TOWN OF BROOKS, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

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TOWN OF BROOKS, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of Town Council
Town of Brooks, 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 Town of Brooks, Georgia (the Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 Town of Brooks, Georgia, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated January 17, 2019 on our consideration of Town of Brooks, Georgia's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Brooks, Georgia's internal control over financial reporting and compliance.

James L. Whitaker, P.C.

Snellville, Georgia
January 17, 2019

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TOWN OF BROOKS
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Brooks, we offer readers of the Town of Brooks's financial statements this narrative overview and analysis of the financial activities of the Town of Brooks for the fiscal year ended 2018. We encourage readers to consider the information presented here in conjunction with their review of the financial statements.

Financial Highlights

- The assets of the Town of Brooks exceeded its liabilities at June 30, 2018 by $1,924,710. Of this amount unrestricted net position of $704,471 may be used to meet the government's ongoing obligations to citizens and creditors.

- For the year, net position increased by a total of $98,276. Governmental activities increased the net position for the year by $81,318 while business-type activities increased the net position by $16,958. The most significant factor that led to the increase in business-type activities net position was the transfers to the Stormwater Reserve Fund by the General Fund in the amount of $12,000 for the year.

- For the fiscal year ended June 30, 2018, the Town of Brooks' governmental funds reported combined ending fund balances of $537,963, a decrease of $17,193 in comparison with the prior year. Of this amount $248,344 is unassigned and available for spending, $232,647 is assigned for cemetery activities, 27,028 is restricted for capital outlay under the 2017 SPLOST referendum and $29,944 is appropriated for the fiscal year 2018 budget. Total governmental fund balances went from a beginning balance of $555,156 as of July 1, 2017 to $537,963 as of June 30, 2018. The factors that contributed to the decrease for fiscal year ended June 30, 2018 were the cost of significant street improvements, the purchase of land for future downtown parking and $32,000 for the completion of the update to the Town's zoning ordinance.

- As of June 30, 2018, unassigned fund balance for the general fund was $248,344 or 80.3 percent of total General Fund expenditures.

- The Town of Brooks had no long-term debt obligations or transactions during the year ended June 30, 2018.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Brooks' basic financial statements. The Town of Brooks' basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Brooks' finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Brooks include general government, highways and streets, cemetery, parks and recreation, library, and planning and zoning. The business-type activities of the Town are Water, Sewer, Solid Waste and Stormwater Management.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Brooks can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The Town maintains two major governmental funds. The Town's major governmental funds are the General Fund and the SPLOST Capital Project.. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds.

The Town of Brooks adopts an annual budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with each fiscal year budget. A project-length budget is presented for the SPLOST Capital Projects Fund.

Proprietary funds. Enterprise funds (a component of proprietary funds) are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Water, Sewer, Solid Waste Management and Stormwater activities. All of the Town's enterprise funds are considered by the Town to be major funds.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the Town's major funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2018, the Town's assets exceeded liabilities by $1,924,710. The Town's net position reflects its investment in capital assets of $1,193,211 (61.9 percent). Capital assets are used to provide services to citizens and they are not available for future spending. Of the total net position, $704,471 (36.7 percent) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. $27,028 (1.4 percent) of the net position is restricted under the 2017 SPLOST referendum and is required to be used to purchase or construct capital assets A summary of the Town's net position for a two year period is presented on page 5.

Town of Brooks's net Position
June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 554,894	$ 582,960	$ 196,997	$ 177,040	$ 751,891	$ 760,000
Capital assets	1,168,787	1,070,276	24,424	25,212	1,193,211	1,095,488
Total assets	1,723,681	1,653,236	221,421	202,252	1,945,102	1,855,488
Current liabilities	16,931	27,804	3,461	1,250	20,392	29,054
Long-term liabilities	-	-	-	-	-	-
Total liabilities	16,931	27,804	3,461	1,250	20,392	29,054
Net position -						
Invested in capital assets	1,168,787	1,070,276	24,424	25,212	1,193,211	1,095,488
Restricted	27,028	-	-	-	27,028	-
Unrestricted	510,935	555,156	193,536	175,790	704,471	730,946
Total net position	$1,706,750	$1,625,432	$ 217,960	$ 201,002	$1,924,710	$1,826,434

Governmental activities. For the year ended June 30, 2018 governmental activities increased the Town of Brooks' net position by $81,318. Key elements of this increase are as follows:

- Significant changes to revenues include 1) increase in Local Option Sales Tax (LOST) distribution of 6.3% or $6,886; 2) implementation of the 2017 SPLOST program which resulted in new revenues of $123,927; and 3) LMIG Funds of $25,000 were recognized in relation to corresponding eligible expenditures.

- Expenses for the year increased from $273,898 in f/y 2017 to $307,491 in f/y 2018. The increase was due to: 1) final payments for the updating of the zoning map of $32,000; 2) cost of $25,000 associated with the LMIG project; and 3) increased cost of landscaping and street maintenance of approximately $18,000.

Business-type activities. Business-type activities increased the Town's net position for the year by $16,958. Key elements of this decrease are as follows:

- For the fiscal year ended June 30, 2018 the Water Fund had a positive change in net position of $2,446 while the Solid Waste Fund had a positive change of $2,292. In July 2010 the Town entered into a contract with Fayette County for Fayette County to assume operational responsibilities for the Town's water system. Although the County will manage the Town of Brooks Water System, ownership of the system remains with the Town. Therefore, the only revenues recognized by the Town in the Water Fund consisted of charges from the Town's septic tank system, which provides sewer services to fewer than 13 customers. The Town continues to transfer $12,000 from the General Fund to the Stormwater Fund to build up reserves for future stormwater projects.

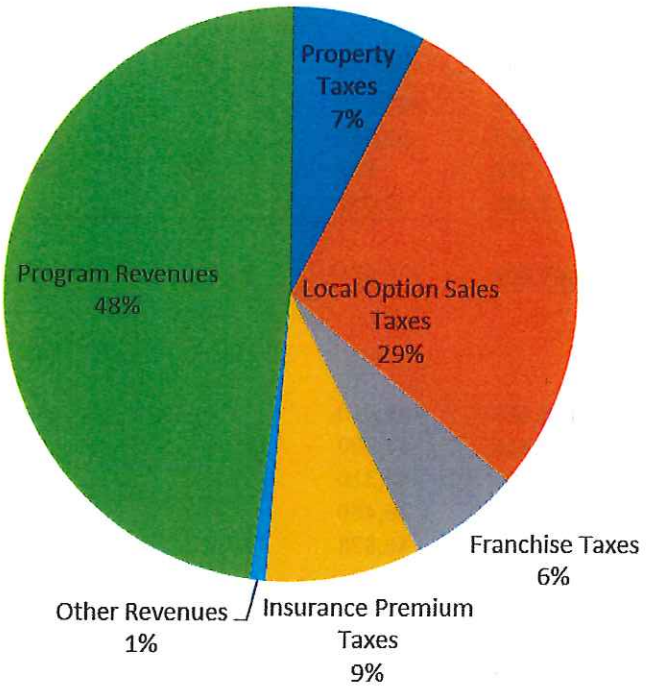
A summary of the Town's change in net position for the two-year period is provided on page 7.

A pie chart showing the percentage of revenues for each governmental revenue source is provided on page 8.

Town of Brooks - Statement of Activities
For The Fiscal Years Ended June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues -						
Charges for services	$ 37,887	$ 33,068	$ 25,180	$ 25,888	$ 63,067	$ 58,956
Operating grants and contributions	2,000	-	-	-	2,000	-
Capital grants and contributions	151,753	8,003	-	-	151,753	8,003
General Revenues -						
Property taxes	30,044	27,255	-	-	30,044	27,255
Sales taxes	114,856	107,970	-	-	114,856	107,970
Other taxes	61,027	57,461	-	-	61,027	57,461
Interest	756	872	220	209	976	1,081
Other	2,486	2,052	-	-	2,486	2,052
Total Revenues	400,809	236,681	25,400	26,097	426,209	262,778
Expenses:						
General government	168,420	145,050	-	-	168,420	145,050
Public works	59,846	41,300	-	-	59,846	41,300
Cemetery	10,700	14,210	-	-	10,700	14,210
Parks and recreation	22,257	26,460	-	-	22,257	26,460
Library	46,268	46,878	-	-	46,268	46,878
Stormwater	-	-	-	-	-	-
Water	-	-	1,029	1,028	1,029	1,028
Sanitation	-	-	19,413	19,744	19,413	19,744
Total Expenses	307,491	273,898	20,442	20,772	327,933	294,670
Increase (decrease) in net position before transfers and special items	93,318	(37,217)	4,958	5,325	98,276	(31,892)
Transfers	(12,000)	(12,000)	12,000	12,000	-	-
Increase (decrease) in net position	81,318	(49,217)	16,958	17,325	98,276	(31,892)
Net position - beginning of year	1,625,432	1,674,649	201,002	183,677	1,826,434	1,858,326
Net position - end of year	$1,706,750	$1,625,432	$ 217,960	$ 201,002	$1,924,710	$1,826,434

TOWN OF BROOKS, GEORGIA
GOVERNMENTAL REVENUES PIE CHART
FOR THE YEAR ENDED JUNE 30, 2018



Financial Analysis of the Government's Funds

As noted earlier, the Town of Brooks used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The purpose of the Town's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2018 the Town's governmental funds reported combined ending fund balances of $537,963, a decrease of $17,193 in comparison to the prior year. Of this amount, $248,344 (46.1 percent) is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, $232,647 is assigned for cemetery activities and $29,944 is appropriated for the fiscal year 2018 budget and $27,028 is restricted under the 2017 SPLOST referendum.

The General Fund is the Town's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was $248,344. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 80.3 percent of the total general fund expenditures.

The General Fund's fund balance for the year went from a fund balance as of July 1, 2017 in the amount of $555,156 to $510,935 as of June 30, 2018. The net decrease of $44,221 was due to the purchase of land for $18,500 for future downtown parking and the improvements of various streets totaling $125,000, of which $96,922 was funded with SPLOST revenues, and the remaining payments of $32,000 toward the update of the Town's zoning ordinance..

The SPLOST Fund reports transactions associated with the 2017 Special Purpose Local Option Sales Tax Referendum approved by the voters of Fayette County. For the fiscal year ended June 30, 2018, the Town expended $96,922 on the Butler Street improvements.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds, as of June 30, 2018, amounted to $193,536, of which the Water Fund had $93,619, the Solid Waste Management Fund had $39,852 and the Stormwater Reserve Fund had $60,065. Other factors concerning the finances of proprietary funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

During fiscal years ended June 30, 2018, management did prepare an original budget and made amendments to the budget to properly budget for the following expenditures:

- $30,000 for development of a new zoning ordinance and map
- $106,347 for Butler Road improvements financed with General Fund monies but to be repaid by the SPLOST Fund.
- $18,500 for a land purchase for a future downtown parking lot.
- $19,000 for street and cemetery improvements.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities at June 30, 2018 amounts to $1,193,211 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobiles and equipment, sidewalks, bridges, and roads.

Major capital asset events during the year included the following:

- $18,500 for land to be used for future downtown parking.
- $106,347 for the Butler Street improvements.
- $18,800 for engineering and design of future street improvements.

Additional information on the Town's capital assets can be found in note 8 to the financial statements.

Long-term debt. At June 30, 2018, the Town had $ -0- in outstanding debt. During the f/y/e 6/30/2018 the Town had no long-term debt transactions.

Status of the Town of Brooks's Economy

- The unemployment rate in the Town of Brooks is in line with the State and Nation.
- Inflationary trends in the region compare favorably to national indices.
- The occupancy rate of the Town's downtown areas has remained virtually unchanged.
- Sales tax receipts are showing an increase in revenues of .7% as compared to prior year
- In March 2018, the citizens of Fayette County passed a referendum to approve a new SPLOST program. Revenues recognized for the fiscal year ended June 30, 2018 amounted to $123,927.

Requests for Information

This financial report is designed to provide a general overview of the Town of Brooks' finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. Questions concerning this report or requests for additional information can be obtained by contacting the Town at (770) 719-7666 or at the following address:

Town of Brooks
Finance Department
P.O. Box 96
Brooks, GA 30205

TOWN OF BROOKS, GEORGIA
STATEMENTS OF NET POSITION
JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	$ 362,837	$ 166,407	$ 529,244
Investments	158,826	29,844	188,670
Receivables, net			
Taxes	11,021	-	11,021
Accounts	1,891	746	2,637
Intergovernmental	20,319		20,319
Due from other funds	-		
Capital assets -			
Non-depreciable capital assets	228,805	-	228,805
Other capital assets, net of depreciation	939,982	24,424	964,406
Total Assets	1,723,681	221,421	1,945,102
LIABILITIES			
Accounts payable	14,612	1,566	16,178
Customer overpayments	-	1,895	1,895
Unearned revenues	2,319	-	2,319
Long-term liabilities -			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total Liabilities	16,931	3,461	20,392
NET POSITION			
Investment in capital assets	1,168,787	24,424	1,193,211
Restricted for:			
Capital projects	27,028	-	27,028
Unrestricted	510,935	193,536	704,471
Total Net Position	$ 1,706,750	$ 217,960	$ 1,924,710

See accompanying notes to the basic financial statements.

TOWN OF BROOKS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General Government	$ 168,420	$ 28,744	$ 2,000	$ -
Public Works	59,846	-	-	151,753
Cemetery	10,700	9,000	-	-
Parks and Recreation	22,257	-	-	-
Library	46,268	143	-	-
Interest on long-term debt	-	-	-	-
Total Governmental Activities	307,491	37,887	2,000	151,753
Business-Type Activities:				
Solid Waste Management	19,413	21,705	-	-
Water	1,029	3,475	-	-
Stormwater Reserve	-	-	-	-
Total Business Type Activities	20,442	25,180	-	-
Total Primary Government	327,933	63,067	2,000	151,753
General Revenues:				
Taxes:				
Property taxes				
Motor vehicle				
Local option sales taxes				
Franchise taxes				
Insurance premium taxes				
Other taxes				
Investment earnings				
Miscellaneous				
Total General Revenues				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - beginning				
Net Position - ending				

See accompanying notes to the basic financial statements.

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
$ (137,676)	$ -	$ (137,676)
91,907	-	91,907
(1,700)	-	(1,700)
(22,257)	-	(22,257)
(46,125)	-	(46,125)
-	-	-
(115,851)	-	(115,851)
-	2,292	2,292
-	2,446	2,446
-	-	-
-	4,738	4,738
(115,851)	4,738	(111,113)
19,472	-	19,472
10,572	-	10,572
114,856	-	114,856
25,551	-	25,551
34,826	-	34,826
650	-	650
756	220	976
2,486		2,486
209,169	220	209,389
(12,000)	12,000	-
197,169	12,220	209,389
81,318	16,958	98,276
1,625,432	201,002	1,826,434
$ 1,706,750	$ 217,960	$ 1,924,710

TOWN OF BROOKS, GEORGIA
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2018

	MAJOR FUNDS		TOTAL GOVERNMENTAL FUNDS
	GENERAL	SPLOST	
ASSETS			
Cash and cash equivalents	$ 259,405	$ 103,432	$ 362,837
Investments	158,826	-	158,826
Receivables -			
Taxes	11,021	-	11,021
Intergovernmental	-	20,319	20,319
Other	1,891	-	1,891
Due from other funds	96,723	-	96,723
Total Assets	$ 527,866	$ 123,751	$ 651,617
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 14,612	$ -	$ 14,612
Due to other funds	-	96,723	96,723
Accrued expenses	-	-	-
Unearned revenues	2,319	-	2,319
Total Liabilities	16,931	96,723	113,654
Fund Balances:			
Restricted for -			
Capital projects	-	27,028	27,028
Assigned for -			
Cemetery activities	232,647	-	232,647
Appropriation for next year's budget	29,944	-	29,944
Unassigned	248,344	-	248,344
Total Fund Balances	510,935	27,028	537,963
Total Liabilities and Fund Balances	$ 527,866	$ 123,751	$ 651,617

See accompanying notes to the basic financial statements.

TOWN OF BROOKS, GEORGIA
RECONCILIATION OF THE BALANCE SHEETS OF GOVERNMENTAL FUNDS
TO THE STATEMENTS OF NET POSITION
JUNE 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balances -- total governmental funds	$ 537,963
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,168,787
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Notes payable	-
Net position of governmental activities.	$ 1,706,750

See accompanying notes to the basic financial statements.

TOWN OF BROOKS, GEORGIA
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

	MAJOR FUNDS		TOTAL GOVERNMENTAL FUNDS
	GENERAL	SPLOST	
REVENUES:			
Taxes	$ 205,927	$ -	$ 205,927
Business licenses and permits	4,815	-	4,815
Intergovernmental	27,803	123,927	151,730
Charges for services	2,095	-	2,095
Investment income	756	-	756
Rental income	22,029	23	22,052
Cemetery lot sales	9,000	-	9,000
Miscellaneous	4,434	-	4,434
Total Revenues	276,859	123,950	400,809
EXPENDITURES:			
Current -			
General government	142,839	-	142,839
Public works	57,218	-	57,218
Cemetery	10,547	-	10,547
Library	37,129	-	37,129
Parks and recreation	14,402	-	14,402
Capital Outlay -	46,945	96,922	143,867
Debt Service-			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	309,080	96,922	406,002
Excess of Revenues Over (Under) Expenditures	(32,221)	27,028	(5,193)
Other Financing Sources (Uses) - Transfers in (out)	(12,000)	-	(12,000)
Change in Fund Balance	(44,221)	27,028	(17,193)
Fund Balance - Beginning of Year	555,156	-	555,156
Fund Balance - End of year	$ 510,935	$ 27,028	$ 537,963

See accompanying notes to the basic financial statements.

TOWN OF BROOKS, GEORGIA
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances -- total governmental funds	$ (17,193)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	150,606
Depreciation expense	(52,095)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations).	-
Proceeds from long-term debt obligations provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Proceeds from debt issues	-
Repayment of principal	-
Change in net position of governmental activities.	$ 81,318

See accompanying notes to the basic financial statements.

TOWN OF BROOKS, GEORGIA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Taxes	$ 192,000	$ 206,651	$ 205,927	$ (724)
Business licenses and permits	3,825	4,385	4,815	430
Intergovernmental	24,000	24,432	27,803	3,371
Charges for services	1,875	1,850	2,095	245
Investment income	300	300	756	456
Rental income	18,460	20,829	22,029	1,200
Cemetery lot sales	12,000	9,000	9,000	-
Miscellaneous	15,950	4,498	4,434	(64)
Total Revenues	268,410	271,945	276,859	4,914
EXPENDITURES:				
Current -				
General Government	112,871	86,860	142,839	(55,979)
Public Works	72,120	67,666	57,218	10,448
Cemetery	12,000	9,886	10,547	(661)
Library	37,750	34,422	37,129	(2,707)
Parks and Recreation	13,000	12,000	14,402	(2,402)
Capital Outlay	71,500	65,365	46,945	18,420
Debt Service-				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	319,241	276,199	309,080	(32,881)
Excess of Revenues Over (Under) Expenditures	(50,831)	(4,254)	(32,221)	(27,967)
Other Financing Sources (Uses) - Transfers In (Out)	(12,000)	(12,000)	(12,000)	-
Change in Fund Balance	(62,831)	(16,254)	(44,221)	(27,967)
Fund Balance - Beginning of Year	555,156	555,156	555,156	-
Fund Balance - End of year	$ 492,325	$ 538,902	$ 510,935	$ (27,967)

See accompanying notes to the basic financial statements.

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TOWN OF BROOKS, GEORGIA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	SANITATION	WATER	STORMWATER	TOTAL
ASSETS				
Current assets				
Cash	$ 42,825	$ 63,517	$ 60,065	$ 166,407
Investments	-	29,844	-	29,844
Receivables-				
Accounts (net)	488	258	-	746
Due from other funds	-	-	-	-
Total current assets	43,313	93,619	60,065	196,997
Noncurrent Assets				
Capital assets -				
System improvements	-	162,502	-	162,502
Accumulated depreciation	-	(138,078)	-	(138,078)
Total capital assets (net of depreciation)	-	24,424	-	24,424
Total assets	43,313	118,043	60,065	221,421
LIABILITIES				
Current liabilities				
Accounts payable	1,566	-	-	1,566
Meter deposits	-	-	-	-
Customer overpayments	1,895	-	-	1,895
Due to other funds	-	-	-	-
Total current liabilities	3,461	-	-	3,461
Long-term Liabilities	-	-	-	-
Total liabilities	3,461	-	-	3,461
Net Position				
Investment in capital assets	-	24,424	-	24,424
Unrestricted	39,852	93,619	60,065	193,536
Total Net Position	$ 39,852	$ 118,043	$ 60,065	$ 217,960

See accompanying notes to the basic financial statement.

TOWN OF BROOKS, GEORGIA
PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	SANITATION	WATER	STORMWATER	TOTAL
OPERATING REVENUES				
Charges for services	$ 21,705	$ 3,475	$ -	$ 25,180
Miscellaneous	-	-	-	-
Total operating revenues	21,705	3,475	-	25,180
OPERATING EXPENSES				
Contracted services/supplies	19,045	-	-	19,045
Salaries and benefits	-	-	-	-
Utilities	-	-	-	-
Repairs and maintenance	-	-	-	-
Depreciation	-	789	-	789
Other	368	240	-	608
Total operating expenses	19,413	1,029	-	20,442
Operating income (loss)	2,292	2,446	-	4,738
Non-operating Income				
Interest	18	176	26	220
Net income (loss) before transfers	2,310	2,622	26	4,958
Transfers in (out)	-	-	12,000	12,000
Change in net position	2,310	2,622	12,026	16,958
NET POSITION - Beginning	37,542	115,421	48,039	201,002
NET POSITION - ENDING	$ 39,852	$ 118,043	$ 60,065	$ 217,960

See accompanying notes to the basic financial statement.

TOWN OF BROOKS, GEORGIA
PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	SANITATION	WATER	STORMWATER	TOTAL
Cash flows from operating activities:				
Cash received from customers and users	$ 22,076	$ 3,506	$ -	$ 25,582
Cash paid to suppliers for goods	(17,847)	(240)	-	(18,087)
Cash paid to employees	-	-	-	-
Net cash provided from operating activities	4,229	3,266	-	7,495
Cash flows from investing activities:				
Interest received	18	175	26	219
Purchase of investments	-	(145)	-	(145)
Net cash from investing activities	18	30	26	74
Cash flows from non-capital financing activities:				
Transfers in (out)	-	-	12,000	12,000
Increase in due to other funds	-	-	-	-
Net cash flows from non-capital financing activities	-	-	12,000	12,000
Cash flows from capital financing activities:				
Purchase / construction of capital assets	-	-	-	-
Net cash flows from capital financing activities	-	-	-	-
Net cash flows	4,247	3,296	12,026	19,569.
Cash and cash equivalents - beginning	38,578	60,221	48,039	146,838
Cash and cash equivalents - ending	$ 42,825	$ 63,517	$ 60,065	$ 166,407

See accompanying notes to the basic financial statement.

TOWN OF BROOKS, GEORGIA
PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	SANITATION	WATER	STORMWATER	TOTAL
Operating income (loss)	$ 2,292	$ 2,446	$ -	$ 4,738
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	-	789	-	789
(Increase) decrease in receivables	(274)	31	-	(243)
Increase (decrease) in unearned revenues	645			
Increase (decrease) in accounts payable	1,566	-	-	1,566
Total adjustments	1,937	820	-	2,112
Net cash from operating activities	$ 4,229	$ 3,266	$ -	$ 6,850

See accompanying notes to the basic financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Presentation

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

B. The Reporting Entity

The Town of Brooks, Georgia (the Town) was established in 1910 and is located in Fayette County about 40 miles south of Atlanta. The Town provides a full range of services to approximately 560 residents. These services are provided in whole or in part by the Town. These services include water and sewer, sanitation, public improvements, planning and zoning, parks and recreation, library, cemetery, and general administrative services.

Governmental Accounting Standards Board Standards defines the reporting entity for determining which potential component units should be included in a primary government's financial statements. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Using the above criteria, the Town does not have any component units.

C. Basic Financial Statements—Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

The government-wide Statement of Net Position presents the financial condition of the governmental and business-type activities of the Town at year-end. The statement is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts—investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

C. Basic Financial Statements—Government-Wide Statements - Continued

The government-wide Statements of Activities present a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for business-type activities of the Town. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The Town does not allocate indirect cost. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity self-financing or draws from the general revenues of the Town.

The net costs (by function) are normally covered by general revenue (property, sales or use taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

D. Basic Financial Statements-Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements are designed to present financial information of the Town at this more-detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds, if any, are aggregated and presented in a single column.

Governmental Fund Types – Governmental funds are those through which most governmental functions of the Town are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Town's major governmental funds:

General Fund – The General Fund is the primary operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in other specific funds.

The SPLOST Capital Projects Fund – This fund is used by the Town to account for acquisition and construction of major capital facilities that were approved by the voters of Fayette County, Georgia through the Special Purpose Local Option Sales Tax referendum in March 2017 and commenced on July 1, 2018 and will continue for six years.

(See Independent Auditor's Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

D. Basic Financial Statements-Fund Financial Statements - Continued

Proprietary Fund Type – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Town's proprietary funds are classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Town's major enterprise funds:

The Water Enterprise Fund – This fund is used to account for activities connected with the development, operation and maintenance of water in the Town of Brooks and parts of Fayette County.

Solid Waste Management Enterprise Fund - The Solid Waste Management Enterprise Fund is used to account for the revenues generated from the charges for sanitation and recycling services provided to the residential users of the Town.

Stormwater Reserve Fund- This fund was created during fiscal year ended June 30, 2014 to account for resources obtained to provide drainage improvements and operating activities.

E. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Town are included on the statements of net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of government-wide financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide the goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

(See Independent Auditor's Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

F. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

Government-wide financial statements are presented on the accrual basis of accounting; proprietary funds also use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Those revenues susceptible to accrual are taxes, state and federal grants, interest revenue, and charges for services. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include licenses, penalties, and miscellaneous revenues which are recorded as revenues when received in cash. Those revenues that are measurable but are not collected within 60 days after year end are recorded as deferred revenues.

G. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town. For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The Town's investments consist of certificates of deposit with a maturity date greater than three months from the date of purchase. For reporting purposes, all investments are recorded at fair value.

In applying GASB Statement No. 31, the Town utilized the following methods and assumptions as of June 30, 2018:

1. Fair value is based on quoted market prices as of the valuation date;
2. The investment portfolio did not hold investments in any of the following: a) items required to be reported at amortized costs; b) items subject to involuntary participation in an external pool; and, c) items associated with a fund other than the fund to which the income is assigned.

The Town's policy is to hold investments until maturity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

H. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory, if any, in the General Fund consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are used, rather than in the period purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Inventories of the Water and Sewer Funds, if any, consist of various repair parts and supplies. There were no such inventories at June 30, 2018.

I. Prepaid Expenses

Payments made to vendors for service that will benefit periods beyond June 30, 2018 are recorded as prepaid items and are expensed during the period benefited. There were no such prepayments recorded at June 30, 2018.

J. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during fiscal year ended June 30, 2018. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	20-50 years
Machinery and equipment	5-10 years
Water and sewer systems	40 years
Roads	50 years
Land improvements	10 years

The City implemented the $5,000 threshold for assets purchased beginning July 1, 2015. Prior to July 1, 2015, the capitalization threshold was $500.

The Town only reports infrastructure assets purchased subsequent to December 31, 2003.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

L. Revenues

Substantially all governmental fund revenues are accrued. When applicable, property taxes are billed and collected within the same period in which the taxes are levied. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

M. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs, when presented, are reported in the period when inventory items are used, rather than in the period purchased.

N. Compensated Absences

The Town accrues accumulated unpaid vacation and sick leave benefits, which will be paid to employees upon separation from service, when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. There were no accruals for compensated absences as of June 30, 2018.

O. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

P. Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

Q. Fund Balance – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in 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 constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of Town of Brooks' Council. Brooks' Council is the highest level of decision making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances approved by Town Council prior to end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation..

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Town Council may assign amounts for specific purposes through passage of a resolution. Unlike commitments, assignments generally only exist temporarily and do not normally have to have an additional action taken for their removal..

Unassigned – all other spendable amounts.

As of June 30, 2018, fund balances were composed of the following:

General Fund	
Assigned for cemetery activities	$ 232,647
Assigned for next year's budget	29,944
Unassigned	248,344
SPLOST Fund -	
Restricted for capital projects	27,028
Total	$ 537,963

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditures is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Council has provided otherwise in its commitment or assignment actions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

R. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow 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 / expenditures) until then. The Town has no items that qualify for reporting in this category as of June 30, 2018.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2018 the Town had no significant items that qualify for reporting in this category.

S. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's government-wide statements of net position reported the following amount of restricted net position as of June 30, 2018:

Restricted net position	$	27,028
Restricted by enabling legislation	$	27,028

The Town applies restricted resources first when an expense is incurred for which both restricted and unrestricted net position are available.

T. Contributions of Capital

Contributions of capital in the proprietary fund financial statements arise from outside contributions of capital assets, tap-on fees to the extent they exceed the cost of connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

U. Estimates

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

(See Independent Auditor's Report).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

V. Budgets and Budgetary Accounting

The Town Council adopts an annual budget for all of the Town's funds. Public hearings are conducted to obtain taxpayer comments. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution. Any revisions that alter the total expenditures of any department must be approved by Town Council.

Governmental fund type budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally approved or last amended. All annual appropriations lapse at year end.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town follows the State's requirement for all deposits in excess of Federal Deposit Insurance be collateralized by securities equal to at least 110% of the excess deposits. As of June 30, 2018, $275,352 of the Town's bank balances of $726,275 were exposed to custodial credit risk as follows:

Total bank deposits	$ 726,275
Uninsured and uncollateralized	$ -
Collateralized with securities held by pledging financial institution or its agent	275,352
Total	$ 275,352

Investments

Investments - Statutes authorize the Town to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, and certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations.

Investments consisted of certificates of deposits and are included in the above mentioned bank balances. Investments are stated at cost plus accrued interest, which approximates fair value.

3. PROPERTY TAX

Property taxes are levied in October and are due 60 days after the receipt of the tax notice. Property taxes attach as an enforceable lien on the property as of January 1. A Local Option Sales Tax (LOST) is in force. Proceeds from the LOST are remitted to the Town on a monthly basis and are utilized to give property tax owners tax relief. The Town has obtained the service of Fayette County to bill and collect the Town's property taxes. The County remits monies collected to the Town on a semi-monthly basis.

(See Independent Auditor's Report).

4. INTERGOVERNMENTAL REVENUES AND RECEIVABLES

Intergovernmental revenues and receivables reported in the fund financial statements for the years ended June 30, 2018 consisted of the following:

	Receivable	Revenue
General Fund -		
LMIG Grant	$ -	$ 17,803
State of Georgia - DOT	-	10,000
SPLOST Fund -		
SPLOST - Fayette County	20,319	123,927
Revenue	$ 20,319	$ 151,730

5. RECEIVABLES

Receivables as of June 30, 2018, including the applicable allowances for uncollectible accounts, were as follows:

Governmental Funds -	
General Fund -	
Taxes	$ 11,021
Accounts	1,891
SPLOST -	
Intergovernmental	20,319
Total Governmental Funds	$ 33,231
Proprietary Funds -	
Sanitation Fund -	
Accounts	$ 788
Water Fund -	
Accounts	258
Total	1,046
Allowance for doubtful accounts - Sanitation	(300)
Total Proprietary Funds	$ 746

Management considers all receivables to be collectible, therefore, no allowance for bad debt has been recorded.

(See Independent Auditor's Report)

6. INTER-FUND TRANSACTIONS

Individual fund interfund receivable or payable balances at June 30, 2018 were as follows.

Due from the SPLOST Fund to the General Fund	$ 96,723

The 2017 SPLOST Fund owed the General Fund $96,723 as of June 30, 2018 for cost incurred on a SPLOST approved project that was originally paid for by the General Fund.

Individual fund interfund transfers for the year ended June 30, 2018 were as follows:

Transferred from the General Fund to the - Stormwater Reserve	$ 12,000

The General Fund has been transferring $12,000 on an annual basis to the Stormwater Fund to help build a reserve in the Stormwater Fund for future capital needs.

7. LONG-TERM DEBT

The Town had no long term debt balance or transactions during the fiscal years ended June 30, 2018.

8. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the years ended June 30, 2018 was as follows:

	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 191,485	$ 18,500	$ -	$ 209,985
Construction in progress	-	18,820	-	18,820
Total capital assets not being depreciated	191,485	37,320	-	228,805
Capital assets being depreciated:				
Buildings and improvements	1,089,766	-	-	1,089,766
Machinery and equipment	259,391	6,939	-	266,330
Sewer system improvements	98,651	-	-	98,651
Roads	133,921	106,347	-	240,268
Land improvements	31,429	-	-	31,429
Total capital assets being depreciated	1,613,158	113,286	-	1,726,444
Less accumulated depreciation for:				
Buildings and improvements	405,238	35,576	-	440,814
Machinery and equipment	217,433	8,805	-	226,238
Sewer system improvements	73,943	3,464	-	77,407
Roads	24,106	2,678	-	26,784
Land improvements	13,647	1,572	-	15,219
Total accumulated depreciation	734,367	52,095	-	786,462
Total capital assets being depreciated, net	878,791	61,191	-	939,982
Governmental capital assets, net	$ 1,070,276	$ 98,511	$ -	$ 1,168,787

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

General government	$ 25,332
Public works	2,678
Cemetery	153
Parks and recreation	7,855
Library	16,077
Total depreciation expense	$ 52,095

(See Independent Auditor's Report)

8. PROPERTY, PLANT AND EQUIPMENT – (Continued)

	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
Business Type Activities				
Capital assets, not being depreciated:				
Land	$ -	$ -	$ -	$ -
Capital assets being depreciated:				
Water and sewer system improvements	162,502	-	-	162,502
Total capital assets being depreciated	162,502	-	-	162,502
Less accumulated depreciation for:				
Water and sewer system improvements	137,290	788	-	138,078
Total accumulated depreciation	137,290	788	-	138,078
Total capital assets being depreciated, net	25,212	(788)	-	24,424
Governmental capital assets, net	$ 25,212	$ (788)	$ -	$ 24,424

Depreciation expense was charged to the Water Fund for enterprise activities.

9. UNEARNED REVENUES

Unearned revenues as of June 30, 2018, reported in the Governmental Fund's balance sheet, consisted of the following revenue items which had been received but were not earned:

Amounts received from rental contracts but not yet earned as of the fiscal year end.	$ 2,319
Grant advance from the Georgia Department of Transportation - Project not completed and therefore the grant is not yet earned.	-
Total unearned revenues - Governmental Funds	$ 2,319

10. JOINT VENTURES

Atlanta Regional Commission

Under Georgia law, the Town, in conjunction with other cities and counties in the Metro Atlanta area, is a member of the Atlanta Regional Commission (hereafter, "ARC").. Membership in this organization is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Commission in Georgia. The ARC Board membership includes the chief elected official of each county, one representative for all the cities in a member county and 15 citizen representatives. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Management believes that ARC is accumulating sufficient financial resources to meet its financial obligations, therefore, no provision has been made in the accompanying financial statements for any debts or obligations that might inure to the Town of Brooks as a result of ARC's inability or refusal to meet its obligations. Separate financial statements for ARC may be obtained from:

Atlanta Regional Commission
3715 Northside Parkway
Building 200, Suite 300
Atlanta, Georgia 30327

11. RISK MANAGEMENT

The Town of Brooks is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town is a member of Georgia Interlocal Risk Management Agency. This membership allows the Town to share liability, crime, motor vehicle, and property damage risks.

Coverages are as follows:

Coverage Description – Property:	
Buildings and contents – (Blanket)	$2,086,745
Automobile physical damage	Per Application on file with GIRMA
Coverage Description – Casualty:	
Comprehensive general liability	$ 600,000
Automobile liability	$ 750,000
Errors and omissions (Public Officials)	$ 600,000
Employee benefits liability	$ 600,000
Coverage Description – Crime:	
Blanket bond – employees required to be bonded	$500,000
Blanket bond – all other employees	$500,000
Depositors forgery	$500,000
Money and securities – loss inside and outside premises	$500,000
Deductible:	
All coverages are subject to a per occurrence deductible of	$1,000

Coverage Exceptions:

Coverage Subject to a Retroactive Date:

Chapter 85 Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated non-profit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government.

During the year ended June 30, 2018, the Town paid no claims. The Town has not compiled a record of the claims paid up to the $1,000 deductible for the prior years. The Town is not aware of any claims which the Town is liable for (up to the $1,000) which were outstanding and unpaid at June 30, 2018. No provisions have been made in the accompanying financial statements for the years ended June 30, 2018 for any estimate of potential unpaid claims.

The Town of Brooks does not provide and is not required to provide Workers Compensation Insurance over its employees.

12. CONTINGENCIES

There were no lawsuits (whether asserted, pending, or threatened) or complaints as of June 30, 2018 that management believes will have a material effect on the financial condition of the Town.

13. EMPLOYEE BENEFIT PENSION PLANS

Deferred Compensation Plan-

In May 2009 the Town created a Deferred Compensation Plan under IRS code section 457(b). The Plan is administered by the Georgia Municipal Association. Under the terms of the deferred compensation plan, any employee can voluntarily defer up to $18,000 of gross compensation per year. Each participant selects one of three options to administer the investment of the deferred funds. All administration costs of the plan are deducted from the participants' accounts. The deferred amounts may be distributed to the employee upon retirement or other termination of employment, disability, death, or financial hardship. Total amounts deferred by employees for the year ended June 30, 2018 was $1,200.

14. SPECIAL ITEM - BROOKS AREA RECREATION, INC.

As of July 1, 2009 the Town disassociated itself from the operations of the Brooks Area Recreational Complex. The Town currently rents the facilities to the Brooks Area Recreation, Inc., (BARI) a corporation that has applied for recognition as a non-profit organization under the Internal Revenue Service code section 501 (c) (3). Although the Town continues to provide financial assistance to BARI, the Town has no direct or indirect responsibility for the park's day-to-day operations.

15. CONTRACT FOR OPERATING THE TOWN'S WATER SYSTEM

In July 2010 the Town entered into a contract with Fayette County (hereafter the "County") for Fayette County Water System to assume operational responsibility for the Water System for the Town of Brooks, Georgia. Although the County has managed the Town of Brooks Water System since the date of the contract, ownership of the system remains with the Town.

The terms of the agreement include Fayette County being assigned the managerial, operations and financial responsibility of operating, maintaining and expanding the existing water system for a period of 49 years unless terminated or extended by the parties. In negotiating this agreement, the Mayor and Council believed that the Town will benefit from the County's upgrading the existing system and ultimately providing residents with improved service.

Under the terms of the agreement Fayette County shall have the sole responsibility and authority to establish and set rates, fees, charges, and penalties necessary for the operation, maintenance, upgrade, improvement, and expansion of the water system. Subject to the provisions hereof, it is intended that the expansion, upgrade, improvement, operation, and maintenance of the water system shall be on a self-sustaining basis. All revenues of Fayette County water system shall be used exclusively by the water fund for direct and indirect costs of the water operations.

16. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures, as a part of the combined statements - overview, of certain information concerning individual funds including-

A. Deficit fund balances or net asset balances of individual funds – As of June 30, 2018, none of the Town's funds had a deficit net fund balance or deficit net position balance.

B. Excess expenditures over budget in individual funds are as follows:

The City's General Fund had one department that incurred material excesses (if over 5 percent and greater than $5,000) of expenditures over appropriations at the department level (the legal level of control).

	Budget	Actual	Variance
General Fund -			
General Govrnment	$ 86,860	$ 142,839	$ (55,979)

(See Independent Auditor's Report)

TOWN OF BROOKS, GEORGIA
2017 SPECIAL PURPOSE LOCAL OPTION SALES TAX FUND
SCHDULE OF PROJECTS CONSTRUCTED WITH SLOST PROCEEDS
FOR THE YEARS ENDED JUNE 30, 2018

	FISCAL YEAR ENDED JUNE 30, 2018				
		EXPENDITURES			
PROJECT	ORIGINAL ESTIMATED COST	PRIOR YEAR	CURRENT YEAR	TOTAL	Percent
Street Improvements -	$ 633,791	$ -	$ 96,723	$ 96,723	15.3%
Water Distribution Infrastructure	60,000	-	-	-	0.0%
	$ 693,791	$ -	$ 96,723	$ 96,723	13.9%

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