

**CITY OF BARWICK, GEORGIA  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

**CITY OF BARWICK, GEORGIA**  
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**June 30, 2015**

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# SIMMONS, MILLS & SIMMONS P.C.

CERTIFIED PUBLIC ACCOUNTANTS

220 E. JACKSON ST.

P.O. BOX 1098

THOMASVILLE, GA. 31799

229-226-2515

FAX # 229-226-2531

CHARLES R. SIMMONS, JR., CPA (1918-1986)  
EDWIN A. SIMMONS, CPA  
DARRELL J. MILLS, CPA  
MICHAEL J. SIMMONS, CPA

MEMBERS OF AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the City Council  
City of Barwick, Georgia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Barwick, Georgia as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Barwick, Georgia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Hotel/Motel Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2016, on our consideration of the City of Barwick, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Barwick, Georgia's internal control over financial reporting and compliance.

Simmons, Mills & Simmons P.C.  
Thomasville, Georgia

*Simmons, Mills + Simmons P.C.*

January 21, 2016

## **BASIC FINANCIAL STATEMENTS**

**CITY OF BARWICK, GEORGIA**  
**Government-wide Statement of Net Position**  
**June 30, 2015**

	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash investments	\$ 292,118	\$ 77,781	\$ 369,899
Time deposits	26,891	7,412	34,303
Restricted cash	24,553	10,890	35,443
Receivables (net of allowance for doubtful accounts):			
Taxes	7,854	-	7,854
Accounts	-	13,315	13,315
Intergovernmental receivable	13,401	-	13,401
Internal balances	1,193	(1,193)	-
Prepaid items	5,149	3,183	8,332
Capital assets:			
Land	43,165	1,000	44,165
Improvements	88,070	-	88,070
Buildings	43,512	14,450	57,962
Equipment	187,746	110,094	297,840
Infrastructure	-	996,919	996,919
Accumulated depreciation	(178,280)	(473,227)	(651,507)
Total assets	<u>555,372</u>	<u>760,624</u>	<u>1,315,996</u>
<b>Liabilities:</b>			
Accounts payable	4,322	2,427	6,749
Accrued liabilities	49	-	49
Customer deposits	-	10,890	10,890
Unearned revenue	13,723	-	13,723
Total liabilities	<u>18,094</u>	<u>13,317</u>	<u>31,411</u>
<b>Net position:</b>			
Investment in capital assets	184,213	649,236	833,449
Unrestricted (deficit)	124,791	98,071	222,862
Restricted for:			
Capital projects	209,009	-	209,009
Volunteer fire department	10,830	-	10,830
Housing and Development	8,435	-	8,435
Total net position	<u>\$ 537,278</u>	<u>\$ 747,307</u>	<u>\$ 1,284,585</u>

See accompanying notes to basic financial statements

CITY OF BARWICK, GEORGIA  
Government-wide Statement of Activities  
Year Ended June 30, 2015

<u>Program Activities</u>	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and changes in Net Position</u>		
	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Governmental activities:</b>							
General government	\$ 52,252	\$ 2,577	\$ -	\$ 63,982	\$ 14,307	\$ -	\$ 14,307
Judicial	30	-	-	-	(30)	-	(30)
Public safety	15,145	1,032	2,244	-	(11,869)	-	(11,869)
Public works	81,419	-	-	-	(81,419)	-	(81,419)
Cultural and recreational	6,208	-	2,100	17,600	13,492	-	13,492
Housing and development	-	-	1,274	-	1,274	-	1,274
Interest on long-term debt	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>155,054</b>	<b>3,609</b>	<b>5,618</b>	<b>81,582</b>	<b>(64,245)</b>	<b>-</b>	<b>(64,245)</b>
<b>Business-type activities:</b>							
Water	111,883	92,584	-	29,967	-	10,668	10,668
Solid waste	26,313	37,403	-	-	-	11,090	11,090
<b>Total business-type activities</b>	<b>138,196</b>	<b>129,987</b>	<b>-</b>	<b>29,967</b>	<b>-</b>	<b>21,758</b>	<b>21,758</b>
<b>Total government</b>	<b>\$ 293,250</b>	<b>\$ 133,596</b>	<b>\$ 5,618</b>	<b>\$ 111,549</b>	<b>\$ (64,245)</b>	<b>\$ 21,758</b>	<b>\$ (42,487)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes					\$ 67,784	\$ -	\$ 67,784
Sales taxes					32,138	-	32,138
Alcohol beverage excise					1,360	-	1,360
Other taxes					24,143	-	24,143
Franchise fees					18,704	-	18,704
Investment earnings					224	192	416
Gain on sale of capital assets					-	-	-
Miscellaneous					999	7,270	8,269
Transfers					-	-	-
<b>Total general revenues and transfers</b>					<b>145,352</b>	<b>7,462</b>	<b>152,814</b>
Change in net position					81,107	29,220	110,327
Net position - beginning					456,171	718,087	1,174,258
Net position - ending					<b>\$ 537,278</b>	<b>\$ 747,307</b>	<b>\$ 1,284,585</b>

See accompanying notes to basic financial statements

**CITY OF BARWICK, GEORGIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	Total Governmental Funds
<b>Assets:</b>				
Cash	\$ 107,773	\$ 176,240	\$ 8,105	\$ 292,118
Restricted cash	24,553	-	-	24,553
Time deposits	3,706	23,185	-	26,891
Receivables (net of allowance for doubtful accounts):				
Taxes	7,854	-	-	7,854
Interfund receivables	1,887	-	-	1,887
Intergovernmental receivables	2,793	10,278	330	13,401
Prepaid items	5,149	-	-	5,149
<b>Total assets</b>	<b><u>\$ 153,715</u></b>	<b><u>\$ 209,703</u></b>	<b><u>\$ 8,435</u></b>	<b><u>\$ 371,853</u></b>
<b>Liabilities, deferred inflows and fund balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 4,322	\$ -	\$ -	\$ 4,322
Accrued liabilities	49	-	-	49
Unearned revenue	13,723	-	-	13,723
Interfund payables	-	694	-	694
<b>Total liabilities</b>	<b><u>18,094</u></b>	<b><u>694</u></b>	<b><u>-</u></b>	<b><u>18,788</u></b>
Deferred inflows - property taxes	7,804	-	-	7,804
<b>Total liabilities and deferred inflows</b>	<b><u>25,898</u></b>	<b><u>694</u></b>	<b><u>-</u></b>	<b><u>26,592</u></b>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Prepaid items	5,149	-	-	5,149
<b>Restricted for:</b>				
Special revenue funds	-	-	8,435	8,435
Volunteer fire department	10,830	-	-	10,830
Capital projects funds	-	209,009	-	209,009
Unassigned	111,838	-	-	111,838
<b>Total fund balances</b>	<b><u>127,817</u></b>	<b><u>209,009</u></b>	<b><u>8,435</u></b>	<b><u>345,261</u></b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b><u>\$ 153,715</u></b>	<b><u>\$ 209,703</u></b>	<b><u>\$ 8,435</u></b>	<b><u>\$ 371,853</u></b>

See accompanying notes to basic financial statements



**CITY OF BARWICK, GEORGIA**  
**Reconciliation of the Governmental Funds Balance Sheet to the Government-wide**  
**Statement of Net Position**  
**For Fiscal Year Ended June 30, 2015**

Total governmental fund balances		\$ 345,261
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Cost	\$ 362,493	
Less accumulated depreciation	<u>(178,280)</u>	184,213
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the City's year end.		
		7,804
Long-term liabilities are not due and payable in current period and therefore they are not reported in the Governmental Funds Balance Sheet.		
		<u>-</u>
Net position of governmental activities		<u><u>\$ 537,278</u></u>

See accompanying notes to basic financial statements

**CITY OF BARWICK, GEORGIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2015**

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
General property taxes	\$ 92,129	\$ -	\$ -	\$ 92,129
Sales and use taxes	32,138	-	-	32,138
Alcoholic beverage excise	1,360	-	-	1,360
Other taxes	24,143	-	-	24,143
Licenses and permits	2,577	-	-	2,577
Intergovernmental revenues	4,344	81,007	1,274	86,625
Other charges for services	122	-	-	122
Fines and forfeitures	1,032	-	-	1,032
Interest income	213	575	11	799
Miscellaneous revenues	877	-	-	877
Total revenues	<u>158,935</u>	<u>81,582</u>	<u>1,285</u>	<u>241,802</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	49,691	-	-	49,691
Judicial	30	-	-	30
Public safety	9,449	-	-	9,449
Public works	50,192	-	-	50,192
Culture and recreation	6,208	-	-	6,208
Housing and development	-	-	-	-
Capital projects	-	94,627	-	94,627
Total expenditures	<u>115,570</u>	<u>94,627</u>	<u>-</u>	<u>210,197</u>
Excess (deficiency) of revenues over expenditures	<u>43,365</u>	<u>(13,045)</u>	<u>1,285</u>	<u>31,605</u>
<b>Other financing sources (uses):</b>				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	43,365	(13,045)	1,285	31,605
Fund balances - beginning	<u>84,452</u>	<u>222,054</u>	<u>7,150</u>	<u>313,656</u>
Fund balances - ending	<u>\$ 127,817</u>	<u>\$ 209,009</u>	<u>\$ 8,435</u>	<u>\$ 345,261</u>

See accompanying notes to basic financial statements

**CITY OF BARWICK, GEORGIA**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the**  
**Government-wide Statement of Activities and Changes in Net Position**  
**For Fiscal Year Ended June 30, 2015**

Net change in fund balances - total government funds	\$	31,605
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Government-wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		64,660
Depreciation expense on capital assets is reported in the Government-wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(9,517)
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues in the governmental funds.		
Deferred taxes 6/30/15	\$	7,804
Deferred taxes 6/30/14		13,445
		<u>(5,641)</u>
Change in net position of governmental activities	\$	<u>81,107</u>

See accompanying notes to basic financial statements

**CITY OF BARWICK, GEORGIA**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual -**  
**GAAP Basis**  
**Year Ended June 30, 2015**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 122,802	\$ 92,550	\$ 92,129	\$ (421)
Sales and use taxes	28,500	29,000	32,138	3,138
Alcoholic beverage excise	1,800	1,200	1,360	160
Other taxes	19,500	20,500	24,143	3,643
Licenses and permits	3,120	3,000	2,577	(423)
Intergovernmental revenues	13,000	4,250	4,344	94
Other charges for services	560	700	122	(578)
Interest income	100	150	213	63
Fines and forfeitures	7,000	400	1,032	632
Miscellaneous revenues	-	250	877	627
Carryover of funds	-	-	-	-
Total revenues	<u>196,382</u>	<u>152,000</u>	<u>158,935</u>	<u>6,935</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	59,262	64,000	49,691	(14,309)
Judicial	4,060	2,000	30	(1,970)
Public safety	66,915	15,000	9,449	(5,551)
Public works	63,995	64,000	50,192	(13,808)
Culture and recreation	2,150	7,000	6,208	(792)
Capital projects	-	-	-	-
Total expenditures	<u>196,382</u>	<u>152,000</u>	<u>115,570</u>	<u>(36,430)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>43,365</u>	<u>43,365</u>
<b>Other financing sources (uses):</b>				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing and other uses	<u>-</u>	<u>-</u>	<u>43,365</u>	<u>43,365</u>
Fund balances - beginning	<u>84,452</u>	<u>84,452</u>	<u>84,452</u>	<u>-</u>
Fund balances - ending	<u>\$ 84,452</u>	<u>\$ 84,452</u>	<u>\$ 127,817</u>	<u>\$ 43,365</u>

See accompanying notes to basic financial statements

**CITY OF BARWICK, GEORGIA**  
**Hotel/Motel Tax Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**GAAP Basis**  
**Year Ended June 30, 2015**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental revenues	\$ 1,140	\$ 1,190	\$ 1,274	\$ 84
Interest income	10	10	11	1
Carryover of funds	-	(1,200)	-	1,200
Total revenues	<u>1,150</u>	<u>-</u>	<u>1,285</u>	<u>1,285</u>
<b>Expenditures:</b>				
Current:				
Housing and development	<u>1,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,285</u>	<u>1,285</u>
Fund balances - beginning	<u>7,150</u>	<u>7,150</u>	<u>7,150</u>	<u>-</u>
Fund balances - ending	<u>\$ 7,150</u>	<u>\$ 7,150</u>	<u>\$ 8,435</u>	<u>\$ 1,285</u>

See accompanying notes to basic financial statements

**CITY OF BARWICK, GEORGIA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<b>Business Type Activities - Enterprise Funds</b>	
	<b>Water &amp; Garbage</b>	<b>Totals</b>
<b>Assets:</b>		
Current assets:		
Cash and cash investments	\$ 77,781	\$ 77,781
Time deposits	7,412	7,412
Restricted cash	10,890	10,890
Receivables (net where applicable of allowance for doubtful accounts):		
Accounts	13,315	13,315
Intergovernmental receivable	-	-
Prepaid items	3,183	3,183
Total current assets	112,581	112,581
Noncurrent assets:		
Capital assets:		
Land	1,000	1,000
Buildings	14,450	14,450
Equipment	110,094	110,094
Infrastructure	996,919	996,919
Accumulated depreciation	(473,227)	(473,227)
Total capital assets, net of accumulated depreciation	649,236	649,236
Total assets	\$ 761,817	\$ 761,817
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 2,427	\$ 2,427
Customer deposits	10,890	10,890
Interfund payables	1,193	1,193
Total liabilities	\$ 14,510	\$ 14,510
<b>Net Position:</b>		
Investment in capital assets	\$ 649,236	\$ 649,236
Unrestricted	98,071	98,071
Total net position	\$ 747,307	\$ 747,307

See accompanying notes to basic financial statements

**CITY OF BARWICK, GEORGIA**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2015**

	<b>Business Type Activities - Enterprise Funds</b>	
	<b>Water &amp; Garbage</b>	<b>Totals</b>
<b>Operating revenues:</b>		
Charges for services - water	\$ 92,584	\$ 92,584
Charges for services - solid waste	37,403	37,403
Miscellaneous	7,270	7,270
Total operating revenues	137,257	137,257
<b>Operating expenses:</b>		
Water:		
Personal services	42,658	42,658
Purchased/contracted services	20,718	20,718
Supplies	16,027	16,027
Depreciation	32,480	32,480
Solid waste:		
Purchased/contracted services	26,313	26,313
Total operating expenses	138,196	138,196
Income (loss) from operations	(939)	(939)
<b>Non-operating revenues (expenses):</b>		
Intergovernmental revenues	-	-
Miscellaneous Income	-	-
Interest income	192	192
Total non-operating revenues (expenses)	192	192
Transfers (to) from other funds	-	-
Capital contributions	29,967	29,967
Change in net position	29,220	29,220
Net position - beginning	718,087	718,087
Net position - ending	\$ 747,307	\$ 747,307

See accompanying notes to basic financial statements

**CITY OF BARWICK, GEORGIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2015**

	<b>Business Type Activities - Enterprise Funds</b>	
	<b>Water &amp; Garbage</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 129,247	\$ 129,247
Other operating cash receipts	7,270	7,270
Cash payments to suppliers for goods and services	(143,361)	(143,361)
Cash payments to employees for services	<u>37,453</u>	<u>37,453</u>
Net cash provided (used) by operating activities	<u>30,609</u>	<u>30,609</u>
<b>Cash flows from noncapital financing activities:</b>		
State grants received	-	-
Transfers to other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>
<b>Cash flows from capital financing activities:</b>		
Transfers from other funds	-	-
Acquisition and construction of capital assets	-	-
Net cash provided (used) by capital financing activities	<u>-</u>	<u>-</u>
<b>Cash flow from investing activities:</b>		
Interest on cash and investments	<u>192</u>	<u>192</u>
Net increase (decrease) in cash and cash investments	30,801	30,801
Cash and cash investments, July 1	<u>65,282</u>	<u>65,282</u>
Cash and cash investments, June 30	<u>\$ 96,083</u>	<u>\$ 96,083</u>
<b>Non-cash capital activities:</b>		
Capital assets purchased by the SPLOST Fund for the Water & Garbage Fund	<u>\$ 29,967</u>	<u>\$ 29,967</u>

See accompanying notes to basic financial statements



**CITY OF BARWICK, GEORGIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water &amp; Garbage</b>	<b>Totals</b>
<b>Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:</b>		
Income (loss) from operations	\$ (939)	\$ (939)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	32,480	32,480
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,265)	(1,265)
(Increase) decrease in prepaid items	(36)	(36)
(Increase) decrease in due from other funds	-	-
Increase (decrease) in accounts payable	(155)	(155)
Increase (decrease) in due to other funds	(1)	(1)
Increase (decrease) in customer deposits payable	525	525
Net cash provided (used) by operating activities	\$ 30,609	\$ 30,609
 <b>Reconciliation of total cash and cash investments:</b>		
Current assets - cash and cash investments	\$ 77,781	\$ 77,781
Restricted cash	10,890	10,890
Time deposits	7,412	7,412
Total cash and cash investments	\$ 96,083	\$ 96,083

See accompanying notes to basic financial statements

## **NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF BARWICK, GEORGIA**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

The City of Barwick (the "City") was incorporated in 1903. The City operates under a council/mayor form of government and provides the following services: public safety (police and volunteer fire department), highways and streets, sanitation, recreation, public improvements and general and administrative services. In addition, the City operates a public utility (water system) for the incorporated and immediate surrounding areas.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City does not follow subsequent private-sector guidance for its enterprise funds.

The most significant of the City's accounting policies are described below.

**B. Financial Reporting Entity**

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Barwick has no component units.

**Related organizations**

The following is a list of related organizations for which the City of Barwick appoints one or more of the Board of Directors:

- Southern Georgia Regional Commission

**CITY OF BARWICK, GEORGIA**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**Joint ventures and jointly governed organizations**

The City of Barwick, in conjunction with thirty-three cities or counties in the South Georgia area are members of the South Georgia Regional Commission (SGRC). Membership in an SGRC is automatic of each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the SGRCs. Each county and municipality in the state are required by law to pay minimum annual dues to the SGRC. The SGRC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the non-public Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines SGRCs as "public agencies and instrumentalities of their members. Georgia laws also provide that the member governments are liable for any debts or obligations of an SGRC beyond its resources (O.C.G.A. 50-8-39.1).

Separately issued financial statements of the Southern Georgia Regional Commission are available at their administrative offices located at 327 W. Savannah Ave., Valdosta, Ga. 31601 or by telephone at 229-333-5277.

**C. Basis of Presentation**

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given 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.

**Fund Financial Statements:**

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

**CITY OF BARWICK, GEORGIA**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

Governmental funds are those funds through which most governmental funds typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

**General Fund –**

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**SPLOST Fund –**

The SPLOST Fund is a capital projects fund used to account for Special Purpose Local Option Sales Tax collected for Brooks and Thomas Counties. This sales tax is to be used for capital outlay as allowed by the Official Code of Georgia Annotated Section 48-8-111.

**Hotel/Motel Tax Fund –**

The Hotel/Motel Tax Fund is a special revenue fund used to account for Hotel/Motel tax received from Thomas County. This tax is to be used for the promotion of tourism in the City.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary fund:

**Water and Garbage Fund –**

Water and Garbage Fund is used to account for the provision of water and garbage services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sanitation system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

CITY OF BARWICK, GEORGIA  
Notes to Basic Financial Statements  
June 30, 2015

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

**D. Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; 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 statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

**E. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports 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.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applied to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item of unavailable revenue which is reported only in the governmental funds balance sheet. This is property taxes which are reported as deferred inflows since they are recognized as receivables before the period for which the taxes are levied.

**F. Budgets**

All budgets, except for the Enterprise Funds, are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund, Hotel/Motel Tax Fund and the Enterprise Funds. Amounts presented for the General Fund are as amended by the City Council. All annual appropriations lapse at fiscal year end. A project-length budget was adopted for the Capital Projects Fund.

**CITY OF BARWICK, GEORGIA**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**G. Cash and Investments**

Cash includes amounts in demand deposits, passbook savings as well as certificates of deposits with a maturity date of three months or less. Cash equivalents are short term, highly liquid investments that can be converted to known amounts of cash.

The City's deposit policy limits deposit choices to checking accounts, money market accounts and certificates of deposits with local banks. All deposits are to be secured as required by state statutes. The state statute requires the deposits to be secured at an amount equal to the total deposits less FDIC insurance, and then multiplied by 110 percent.

The City's investing is limited to investments complying with state statutes. These investments are limited to obligations of states, obligations issued by the U.S. government, obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States, obligations of any corporation of the U.S. government, the local government investment pool established by state law and obligations of other political subdivisions of the State of Georgia. The City's investment policy is not in writing.

**H. Prepaid Items**

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

**I. Inventories**

Expendable supplies are recorded as expenditures at the time items are purchased. The City does not record inventories of supplies on the books. Any inventory of supplies at June 30, 2015 is considered immaterial.

**J. Interfund Receivables and Payables**

Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

**K. Transactions between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

**CITY OF BARWICK, GEORGIA**  
**Notes to Basic Financial Statements**  
June 30, 2015

**(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**L. 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. General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003. Improvements to capital assets are capitalized. 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. Interest has not been capitalized during the construction period on property, plant and equipment.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Assets are capitalized and the estimated useful lives are as follows:

	<u>Life-Years</u>	<u>Threshold</u>
Buildings and Improvements	15-50	\$ 15,000
Infrastructure	20-50	150,000
Machinery and Equipment	3-15	5,000

**M. Compensated Absences**

The City's policy allows employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. There were no compensated absences as of June 30, 2015.

**N. Long-Term Obligations**

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

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

**O. Nature and Purpose of Restricted Fund Equity**

The fund equity is restricted for prepaid items.



CITY OF BARWICK, GEORGIA  
Notes to Basic Financial Statements  
June 30, 2015

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

P. Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

**Investment in capital assets** – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

**Restricted net position** – consist of net position that is restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

**Unrestricted** – all other net position is reported in this category.

Q. 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 City Charter, the City Code, 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 City Council. Formal action by the City Council is required to be taken to establish (and modify or rescind) a formal balance commitment.

**Assigned** – Amounts that are designated by the City Council for a particular purpose. By motion, only the City Council can authorize an assignment of fund balances. Also, any of the fund balance reported at year-end that is included in the subsequent years' budget is reported as assigned

**Unassigned** – All amounts not included in other spendable classifications.

R. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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.

**CITY OF BARWICK, GEORGIA**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**(2) – LEGAL COMPLIANCE**

**A. Budgets**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Council prepares a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at the City offices to obtain taxpayer comments.
3. After the public hearing, the City Council formally adopts the budget.
4. The budget is employed as a management control device during the year.
5. All budgets, except for the Enterprise Funds, are adopted on a basis substantially consistent with generally accepted accounting principles.

Budget amounts are as originally adopted or as amended by the City Council.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual budget is at the department level.

**B. Cash and Investments**

As indicated above, State statues require banks holding public funds to secure these funds by FDIC Insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held, less FDIC insurance. The City reported \$49,500 of funds that were not collateralized at 110 percent. This may be a violation of Georgia state statues.

**(3) – DEPOSITS AND INVESTMENTS**

**Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2015, all of the City's deposits were not 110 percent covered by either the Federal Depository Insurance Corporation (FDIC) or collateral pledged by the financial institution or a combination of the two.

As of yearend, the carrying amount of the City's bank balances totaled \$439,645 and the bank balances totaled \$454,091.

**Investments**

Credit Risk – The City has no formal policy on managing credit risk; however, state law limits investments in commercial paper to the top rating issued by national recognized statistical rating organizations. As of June 30, 2015 the City had no investments.

**CITY OF BARWICK, GEORGIA**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**(4) – RECEIVABLES**

The receivables as of June 30, 2015 for the City's individual major funds are as follows:

	General Fund	SPLOST Fund	Hotel/ Motel Tax Fund	Water & Garbage Fund	Total
Receivables:					
Taxes	\$ 14,254	\$ -	\$ -	\$ -	\$ 14,254
Accounts	-	-	-	19,515	19,515
Intergovernmental	2,793	10,278	330	-	13,401
Gross receivables	17,047	10,278	330	19,515	47,170
Less: Allowances for doubtful accounts	6,400	-	-	6,200	12,600
Net total receivables	<u>\$ 10,647</u>	<u>\$ 10,278</u>	<u>\$ 330</u>	<u>\$ 13,315</u>	<u>\$ 34,570</u>

Property taxes are levied as of September 2nd on property values assessed as of January 1<sup>st</sup>. The bills were mailed on October 15<sup>th</sup> and are considered due upon receipt by the taxpayer; however, the actual due date is December 20<sup>th</sup>. After this date, the bill becomes delinquent and penalties and interest may be assessed.

**(5) – RESTRICTED ASSETS**

Restricted assets reported in the General fund are comprised of the following:

Cash – LMIG funds	\$ 13,723
Cash – volunteer fire department	10,830
Total	<u>\$ 24,553</u>

Restricted assets reported in the Water & Garbage fund are comprised of the following:

Cash – customer deposits	<u>\$ 10,890</u>
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**CITY OF BARWICK, GEORGIA**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**(6) – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1	Additions	Adjustment/ Deletions	Balance June 30
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 43,165	\$ -	\$ -	\$ 43,165
Construction-in-progress	-	-	-	-
Total capital assets, not being depreciated	<u>43,165</u>	<u>-</u>	<u>-</u>	<u>43,165</u>
Capital assets, being depreciated				
Buildings	43,512	-	-	43,512
Improvements	23,410	64,660	-	88,070
Equipment	187,746	-	-	187,746
Total capital assets, being depreciated	<u>254,668</u>	<u>64,660</u>	<u>-</u>	<u>319,328</u>
Less accumulated depreciation for:				
Buildings	3,917	1,000	-	4,917
Improvements	-	1,561	-	1,561
Equipment	164,846	6,956	-	171,802
Total accumulated depreciation	<u>168,763</u>	<u>9,517</u>	<u>-</u>	<u>178,280</u>
Total capital assets, being depreciated, net	<u>85,905</u>	<u>55,143</u>	<u>-</u>	<u>141,048</u>
Governmental activities capital assets, net	<u>\$ 129,070</u>	<u>\$ 55,143</u>	<u>\$ -</u>	<u>\$ 184,213</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Construction in-progress	-	-	-	-
Total capital assets, not being depreciated	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Capital assets being depreciated				
Buildings	14,450	-	-	14,450
Equipment	80,127	29,967	-	110,094
Infrastructure	996,919	-	-	996,919
Total capital assets, being depreciated	<u>1,091,496</u>	<u>29,967</u>	<u>-</u>	<u>1,121,463</u>
Less accumulated depreciation for:				
Building	14,450	-	-	14,450
Equipment	50,469	4,728	-	55,197
Infrastructure	375,828	27,752	-	403,580
Total accumulated depreciation	<u>440,747</u>	<u>32,480</u>	<u>-</u>	<u>473,227</u>
Total capital assets, being depreciated, net	<u>650,749</u>	<u>(2,513)</u>	<u>-</u>	<u>648,236</u>
Business-type activities capital assets, net	<u>\$ 651,749</u>	<u>\$ (2,513)</u>	<u>\$ -</u>	<u>\$ 649,236</u>

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

<b>Governmental activities:</b>	
General government	\$ 2,561
Public safety	5,696
Public works	1,260
Culture and recreation	-
Total depreciation expense - Governmental activities	<u>\$ 9,517</u>
<b>Business-type activities:</b>	
Water	\$ 32,480
Garbage	-
Total depreciation expense - Business-type activities	<u>\$ 32,480</u>

**CITY OF BARWICK, GEORGIA**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**(7) – LONG-TERM DEBT**

The City had no long-term debt during the current year.

**(8) – INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables, payables, and transfers for the year ended June 30, 2015 consisted of the following amounts:

Fund	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
General Fund	\$ 1,887	\$ -	\$ -	\$ -
SPLOST Fund	-	694	-	-
Water & Garbage Fund	-	1,193	-	-
<b>Total</b>	<u>\$ 1,887</u>	<u>\$ 1,887</u>	<u>\$ -</u>	<u>\$ -</u>

The City transferred money between the funds as needed to finance various programs accounted for in each fund. The interfund receivable and payable is for Water Fund and SPLOST Fund expenditures paid out of the General Fund that will be reimbursed by the Water Fund and SPLOST Fund.

**(9) – FUND BALANCES**

The following is a summary of the fund balances for the governmental funds at June 30, 2015:

Nonspendable:	
Prepaid items - This is prepaid insurance and fuel in the general fund	\$ 5,149
Restricted for construction of capital assets - This is fund balance restricted by state law as follows:	
SPLOST Fund - Restricted by state law and Thomas County	151,501
SPLOST Fund - Restricted by state law and the City of Thomasville	17,600
SPLOST Fund - Restricted by state law and Brooks County	39,908
Restricted for Volunteer Fire Department - This is fund balance restricted by the donor as follows:	
Restricted by Brooks County for the Barwick Volunteer Fire Department	10,830
Restricted for promotion of tourism:	
Hotel/Motel Tax Fund - Restricted by state law	8,435
Unassigned:	
This is the amount assigned in the general fund	<u>111,838</u>
<b>Total fund balance</b>	<u><u>\$ 345,261</u></u>

**CITY OF BARWICK, GEORGIA**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**(10) – RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Worker's Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim or loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government's contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The City has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year. The City is not aware of any claims which the City is liable for (up to the applicable deductible) which were outstanding and unpaid at June 30, 2015. No provisions have been made in the financial statements for the year ended June 30, 2015 for any estimate of potential unpaid claims.

The City carries a combined property, casualty, and crime coverage with the Georgia Interlocal Risk Management Agency (GIRMA).

Coverage's are as follows:

**Coverage description – property:**

Blanket buildings and personal property	\$ 1,173,412
Automobile physical damage and mobile equipment	Per schedule on file with GIRMA

**Coverage description – casualty (per occurrence limit):**

General liability	600,000
Automobile liability	750,000
Errors and omissions (public officials) liability	600,000
Employee benefits liability	600,000

**Coverage description – crime:**

Blanket Bond	500,000
Depositors forgery	500,000
Computer Crime	500,000
Money and securities – loss inside and outside the premises	500,000

**Coverage description – environmental:**

GIRMA public entity environmental liability	1,000,000
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**CITY OF BARWICK, GEORGIA**  
**Notes to Basic Financial Statements**  
**June 30, 2015**

**(10) – RISK MANAGEMENT (CONT.)**

**Deductible:**

General liability	5,000
Law enforcement liability	5,000
Automobile liability	5,000
Errors and omissions (public officials) liability	5,000
Employee benefits liability	5,000
Buildings and personal property	5,000
Automobile physical damage	5,000
Equipment breakdown	5,000
Crime	5,000

**Coverage exceptions:**

Public Officials Liability and Employee Benefits Liability are written on Occurrence Form. Prior Acts is included for Public Officials Liability and Employee Benefits Liability subject to retroactive date of 01/01/1998.

**Coverage's subject to a retroactive date:**

(Unless stated otherwise in the coverage exceptions)

Public officials liability	1/1/1998
Employee benefits liability	1/1/1998
Pollution liability	N/A

Coverage is subject to all terms, conditions and internal limits as specified in the GIRMA member coverage agreement.

**(11) – CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. 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 City has stated that it is not involved in any lawsuit that will have a material effect on the financial condition of the City.

**(12) – EMPLOYEE RETIREMENT SYSTEM**

The City does not provide any retirement, pension, or profit sharing plan for its employees.

**(13) – HOTEL/MOTEL LODGING TAX**

Pursuant to an ordinance on June 27, 2005, January 1, 2006 Thomas County began levying a 5% lodging tax in accordance with O.C.G.A. 48-13-51 and expends 50% of the hotel/motel tax collections for the purpose of promoting tourism.

Thomas County paid the City \$1,274 from their Hotel/Motel Tax Fund in the current year. The City did not spend any of this money during the year ended June 30, 2015.

## **OTHER FINANCIAL INFORMATION**



# SIMMONS, MILLS & SIMMONS P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
220 E. JACKSON ST.  
P.O. BOX 1098  
THOMASVILLE, GA. 31799

229-226-2515  
FAX # 229-226-2531

CHARLES R. SIMMONS, JR., CPA (1918-1986)  
EDWIN A. SIMMONS, CPA  
DARRELL J. MILLS, CPA  
MICHAEL J. SIMMONS, CPA

MEMBERS OF AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and Members  
of the City Council  
City of Barwick, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of City of Barwick, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of Barwick, Georgia's basic financial statements and have issued our report thereon dated January 21, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Barwick, Georgia's internal control over financial reporting (internal control) 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 City of Barwick, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Barwick, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, 2005-001.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Barwick, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2015-001.

## **City of Barwick Georgia's Response to Findings**

City of Barwick, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Barwick, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Simmons, Mills & Simmons P.C.  
Thomasville, Georgia

*Simmons, Mills + Simmons P.C.*

January 21, 2016

**CITY OF BARWICK, GEORGIA**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2015**

**Prior years findings:**

**2005-001**

**Condition** – The City does not have sufficient properly trained personnel to provide an optimum level of appropriate segregation of duties and responsibilities.

**Effect** – The City Clerk performs many of the accounting functions which give her the ability to control the financial records and reports.

**Status** –Our test determined that this condition still exists.

**Recommendation** – The Mayor and City Council should closely monitor and approve the monthly financial activity.

**Views of responsible officials and planned corrective actions** – The City's management concurs with the finding. The Mayor and City Council will continue to closely monitor and approve the monthly financial activity. See Barwick's corrective action plan attached.

**Current year findings and responses:**

**2015-001**

**Condition** – At year end, the City may have not been in compliance with the state statute on deposits at one of its depositories. The deposits at this bank less FDIC coverage multiplied by 110% equal \$224,500. The bank had only pledged \$175,000 of collateral. This resulted in \$49,500 of uncollateralized deposits.

**Criteria** – Official Code of Georgia Annotated (O.C.G.A.) Section 45-8-12(a). The collecting officer holding public funds may not have a deposit at any one time in any depository for a time longer than ten days a sum of money belonging to the public body when such depository has not given a bond to the public body as set forth in this code section. A depository may secure deposits made with it partly by surety bond, partly by deposit of any one or more of the obligations referred to in subsection (a) of this code section, partly by the guarantee or insurance referred to in subsection (b) of this code section, or by any combination of these methods. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to no less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance.

**Effect** – Failure to collateralize deposits as required above may be a violation of this statute.

**Recommendation** – The City should continue to monitor deposits and pledges. The City should require the bank to pledge enough collateral to cover deposits as required by the above statute.

**Views of responsible and planned corrective actions** – Concur with finding. The bank increased its pledges on December 31, 2015 to \$375,000 after several requests by the clerk. The City Clerk will continue to monitor deposits and collateral and will require additional collateral as necessary.

*City of Barwick*

P.O. Box 146  
Barwick, Georgia 31720

*Incorporated 1903*

January 21, 2016

Mr. Greg S. Griffin, State Auditor  
Department of Audits and Accounts  
270 Washington Street, S.W., Room 1-156  
Atlanta, Ga. 30334-8400

Re: City of Barwick  
Year Ending June 30, 2015  
Corrective Action Plan

Dear Sir/Madam:

Enclosed is the City of Barwick's corrective action plan as required by Section 36-81-7 of the Official Code of Georgia Annotated. After reviewing this plan, I trust that you will find that it is in compliance with the above code. Please notify us of your decision.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ned A. Simmons, Jr.', with a long, sweeping flourish extending to the right.

Ned A. Simmons, Jr.  
Mayor

**CITY OF BARWICK, GEORGIA  
CORRECTIVE ACTION PLAN  
FOR YEAR ENDED JUNE 30, 2015**

**2005-001**

**Finding/Recommendation:**

The City does not have sufficient properly trained personnel to provide an optimum level of appropriate segregation of duties and responsibilities. Staffing should include a sufficient number of properly trained personnel to assign duties and responsibilities among in order to achieve a minimum level of risk that misstatements resulting from fraud or error might occur and not be detected by employees during the normal course of performing assigned duties.

**Corrective Action Plan/Management Response:**

We concur with this recommendation. The City cannot establish appropriate segregation of duties because it is not cost effective. The Mayor and City Council more closely monitor and approve the monthly financial activity as well as provide the current Clerk with additional training. The Mayor and a Councilmember sign all checks. We believe that this allows the City to comply with the audit recommendation.

**2015-001**

**Finding/Recommendation:**

At year end, June 30, 2015, the Town may have not been in compliance with the state statute on deposits at one of its depositories. The deposits at this bank less FDIC coverage multiplied by 110% equal \$224,500. The bank had only \$175,000 of collateral. This resulted in \$45,500 of uncollateralized deposits. The Town should continue to monitor deposits and pledges. The Town should require the bank to pledge enough collateral to cover deposits as required by state statutes.

**Corrective Action Plan/Management Response:**

We concur with this recommendation. The bank increased its pledges as of December 31, 2015. The Clerk will continue to monitor deposits and collateral and will require additional collateral as necessary.

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## INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

Honorable Mayor and Members  
of the City Council  
City of Barwick, Georgia

We have audited the accompanying Schedules of Special Purpose Local Option Sales Tax for the City of Barwick, Georgia for the year ended June 30, 2015. These schedules are the responsibility of the City of Barwick, Georgia's management. Our responsibility is to express an opinion on the Schedules of Special Purpose Local Option Sales Tax based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules of Special Purpose Local Option Sales Tax are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Special purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accounting Schedules of Special Purpose Local Option Sales Tax is prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note 1 and is not intended to be a complete presentation of the City of Barwick's revenues and expenditures.

In our opinion, the Schedules of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project of the City of Barwick for the year ended June 30, 2015, in conformity with accounting principles generally accepted in the United States of America.

Simmons, Mills & Simmons P.C.  
Thomasville, Georgia

*Simmons, Mills + Simmons P.C.*

January 21, 2016

**CITY OF BARWICK, GEORGIA**  
**Schedule of Special Purpose Local Option Sales Tax - Brooks County**  
**Year Ended June 30, 2015**

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Expenditures</u>		
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Miscellaneous road projects	\$ 30,000	\$ 5,203	\$ 2,543	\$ -	\$ 2,543
Capital outlay:					
Road equipment	14,990	14,990	14,990	-	14,990
Police dept. building	6,300	6,300	6,300	-	6,300
Police vehicles	12,000	12,000	12,000	-	12,000
Digital copier	3,890	3,890	3,890	-	3,890
Street truck	9,623	9,623	9,623	-	9,623
Water capital projects	-	24,797	28,478	-	28,478
Other	3,197	3,197	-	-	-
Totals	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 77,824</u>	<u>\$ -</u>	<u>\$ 77,824</u>

CITY OF BARWICK, GEORGIA  
 Schedule of Special Purpose Local Option Sales Tax - Brooks County  
 Year Ended June 30, 2015

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Expenditures</u>		<u>Total</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Government buildings capital outlay	\$ 140,000	\$ 34,642	\$ 64,660	\$ 99,302
Totals	<u>\$ 140,000</u>	<u>\$ 34,642</u>	<u>\$ 64,660</u>	<u>\$ 99,302</u>

**Note:** Beginning 2009, Brooks County began collecting for Special Purpose Local Option Sales Tax referendum #5. Special Purpose Local Option Sales Tax revenue received from Brooks County, Georgia for the year ended June 30, 2015 was \$8,597.



CITY OF BARWICK, GEORGIA  
 Schedule of Special Purpose Local Option Sales Tax - Brooks County  
 Year Ended June 30, 2015

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Expenditures</u>		<u>Total</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Sidewalks, streets and municipal buildings	\$ 51,128	\$ -	\$ -	\$ -
Totals	<u>\$ 51,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Note:** In 2015, Brooks County began collecting for Special Purpose Local Option Sales Tax referendum #6. Special Purpose Local Option Sales Tax revenue received from Brooks County, Georgia for the year ended June 30, 2015 was \$2,340.

**CITY OF BARWICK, GEORGIA**  
**Schedule of Special Purpose Local Option Sales Tax - Thomas County**  
**Year Ended June 30, 2015**

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Expenditures</u>		
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Miscellaneous road projects	\$ 44,000	\$ 60,000	\$ 57,346	\$ -	\$ 57,346
Capital outlay:					
Water capital projects	-	110,800	60,099	29,967	90,066
Police equipment	-	10,500	10,496	-	10,496
Street truck	-	4,500	4,500	-	4,500
Totals	<u>\$ 44,000</u>	<u>\$ 185,800</u>	<u>\$ 132,441</u>	<u>\$ 29,967</u>	<u>\$ 162,408</u>

**Note:** Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for the year ended June 30, 2015 was \$0.

**CITY OF BARWICK, GEORGIA**  
**Schedule of Special Purpose Local Option Sales Tax - Thomas County**  
**Year Ended June 30, 2015**

<u>Project</u>	Original	Revised	<u>Expenditures</u>		
	Estimated Cost	Estimated Cost	Prior Years	Current Year	Total
Capital outlay:					
Government Buildings	\$ 315,000	\$ 155,000	\$ 47,012	\$ -	\$ 47,012
Misc Water & Sanitation Projects	-	160,000	-	-	-
Totals	<u>\$ 315,000</u>	<u>\$ 315,000</u>	<u>\$ 47,012</u>	<u>\$ -</u>	<u>\$ 47,012</u>

**Note:** Beginning in 2013, Thomas County began collecting for the 2012 Special Purpose Local Option Sales Tax referendum. Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for the year ended June 30, 2015 was \$52,470.

**CITY OF BARWICK, GEORGIA**  
**Schedule of Special Purpose Local Option Sales Tax - City of Thomasville**  
**Year Ended June 30, 2015**

<u>Project</u>	<u>Original</u>	<u>Expenditures</u>		
	<u>Estimated</u> <u>Cost</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u>
Recreation Project: Central Park Equipment and Improvements	\$ 17,600	\$ -	\$ -	\$ -
Totals	<u>\$ 17,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Note:** Special Purpose Local Option Sales Tax revenue received from the City of Thomasville, Georgia for the year ended June 30, 2015 was \$17,600.