TOWN OF
WAVERLY HALL, GEORGIA

FINANCIAL STATEMENTS

Year Ended June 30, 2023

AJK

TOWN OF WAVERLY HALL, GEORGIA
FINANCIAL STATEMENTS
Year Ended June 30, 2023

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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Waverly Hall, Georgia, as of and for the year ended June 30, 2023, 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.

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 respective budgetary comparison for the General Fund and TIA Fund of the Town of Waverly Hall, Georgia, as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 of Waverly Hall, Georgia 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Waverly Hall, Georgia'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 of Waverly Hall, Georgia'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

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.

Supplementary 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 accompanying schedule of the Special Purpose Sales Tax and Use Tax, and the Source and Application of Funds Status and Project Cost Schedule for the Community Development Block Grant 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 schedule for Special Purpose Sales Tax and Use Tax, and the Source and Application of Fund Status and Project Cost Schedule for the Community Development Block Grant 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 December 26, 2023, 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 Town of Waverly Hall, Georgia's internal control over financial reporting and compliance.

AJK, LLC

AJK, LLC
Manchester, Georgia
December 26, 2023

TOWN OF WAVERLY HALL, GEORGIA
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 934,825	$ 76,556	$ 1,011,381
Receivables (net, where applicable, of allowance for uncollectibles):			
Property taxes	1,371		1,371
Sales taxes	24,956		24,956
Accounts	18,111	21,305	39,416
Grants and subsidies	35,625		35,625
Intergovernmental	11,252		11,252
Prepaid items	7,900	1,656	9,556
Internal balance	1,224	(1,224)	-
Capital assets, not being depreciated	713,517	22,500	736,017
Capital assets, net of depreciation	1,212,975	548,449	1,761,424
Total assets	2,961,756	669,242	3,630,998
Liabilities			
Accounts payable	17,007	1,878	18,885
Accrued liabilities	8,621		8,621
Unearned revenue	343,992		343,992
Customer deposits		15,290	15,290
Long-term debt:			
Due within one year	10,130		10,130
Due in more than one year	10,790		10,790
Total liabilities	390,540	17,168	407,708
Net Position			
Net investment in capital assets	1,905,572	570,949	2,476,521
Restricted for:			
Capital projects	236,686		236,686
Public works	102,471		102,471
Unrestricted	326,487	81,125	407,612
Total net position	$ 2,571,216	$ 652,074	$ 3,223,290

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

TOWN OF WAVERLY HALL, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

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	$ 277,432	$ 19,926		$ 22,500	$ (235,006)		$ (235,006)
Public safety	361,015	127,564	$ 43,304	26,667	(163,480)		(163,480)
Judicial	88,397				(88,397)		(88,397)
Public works	43,335			141,898	98,563		98,563
Public welfare	64,769		52,500		(12,269)		(12,269)
Culture and recreation	42,589		2,500		(40,089)		(40,089)
Interest paid on long-term debt	1,522				(1,522)		(1,522)
Total governmental activities	879,059	147,490	98,304	191,065	(442,200)		(442,200)
Business-type activities:							
Water	215,616	207,471				$ (8,145)	(8,145)
Total business-type activities	215,616	207,471				(8,145)	(8,145)
Total primary government	$ 1,094,675	$ 354,961	$ 98,304	$ 191,065	(442,200)	(8,145)	(450,345)
General revenues:							
Taxes:							
Property					150,710		150,710
Sales					282,242		282,242
Franchise					45,490		45,490
Insurance premium					50,968		50,968
Other					34,790		34,790
Interest income					4,822		4,822
Miscellaneous					25,368		25,368
Transfers					(254,154)	254,154	-
Total general revenues and transfers					340,236	254,154	594,390
Change in net position					(101,964)	246,009	144,045
Net position - Beginning					2,673,180	406,065	3,079,245
Net position - Ending					$ 2,571,216	$ 652,074	$ 3,223,290

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

TOWN OF WAVERLY HALL, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	Major Governmental Fund Types					
		Capital Project Fund		Special Revenue Funds		
	General	SPLOST	CDBG	TIA	ARPA	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 286,996	$ 223,382	$ 2,500	$ 117,961	$ 303,986	$ 934,825
Investments						-
Receivables (net of allowance for uncollectibles)						
Property taxes	1,371					1,371
Sales taxes	22,940			2,016		24,956
Accounts	18,111					18,111
Grants and subsidies	13,125		22,500			35,625
Intergovernmental		11,252				11,252
Prepaid items	7,900					7,900
Due from other funds	1,672					1,672
Total assets	$ 352,115	$ 234,634	$ 25,000	$ 119,977	$ 303,986	$ 1,035,712
Liabilities						
Accounts payable	$ 13,858		$ 22,500	$ 3,149		$ 39,507
Accrued liabilities	8,621					8,621
Due to other funds		$ 448				448
Unearned revenue	5,772			14,357	$ 301,363	321,492
Total liabilities	28,251	448	22,500	17,506	301,363	370,068
Fund Balances						
Fund balances:						
Nonspendable-prepaid items	7,900					7,900
Restricted for:						
Capital projects		234,186	2,500			236,686
Public works				102,471		102,471
Assigned for:						
Capital projects					2,623	2,623
Unassigned	315,964					315,964
Total fund balances	323,864	234,186	2,500	102,471	2,623	665,644
Total liabilities and fund balances	$ 352,115	$ 234,634	$ 25,000	$ 119,977	$ 303,986	$ 1,035,712

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, 2023

Fund balances - Total governmental funds		$ 665,644
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	3,387,483	
Deduct - Accumulated depreciation	(1,460,991)	
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	(20,920)	
Net position of governmental activities		$ 2,571,216

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, 2023

	Major Governmental Fund Types					
		Capital Project Funds		Special Revenue Fund		
	General	SPLOST	CDBG	TIA	ARPA	Total Governmental Funds
Revenues:						
Taxes:						
Property	$ 150,710					$ 150,710
Sales	258,677			$ 23,565		282,242
Franchise	45,490					45,490
Insurance premium	50,968					50,968
Other	34,790					34,790
Licenses and permits	10,675					10,675
Intergovernmental	33,454	$ 153,923				187,377
Grants and subsidies	75,000		$ 22,500			97,500
Fines, forfeitures and court fees	127,174					127,174
Investment income	350	4,642		1,878	$ 2,594	9,464
Other revenue	34,859					34,859
Total revenues	822,147	158,565	22,500	25,443	2,594	1,031,249
Expenditures:						
Current:						
General government	259,007					259,007
Judicial	88,397					88,397
Public safety	290,066					290,066
Public works	32,293			7,608		39,901
Public welfare	64,769					64,769
Culture and recreation	11,465					11,465
Capital outlay						
General government	51,500	650				52,150
Debt service:						
Principal payments	9,510					9,510
Interest payments	1,522					1,522
Total expenditures	808,529	650	-	7,608	-	816,787
Excess (deficiency) of revenues over (under) expenditures	13,618	157,915	22,500	17,835	2,594	214,462
Other financing sources (uses):						
Transfers in			2,500			2,500
Transfers out		(234,154)	(22,500)			(256,654)
Total other financing sources (uses)	-	(234,154)	(20,000)	-	-	(254,154)
Net change in fund balances	13,618	(76,239)	2,500	17,835	2,594	(39,692)
Fund balances, beginning of year	310,246	310,425		84,636	29	705,336
Fund balances, end of year	$ 323,864	$ 234,186	$ 2,500	$ 102,471	$ 2,623	$ 665,644

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, 2023

Net changes in fund balances - Total governmental funds	$	(39,692)
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 ($123,282) exceeded capital outlay ($51,500) in the current period.		(71,782)
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		9,510
Change in net position of governmental activities	$	(101,964)

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, 2023

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property	$ 136,000	$ 150,691	$ 150,710	$ 19
Sales	248,906	248,906	258,677	9,771
Franchise	42,100	42,100	45,490	3,390
Insurance premium	60,000	60,000	50,968	(9,032)
Other	41,750	41,750	34,790	(6,960)
Licenses and permits	12,600	12,600	10,675	(1,925)
Intergovernmental	23,894	33,894	33,454	(440)
Grants and subsidies	48,000	52,500	75,000	22,500
Fees, fines and forfeitures	185,600	185,600	127,174	(58,426)
Investment income	50	50	350	300
Other revenue	1,600	1,600	34,859	33,259
Total revenues	800,500	829,691	822,147	(7,544)
Expenditures:				
Current:				
General government:				
Mayor and council	9,000	9,000	9,000	-
Administration	119,809	124,584	116,771	7,813
General government	104,160	104,160	133,236	(29,076)
Total general government	232,969	237,744	259,007	(21,263)
Judicial system:				
Court	97,855	97,855	88,397	9,458
Public safety:				
Police	277,676	286,936	202,209	84,727
Fire	63,300	63,445	87,857	(24,412)
Total public safety	340,976	350,381	290,066	60,315
Public works:				
Streets	31,800	32,311	32,293	18

(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, 2023
(Continued)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Public welfare:				
Senior assistance	51,000	55,500	55,000	500
Community involvement	4,000	4,000	9,769	(5,769)
Total public welfare	55,000	59,500	64,769	(5,269)
Culture and recreation:				
Parks and recreation	26,000	26,000	11,465	14,535
Debt Service:				
Principal	10,900	10,900	9,510	1,390
Interest			1,522	(1,522)
Total debt service	10,900	10,900	11,032	(132)
Capital outlay:				
General government	3,000	3,000	51,500	(48,500)
Public safety	2,000	12,000		12,000
Total capital outlay	5,000	15,000	51,500	(36,500)
Total expenditures	800,500	829,691	808,529	21,162
Excess (deficiency) of revenues over (under) expenditures	-	-	13,618	13,618
Other financing sources (uses):				
Transfers in				-
Transfers out				-
Total other financing sources (uses	-	-	-	-
Net changes in fund balances	-	-	13,618	13,618
Fund balances at beginning of year	310,246	310,246	310,246	-
Fund balances at end of year	$ 310,246	$ 310,246	$ 323,864	$ 13,618

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, 2023

	Original and Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Sales tax	$ 27,614	$ 23,565	$ (4,049)
Grants	15,000		(15,000)
Investment income	130	1,878	1,748
Total revenues	42,744	25,443	(17,301)
Expenditures:			
Current:			
Public works:			
Streets		7,608	(7,608)
Capital outlay:			
Public works	42,744		42,744
Total expenditures	42,744	7,608	35,136
Excess (deficiency) of revenues over (under) expenditures	-	17,835	17,835
Net changes in fund balances	-	17,835	17,835
Fund balances, beginning of year	84,636	84,636	-
Fund balances, end of year	$ 84,636	$ 102,471	$ 17,835

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

TOWN OF WAVERLY HALL, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-Type Activities Major Fund Type
	Water
Assets	
Current assets:	
Cash and cash equivalents	$ 76,556
Receivables (net of allowance for uncollectibles)	21,305
Prepaid items	1,656
Total current assets	99,517
Noncurrent assets:	
Capital assets, not being depreciation	22,500
Capital assets, net of depreciation	548,449
Total noncurrent assets	570,949
Total assets	670,466
Liabilities	
Current liabilities:	
Accounts payable	1,878
Customer deposits	15,290
Due to other funds	1,224
Total liabilities	18,392
Net Position	
Net investment in capital assets	570,949
Unrestricted	81,125
Total net position	$ 652,074

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, 2023

	Business-Type Activities Major Fund Type
	Water
Operating revenues:	
Charges for services:	
Sales	$ 207,471
Total operating revenues	207,471
Operating expenses:	
Cost of sales and services	46,011
Administration	90,484
Contractual and other services	29,565
Depreciation	46,475
Total operating expenses	212,535
Operating income (loss)	(5,064)
Nonoperating revenues (expenses):	
Interest expense	(3,081)
Total nonoperating revenues (expenses)	(3,081)
Income (loss) before transfers	(8,145)
Transfers in	256,654
Transfers out	(2,500)
Change in net position	246,009
Net position, at the beginning of the year	406,065
Net position, at the end of the year	$ 652,074

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, 2023

	Business-Type Activities Major Fund Type
	Water
Cash flows from operating activities:	
Receipts from customers and users	$ 210,344
Payments to employees for services	(63,318)
Payments to suppliers of goods and services	(130,648)
Net cash provided (used) by operating activities	16,378
Cash flows from noncapital financing activities:	
Transfers out	(2,500)
Net cash provided (used) by noncapital financing activities	(2,500)
Cash flows from capital and related financing activities:	
Transfers in	256,654
Purchase of capital assets	(49,912)
Principal paid on capital debt	(231,072)
Interest paid on capital debt	(3,081)
Net cash provided (used) by capital and related financing activities	(27,411)
Net increase (decrease) in cash and cash equivalents	(13,533)
Cash at beginning of year	90,089
Cash at end of year	$ 76,556
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	$ (5,064)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	46,475
(Increase) or decrease in:	
Accounts receivable	1,531
Prepaid items	(284)
Increase (decrease) in:	
Accounts payable	(27,622)
Due to other funds	342
Customer deposits	1,000
Net cash provided (used) by operating activities	$ 16,378

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 a 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.

Community Development Block Grant Fund – This is a capital project fund established to account for the Town's grant funds received from CDBG for the purpose of funding a water improvement project.

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

ARPA (American Rescue Plan Act) Fund - This is a special revenue fund established to account for the financial resources provided and subsequently expended from the American Rescue Plan grant received from the federal government.

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 Funds. The capital project funds representing the Special Purpose Local Option Sales Tax and the Community Development Block Grant 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.

The Town did not adopt a budget for the ARPA fund. As of June 30, 2023 there are no ARPA expenditures.

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 26, 2023, 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 $1,011,381, which includes $183 petty cash; and the bank balance was $1,025,130. Of the bank balance, $500,000 was covered by federal depository insurance and $525,130 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, 2023 in the General Fund is reported net of an allowance for doubtful accounts of $6,186 and $55,121, respectively.

Accounts receivable at June 30, 2023 in the Water Fund is reported net of an allowance for doubtful accounts of $22,827.

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	$ 713,517			$ 713,517
Total capital assets, not being depreciated	713,517	$ -	$ -	713,517
Capital assets being depreciated:				
Improvements	670,263	51,500		721,763
Buildings	959,397			959,397
Equipment	688,968			688,968
Vehicles	303,838			303,838
Total capital assets being depreciated	2,622,466	51,500		2,673,966
Less, accumulated depreciation for:				
Improvements	(190,738)	(34,412)		(225,150)
Buildings	(397,462)	(19,829)		(417,291)
Equipment	(511,498)	(47,047)		(558,545)
Vehicles	(238,011)	(21,994)		(260,005)
Total accumulated depreciation	(1,337,709)	(123,282)		(1,460,991)
Total capital assets being depreciated, net	1,284,757	(71,782)	-	1,212,975
Total governmental activities capital assets, net	$ 1,998,274	$ (71,782)	$	$1,926,492
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	$ 27,205	$ 22,500	$ (27,205)	$ 22,500
Total capital assets, not being depreciated	27,205	22,500	$ (27,205)	22,500
Capital assets being depreciated:				
Buildings	14,894			14,894
Vehicles	30,531			30,531
Equipment	164,623	6,362		170,985
Water distribution system	1,004,205	48,255		1,052,460
Sewerage treatment plant	113,778			113,778
Total capital assets being depreciated	1,328,031	54,617		1,382,648
Less, accumulated depreciation for:				
Buildings	(12,470)	(745)		(13,215)
Vehicles	(12,559)	(4,808)		(17,367)
Equipment	(92,852)	(16,446)		(109,298)
Water distribution system	(556,066)	(24,476)		(580,542)
Sewerage treatment plant	(113,777)			(113,777)
Total accumulated depreciation	(787,724)	(46,475)		(834,199)
Total capital assets being depreciated, net	540,307	8,142	-	548,449
Total business-type activities capital assets, net	$ 567,512	$ 30,642	$ (27,205)	$ 570,949

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

Governmental activities:	
General government	$ 17,775
Public safety	70,949
Public works	3,434
Culture and recreation	31,124
Total depreciation expense - Governmental activities	$ 123,282
Business-type activities:	
Water	$ 46,475

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%	$ 20,920

General obligation bond debt service requirements maturity are as follows:

	Principal	Interest
Year ending June 30:		
2024	$ 10,130	$ 1,046
2025	10,790	539
	$ 20,920	$ 1,585

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. As of June 30, 2023 the remaining is $0.

C. Changes in Long-Term Debt

Long-term debt activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
General obligation bonds	$ 30,430	$ -	$ (9,510)	$ 20,920	$ 10,130
Governmental activity long-term liabilities	$ 30,430	$ -	$ (9,510)	$ 20,920	$ 10,130
Business-type activities:					
Notes payable	$ 231,072	$ -	$ (231,072)	$ -	$ -
Business-type activities long-term liabilities	$ 231,072	$ -	$ (231,072)	$ -	$ -

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

Due to/from other funds:

Payable Fund	Receivable Fund	
	General Fund	Total
Water Fund	$ 1,224	$ 1,224
SPLOST Fund	448	448
	$ 1,672	$ 1,672

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. These transfers were as follows:

	Transfer In		
Transfers out:	CDBG Fund	Water Fund	Total
Water Fund	$ 2,500		$ 2,500
CDBG Fund		$ 22,500	22,500
SPLOST Fund		234,154	234,154
	$ 2,500	$ 256,654	$ 259,154

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, 2023, was $5,907. Approximately five employees participated in the plan for year ending June 30, 2023.

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, 2023, 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, 2023, the Town paid $638 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 and TIA Fund reported material budget violations when expenditures of the primary government exceeded budgeted appropriations in some of the functions, as shown on page 10 and 11 of these financial statements. All excess expenditures over budget were funded by under expenditures in other departments. 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, 2023.

TOWN OF WAVERLY HALL, GEORGIA

SCHEDULE OF SPECIAL PURPOSE SALES AND USE TAX

Year Ended June 30, 2023

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	106,243		106,243
Street improvements	30,000	50,000	41,445		41,445
	$ 500,000	$ 500,000	$ 508,421	$ -	$ 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	96,592	$ 650	97,242
Water system improvements	100,000	100,000	93,519		93,519
Street improvements	200,000	200,000	466,468		466,468
	$ 2,177,000	$ 2,177,000	$ 1,893,475	$ 650	$ 1,894,125
Special Local Option Sales Tax - 2019					
Water loan	$ 261,290	$ 261,290	$ 60,116	$ 234,154	$ 294,270
Public safety fire loan	59,160	59,160			-
Police equipment	44,370	44,370	48,515		48,515
Streets improvements	128,180	128,180			-
	$ 493,000	$ 493,000	$ 108,631	$ 234,154	$ 342,785

TOWN OF WAVERLY HALL, GEORGIA
SOURCE AND APPLICATION OF FUNDS STATUS REPORT
COMMUNITY DEVELOPMENT BLOCK GRANT
Year Ended June 30, 2023

CDBG 22p-x-072-2-6320:

Total grant	$ 1,000,000
Less, total program funds drawn down by recipient for the year ended: June 30, 2023	(22,500)
Program funds available for future draw down	$ 977,500
Total program funds drawn down by recipient for the year ended June 30, 2023	$ 22,500
Add, program income applicable to the year ended June 30, 2023	
Total program funds drawn by recipient and program income for the year ended June 30, 2023	$ 22,500

TOWN OF WAVERLY HALL, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
Year Ended June 30, 2023

Activity	Budgeted Expenditures	Actual Expenditures Year Ended June 30, 2023	Actual Expenditures Prior Years	Questioned Cost
CDBG 22p-x-072-2-6320:				
P-03J-001	$ 853,797		$ -	None
T-03J-00	86,203	$ 14,500	-	None
A-21A-00	60,000	8,000	-	None
	$ 1,000,000	$ 22,500	$ -	

AJK

AJK, LLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 609 ☐ 405 Second Street ☐ Manchester, GA 31816
(706) 846-8401 ☐ Fax (706) 846-3370

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*

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, the business-type activities, and each major fund of the Town of Waverly Hall, Georgia, as of and for the year ended June 30, 2023, 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 26, 2023.

Report on 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 consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 23-1 through 23-3 that we consider to be significant deficiencies.

Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The Town of Waverly Hall, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Waverly Hall, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town of Waverly Hall, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 26, 2023

SIGNIFICANT DEFICIENCIES

23-1 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.
Cause:	The Town has a limited accounting staff and cannot justify the cost of increasing staff necessary to provide proper segregation of duties for all areas.
Effect:	Failure to implement offsetting controls in the cash receipts and disbursements functions could result in unauthorized or fraudulent transactions.
Repeat Finding from Prior Year:	Yes, prior year finding 22-1.
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.

23-2 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.
Cause:	The Town has a limited accounting staff and cannot justify the cost of hiring an employee with the expertise to prepare full disclosure financial statements.
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.
Repeat Finding from Prior Year:	Yes, prior year finding 22-2
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.

23-3 Timely Generating Billing Reports

Condition and Criteria:	During our audit we noted aging reports for police fines were not generated each month in a timely manner.
Cause:	Maintaining all required monthly reports for police fines were not generated in a timely manner or were not performed.
Effect:	Failure to generate aging reports each month could results in inaccurate monthly account receivable information.
Repeat Finding from Prior Year:	No.
Recommendation:	Town personnel should ensure police fine aging reports are generated at the end of each month.
Response:	We concur.