

**TOWN OF WAVERLY HALL, GEORGIA  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2013**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on Financial Statements

I 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, 2013, and the related notes to financial statements, which collectively comprise the Town'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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my 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 of the Town of Waverly Hall as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity 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. My opinion on the basic financial statements is not affected by this missing information.

The budgetary comparison information on page 27 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

I have applied certain limited procedures to the budgetary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Waverly Hall's basic financial statements. The combining nonmajor fund financial statements and schedule of funding progress are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and schedule of funding progress are 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 my opinion, the combining and individual nonmajor fund financial statements and schedule of funding progress 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, I have also issued my report dated February 7, 2014, on my consideration of the Town of Waverly Hall, Georgia's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Town of Waverly Hall's internal; control over financial reporting and compliance.

A handwritten signature in black ink that reads "Kim Kim CPA". The signature is written in a cursive style with a large, looped initial "K".

Richland, Georgia  
February 7, 2014

**TOWN OF WAVERLY HALL, GEORGIA**  
**Government-wide Statement of Net Position**  
**June 30, 2013**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 133,147	\$ 127,030	\$ 260,177
Receivables (net of allowance for doubtful accounts):			
Ad valorem taxes	10,191	-	10,191
Other taxes	12,425	-	12,425
Accounts	-	9,920	9,920
Nondepreciable Capital Assets	214,264	49,026	263,290
Depreciable Capital Assets, Net	973,025	182,991	1,156,016
<b>Total Assets</b>	<b>1,343,052</b>	<b>368,967</b>	<b>1,712,019</b>
<b>LIABILITIES</b>			
Accounts Payable	7,247	1,583	8,830
Note payable	-	28,964	28,964
Customer deposits	-	9,594	
Unearned revenue	15,267	-	15,267
Payable from restricted assets:			
Current portion of long-term debt	5,390	-	5,390
Long-Term Liabilities			
Due in More Than One Year	88,280	-	88,280
<b>Total Liabilities</b>	<b>116,184</b>	<b>40,141</b>	<b>146,731</b>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	1,093,619	232,017	1,325,636
Unrestricted	133,249	96,809	230,058
<b>Total Net Position</b>	<b>\$ 1,226,868</b>	<b>\$ 328,826</b>	<b>\$ 1,555,694</b>

See accompanying notes to the basic financial statements.

**TOWN OF WAVERLY HALL, GEORGIA**  
**Statement of Activities**  
**Year Ended June 30, 2013**

<u>Program Activities</u>	<u>Program Revenues</u>				<u>Net (Expenses) Revenues</u>
	<u>Expenses</u>	<u>Fees, Fines, Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Governmental Activities:</b>					
General government	\$ 136,791	\$ 7,405	\$ -	\$ 6,559	\$ (122,827)
Public safety	237,886	22,848	-	41,832	(173,206)
Judicial	8,785	-	-	-	(8,785)
Public works	92,821	-	-	23,248	(69,573)
Public welfare	1,907	-	-	-	(1,907)
Culture and recreation	34,339	-	-	-	(34,339)
Intergovernmental	-	-	-	-	-
Interest on long-term debt	4,937	-	-	-	(4,937)
<b>Total Governmental Activities</b>	<b>517,466</b>	<b>30,253</b>	<b>-</b>	<b>71,639</b>	<b>(415,574)</b>
<b>Business-Type Activities</b>					
Water utilities	68,192	108,063	-	-	39,871
<b>Total Business-Type Activities:</b>	<b>68,192</b>	<b>108,063</b>	<b>-</b>	<b>-</b>	<b>39,871</b>
<b>Total Government</b>	<b>585,658</b>	<b>138,316</b>	<b>-</b>	<b>71,639</b>	<b>(375,703)</b>
			<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>General revenues:</b>					
Taxes:					
Advalorem			114,003	-	114,003
Sales tax			141,918	-	141,918
Franchise tax			40,383	-	40,383
Insurance premium			36,617	-	36,617
Other taxes			18,173	-	18,173
Investment Revenue			31	-	31
Other			8,695	-	8,695
<b>Capital contributed</b>			-	20,062	20,062
			<u>359,820</u>	<u>20,062</u>	<u>379,882</u>
			(55,754)	59,933	4,179
<b>Net assets at beginning of year</b>			<u>1,282,622</u>	<u>268,893</u>	<u>1,551,515</u>
<b>Net assets at end of year</b>			<u>\$ 1,226,868</u>	<u>\$ 328,826</u>	<u>\$ 1,555,694</u>

See accompanying notes to the basic financial statements.

**TOWN OF WAVERLY HALL, GEORGIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

	General	Capital Projects Fund	Non-Major Government Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 117,619	\$ -	\$ 15,528	\$ 133,147
Due from other funds	-	-	6,583	6,583
Receivables:				
Ad valorem taxes	10,191	-	-	10,191
Other taxes	12,425	-	-	12,425
<b>Total Assets</b>	<b>140,235</b>	<b>-</b>	<b>22,111</b>	<b>162,346</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	2,447	-	4,800	7,247
Due to other funds	6,583	-	-	6,583
Unearned revenue	8,684	-	6,583	15,267
<b>Total Liabilities</b>	<b>17,714</b>	<b>-</b>	<b>11,383</b>	<b>29,097</b>
<b>Deferred Inflows of Resources</b>	<b>10,191</b>	<b>-</b>	<b>-</b>	<b>10,191</b>
<b>Fund Balances</b>				
Committed to debt service	-	-	10,728	10,728
Unassigned	112,330	-	-	112,330
<b>Total Fund Balances</b>	<b>112,330</b>	<b>-</b>	<b>10,728</b>	<b>123,058</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 140,235</b>	<b>\$ -</b>	<b>\$ 22,111</b>	<b>\$ 152,155</b>

See accompanying notes to the basic financial statements.

**TOWN OF WAVERLY HALL, GEORGIA**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Position**  
**June 30, 2013**

Total Governmental Funds Balances	\$ 123,058
Amounts reported for governmental activities on the statement of net assets are different because of the following:	
Capital assets of \$1,833,382, net of accumulated depreciation of (\$646,093), used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,187,289
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds: Deferred property taxes	10,191
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds: Bonds payable for governmental project	<u>(93,670)</u>
Net Assets of Governmental Activities	<u>\$ 1,226,868</u>

See accompanying notes to the basic financial statements.



**TOWN OF WAVERLY HALL, GEORGIA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2013**

	General	Capital Projects Fund	Non-Major Government Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 109,341	\$ -	\$ -	\$ 109,341
Sales Taxes	141,918	-	-	141,918
Other Local Taxes	95,173	-	-	95,173
Intergovernmental	-	48,391	23,246	71,637
Charges for Services	2,741	-	-	2,741
Licenses and Permits	4,664	-	-	4,664
Fines and Forfeitures	22,848	-	-	22,848
Interest	18	-	13	31
Other	8,698	-	-	8,698
<b>Total Revenues</b>	<b>385,401</b>	<b>48,391</b>	<b>23,259</b>	<b>457,051</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	124,797	-	-	124,797
Public safety	187,377	-	-	187,377
Judicial	8,785	-	-	8,785
Public works	69,098	-	20,062	89,160
Public welfare	1,907	-	-	1,907
Culture and recreation	23,108	-	-	23,108
Capital outlay	-	48,391	-	48,391
Debt service	-	-	10,007	10,007
<b>Total Expenditures</b>	<b>415,072</b>	<b>48,391</b>	<b>30,069</b>	<b>493,532</b>
Excess (deficiency) of Revenues Over (Under) Expenditures Before transfers	(29,671)	-	(6,810)	(36,481)
<b>Other Financing Sources (Uses)</b>				
Transfers—In	-	-	-	-
Transfers—Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(29,671)</b>	<b>-</b>	<b>(6,810)</b>	<b>(36,481)</b>
<b>Fund Balances (Deficit) at Beginning</b>	<b>142,001</b>	<b>-</b>	<b>17,538</b>	<b>159,539</b>
<b>Fund Balances at End of Year</b>	<b>112,330</b>	<b>-</b>	<b>10,728</b>	<b>123,058</b>

See accompanying notes to the basic 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, 2013**

Net Change in Fund Balances—Total Governmental Funds \$ (36,481)

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

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year:

Capital Outlay—Depreciable Capital Assets	48,391
Depreciation	(77,396)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Property Taxes	4,662
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General fixed asset transferred to another government	-
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Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities.

Bonds payable for governmental project	5,070
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Change in Net Assets of Governmental Activities	<u>\$ (55,754)</u>
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See accompanying notes to the basic financial statements.

**TOWN OF WAVERLY HALL, GEORGIA**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2013**

	<u>Water Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 127,030
Accounts receivable	9,920
Total Current Assets	<u>136,950</u>
Noncurrent Assets:	
Non depreciable assets	49,026
Depreciable assets, net	182,991
Total Non-current Assets	<u>232,017</u>
Total Assets	<u><u>368,967</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	1,583
Note payable	28,964
Customer Deposits	9,594
Total Current Liabilities	<u>40,141</u>
Total Liabilities	<u>40,141</u>
<b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	182,991
Unrestricted	145,835
Total Net Position	<u><u>\$ 328,826</u></u>

See accompanying notes to the basic financial statements.

**TOWN OF WAVERLY HALL, GEORGIA**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2013**

	<b>Water Fund</b>
Operating revenues:	
Charges for services	\$ 108,063
Total operating revenues	108,063
Operating expenses:	
Personal services	22,923
Materials and supplies	12,031
Contractual and other services	12,677
Depreciation	18,089
Total operating expenses	65,720
Income (loss) from operations	42,343
Nonoperating revenues (expenses):	
Contributed capital	20,062
Interest expense	(2,472)
Total nonoperating revenues (expenses)	17,590
Change in net position	59,933
Net position beginning	268,893
Net position, ending	\$ 328,826

See accompanying notes to the basic financial statements.

**TOWN OF WAVERLY HALL, GEORGIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2013**

	<u>Water Fund</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 108,963
Cash payments to suppliers for goods and services	(23,836)
Cash payments to employees for services	(22,923)
Net cash provided (used) by operating activities	<u>62,204</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchased fixed assets	(49,026)
Capital contributed	20,062
Construction loan proceeds	28,964
Interest paid	(2,472)
Net cash provided (used) by capital and related financing activities	<u>(2,472)</u>
Net increase (decrease) in cash and cash investments	59,732
Cash and cash investments, beginning	<u>67,298</u>
Cash and cash investments, ending	<u><u>\$ 127,030</u></u>
Reconciliation of income (loss) from operations	
to net cash provided (used) by operating activities	
Operating income (loss)	\$ 42,343
Adjustments to reconcile operating income (loss)	
to net cash provided (used) by operations:	
Depreciation	18,089
(Increase) decrease in:	
Accounts receivable	387
Increase (decrease) in:	
Accounts payable	871
Customer deposits	513
Net cash provided (used) by operating activities	<u><u>\$ 62,203</u></u>

See accompanying notes to the basic financial statements.

**TOWN OF WAVERLY HALL, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For Year Ended June 30, 2013**

**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.

**Reporting Entity**

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 upon these criteria, the Town of Waverly Hall has no component units.

**Basic Financial Statements**

The basic financial statements include both government-wide financial statements (based on the Town as a whole) and fund financial statements. Both the government wide and fund financial statements categorize activities as either governmental activities or business-type activities. In the government-wide Statement of Net position, both the government and business-type activities columns (1) are presented on a consolidated basis by column, and (b) are reflected on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities demonstrates the degree to which direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. 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.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide financial statements are prepared using a

flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time 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 a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property, franchise, and sales taxes and investment income are all considered to be susceptible to accrual and so have been recorded as revenues of the current fiscal period.

The Town's reports the following major governmental funds:

#### Governmental Funds

##### *General Fund*

The General Fund is the principal fund of the Town and is used to account for all activities of the Town not otherwise accounted for by a specified fund. This fund is primarily used for the activities under direct control of the Mayor and Council. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

##### *Capital Projects Fund*

This fund presents receipt and expenditure of the proceeds of a Special Purpose Local Option Sales Tax.

The Town reports the following major proprietary fund

##### *Water and Sewer Fund*

This fund is used to account for all operations relating to activities conducted in the operation of a municipal water supply and wastewater treatment.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government.

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. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water & Sewer Fund are charges to customers for sales and

services. Operating expenses for the Water & Sewer Fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When fund balances are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

### **Budgets**

The Town budgets its operations on an annual basis for the General Fund and the Special Revenue Funds. The proposed budget is prepared each May by a Budget Committee composed of the Mayor and Council. Budget requests from the various Town departments are presented to the Committee for consideration. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Pine Mountain. The final proposed budget is presented at a Town Council meeting for final passage prior to June 30. The final budget is adopted at public meeting. Grants and contracts received by the Town during the year are governed by stipulated budgets that are officially adopted at the time the grants are approved. Other than changes made by grantor contracts, there were no amendments to the officially adopted budget for the year.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the General and Special Revenue Funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Revenues are budgeted by source and expenditures are budgeted by department and class as follows: General government, Public safety, Public works, Housing and Development, Cultural & Recreation, and Debt service. This constitutes the legal level of control. General Fund expenditures for capital outlay are budgeted with the respective departments rather than being separately reported. Expenditures may not exceed appropriations at this level except for matching funds required by grantors. All budget revisions at this level are subject to final review by the Council. Within these control levels, management may transfer appropriations without Council approval, with the exception of salary amounts.

### **Expenditures over Appropriations**

For the year ended June 30, 2013 General Fund expenditures exceeded appropriations because of unexpected required expenditures. Fund balance was used to provide for the excess expenditures. Overage was as follows:

Public safety	\$	(13,173)
Judicial	\$	(3,885)
Culture and recreation	\$	(2,958)

### **Cash and Cash Equivalents**

Cash and equivalents include amounts in demand deposit accounts as well as short-term investments with a maturity date of three months or less.



## **Vacation and Sick Leave**

Employees earn vacation time as follows:

12 mo. of service	5 days
36 mo. of service	10 days
60 mo. of service	15 days

Sick Leave is earned at the rate of one day per month.

Vacation and sick leave does not accumulate. Terminated employees may not receive unused sick or vacation pay.

The amount of annual leave earned but not paid is not significant and no provision has been made in the financial statements for accrued vacation and sick leave.

## **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment. Assets capitalized, not including infrastructure assets, have an original cost of \$500 or more and over three years of useful life. Infrastructure assets acquired or constructed after July 1, 2003 will be capitalized. Prior infrastructure assets have not been capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	50 to 60	years
Improvements	30	years
Vehicles	7	years
Equipment	10	years
Water distribution	50	years
Sewer Distribution	50	years

## **Deferred Inflows/Outflows of Resources**

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds report unavailable revenues from property taxes.

## **Net Position**

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

## **Governmental Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

- **Nonspendable**—Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted**—Amounts that can be spent only for specific purposes because of the Town Charter, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed**—Amounts that can be used only for specific purposes determined by a formal action by the Town ordinance.
- **Assigned**—Amounts that are designated by the Commission Chair for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Town Council.
- **Unassigned**—All amounts not included in other spendable classifications.

## **Net Position Flow Assumption**

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

## **Fund Balance Flow Assumption**

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

## **Fund Equity**

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Restricted fund balance- amounts constrained to specific purposes by their providers (such as grantors, through constitutional provisions or enabling legislation.

Committed fund balance- amounts constrained to specific purposes by the 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.

### **Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## **2. DEPOSITS**

State statutes require that all non-insured public deposits in financial institutions be fully insured or collateralized by U.S. Government obligations that have a market value of not less than the principal amount of the deposits. The Town's deposits were fully insured or collateralized as required by state statutes at June 30, 2013. At June 30, 2013, the carrying amount of the Town's deposits in financial institutions was \$260,177 and the bank balance was \$261,021.

The total bank balance was fully insured and collateralized according to state law.

## **4. RECEIVABLES**

The major receivables consist of utility bills and taxes.

Receivables and revenues from utility bills are recorded when the services are provided. Amounts shown as a receivable on the balance sheet represent amounts owed but not paid.

Revenues from property tax is recognized as follows:

An ad valorem tax is charged each year on each parcel of taxable property and on each taxable vehicle and mobile home located in the Town. The tax is assessed to support the Town government. It is based generally on a fixed percentage of the market value multiplied by a millage rate. The market value of the property is determined by the Town Board of Assessors and the millage rate is set by the Town Council to produce the revenue required to finance the expected expenditures of the Town.

After the taxable value of the property has been established and the millage rate determined, the tax is computed on each property, and a tax bill is prepared for the property owner. The total of these computations, called the tax digest, is submitted to the State of Georgia for approval before the tax bills are mailed to the property owners. These tax bills then become the basis for tax collections. A list of uncollected taxes is prepared from the bills remaining unpaid at the end of the year.

The Town's ad valorem tax is 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. For 2013, taxes were levied on December 20, 2012 and were due on February 20, 2013.

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance Beginning	Additions	Transfers & Disposals	Balance Ending
<i>Governmental Activities</i>				
Capital assets not depreciated				
Land	\$ 214,264	\$ -	\$ -	\$ 214,264
Capital assets being depreciated				
Improvements	217,054	-	-	217,054
Buildings	787,218	6,559	-	793,777
Equipment	354,124	1,039	-	355,163
Vehicles	263,913	40,793	(51,583)	253,123
	1,622,310	48,391	(51,583)	1,619,118
Accumulated depreciation for:				
Improvements	(56,810)	(6,254)	-	(63,064)
Buildings	(214,195)	(16,450)	-	(230,645)
Vehicles	(147,277)	(31,502)	51,583	(127,196)
Equipment	(201,998)	(23,190)	-	(225,188)
	(620,280)	(77,396)	51,583	(646,093)
Total capital assets being depreciated, net	1,002,030	(29,005)	-	973,025
<i>Governmental activities</i>				
Capital assets, net	\$ 1,216,294	\$ (29,005)	\$ -	\$ 1,187,289
	Balance Beginning	Additions	Transfers & Disposals	Balance Ending
<i>Business-type Activities</i>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 49,026	\$ -	\$ 49,026
Capital assets being depreciated				
Buildings	14,894	-	-	14,894
Vehicles	13,273	-	-	13,273
Equipment	82,273	-	-	82,273
Water distribution system	514,971	-	-	514,971
Sewerage treatment	113,778	-	-	113,778
	739,189	-	-	739,189
Accumulated depreciation for:				
Buildings	(5,020)	(745)	-	(5,765)
Vehicles	(13,273)	-	-	(13,273)
Equipment	(49,996)	(5,904)	-	(55,900)
Water distribution system	(356,043)	(11,440)	-	(367,483)
Sewerage treatment plant	(113,777)	-	-	(113,777)
	(538,109)	(18,089)	-	(556,198)
Total capital assets being depreciated, net	201,080	(18,089)	-	182,991
<i>Business-type Activities</i>				
Capital assets, net	\$ 201,080	\$ (18,089)	\$ -	\$ 182,991

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

Governmental activities:	
General Government	\$ 11,994
Public Safety	50,509
Public Works	3,661
Culture and recreation	11,232
	<u>          </u>
	\$ 77,396

**6. NOTES PAYABLE**

The Town received a loan commitment from the Georgia Environmental Finance Authority (GEFA) to serve as interim financing for water and sewer improvements. The note bears interest at the rate of 2.13%. The total commitment is \$360,000. Once the project is complete, the loan will be amortized over 240 months. The outstanding balance at June 30, 2013 was \$28,964, and is payable from Water Fund revenues.

**7. BONDS PAYABLE**

General Long-Term Debt

1996 Series General Obligation Bonds payable in annual installments through 2024 with interest at 5%. Bonds issued to finance construction of a Fire Station \$ 93,670

Changes in the Long-Term Debt were as follows:

	Balance June 30, 2012	Issued	Retired	Balance June 30, 2013
<u>Governmental Activities</u>				
Construction Bonds	\$ 98,740	\$ -	\$ 5,070	\$ 93,670

The annual requirements for debt service are as follows:

Year Ending June 30,	<u>General Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 5,390	\$ 4,684
2015	5,700	4,414
2016	6,120	4,129
2017	6,520	3,823
2018-2022	39,510	13,783
2023-2025	30,430	3,107
	<u>\$ 93,670</u>	<u>\$ 33,939</u>

## **8. RISK MANAGEMENT**

The Governmental Accounting Standards Board (GASB) issued Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which establishes standard accounting and financial reporting practices for public entity risk pools and governmental entities. The following disclosures are offered in accordance with GASB 10.

The Town is exposed to various forms of risk of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town accounts for risk financing activities in the General fund. The Town purchases insurance from the commercial insurance market for all risk categories except natural disasters, for which the Town is self-insured. Because of no recent history of 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 commercial 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 attorney advises that there are no legal actions that were in progress by or against the Town at June 30, 2013.

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, 2013 there were no unpaid claims that Town management believes to be material.

## **10. JOINT VENTURE**

Under Georgia law, the Town, in conjunction with the other municipalities and Town governments in a twelve Town area, was a member in the River Valley Regional Commission (RC) as of June 30, 2013. Under the law, the Town is required to pay dues thereto. During the year ended June

30, 2013, the Town paid \$1,887 in such dues. Membership in the Commission is required under O.C.G.A. Section 50-8-34. The Commission governing Board includes the chief elected official of each Town and one 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  
 PO Box 1908  
 Columbus, GA 31902

**11. INTERFUND BALANCES AND TRANSFERS**

TIA funds were deposited by the State of Georgia into a General Fund bank account in error. The Town properly moved these funds into the TIA Special Revenue Fund after year end. This amount was reported as due to/from in the fund level statements.

	<u>Due to</u>
	<i>Non-Major</i>
	<u>Governmental</u>
<u>Due From</u>	<u>TIA</u>
<i>Government-Type</i>	
General Fund	<u>\$ 6,583</u>

**12. SPECIAL PURPOSE LOCAL OPTION TAX**

The Town is included in a Harris County Special Purpose Local Option Tax issue. In prior years, expenditures were incorrectly classified by the county. This was corrected in the current year schedule. A summary of receipts and expenditures of this issue is as follows:

	<u>Original</u>	<u>Current</u>	<u>Reported</u>	<u>Corrected</u>	<u>Current</u>	<u>Total</u>
	<u>Estimated</u>	<u>Estimated</u>	<u>Prior</u>	<u>Prior</u>	<u>Year</u>	
			<u>Years</u>	<u>Years</u>		
<u>2009 SPLOST</u>						
Tax revenues	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Government buildings	50,000	78,300	14,740	24,480	6,559	31,039
Fire Dept. building and equip.	100,000	120,000	18,614	116,289	1,039	117,328
Police Dept. equipment	45,000	71,700	26,864	11,088	40,793	51,881
Recreational facilities	100,000	100,000	99,400	99,400	-	99,400
Water system improvements	175,000	100,000	-	26,643	-	26,643
Street improvements	30,000	30,000	-	-	-	-
	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 159,618</u>	<u>\$ 277,900</u>	<u>\$ 48,391</u>	<u>\$ 326,291</u>

**TOWN OF WAVERLY HALL, GEORGIA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>
	<b>Original</b>	<b>Final</b>	
<b>Revenues</b>			
Taxes	\$ 347,268	\$ 347,268	\$ 346,432
Intergovernmental	-	-	-
Charges for Services	-	-	2,741
Licenses and Permits	5,000	5,000	4,664
Fines and Forfeitures	30,030	30,030	22,848
Interest	-	-	18
Other	15,266	15,266	8,698
<b>Total Revenues</b>	<b>397,564</b>	<b>397,564</b>	<b>385,401</b>
<b>Expenditures</b>			
Current			
General government	132,054	154,328	124,797
Public safety	174,204	174,204	187,377
Judicial	4,900	4,900	8,785
Public works	78,965	78,965	69,098
Public welfare	1,900	1,908	1,907
Culture and recreation	16,900	20,150	23,108
<b>Total Expenditures</b>	<b>408,923</b>	<b>434,455</b>	<b>415,072</b>
Excess (deficiency) of Revenues Over (Under) Expenditures	(11,359)	(36,891)	(29,671)
<b>Other Financing Sources (Uses)</b>			
Transfers—out	(32,000)	(32,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(32,000)</b>	<b>(32,000)</b>	<b>-</b>
Net Change in Fund Balances	(43,359)	(68,891)	(29,671)
Fund Balances (Deficit) at Beginning	142,001	142,001	142,001
Fund Balances at End of Year	98,642	73,110	112,330



**Town of Waverly Hall, Georgia**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**ON BUDGETARY ACCOUNTING AND CONTROL**  
**For Year Ended June 30, 2013**

**Budgetary Accounting and Control**

The Town budgets its operations on an annual basis for the General Fund. The proposed budget is prepared each year by a Budget Committee composed of the Mayor and Council. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Waverly Hall. The final proposed budget is presented at a Town Council meeting for final passage prior to June 30. The final budget is adopted at public meeting.

The Town prepares its budget on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual present a comparison of budgetary data to actual results of operations for funds for which annual operating budgets are legally adopted. Revenues are budgeted by source and expenditures are budgeted by department and class as follows: General government, Public Safety, Judicial, Public works, Public Welfare, and Recreation. This constitutes the legal level of control.

General Fund expenditures for capital outlay are budgeted with the respective departments rather than being separately reported. Expenditures may not exceed appropriations at this level except for matching funds required by grantors. All budget revisions at this level are subject to final review by the Council. Within these control levels, management may transfer appropriations without Council approval, with the exception of salary amounts.

**TOWN OF WAVERLY HALL, GEORGIA**  
**Combining Balance Sheet**  
**Non Major Governmental Funds**  
**June 30, 2013**

	Special Revenue		Debt Service	Total Non Major
	TIA	CDBG		
<b>Assets</b>				
Cash	\$ -	\$ 4,800	\$ 10,728	\$ 15,528
Due from other funds	6,583	-	-	6,583
<b>Total Assets</b>	<b>6,583</b>	<b>4,800</b>	<b>10,728</b>	<b>22,111</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
<b>Accounts payable</b>	-	4,800	-	4,800
Unearned revenue	6,583	-	-	6,583
<b>Total Liabilities</b>	<b>6,583</b>	<b>4,800</b>	<b>-</b>	<b>11,383</b>
<b>Deferred Inflows of Resources</b>	-	-	-	-
<b>Fund Balances</b>				
Committed for debt service	-	-	10,728	10,728
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>10,728</b>	<b>10,728</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 6,583</b>	<b>\$ 4,800</b>	<b>\$ 10,728</b>	<b>\$ 22,111</b>

**TOWN OF WAVERLY HALL, GEORGIA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non Major Governmental Funds**  
**For the Year Ended June 30, 2013**

	Special Revenue		Debt Service	Total Non Major
	TIA	CDBG		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 20,062	\$ 3,184	\$ 23,246
Investment income	-	-	13	13
<b>Total Revenues</b>	-	20,062	3,197	23,259
<b>Expenditures</b>				
Public works	-	20,062	-	20,062
Debt service	-	-	10,007	10,007
<b>Total Expenditures</b>	-	20,062	10,007	30,069
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	(6,810)	(6,810)
<b>Other Financing Sources</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources</b>	-	-	-	-
<b>Net Change in Fund Balances</b>	-	-	(6,810)	(6,810)
<b>Fund Balances (Deficit) at Beginning</b>	-	-	17,538	17,538
<b>Fund Balances at End of Year</b>	\$ -	\$ -	\$ 10,728	\$ 10,728

**TOWN OF WAVERLY HALL, GEORGIA**  
**Schedule of Funding Progress**  
**CDBG Grant12p-x-072-2-5488**  
**For the Year Ended June 30, 2013**

	Budget	Prior	Current
<b>Revenues</b>			
Intergovernmental	\$ 500,000	\$ -	\$ 20,062
<b>Expenditures</b>			
Acquisition	20,000	-	-
Contingencies	17,368	-	-
Sewer facilities	52,000	-	-
Engineering	29,107	-	13,762
Drainage	351,525	-	-
Administration	30,000	-	6,300
<b>Total Expenditures</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ 20,062</b>

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

To the Mayor and Council  
Waverly Hall, Georgia

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund, and the remaining aggregate fund information of the Town of Waverly Hall, Georgia as of and for the year ended June 30, 2013, which collectively comprise Town of Waverly Hall, Georgia's basic financial statements and have issued my report thereon dated February 7, 2014. I conducted my 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.

**Internal Control Over Financial Reporting**

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that I consider to be a significant deficiency. 13-1.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Waverly Hall, Georgia's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an

objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Waverly Hall, Georgia's Response to Findings**

The Town of Waverly Hall, Georgia's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. I did not audit the Town of Waverly Hall, Georgia's responses and, accordingly, I express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of my 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.

A handwritten signature in black ink, appearing to be "K. K. CPA", written in a cursive style.

Richland, Georgia  
February 7, 2014

**TOWN OF WAVERLY HALL, GEORGIA**  
**Schedule of Findings and Responses**  
**Year Ended Jun 30, 2013**

**Deficiency**

**13-1 Segregation of Duties**

*Condition:* During my audit I noted that some transactions are processed from start to end by one individual.

*Criteria:* All transactions should require two or more individuals to initiate, summarize, post, and reconcile.

*Effect:* The potential exists for unauthorized transactions to be initiated and not discovered.

*Response:* The Town agrees with the finding and acknowledges the risk involved, but does not have the resources to provide for proper segregation of duties in all areas, at this time.

