

**CITY OF BARWICK, GEORGIA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

CITY OF BARWICK, GEORGIA
Table of Contents
June 30, 2021

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	5
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balances	7
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	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – GAAP Basis – General Fund	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – GAAP Basis – Hotel/Motel Tax Fund	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – GAAP Basis –TSPLOST Fund	11
Proprietary Funds:	
Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Fund Net Position	13
Statement of Cash Flows	14-15
Notes to Basic Financial Statements	16-29

CITY OF BARWICK, GEORGIA
Table of Contents
June 30, 2021

OTHER SUPPLEMENTARY INFORMATION

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 <i>Government Auditing Standards</i>	30-31
Schedule of Findings and Responses	32-33
City of Barwick's Corrective Action Plan	34-35
Independent Auditor's Report on the Schedules of Special Purpose Local Option Sales Tax	36
Schedule of Special Purpose Local Option Sales Tax – Brooks County #5	37
Schedule of Special Purpose Local Option Sales Tax – Brooks County #6	38
Schedule of Special Purpose Local Option Sales Tax – Brooks County #7	39
Schedule of 2012 Special Purpose Local Option Sales Tax – Thomas County	40
Schedule of 2017 Special Purpose Local Option Sales Tax – Thomas County	41
Schedule of Special Purpose Local Option Sales Tax – City of Thomasville	42

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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 (hereinafter referred to as "the City") as of and for the year ended June 30, 2021, 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 of 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, the Hotel/Motel Tax Fund and the TSPLOST 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 27, 2022, 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.

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

January 27, 2022

BASIC FINANCIAL STATEMENTS

CITY OF BARWICK, GEORGIA
Government-wide Statement of Net Position
June 30, 2021

	Governmental	Business-type	
	Activities	Activities	Total
Assets:			
Cash and cash investments	\$ 863,380	\$ 234,412	\$ 1,097,792
Time deposits	28,395	7,835	36,230
Restricted cash	6,219	17,290	23,509
Receivables (net of allowance for doubtful accounts):			
Taxes	382	-	382
Accounts	-	13,511	13,511
Intergovernmental receivable	22,584	-	22,584
Internal balances	12,308	(12,308)	-
Prepaid items	4,715	7,804	12,519
Capital assets:			
Land	33,665	1,000	34,665
Improvements	136,969	-	136,969
Buildings	40,012	14,450	54,462
Equipment	180,028	104,094	284,122
Infrastructure	-	996,919	996,919
Construction in progress	-	38,344	38,344
Accumulated depreciation	(173,134)	(673,424)	(846,558)
Total assets	<u>1,155,523</u>	<u>749,927</u>	<u>1,905,450</u>
Liabilities:			
Accounts payable	2,394	13,895	16,289
Accrued liabilities	3,992	242	4,234
Customer deposits	-	17,290	17,290
Unearned revenue	9,403	-	9,403
Noncurrent liabilities:			
Due within one year	-	-	-
Due in more than one year	-	25,562	25,562
Total liabilities	<u>15,789</u>	<u>56,989</u>	<u>72,778</u>
Net position:			
Net investment in capital assets	217,540	455,821	673,361
Unrestricted	321,157	237,117	558,274
Restricted for:			
Capital projects	586,287	-	586,287
Volunteer fire department	1,981	-	1,981
Housing and development	12,769	-	12,769
Total net position	<u>\$ 1,139,734</u>	<u>\$ 692,938</u>	<u>\$ 1,832,672</u>

See accompanying notes to basic financial statements

CITY OF BARWICK, GEORGIA
Government-wide Statement of Activities
Year Ended June 30, 2021

<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>
Governmental activities:							
General government	\$ 78,678	\$ 3,773	\$ 4,486	\$ -	\$ (70,419)	\$ -	\$ (70,419)
Judicial	-	-	-	-	-	-	-
Public safety	6,140	300	-	-	(5,840)	-	(5,840)
Public works	64,021	-	5,827	100,671	42,477	-	42,477
Cultural and recreational	27,408	-	24,222	-	(3,186)	-	(3,186)
Housing and development	1,957	-	1,865	-	(92)	-	(92)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	178,204	4,073	36,400	100,671	(37,060)	-	(37,060)
Business-type activities:							
Water	110,685	101,496	-	-	-	(9,189)	(9,189)
Solid waste	45,568	41,530	-	-	-	(4,038)	(4,038)
Total business-type activities	156,253	143,026	-	-	-	(13,227)	(13,227)
Total government	\$ 334,457	\$ 147,099	\$ 36,400	\$ 100,671	\$ (37,060)	\$ (13,227)	\$ (50,287)
General revenues:							
Taxes:							
Property taxes					\$ 73,618	\$ -	\$ 73,618
Sales taxes					42,772	-	42,772
Alcohol beverage excise					4,028	-	4,028
Other taxes					35,566	-	35,566
Franchise fees					19,559	-	19,559
Investment earnings					317	286	603
Gain on sale of capital assets					1,000	-	1,000
Miscellaneous					3,167	6,353	9,520
Transfers					-	-	-
Total general revenues and transfers					180,027	6,639	186,666
Change in net position					142,967	(6,588)	136,379
Net position - beginning					996,767	699,526	1,696,293
Net position - ending					\$ 1,139,734	\$ 692,938	\$ 1,832,672

See accompanying notes to basic financial statements

CITY OF BARWICK, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>TSPLOST Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash	\$ 307,593	\$ 528,360	\$ 12,245	\$ 15,182	\$ 863,380
Restricted cash	6,219	-	-	-	6,219
Time deposits	3,887	24,508	-	-	28,395
Receivables (net of allowance for doubtful accounts):					
Taxes	382	-	-	-	382
Interfund receivables	12,308	-	-	-	12,308
Intergovernmental receivables	3,823	17,705	524	532	22,584
Prepaid items	4,715	-	-	-	4,715
Total assets	<u>\$ 338,927</u>	<u>\$ 570,573</u>	<u>\$ 12,769</u>	<u>\$ 15,714</u>	<u>\$ 937,983</u>
Liabilities, deferred inflows and fund balances:					
Liabilities:					
Accounts payable	\$ 2,394	\$ -	\$ -	\$ -	\$ 2,394
Accrued liabilities	3,992	-	-	-	3,992
Unearned revenue	9,403	-	-	-	9,403
Interfund payables	-	-	-	-	-
Total liabilities	<u>15,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,789</u>
Deferred inflows - property taxes	236	-	-	-	236
Total liabilities and deferred inflows	<u>16,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,025</u>
Fund balances:					
Nonspendable:					
Prepaid items	4,715	-	-	-	4,715
Restricted for:					
Promotion of tourism	-	-	12,769	-	12,769
Transportation projects	-	-	-	15,714	15,714
Volunteer fire department	1,981	-	-	-	1,981
Capital projects funds	-	570,573	-	-	570,573
Unassigned	316,206	-	-	-	316,206
Total fund balances	<u>322,902</u>	<u>570,573</u>	<u>12,769</u>	<u>15,714</u>	<u>921,958</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 338,927</u>	<u>\$ 570,573</u>	<u>\$ 12,769</u>	<u>\$ 15,714</u>	<u>\$ 937,983</u>

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, 2021

Total governmental fund balances		\$ 921,958
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	\$ 390,674	
Less accumulated depreciation	<u>(173,134)</u>	217,540
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.		236
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>\$ 1,139,734</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, 2021

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	TSPLOST Fund	Total Governmental Funds
Revenues:					
General property taxes	\$ 96,622	\$ -	\$ -	\$ -	\$ 96,622
Sales and use taxes	42,772	-	-	-	42,772
Alcoholic beverage excise	4,028	-	-	-	4,028
Other taxes	35,566	-	-	-	35,566
Licenses and permits	3,638	-	-	-	3,638
Intergovernmental revenues	28,708	99,504	1,865	5,818	135,895
Other charges for services	135	-	-	-	135
Fines and forfeitures	300	-	-	-	300
Interest income	304	1,167	13	9	1,493
Miscellaneous revenues	3,167	-	-	-	3,167
Total revenues	<u>215,240</u>	<u>100,671</u>	<u>1,878</u>	<u>5,827</u>	<u>323,616</u>
Expenditures:					
Current:					
General government	69,464	-	-	-	69,464
Judicial	-	-	-	-	-
Public safety	4,080	-	-	-	4,080
Public works	54,997	-	-	-	54,997
Culture and recreation	26,124	-	-	-	26,124
Housing and development	-	-	1,957	-	1,957
Capital projects	-	9,610	-	-	9,610
Total expenditures	<u>154,665</u>	<u>9,610</u>	<u>1,957</u>	<u>-</u>	<u>166,232</u>
Excess (deficiency) of revenues over expenditures	<u>60,575</u>	<u>91,061</u>	<u>(79)</u>	<u>5,827</u>	<u>157,384</u>
Other financing sources (uses):					
Proceeds from capital asset dispositions	1,000	-	-	-	1,000
Transfers in (out)	-	-	-	-	-
Total other financing sources (uses)	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Net change in fund balances	61,575	91,061	(79)	5,827	158,384
Fund balances - beginning	<u>261,327</u>	<u>479,512</u>	<u>12,848</u>	<u>9,887</u>	<u>763,574</u>
Fund balances - ending	<u>\$ 322,902</u>	<u>\$ 570,573</u>	<u>\$ 12,769</u>	<u>\$ 15,714</u>	<u>\$ 921,958</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, 2021

Net change in fund balances - total governmental funds \$ 158,384

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. 9,610

The book value of capital assets disposed of are reported on the Government-wide Statement of Activities but not reported in the governmental fund's operating statement. -

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. (21,582)

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 6/30/2021	\$ 236	
Deferred taxes 6/30/2020	3,681	(3,445)

Change in net position of governmental activities \$ 142,967

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, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over (Under)</u>
Revenues:				
General property taxes	\$ 85,000	\$ 90,000	\$ 96,622	\$ 6,622
Sales and use taxes	29,000	34,000	42,772	8,772
Alcoholic beverage excise	2,800	3,700	4,028	328
Other taxes	26,000	31,000	35,566	4,566
Licenses and permits	2,900	3,500	3,638	138
Intergovernmental revenues	5,000	24,000	28,708	4,708
Other charges for services	50	250	135	(115)
Interest income	250	230	304	74
Fines and forfeitures	-	300	300	-
Miscellaneous revenues	-	2,625	3,167	542
Carryover of funds	5,800	(22,305)	-	22,305
Total revenues	<u>156,800</u>	<u>167,300</u>	<u>215,240</u>	<u>47,940</u>
Expenditures:				
Current:				
General government	72,000	75,000	69,464	(5,536)
Judicial	100	100	-	(100)
Public safety	3,200	4,200	4,080	(120)
Public works	72,000	61,000	54,997	(6,003)
Culture and recreation	9,500	28,000	26,124	(1,876)
Capital projects	-	-	-	-
Total expenditures	<u>156,800</u>	<u>168,300</u>	<u>154,665</u>	<u>(13,635)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,000)</u>	<u>60,575</u>	<u>61,575</u>
Other financing sources (uses):				
Proceeds from capital asset dispositions	-	1,000	1,000	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing and other uses	-	-	61,575	61,575
Fund balances - beginning	<u>261,327</u>	<u>261,327</u>	<u>261,327</u>	<u>261,327</u>
Fund balances - ending	<u>\$ 261,327</u>	<u>\$ 261,327</u>	<u>\$ 322,902</u>	<u>\$ 322,902</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, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 2,200	\$ 1,300	\$ 1,865	\$ 565
Interest income	20	9	13	4
Carryover of funds	(270)	661	-	(661)
Total revenues	<u>1,950</u>	<u>1,970</u>	<u>1,878</u>	<u>(92)</u>
Expenditures:				
Current:				
Housing and development	<u>1,950</u>	<u>1,970</u>	<u>1,957</u>	<u>(13)</u>
Total expenditures	<u>1,950</u>	<u>1,970</u>	<u>1,957</u>	<u>(13)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(79)</u>	<u>(79)</u>
Fund balances - beginning	<u>12,848</u>	<u>12,848</u>	<u>12,848</u>	<u>12,848</u>
Fund balances - ending	<u>\$ 12,848</u>	<u>\$ 12,848</u>	<u>\$ 12,769</u>	<u>\$ 12,769</u>

See accompanying notes to basic financial statements

CITY OF BARWICK, GEORGIA
TSPLOST Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
GAAP Basis
Year Ended June 30, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 3,000	\$ 4,000	\$ 5,818	\$ 1,818
Interest income	20	8	9	1
Carryover of funds	(3,020)	(4,008)	-	4,008
Total revenues	<u>-</u>	<u>-</u>	<u>5,827</u>	<u>5,827</u>
Expenditures:				
Current:				
Public works	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>5,827</u>	<u>5,827</u>
Fund balances - beginning	<u>9,887</u>	<u>9,887</u>	<u>9,887</u>	<u>9,887</u>
Fund balances - ending	<u>\$ 9,887</u>	<u>\$ 9,887</u>	<u>\$ 15,714</u>	<u>\$ 15,714</u>

See accompanying notes to basic financial statements

CITY OF BARWICK, GEORGIA
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business Type Activities - Enterprise Funds	
	Water & Garbage	Totals
Assets:		
Current assets:		
Cash and cash investments	\$ 234,412	\$ 234,412
Time deposits	7,835	7,835
Restricted cash	17,290	17,290
Receivables (net where applicable of allowance for doubtful accounts):		
Accounts	13,511	13,511
Intergovernmental receivable	-	-
Prepaid items	7,804	7,804
Total current assets	280,852	280,852
Noncurrent assets:		
Capital assets:		
Land	1,000	1,000
Buildings	14,450	14,450
Equipment	104,094	104,094
Infrastructure	996,919	996,919
Construction in progress	38,344	38,344
Accumulated depreciation	(673,424)	(673,424)
Total capital assets, net of accumulated depreciation	481,383	481,383
Total assets	\$ 762,235	\$ 762,235
Liabilities:		
Current liabilities:		
Accounts payable	\$ 13,895	\$ 13,895
Accrued liabilities	242	242
Customer deposits	17,290	17,290
Interfund payables	12,308	12,308
Total current liabilities	43,735	43,735
Noncurrent liabilities:		
Note payable	25,562	25,562
Total liabilities	\$ 69,297	\$ 69,297
Net Position:		
Net investment in capital assets	\$ 455,821	\$ 455,821
Unrestricted	237,117	237,117
Total net position	\$ 692,938	\$ 692,938

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, 2021

	Business Type Activities - Enterprise Funds	
	Water & Garbage	Totals
Operating revenues:		
Charges for services - water	\$ 101,496	\$ 101,496
Charges for services - solid waste	41,530	41,530
Miscellaneous	6,353	6,353
Total operating revenues	149,379	149,379
Operating expenses:		
Water:		
Personal services	38,465	38,465
Purchased/contracted services	17,327	17,327
Supplies	17,246	17,246
Depreciation	32,643	32,643
Solid waste:		
Purchased/contracted services	45,568	45,568
Supplies	-	-
Total operating expenses	151,249	151,249
Income (loss) from operations	(1,870)	(1,870)
Non-operating revenues (expenses):		
Interest expense	(5,004)	(5,004)
Interest income	286	286
Total non-operating revenues (expenses)	(4,718)	(4,718)
Transfers (to) from other funds	-	-
Capital contributions	-	-
Change in net position	(6,588)	(6,588)
Net position - beginning	699,526	699,526
Net position - ending	\$ 692,938	\$ 692,938

See accompanying notes to basic financial statements

CITY OF BARWICK, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

	Business Type Activities - Enterprise Funds	
	Water & Garbage	Totals
Cash flows from operating activities:		
Cash received from customers	\$ 141,371	\$ 141,371
Other operating cash receipts	6,353	6,353
Cash payments to suppliers for goods and services	(74,830)	(74,830)
Cash payments to employees for services	(33,614)	(33,614)
Net cash provided (used) by operating activities	39,280	39,280
Cash flows from noncapital financing activities:		
Increase (decrease) in interfund payables	(2,360)	(2,360)
Transfers to other funds	-	-
Net cash provided (used) by noncapital financing activities	(2,360)	(2,360)
Cash flows from capital and related financing activities:		
Proceeds from debt	25,562	25,562
Interest paid on notes	(5,004)	(5,004)
Acquisition and construction of capital assets	(38,344)	(38,344)
Net cash provided (used) by capital financing activities	(17,786)	(17,786)
Cash flow from investing activities:		
Interest on cash and investments	286	286
Net increase (decrease) in cash and cash investments	19,420	19,420
Cash and cash investments, July 1	240,117	240,117
Cash and cash investments, June 30	\$ 259,537	\$ 259,537

See accompanying notes to basic financial statements

CITY OF BARWICK, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds	
	Water & Garbage	Totals
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (loss) from operations	\$ (1,870)	\$ (1,870)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	32,643	32,643
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,505)	(3,505)
(Increase) decrease in prepaid items	(334)	(334)
Increase (decrease) in accounts payable	10,501	10,501
Increase (decrease) in accrued liabilities	(5)	(5)
Increase (decrease) in customer deposits payable	1,850	1,850
Net cash provided (used) by operating activities	\$ 39,280	\$ 39,280
 Reconciliation of total cash and cash investments:		
Current assets - cash and cash investments	\$ 234,412	\$ 234,412
Restricted cash	17,290	17,290
Time deposits	7,835	7,835
Total cash and cash investments	\$ 259,537	\$ 259,537

See accompanying notes to basic financial statements

NOTES TO THE FINANCIAL STATEMENTS

CITY OF BARWICK, GEORGIA
Notes to Basic Financial Statements
June 30, 2021

(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 (volunteer fire department), highways and streets, recreation, public improvements and general and administrative services. In addition, the City operates a public utility (water system and sanitation services) 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, 2021

(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, 2021

(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.

TSPLOST Fund –

The TSPLOST Fund is a special revenue fund used to account for transportation special district local option sales and use tax, 25% discretionary fund, revenues collected in Brooks County. The tax is to be used for transportation projects to maintain roads and bridges.

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.

CITY OF BARWICK, GEORGIA
Notes to Basic Financial Statements
June 30, 2021

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

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

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.

CITY OF BARWICK, GEORGIA
Notes to Basic Financial Statements
June 30, 2021

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

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, TSPLOST Fund and the Enterprise Funds. Amounts presented for the General Fund and the Hotel/Motel Tax 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.

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, 2021 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, 2021

(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, 2021.

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.

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, 2021

(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, 2021

(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. Legal Compliance

As indicated above, State statutes 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 \$58,662 of funds that were not collateralized at 110 percent. This may be a violation of Georgia state statutes.

(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, 2021, all of the City deposits were not 110 percent covered by either the Federal Depository Insurance Corporation (FDIC) or collateral pledged by all the financial institution or a combination of the two. See Note 2B above for more information.

As of year-end, the carrying amount of the City's bank balances totaled \$1,157,531 and the bank balances totaled \$1,160,331.

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, 2021, the City had no investments.

CITY OF BARWICK, GEORGIA
Notes to Basic Financial Statements
June 30, 2021

(4) – RECEIVABLES

The receivables as of June 30, 2021 for the City's individual major funds are as follows:

	General Fund	SPLOST Fund	Hotel/ Motel Tax Fund	TSPLOST Fund	Water & Garbage Fund	Total
Receivables:						
Taxes	\$ 782	\$ -	\$ -	\$ -	\$ -	\$ 782
Accounts	-	-	-	-	16,511	16,511
Intergovernmental	<u>3,823</u>	<u>17,705</u>	<u>524</u>	<u>532</u>	<u>-</u>	<u>22,584</u>
Gross receivables	4,605	17,705	524	532	16,511	39,877
Less: Allowances for doubtful accounts	<u>400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>3,400</u>
Net total receivables	<u>\$ 4,205</u>	<u>\$ 17,705</u>	<u>\$ 524</u>	<u>\$ 532</u>	<u>\$ 13,511</u>	<u>\$ 36,477</u>

Property taxes are levied as of September 15th on property values assessed as of January 1st. The bills were mailed on October 15th and are considered due upon receipt by the taxpayer; however, the actual due date is December 20th. 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	\$ 4,238
Cash – volunteer fire department	<u>1,981</u>
Total	<u>\$ 6,219</u>

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

Cash – customer deposits	<u>\$ 17,290</u>
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CITY OF BARWICK, GEORGIA
Notes to Basic Financial Statements
June 30, 2021

(6) – CAPITAL ASSETS

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

	Balance July 1	Additions	Adjustment/ Deletions	Balance June 30
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 33,665	\$ -	\$ -	\$ 33,665
Construction-in-progress	-	-	-	-
Total capital assets, not being depreciated	<u>33,665</u>	<u>-</u>	<u>-</u>	<u>33,665</u>
Capital assets, being depreciated				
Buildings	40,012	-	-	40,012
Improvements	136,969	-	-	136,969
Equipment	170,418	9,610	-	180,028
Total capital assets, being depreciated	<u>347,399</u>	<u>9,610</u>	<u>-</u>	<u>357,009</u>
Less accumulated depreciation for:				
Buildings	6,418	1,000	-	7,418
Improvements	32,316	7,752	-	40,068
Equipment	112,818	12,830	-	125,648
Total accumulated depreciation	<u>151,552</u>	<u>21,582</u>	<u>-</u>	<u>173,134</u>
Total capital assets, being depreciated, net	<u>195,847</u>	<u>(11,972)</u>	<u>-</u>	<u>183,875</u>
Governmental activities capital assets, net	<u>\$ 229,512</u>	<u>\$ (11,972)</u>	<u>\$ -</u>	<u>\$ 217,540</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Construction in-progress	-	38,344	-	38,344
Total capital assets, not being depreciated	<u>1,000</u>	<u>38,344</u>	<u>-</u>	<u>39,344</u>
Capital assets being depreciated				
Buildings	14,450	-	-	14,450
Equipment	104,094	-	-	104,094
Infrastructure	996,919	-	-	996,919
Total capital assets, being depreciated	<u>1,115,463</u>	<u>-</u>	<u>-</u>	<u>1,115,463</u>
Less accumulated depreciation for:				
Building	14,450	-	-	14,450
Equipment	83,988	4,891	-	88,879
Infrastructure	542,342	27,752	(1)	570,095
Total accumulated depreciation	<u>640,780</u>	<u>32,643</u>	<u>(1)</u>	<u>673,424</u>
Total capital assets, being depreciated, net	<u>474,683</u>	<u>(32,643)</u>	<u>1</u>	<u>442,039</u>
Business-type activities capital assets, net	<u>\$ 475,683</u>	<u>\$ 5,701</u>	<u>\$ 1</u>	<u>\$ 481,383</u>

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

Governmental activities:	
General government	\$ 9,214
Public safety	2,060
Public works	9,024
Culture and recreation	1,284
Total depreciation expense - Governmental activities	<u>\$ 21,582</u>
Business-type activities:	
Water	\$ 32,643
Garbage	-
Total depreciation expense - Business-type activities	<u>\$ 32,643</u>

CITY OF BARWICK, GEORGIA
Notes to Basic Financial Statements
June 30, 2021

(7) – LONG-TERM DEBT

At June 30, 2021, the City had the following note payable:

Business-Type

Note Payable – Drinking Water State Revolving Fund, administered by Georgia Environmental Finance Authority (GEFA) – The City signed this note for \$500,000 dated November 17, 2020. The purpose of this loan is to finance water system infrastructure improvements. The loan requires a 1% origination fee. The loan will be scheduled for repayment over a 20 year period at an interest rate of 0.13%. Interest will be payable monthly.

The construction period of the loan consists of drawdowns by the City. Construction interest will be charged and collected monthly only on the outstanding balance of funds distributed. \$ 25,562

Total business-type long-term debt \$ 25,562

The City paid \$5,004 in interest and loan origination fees in the year ended June 30, 2021.

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	Balance July 1	Issued or Additions	Payments or Expenditures	Balance June 30	Due in One Year
<u>Business-Type Activities:</u>					
Note payable - Drinking Water State Revolving Fund	\$ -	\$ 25,562	\$ -	\$ 25,562	\$ -
Total business-type activities	-	25,562	-	25,562	-
Total government	\$ -	\$ 25,562	\$ -	\$ 25,562	\$ -

(8) – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables, payables, and transfers for the year ended June 30, 2021 consisted of the following amounts:

Fund	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
General Fund	\$ 12,308	\$ -	\$ -	\$ -
Water & Garbage Fund	-	12,308	-	-
Total	\$ 12,308	\$ 12,308	\$ -	\$ -

The interfund receivable and payable is for water & garbage fund expenditures paid out of the general fund that will be reimbursed by the water & garbage fund.

CITY OF BARWICK, GEORGIA
Notes to Basic Financial Statements
June 30, 2021

(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. This tax increased to 8% on July 1, 2016.

Thomas County paid the City \$1,865 from their Hotel/Motel Tax Fund in the current year. The City spent \$1,957 towards promotion of tourism during the year ended June 30, 2021.

(14) – TSPLOST TAX

In February 2018, Brooks County adopted the Transportation Investment Act Local Government 25% Discretionary Distributions (TSPLOST). Proceeds shall be used by local governments only for transportation projects as defined in paragraph (10) of O.C.G.A. 48-8-242. Distributions to the City began October 2018.

(15) – SUBSEQUENT EVENTS

Subsequent events were evaluated through January 27, 2022, which is the date the financial statements were available to be issued.

OTHER SUPPLEMENTARY INFORMATION

SIMMONS, MILLS & SIMMONS P.C.

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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 the City of Barwick, Georgia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Barwick, Georgia's basic financial statements and have issued our report thereon dated January 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the City of Barwick, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 have not been 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 certain deficiencies in internal control, described in the accompanying schedule of findings and responses to be significant deficiencies, as item 2005-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-001.

City of Barwick Georgia's Response to Findings

City of Barwick, Georgia's response to the findings identified in our engagement 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 engagement to perform an audit 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.

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

January 27, 2022

CITY OF BARWICK, GEORGIA
Schedule of Findings and Responses
For the Year Ended June 30, 2021

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 closely monitor and approve the monthly financial activity. See Barwick's corrective action plan attached.

2020-001

Condition – The City did not follow its policy of documenting the approval on all invoices. The City has a policy that all invoices are stamped with a City stamp that shows the *check date, check number* and *approved by*. In the test of cash disbursements 14.7% of the items tested did not have the *Approved by* section completed.

Criteria – This is a weakness in internal controls.

Effect or Potential Effect – Proper approval is an important part of the City's controls over expenditures.

Recommendation – Management should make sure that all invoices are properly approved prior to signing the checks.

Status – The condition no longer exists. The City has improved its controls over the approval of invoices.

CITY OF BARWICK, GEORGIA
Schedule of Findings and Responses
For the Year Ended June 30, 2021

Current year findings and responses:

2021-001

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 \$958,662. The bank had only pledged \$900,000 of collateral. This resulted in \$58,662 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 City has since moved enough funds to another bank to comply with the above statute. The City Clerk now monitors the bank balances monthly to make sure the City is in compliance.

City of Barwick

P.O. Box 146
Barwick, Georgia 31720

Incorporated 1903

January 27, 2022

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, 2021
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,



I.J. McCann,
Mayor

**CITY OF BARWICK, GEORGIA
CORRECTIVE ACTION PLAN
FOR YEAR ENDED JUNE 30, 2021**

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.

2021-001

Finding/Recommendation:

At year end, June 30, 2021, 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 \$958,662. The bank had only \$900,000 of collateral. This resulted in \$58,662 of uncollateralized deposits. 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 state statutes.

Corrective Action Plan/Management Response:

We concur with this recommendation. The City has since moved enough funds to another bank to comply with the above statute. The City Clerk now monitors the bank balances monthly to make sure the City is in compliance.

SIMMONS, MILLS & SIMMONS P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

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, 2021. 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, 2021, in conformity with accounting principles generally accepted in the United States of America.

Simmons, Mills & Simmons P.C.

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

January 27, 2022

CITY OF BARWICK, GEORGIA
Schedule of Special Purpose Local Option Sales Tax - Brooks County #5
Year Ended June 30, 2021

<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	\$ 103,952	\$ -	\$ 103,952
Totals	<u>\$ 140,000</u>	<u>\$ 103,952</u>	<u>\$ -</u>	<u>\$ 103,952</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, 2021 was \$0.

CITY OF BARWICK, GEORGIA
Schedule of Special Purpose Local Option Sales Tax - Brooks County #6
Year Ended June 30, 2021

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Expenditures</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Municipal buildings	\$ 36,128	\$ 31,348	\$ -	\$ 31,348
Streets and sidewalks	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 51,128</u>	<u>\$ 31,348</u>	<u>\$ -</u>	<u>\$ 31,348</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, 2021 was \$8,855.

CITY OF BARWICK, GEORGIA
Schedule of Special Purpose Local Option Sales Tax - Brooks County #7
Year Ended June 30, 2021

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Expenditures</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Roads/Streets/Drainage	\$ 7,205	\$ -	\$ -	\$ -
Water System Improvements	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 107,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: In 2020, Brooks County began collecting for Special Purpose Local Option Sales Tax referendum #7. Special Purpose Local Option Sales Tax revenue received from Brooks County, Georgia for the year ended June 30, 2021 was \$4,599.

CITY OF BARWICK, GEORGIA
Schedule of 2012 Special Purpose Local Option Sales Tax - Thomas County
Year Ended June 30, 2021

<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>
Capital outlay:					
Government Buildings	\$ 315,000	\$ 77,500	\$ 47,012	\$ -	\$ 47,012
Roads & street projects	-	77,500	5,827	-	5,827
Misc Water & Sanitation Projects	-	160,000	-	-	-
Totals	<u>\$ 315,000</u>	<u>\$ 315,000</u>	<u>\$ 52,839</u>	<u>\$ -</u>	<u>\$ 52,839</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, 2021 was \$0.

CITY OF BARWICK, GEORGIA
Schedule of 2017 Special Purpose Local Option Sales Tax - Thomas County
Year Ended June 30, 2021

	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Street repairs	\$ 75,000	\$ -	\$ -	\$ -
Public works equipment	78,000	19,103	9,610	28,713
Water system	<u>225,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 378,000</u>	<u>\$ 19,103</u>	<u>\$ 9,610</u>	<u>\$ 28,713</u>

Note: Beginning in 2019, Thomas County began collecting on the 2017 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, 2021 was \$86,050.

CITY OF BARWICK, GEORGIA
Schedule of Special Purpose Local Option Sales Tax - City of Thomasville
Year Ended June 30, 2021

<u>Project</u>	Original	<u>Expenditures</u>		
	<u>Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Recreation Project: Central Park Equipment and Improvements	\$ 17,600	\$ 5,500	\$ -	\$ 5,500
Totals	<u>\$ 17,600</u>	<u>\$ 5,500</u>	<u>\$ -</u>	<u>\$ 5,500</u>

Note: Special Purpose Local Option Sales Tax revenue received from the City of Thomasville, Georgia for the year ended June 30, 2021 was \$0.

