

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

FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
<u>Government-wide Financial Statements</u>	
Statement of Net Position	4
Statement of Activities	5
<u>Fund Financial Statements</u>	
Balance Sheet-Governmental Funds	6
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	8
Statement of Net Assets-Proprietary Fund	10
Statement of Revenues, Expenses, and Changes in Fund Net Assets-Proprietary Fund	11
Statement of Cash Flows-Proprietary Fund	12
Notes to Basic Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule- General Fund	23
CDBG Grant Fund	24
Notes to RSI	25
STATISTICAL INFORMATION	
Combining Balance Sheet Non Major Governmental Funds	26
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	27
Schedule of Funding Progress-CDBG Grant	28
GOVERNMENTAL AUDITING SECTION	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	29
Schedule of Findings and Questioned Costs	31

Kim Kimmel
Certified Public Accountant
PO 39
Richland, Georgia 31825

Member:
American Institute of CPAs
Georgia Society of CPAs

229-887-2543
229-887-3402 fax

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, 2015, 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, 2015, 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 23 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 the 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 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 8, 2016, 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.

Kim Kimmel CPA

Richland, Georgia
February 8, 2016

TOWN OF WAVERLY HALL, GEORGIA
Government-wide Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 180,546	\$ 111,045	\$ 291,591
Receivables (net of allowance for doubtful accounts):			
Ad valorem taxes	12,288	-	12,288
Other taxes	12,241	-	12,241
Accounts	-	11,213	11,213
Nondepreciable Capital Assets	214,264	489,234	703,498
Depreciable Capital Assets, Net	892,636	157,199	1,049,835
Total Assets	1,311,975	768,691	2,080,666
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts Payable	73,304	1,596	74,900
Note payable	-	384,277	384,277
Customer deposits	-	10,985	
Payable from restricted assets:			
Accrued interest	-	6,755	
Current portion of long-term debt	6,120	-	6,120
Long-Term Liabilities			
Due in More Than One Year	76,460	-	76,460
Total Liabilities	155,884	403,613	541,757
Deferred Inflows of Resources	-	-	-
Fund Balances			
Net investment in capital assets	1,024,320	262,156	1,286,476
Unrestricted	131,771	102,922	234,693
Total Net Position	\$ 1,156,091	\$ 365,078	\$ 1,521,169

See accompanying notes to the basic financial statements.

TOWN OF WAVERLY HALL, GEORGIA
Statement of Activities
Year Ended June 30, 2015

143,781

<u>Program Activities</u>	<u>Program Revenues</u>				Net (Expenses) Revenues
	Expenses	Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 167,748	\$ 11,194	\$ -	\$ 15,851	\$ (140,703)
Public safety	259,224	19,063	12,786	-	(227,375)
Judicial	784	-	-	-	(784)
Public works	114,708	-	-	115,144	436
Public welfare	2,443	-	-	-	(2,443)
Culture and recreation	22,543	-	-	-	(22,543)
Intergovernmental	-	-	-	-	-
Interest on long-term debt	4,414	-	-	-	(4,414)
Total Governmental Activities	571,864	30,257	12,786	130,995	(397,826)
Business-Type Activities					
Water utilities	167,361	114,637	-	-	(52,724)
Total Business-Type Activities:	167,361	114,637	-	-	(52,724)
Total Government	739,225	144,894	12,786	130,995	(450,550)
		143,781	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
General revenues:					
Taxes:					
Advalorem			173,805	-	173,805
Sales tax			138,978	-	138,978
Franchise tax			41,569	-	41,569
Insurance premium			39,642	-	39,642
Other taxes			8,640	-	8,640
Investment Revenue			1,312	-	1,312
Capital contributions			-	59,030	59,030
Transfers			(33,251)	33,251	-
			370,695	92,281	462,976
			(27,131)	39,557	12,426
Net assets at beginning of year			1,183,222	325,521	1,508,743
Net assets at end of year			\$ 1,156,091	\$ 365,078	\$ 1,521,169

See accompanying notes to the basic financial statements.

TOWN OF WAVERLY HALL, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2015

	General	CDBG Grant	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 100,102	\$ 53,180	\$ 27,264	\$ 180,546
Due from other funds	-	-	1,333	1,333
Receivables:				
Ad valorem taxes	12,288	-	-	12,288
Other taxes	12,241	-	-	12,241
Total Assets	124,631	53,180	28,597	206,408
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	9,373	53,180	10,751	73,304
Due to other funds	1,333	-	-	1,333
Total Liabilities	10,706	53,180	10,751	74,637
Deferred Inflows of Resources	12,288	-	-	12,288
Fund Balances				
Restricted for public works	-	-	10,870	10,870
Restricted for capital outlay	-	-	32	32
Committed for debt service	-	-	6,944	6,944
Unrestricted	101,637	-	-	101,637
Total Fund Balances	101,637	-	17,846	119,483
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 124,631	\$ 53,180	\$ 28,597	\$ 206,408

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, 2015

Total Governmental Funds Balances	\$ 119,483
Amounts reported for governmental activities on the statement of net assets are different because of the following:	
Capital assets of \$1,912,234, net of accumulated depreciation of (\$805,334), used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,106,900
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds: Deferred property taxes	12,288
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>(82,580)</u>
Net Position of Governmental Activities	<u>\$ 1,156,091</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, 2015

	General	CDBG Grant	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Property Tax	\$ 176,248	\$ -	\$ -	\$ 176,248
Sales Tax	138,978	-	-	138,978
Franchise tax	41,569	-	-	41,569
Insurance premium tax	39,642	-	-	39,642
Other Local Taxes	8,640	-	-	8,640
Intergovernmental	9,290	59,030	75,461	143,781
Charges for Services	5,545	-	-	5,545
Licenses and Permits	5,649	-	-	5,649
Fines and Forfeitures	19,063	-	-	19,063
Interest	1,282	-	30	1,312
Other	-	-	-	-
Total Revenues	445,906	59,030	75,491	580,427
Expenditures				
Current				
General government	154,391	-	-	154,391
Public safety	210,993	-	-	210,993
Judicial	784	-	-	784
Public works	38,172	59,030	13,503	110,705
Public welfare	2,443	-	-	2,443
Culture and recreation	9,289	-	-	9,289
Capital outlay	-	-	25,976	25,976
Debt service	-	-	10,114	10,114
Total Expenditures	416,072	59,030	49,593	524,695
Excess (deficiency) of Revenues Over (Under) Expenditures	29,834	-	25,898	55,732
Other Financing Sources (Uses)				
Transfers--In	29,015	-	-	29,015
Transfers--out	(33,251)	-	(29,015)	(62,266)
Net Change in Fund Balances	25,598	-	(3,117)	22,481
Fund Balances (Deficit) at Beginning	76,039	-	20,963	97,002
Fund Balances at End of Year	101,637	-	17,846	119,483

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, 2015

Net Change in Fund Balances—Total Governmental Funds	\$	22,481
<p>Amounts reported for governmental activities on the statement of activities are different because of the following:</p>		
<p>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:</p>		
Capital Outlay—Depreciable Capital Assets		52,876
Depreciation		(80,396)
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:</p>		
Property Taxes		4,540
<p>Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities.</p>		
Bonds payable for governmental project		5,390
		5,390
Change in Net Assets of Governmental Activities	\$	4,891

See accompanying notes to the basic financial statements.

TOWN OF WAVERLY HALL, GEORGIA
Statement of Net Position
Proprietary Fund
June 30, 2015

	Water Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 111,045
Accounts receivable	11,213
Total Current Assets	122,258
Noncurrent Assets:	
Non depreciable assets	489,234
Depreciable assets, net	157,199
Total Non-current Assets	646,433
Total Assets	768,691
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,596
Note payable	384,277
Accrued interest	6,755
Customer Deposits	10,985
Total Current Liabilities	403,613
Total Liabilities	403,613
NET POSITION	
Invested in Capital Assets, Net of Related Debt	262,156
Unrestricted	102,922
Total Net Position	\$ 365,078

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, 2015

	Water Fund
Operating revenues:	
Charges for services	\$ 114,637
Total operating revenues	114,637
Operating expenses:	
Personal services	75,227
Materials and supplies	21,278
Contractual and other services	28,040
Depreciation	19,387
Total operating expenses	143,932
Income (loss) from operations	(29,295)
Nonoperating revenues (expenses):	
Interest expense	(23,429)
Income before contributions and transfers	(52,724)
Capital contributions	59,030
Transfers	33,251
Change in net position	39,557
Net position beginning	325,521
Net position, ending	\$ 365,078

See accompanying notes to the basic financial statements.

TOWN OF WAVERLY HALL, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	<u>Water Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 112,676
Cash payments to suppliers for goods and services	(48,673)
Cash payments to employees for services	(75,227)
Net cash provided (used) by operating activities	<u>(11,224)</u>
Cash flows from noncapital financing activities:	
Transfers in	33,251
Net cash provided (used) by noncapital financing activities	<u>33,251</u>
Cash flows from capital and related financing activities:	
Purchased fixed assets	(77,542)
Capital contributed	59,030
Construction loan proceeds	18,512
Interest paid	(23,429)
Net cash provided (used) by capital and related financing activities	<u>(23,429)</u>
Net increase (decrease) in cash and cash investments	(1,402)
Cash and cash investments, beginning	<u>112,447</u>
Cash and cash investments, ending	<u>\$ 111,045</u>
Reconciliation of income (loss) from operations	
to net cash provided (used) by operating activities	
Operating income (loss)	\$ (29,295)
Adjustments to reconcile operating income (loss)	
to net cash provided (used) by operations:	
Depreciation	19,387
(Increase) decrease in:	
Accounts receivable	(2,572)
Increase (decrease) in:	
Accounts payable	645
Customer deposits	611
Net cash provided (used) by operating activities	<u>\$ (11,224)</u>

See accompanying notes to the basic financial statements.

TOWN OF WAVERLY HALL, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2015

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 Funds

SPLOST 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, 2015 General Fund expenditures exceeded appropriations because of unexpected required expenditures. Fund balance was used to provide for the excess expenditures. Overage was as follows:

General government	(23,674)
Public safety	(85,339)
Public welfare	(543)

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
Sidewalks	40	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, 2015. At June 30, 2015, the carrying amount of the Town's deposits in financial institutions was \$291,591 and the bank balance was \$346,261.

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 2015, taxes were levied on October 20, 2015 and were due on December 20, 2015.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 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	248,974	20,876	-	269,850
Buildings	793,777	-	-	793,777
Equipment	376,119	5,100	-	381,219
Vehicles	253,123	-	-	253,123
	1,671,994	25,976	-	1,697,970
Accumulated depreciation for:				
Improvements	(70,113)	(8,646)	-	(78,759)
Buildings	(247,095)	(17,751)	-	(264,846)
Vehicles	(149,850)	(23,011)	-	(172,861)
Equipment	(259,431)	(29,437)	-	(288,868)
	(726,489)	(78,845)	-	(805,334)
Total capital assets being depreciated, net	945,505	(52,869)	-	892,636
<i>Governmental activities</i> Capital assets, net	\$ 1,159,769	\$ (52,869)	\$ -	\$ 1,106,900
	Balance Beginning	Additions	Transfers & Disposals	Balance Ending
<i>Business-type Activities</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 411,692	\$ 77,542	\$ -	\$ 489,234
Capital assets being depreciated				
Buildings	14,894	-	-	14,894
Vehicles	26,253	-	-	26,253
Equipment	82,273	-	-	82,273
Water distribution system	514,971	-	-	514,971
Sewerage treatment	113,778	-	-	113,778
	752,169	-	-	752,169
Accumulated depreciation for:				
Buildings	(6,510)	(745)	-	(7,255)
Vehicles	(14,570)	-	-	(14,570)
Equipment	(61,804)	(7,202)	-	(69,006)
Water distribution system	(378,923)	(11,440)	-	(390,363)
Sewerage treatment plant	(113,777)	-	-	(113,777)
	(575,584)	(19,387)	-	(594,971)
Total capital assets				

being depreciated, net	176,585	(19,387)	-	157,198
<i>Business-type Activities</i>				
Capital assets, net	<u>\$ 176,585</u>	<u>\$ (19,387)</u>	<u>\$ -</u>	<u>\$ 157,198</u>

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

Governmental activities:	
General Government	\$ 11,994
Public Safety	54,280
Public Works	2,878
Culture and recreation	<u>11,244</u>
	<u>\$ 80,396</u>

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 \$385,000. Once the project is complete, the loan will be amortized over 240 months. The outstanding balance at June 30, 2015 was \$384,277, and is payable from Water Fund revenues.

	Balance June 30, 2014	Issued	Retired	Balance June 30, 2015
<u>Business-type Activities</u>				
GEFA Loan	<u>\$ 365,765</u>	<u>\$ 18,512</u>	<u>\$ -</u>	<u>\$ 384,277</u>

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

\$ 82,580

Changes in the Long-Term Debt were as follows:

	Balance June 30, 2014	Issued	Retired	Balance June 30, 2015	Due In One Year
<u>Governmental Activities</u>					
Construction Bonds	<u>\$ 88,280</u>	<u>\$ -</u>	<u>\$ 5,700</u>	<u>\$ 82,580</u>	<u>\$ 5,700</u>

The annual requirements for debt service are as follows:

Year Ending <u>June 30.</u>	<u>General Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 6,120	\$ 4,129
2017	6,520	3,823
2018	6,940	3,497
2019	7,390	3,150
2020	7,870	2,781
2021-2025	<u>47,740</u>	<u>7,462</u>
	<u>\$ 82,580</u>	<u>\$ 24,842</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, 2015.

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, 2015 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, 2015. Under the law, the Town is required to pay dues thereto. During the year ended June 30, 2015, 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. 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:

	Original <u>Estimated</u>	Current <u>Estimated</u>	Reported Prior <u>Years</u>	Current <u>Year</u>	<u>Total</u>
<u>2009 SPLOST</u>					
Tax revenues	\$ 500,000	\$ 500,000	\$ 379,167	\$ 25,978	\$ 405,145
Government buildings	50,000	78,300	31,039	15,851	46,890
Fire Dept. building and equip.	100,000	120,000	131,467	-	131,467
Police Dept. equipment	45,000	71,700	58,698	-	58,698
Recreational facilities	100,000	100,000	100,000	-	100,000
Water system improvements	175,000	80,000	26,643	-	26,643
Street improvements	30,000	50,000	31,320	10,125	41,445
	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 379,167</u>	<u>\$ 25,976</u>	<u>\$ 405,143</u>

TOWN OF WAVERLY HALL, GEORGIA
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Taxes	\$ 330,350	\$ 330,350	\$ 405,077
Intergovernmental	12,736	12,736	9,290
Charges for Services	100	100	5,545
Licenses and Permits	5,500	5,500	5,649
Fines and Forfeitures	15,000	15,000	19,063
Interest	-	-	1,282
Other	39,942	39,942	-
Total Revenues	403,628	403,628	445,906
Expenditures			
Current			
General government	130,717	130,717	154,391
Public safety	125,654	125,654	210,993
Judicial	4,000	4,000	784
Public works	70,250	70,250	38,172
Public welfare	1,900	1,900	2,443
Culture and recreation	61,100	61,100	9,289
Total Expenditures	393,621	393,621	416,072
Excess (deficiency) of Revenues Over (Under) Expenditures	10,007	10,007	29,834
Other Financing Sources (Uses)			
Transfers—In	-	-	29,015
Transfers—out	(10,007)	(10,007)	(33,251)
Total Other Financing Sources (Uses)	(10,007)	(10,007)	(4,236)
Net Change in Fund Balances	-	-	25,598
Fund Balances (Deficit) at Beginning	76,039	76,039	76,039
Fund Balances at End of Year	76,039	76,039	101,637

TOWN OF WAVERLY HALL, GEORGIA
Budgetary Comparison Schedule
CDBG Grant Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	500,000	500,000	59,030
Charges for Services	-	-	-
Licenses and Permits	-	-	-
Fines and Forfeitures	-	-	-
Interest	-	-	-
Other	-	-	-
Total Revenues	500,000	500,000	59,030
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Judicial	-	-	-
Public works	500,000	500,000	59,030
Public welfare	-	-	-
Culture and recreation	-	-	-
Total Expenditures	500,000	500,000	59,030
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers—In	-	-	-
Transfers—out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balances (Deficit) at Beginning	-	-	-
Fund Balances at End of Year	-	-	-

Town of Waverly Hall, Georgia
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
For Year Ended June 30, 2015

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, 2015

	<u>Special Revenue</u>			Total Non Major
	TIA	Capital Projects	Debt Service	
Assets				
Cash	\$ 9,537	\$ 10,783	\$ 6,944	\$ 27,264
Due from other funds	1,333	-	-	1,333
Total Assets	10,870	10,783	6,944	28,597
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	-	10,751	-	10,751
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	-	10,751	-	10,751
Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Restricted for public works	10,870	-	-	10,870
Restricted for capital outlay	-	32	-	32
Committed for debt service	-	-	6,944	6,944
Total Fund Balances	10,870	32	6,944	17,846
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,870	\$ 10,783	\$ 6,944	\$ 28,597

TOWN OF WAVERLY HALL, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Non Major Governmental Funds
For the Year Ended June 30, 2015

	<u>Special Revenue</u>			Total Non Major
	TIA	Capital Projects	Debt Service	
Revenues				
Intergovernmental	\$ 36,667	\$ 26,008	\$ 12,786	\$ 75,461
Investment income	21	-	9	30
Total Revenues	36,688	26,008	12,795	75,491
Expenditures				
Public works	13,503	-	-	13,503
Capital outlay	-	25,976	-	25,976
Debt service	-	-	10,114	10,114
Total Expenditures	13,503	25,976	10,114	49,593
Excess (deficiency) of Revenues Over (Under) Expenditures	23,185	32	2,681	25,898
Other Financing Sources				
Transfers in	-	-	-	-
Transfers out	(12,315)	-	(16,700)	(29,015)
Total Other Financing Sources	(12,315)	-	(16,700)	(29,015)
Net Change in Fund Balances	10,870	32	(14,019)	(3,117)
Fund Balances (Deficit) at Beginning	-	-	20,963	20,963
Fund Balances at End of Year	\$ 10,870	\$ 32	\$ 6,944	\$ 17,846

TOWN OF WAVERLY HALL, GEORGIA
Schedule of Funding Progress
CDBG Grant12p-x-072-2-5488
For the Year Ended June 30, 2015

	Budget	Prior	Current
Revenues			
Intergovernmental	\$ 500,000	\$ 46,277	\$ 59,030
Expenditures			
Acquisition	20,000	2,500	5,500
Contingencies	17,368	-	-
Sewer facilities	52,000	-	41,580
Engineering	29,107	28,027	350
Drainage	351,525	-	-
Administration	30,000	15,400	11,600
Total Expenditures	\$ 500,000	\$ 45,927	\$ 59,030

Kim Kimmel
Certified Public Accountant
PO 39
Richland, Georgia 31825

Member:
American Institute of CPAs
Georgia Society of CPAs

229-887-2543
229-887-3402 fax

**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 of the Town of Waverly Hall, Georgia as of and for the year ended June 30, 2015, which collectively comprise Town of Waverly Hall, Georgia's basic financial statements and have issued my report thereon dated February 8, 2016. 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. **15-1.**

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.

Kim Kimmel CPA

Richland, Georgia
February 8, 2016

TOWN OF WAVERLY HALL, GEORGIA
Schedule of Findings and Responses
Year Ended Jun 30, 2015

Deficiency

15-1 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.