable are direct obligations of the Town and pledge the full faith and credit of the Town.

Purpose	Interest Rates	Amount
Water system improvements	2.13%	$ 265,735

Debt service requirements to maturity on the note is as follows:

Year ending June 30:	Principal	Interest
2022	$ 23,684	$ 5,397
2023	18,647	4,974
2024	19,048	4,573
2025	19,457	4,164
2026	19,876	3,745
2027-2031	105,979	12,126
2032-2034	59,044	1,684
	$ 265,735	$ 36,663

The GEFA notes require the debt service coverage ratio to be at least 1.05 times the debt service requirement in the current sinking fund year. The debt service coverage ratio calculation for the year ended June 30, 2021 is as follows:

Operating revenues	$ 202,334
Operating expenses*	(156,578)
SPLOST transfers in	93,007
Nonoperating revenues (expenses)**	11,145
Income available for debt service	$ 149,908
Debt service, principal and interest paid (GEFA notes only)	$ 20,000
Debt service coverage ratio	7.495

* Per rate covenants, this does not include the depreciation expense of $43,531.
** Per rate covenants, this does not include GEFA notes interest paid of $2,942.

C. Changes in Long-Term Debt

Long-term debt activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
General obligation bonds	$ 47,740	$ -	$ (8,380)	$ 39,360	$ 8,930
Governmental activity long-term liabilities	$ 47,740	$ -	$ (8,380)	$ 39,360	$ 8,930
Business-type activities:					
Notes payable	$ 282,793	$ -	$ (17,058)	$ 265,735	$ 23,684
Business-type activities long-term liabilities	$ 282,793	$ -	$ (17,058)	$ 265,735	$ 23,684

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

Due to/from other funds:

	Receivable Fund		
Payable Fund	SPLOST Fund	Water Fund	Total
General Fund	$ 1,523	$ 797	$ 2,320
	$ 1,523	$ 797	$ 2,320

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 to supplement operations outstanding at year end and other miscellaneous receivables/payables between funds. All due to/from balances are expected to be repaid within one year.

Transfers represent flows of cash or goods from one fund to another without a requirement for repayment and to supplement operations. These transfers were as follows:

	Transfer In			
Transfers out:	General Fund	TIA Fund	Water Fund	Total
General Fund		$ 25,132	$ 15,034	$ 40,166
SPLOST Fund			93,007	93,007
Water Fund	$ 5,835			5,835
Nonmajor governmental Fund	6,979			6,979
	$ 12,814	$ 25,132	$ 108,041	$ 145,987

7. PENSION AND OTHER RETIREMENT PLANS

Effective July 18, 2019, town employees may elect to participate in a pre-tax 457 defined contribution program, which is administered by Yoya Financial. This plan covers full time employees who work at least thirty hours of service per week. Under the plan, the Town contributes 1% of participating employee's compensation. The Town also matches deferrals up to a maximum of 5%. The Town's contribution for the year ended June 30, 2021, was $6,457. Approximately five employees participated in the plan for year ending June 30, 2021.

8. RISK MANAGEMENT

The Town is exposed to various forms of risk of loss to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all of these categories except natural disasters, for which the Town is self-insured. Because of no recent history or loss from natural disasters, no estimated liability has been recorded.

There have been no decreases in insurance coverage from the prior year. Settled claims have not exceeded excess coverage in any of the past three years.

The Town is also a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As a part of this risk pool, 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 and 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 fund.

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 cost taxed 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.

9. COMMITMENTS AND CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The Town does not contribute to state unemployment funds. Instead, the Town directly reimburses the State for unemployment benefits actually paid during each year. At June 30, 2021, there were no unpaid claims that the Town management believes to be material.

10. JOINT VENTURE

Under Georgia law, the Town, in conjunction with the other municipalities and county governments in a sixteen-county area, is a member in the River Valley Regional Commission (RC) and is required to pay dues thereto. During the year ended June 30, 2021, the Town paid $747 in membership dues. Membership in the RC is required under O.C.G.A. Section 50-8-34. The RC governing board included the chief elected official of each county and municipality included in the RC area. Member governments are liable for any debts or obligations incurred by the RC.

Separate RC financial statements may be obtained from:

River Valley Regional Commission
P.O. Box 1908
Columbus, Georgia 31902

11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund reported material budget violations when expenditures of the primary government exceeded budgeted appropriations in some of the functions, as shown on page 9 and 10 of these financial statements. In future years, the Town will analyze the budget periodically for deficiencies. All deficiencies will be investigated, and budget amendments will be adopted when appropriate.

12. FUND BALANCES

All funds operated by the Town had positive fund balances at June 30, 2021.

13. RESTATEMENT OF NET POSITION AND FUND BALANCES

The Statement of revenues, expenses, and changes in fund net position – TIA Fund is restated by $25,132 pertaining to unearned revenue being understated at June 30, 2020. This also affects the restatement of the net position on the Statement of Activities for governmental activities.

14. SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which have the potential to negatively impact values of the retirement plan investments and related earnings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. However, the duration and related financial impact cannot be reasonably estimated at this time.

The Town has been granted $301,363 from American Rescue Plan Act of 2021 (ARPA). The first payment was received on July 7, 2021 in the amount of $150,682. These funds will be used in the future for water system infrastructure improvements.

TOWN OF WAVERLY HALL, GEORGIA
SCHEDULE OF SPECIAL PURPOSE SALES AND USE TAX
Year Ended June 30, 2021

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Special Local Option Sales Tax - 2009					
Government buildings	$ 50,000	$ 78,300	$ 69,570		$ 69,570
Fire department building and equipment	100,000	120,000	131,467		131,467
Police department equipment	45,000	71,700	59,696		59,696
Recreational facilities	100,000	100,000	100,000		100,000
Water system improvements	175,000	80,000	45,982	$ 60,261	106,243
Street improvements	30,000	50,000	41,445		41,445
	$ 500,000	$ 500,000	$ 448,160	$ 60,261	$ 508,421
Special Local Option Sales Tax - 2014					
Fire department building and equipment	$ 101,000	$ 101,000	$ 100,761		$ 100,761
Baseball and tennis facilities	850,000	850,000	632,915		632,915
Gym renovation and walking trail	200,000	200,000	170,020		170,020
Football facility	450,000	450,000	239,661		239,661
Police department equipment	126,000	126,000	93,539		93,539
Renovation for community center	150,000	150,000	26,992	$ 40,788	67,780
Water system improvements	100,000	100,000	80,774	12,745	93,519
Street improvements	200,000	200,000	466,468		466,468
	$ 2,177,000	$ 2,177,000	$ 1,811,130	$ 53,533	$ 1,864,663
Special Local Option Sales Tax - 2019					
Water loan	$ 261,290	$ 261,290	$ 116	$ 20,000	$ 20,116
Public safety fire loan	59,160	59,160			
Police department computers	44,370	44,370			
Streets improvements	128,180	128,180			
	$ 493,000	$ 493,000	$ 116	$ 20,000	$ 20,116

AJK

AJK, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and
Members of Town Council
Waverly Hall, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Waverly Hall, Georgia as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Town of Waverly Hall, Georgia's basic financial statements and have issued our report thereon dated December 9, 2021

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Town of Waverly Hall, Georgia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Waverly Hall, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Waverly Hall, Georgia'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings and responses that we consider to be significant deficiencies as items 21-1 through 21-3.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town of Waverly Hall, 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 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings and responses as items 21-4 and 21-5.

TOWN OF WAVERLY HALL, GEORGIA'S RESPONSE TO FINDINGS

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

AJK, LLC

Manchester, Georgia
December 9, 2021

TOWN OF WAVERLY HALL, GEORGIA
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
June 30, 2021

SIGNIFICANT DEFICIENCIES

21-1 Segregation of Duties

Condition and Criteria: Due to the small size of the Town's staff, controls are not practical to provide adequate segregation of duties in the cash receipts and cash disbursements functions. Management should implement other internal controls in areas where segregation of duties are not practical.

Effect: Failure to implement offsetting controls in the cash receipts and disbursements functions could result in unauthorized or fraudulent transactions.

Recommendation: We recommend the Town Council implement other internal controls in areas where segregation of duties is not practical.

Response: We concur and will implement offsetting controls when practical.

21-2 Controls Over Financial Statement Preparation

Condition and Criteria: Town personnel do not currently possess the skills necessary to prepare the financial statements and related footnote disclosure in accordance with generally accepted accounting principles. This could result in the omission of a material financial statement element or disclosure that might not be detected by management.

Effect: The deficiency identified above could result in a material misstatement to the Town's financial statements that would not be prevented or detected on a timely basis.

Recommendation: The Town should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

Response: We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.

21-3 Missing Documentation for Expenditures

Condition and Criteria: We noted during our audit missing invoices and expenditures paid from estimates or emails. We also noted an invoice was paid twice resulting in a credit balance on the vendor account and a payment made on a credit balance for a utility account.

Effect: Failure to retain invoices and documentation of expenditures could result in fraudulent and unnecessary disbursements.

Recommendation: All disbursements should be supported with an invoice or other documentation of services being rendered.

Response: We concur. We will ensure all checks have the appropriate documentation to support the expenditure.

COMPLIANCE

21-4 Funds Borrowed from Restricted Funds

Condition and Criteria:	During our audit, we noted the General Fund owes the SPLOST Fund for operating expenditures for the General Fund. The SPLOST Fund had not been repaid by June 30, 2021.
Effect:	This is a violation of state laws and regulations.
Recommendation:	The Town needs to review each SPLOST referendum to ensure SPLOST expenditures are valid. These funds need to be repaid in the next fiscal year.
Response:	We concur.

21-5 Departments over Budget

Condition and Criteria:	During our audit, we noted some departments were over budget in total expenditures for the year.
Effect:	This is a violation of state laws and regulations.
Recommendation:	Town personnel should monitor the adopted budget to actual expenditures during the year and amend the budget as necessary.
Response:	We concur.