

City of Barnesville, Georgia
Financial Statements for the
Fiscal Year Ended September 30, 2012
Independent Auditor's Report

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City of Barnesville, Georgia
Annual Financial Report
For The Year Ended September 30, 2012
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Independent Auditor's Report

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Report of Independent Certified Public Accountants

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Barnesville, Georgia (the "City"), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Barnesville's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Barnesville, Georgia as of September 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2012 on our consideration of the City of Barnesville'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 with 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 and should be considered in assessing the results of our audit.

The accompanying required supplementary information, such as management's discussion and analysis and the budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Barnesville's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, including the Schedule of Special Purpose Local Option Sales Tax, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

J. Robyn Underwood, CPA
Barnesville, Georgia
December 22, 2012

Management's Discussion and Analysis

City of Barnesville
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended September 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Barnesville, Georgia (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2012. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets exceeded its liabilities by \$29,658,018 (net position) for the fiscal year reported.
- Total net assets are comprised of the following:
 1. Capital assets, net of related debt, of \$7,950,706 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 2. Net assets of \$17,703,363 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 3. At the end of the current fiscal year, unassigned General Fund fund balance increased from \$1,602,629 to \$1,692,216. This increase of \$89,587 is approximately 3 percent of total General Fund expenditures.
- The City's governmental funds reported total ending fund balance of \$2,599,612. This compares to the prior year ending fund balance of \$2,890,878 showing a decrease of \$291,266 during the current year. The decreases in fund balances are mainly due to Capital expenditures in the Capital Projects Fund.
- At the end of the current fiscal year, unassigned fund balance for the City's governmental funds was \$1,692,216, or 37 percent of total governmental funds expenditures.
- Overall, the City continues to maintain a strong financial position, in spite of a somewhat recessed economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document is intended to serve as an introduction to the City of Barnesville's financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-Wide Financial Statements

The City's annual financial statements include two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net assets may serve as an useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

City of Barnesville
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended September 30, 2012

The government-wide financial statements are designed to provide readers with a broad overview of the City of Barnesville's finances, in a manner similar to private-sector business. The *Statement of Activities*, reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

In the Statement of Net Assets and the Statement of Activities, the City is divided into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, community development, transportation, information services, environmental and general administration. Property taxes, sales taxes and franchise fees finance the majority of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems and electric and sanitation systems are reported here.
- **Component units** – The City includes one separate legal entity in its report – the Barnesville Lamar County Library. Although legally separate, this "component unit" is important because the City is financially accountable for it.

The government-wide financial statements are presented on pages 10 & 11 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

- **Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The basic governmental fund financial statements are presented on pages 12 – 15 of this report.

The City maintains three major governmental funds. The City's major governmental funds are: the General Fund, Special Revenue, and Capital Projects.

- **Proprietary funds** – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. These are reported in the fund financial statements and generally report services for which the City charges customers a fee. The four City proprietary funds are classified as an enterprise funds. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers internal to the City organization for water, sewer, electric, and sanitation utilities. However, approximately 15% of customers who receive water service from the City are external from the City.

City of Barnesville
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended September 30, 2012

The basic enterprise fund financial statements are presented on pages 16 – 20 of this report.

The City maintains four enterprise funds: Electric, Sanitation, Water and Sewerage, and Industrial Development.

Notes to the Basic Financial Statements

The financial statement includes notes that explain some of the information in the financial statements and provides information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

Budgetary Presentation

Budgetary comparison statements are included as “basic financial statements” for the general and special revenue funds. These statements and schedules demonstrate compliance with the City’s adopted and final revised budget.

Supplementary Financial Information

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements are presented as supplementary financial information of this report beginning on page 41.

Financial Analysis of the City as a Whole

The City’s net assets at fiscal year-end are \$29,658,018. The following table provides a summary of the City’s net assets:

Summary of Net Assets (Table 1)				
	Governmental Activities		Business Type Activities	
	2012	2011	2012	2011
Assets				
Current Assets	\$ 2,714,574	\$ 3,003,824	\$ 2,876,218	\$ 3,954,005
Capital Assets	<u>6,705,326</u>	<u>8,568,409</u>	<u>47,657,909</u>	<u>16,729,500</u>
Total Assets	\$ 9,419,900 =====	\$11,572,233 =====	\$50,534,127 =====	\$20,683,505 =====
Deferred Outflows	\$ -----	\$ -----	\$ 130,584	\$ -----
Liabilities				
Current Liabilities	\$ 114,962	\$ 112,946	\$ 1,046,097	\$ 1,041,288
Long-term Liabilities	<u>144,439</u>	<u>-----</u>	<u>29,121,095</u>	<u>3,755,380</u>
Total Liabilities	\$ 259,401 =====	\$ 112,946 =====	\$30,167,192 =====	\$ 4,796,668 =====
Net Position				
Investments in Capital Assets				
Net of Debt	\$ 6,705,326	\$ 8,568,409	\$ 1,245,380	\$13,110,232
Restricted	803,039	-----	16,900,324	613,302
Unrestricted	<u>1,652,134</u>	<u>2,890,878</u>	<u>2,351,815</u>	<u>2,163,303</u>
Total Net Position	\$ 9,160,499 =====	\$11,459,287 =====	\$20,497,519 =====	\$15,886,837 =====

The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 24 to 1 and 3 for business type activities. For the City overall, the current ratio is 5 to 1. The national trend indicators state that the normal ratio is 2 to 1. The City’s ratio as stated is 5 to 1 which reflects a higher than normal ratio.

City of Barnesville
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended September 30, 2012

The City reported positive balances in net assets for both governmental and business-type activities. Analyzing the net position and net expenses of governmental and business-type activities, separately, the business-type activities net position is \$20,497,519. This analysis focuses on the net assets (Table 1) and revenues and expenses (Table 2) of the City's governmental and business-type activities. Net position decreased \$2,298,788 for governmental activities and increased \$4,610,682 for business-type activities. The City's overall financial position increased during fiscal year 2012. The decrease in net positions for governmental Activities is mainly due to a transfer of completed capital projects to the proprietary fund – Water and Sewer.

Note that approximately 73 percent of the governmental activities' net positions are tied up in capital. The City uses these capital assets to provide services to its citizens. However, with business-type activities, the City has spent approximately 6 percent of its net position on capital. Capital assets in business-type activities provide utility services and generate revenues for these funds. Twenty-seven percent of the City's total net positions are included in capital assets. The decrease in net investment in capital assets, net of related debt, is due to the major increase in debt in the current year.

The following table provides a summary of the City's changes in net positions and comparative data:

Summary of Changes in Net Assets (Table 2) (in thousands of dollars)					
	Governmental Activities	Business Activities	Total	Governmental Activities Prior Year	Business Activities Prior Year
Revenues:					
Program:					
Charges for Services	\$ 723	\$ 11,765	\$ 12,488	\$ 723	\$ 11,494
Operating Grants & Contributions	129	-----	129	29	60.5
Capital Grants & Contributions	650	5,018	5,668	938	1,456
General:					
Property Taxes	437	-----	437	452	-----
Sales Taxes	559	-----	559	615	-----
Other Taxes	701	44	745	674	-----
Interest	2	-----	2	3	29
Other	360	3	363	84	733
Total Revenues	\$ 3,561	\$ 16,830	\$ 20,391	\$ 3,518	\$ 13,772.5
Program Expenses:					
General Government	\$ 1,473.5	\$ -----	\$ 1,473.5	\$ 1,605	\$ -----
Police	1,464	-----	1,464	1,470	-----
Fire	451	-----	451	435	-----
Street and Right of Way	672.5	-----	672.5	772	-----
Cemetery and Recycling	71	-----	71	326	-----
Culture and Recreation	263	-----	263	251	-----
Interest	-----	-----	-----	2	-----
Water and Sewer	-----	2,870	2,870	-----	1,947
Electric	-----	6,799	6,799	-----	6,941
Sanitation	-----	657	657	-----	470
Total Expenses	\$ 4,395	\$ 10,326	\$ 14,721	\$ 4,861	\$ 9,358
Excess (deficiency)	\$< 834>	\$ 6,504	\$ 5,670	\$< 1,343>	\$ 4,414.5
Outflows	-----	< 1,195>	< 1,195>	-----	-----
Transfers	< 1,335>	< 698>	< 2,033>	2,108	< 2,177>
Change in Net Positions	\$< 2,169>	\$ 4,611	\$ 2,442	\$ 765	\$ 2,237.5
Beginning Net Positions	\$ 11,329	\$ 15,886.5	\$ 27,215.5	\$ 10,564	\$ 13,649
Ending Net Positions	\$ 9,160	\$ 20,497.5	\$* 29,657.5	\$ 11,329	\$ 15,886.5
	=====	=====	=====	=====	=====

*Rounding error of <.5>

City of Barnesville
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended September 30, 2012

GOVERNMENTAL REVENUES

The City's governmental activities are heavily reliant on property taxes, sales taxes, and insurance premiums to support governmental operations. Property taxes provided 13 percent, sales taxes provided 16 percent, and the insurance premium provided 10 percent of the City's governmental revenues. Also, note that program revenues cover only 35 percent of governmental operating expenses. This means that the government's taxpayers, the City's other general revenues, and transfers in fund 65 percent of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

One of the most significant governmental expense for the City is providing Public Safety services such as Fire and Police protection. This comprises 44 percent of the total governmental expenses. Public Safety expenses are offset by revenues collected from a variety of sources, with the largest being fines and forfeitures, which were \$527,135 for fiscal year ended September 30, 2012. The other significant City cost for government is the general government totaling \$1,473,457 or 34 percent of governmental expenses.

- The cost of all governmental activities this year was \$4,395,004.
- The revenue amount that paid for most of these activities came from City property taxes, sales tax and business taxes (\$1,697,238).
- Some of the costs were paid by those who benefited directly from the programs (\$723,385) and subsidies from other governments and organizations through grants and/or contributions (\$777,947).

Governmental Activities (Table 3) (in thousands of dollars)			
	FY 2012 Total Cost of Services	FY 2012 Net Cost of Services	FY 2011 Total Cost of Services
			FY 2011 Net Cost of Services
General Government	\$ 1,473.5	\$ 913	\$ 1,475
Public Safety	1,915	1,342	1,905
Public Works	743.5	432	1,098
Culture and Recreation	263	206	251
Interest	-----	-----	2
			2
Total	\$ 4,395	\$ 2,893	\$ 4,731
	=====	=====	=====

BUSINESS-TYPE ACTIVITIES
Revenues vs. Costs

The cost of all Proprietary (Business-Type) activities this year was \$10,326,400 as shown in Table 2 (Summary of Changes in Net Positions), the amounts paid by the users of the systems were \$11,765,039 and additionally the business-type activities earned \$49 thousand in interest from idle cash and investments. Within the total business-type activities of the City, these activities reported a \$2,909,418 operating gain.

City of Barnesville
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended September 30, 2012

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements.

Governmental funds reported ending fund balances of \$2,599,612. Of this year-end total, \$1,796,573 is unrestricted indicating availability for continuing City service requirements.

The total ending fund balances of governmental funds show a decrease of \$291,266 or a 10 percent decrease. This decrease relates primarily to Capital Outlay expenditures from the Capital Projects Fund.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$90,306. These increases in the General Fund fund balance are a result of the decrease in operating expenditures.

Total revenues were \$43,000 or 2 percent greater than fiscal year 2011 for all major governmental funds. Property taxes were 3 percent below the prior year. The Sales Tax decreased by \$56,748 over fiscal year 2011; this includes local option. The balance of the other general revenues was consistent with that of the fiscal year 2011.

The Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The water and sewer fund operating income for 2012 was \$984,231. Operating revenues were 33.7 percent above those in fiscal year 2011 and operating expenses were 18 percent above the prior year. The electric and sanitation had operating income of \$1,117,875 and \$58,411, respectively, versus an operating income of \$1,600,027 and \$200,680 in the prior year. Operating revenues were 7.29 percent below and 7 percent, respectively, above those in fiscal year 2011 and operating expenses were 2 and 40 percent, respectively, above the prior year.

The electric sales were decreased due to the mild summer and winter weather. Several employees from the Cemetery/Recycling Department as well as the Street Department were transferred to the Sanitation Fund, thus the increase in expenses.

Component Units

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization.

Discretely presented component units generally are reported only at the government-wide financial reporting level. The City of Barnesville has one discretely presented component unit: Barnesville Lamar County Library.

Budgetary Highlights

The General Fund – The original revenue budget was amended to reflect an increase in revenues by 16.0 percent due to an increase in estimated revenues. The budgeted expenditures were amended to increase the expenditures by 13.5 percent due to capital asset acquisitions and increase cost of general health insurance provided to the employees and increase in salaries. We expended 100 percent of the final budget. The City set a policy to amend the budget to reflect the actual revenues and expenditures.

City of Barnesville
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended September 30, 2012

Comparing the FY 2011-2012 original adopted budget for the General Fund (\$3,584,511) to the final budget (\$4,068,888) shows a net increase of \$608,883. This figure includes purchase orders committed prior to September 30, 2012 along with carryovers or ongoing projects and activities from the prior year. As stated, earlier the General Fund's expenditure budget is prepared on a GAAP basis, except that outstanding encumbrances at year-end are charged as expenditures on the budgetary basis.

Transfers adjusted the budget total another \$204,137. The largest adjustments include:

- Adjustments of \$250 thousand to the Administrative for increase in salaries and miscellaneous.
- Adjustments of \$116 thousand to the Public Safety departments for increase in Contracts and Salaries.

As a note, a Budget Amendment was passed on September 30, 2012, which established an increase of \$404,746 across the various General Fund departments. This increase was a result of increase in revenues.

Capital Assets and Debt Administration

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2012 was \$6,705,326 and \$30,102,045 respectively. The major additions and deletions to capital for FY 12 were:

- A capital expense associated with infrastructure (road improvements, sidewalks, etc.) was \$2,460,425. Primary expenses in this category went for improvements for street paving, drainage, water and sewer facilities and lines and an industrial site.
- Capital expenses associated with the purchase of vehicles were \$36,899.
- Capital expenses associated with the purchase of equipment were \$21,253.
- Capital assets of the former Lamar County Water and Sewerage Authority acquired through debt assumption were \$11,762,981.

For more information on the changes in capital assets, see Note 3-D.

	Governmental Activities		Business Activities		Total	
	2012	2011	2012	2011	2012	2011
Non-depreciable assets:						
Land	\$ 1,247	\$ 1,247	\$ 867	\$ 867	\$ 2,114	\$ 2,114
Construction in Progress	1,001	2,775.5	1,944	2,305	2,945	5,080.5
Total Non-Depreciable Assets	\$ 2,248	\$ 4,022.5	\$ 2,811	\$ 3,172	\$ 5,059	\$ 7,194.5
Depreciable assets:						
Land Improvements	\$ 171	\$ 171	\$ -----	\$ -----	\$ 171	\$ 171
Buildings and Plant	2,326	2,252	16,799	16,296	19,125	18,548
Machinery and Equipment	1,467	1,446	1,493	1,377	2,960	2,823
Vehicles	492	455	220	216	712	671
Infrastructure	3,507	3,385	21,658	6,068	25,165	9,453
Total Depreciable Assets	\$ 7,963	\$ 7,709	\$ 40,170	\$ 23,957	\$ 48,133	\$ 31,666
Less Accumulated Depreciation	3,506	3,163	12,879	10,548	16,385	13,711
Book Value- Depreciable Assets	\$ 4,457	\$ 4,546	\$ 27,291	\$ 13,409	\$ 31,748	\$ 17,955
Percentage Depreciated	44%	41%	32%	44%	34%	43%
Total Capital Assets	\$ 6,705	\$ 8,568.5	\$ 30,102	\$ 16,581	\$ 36,807	\$25,149.5
	=====	=====	=====	=====	=====	=====

At September 30, 2012, the depreciable capital assets for governmental activities were 44 percent depreciated. This compares to the September 30, 2011 at an increase of 6 percent. This comparison indicates that the City is focusing on replacing its assets at close to the same rate as they are depreciating which is a positive indicator. Note that business-type activities are 32 percent depreciated.

City of Barnesville
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended September 30, 2012

Long-term Debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$24,250,000. The bonds are secured by a first lien on and payable solely from the net revenues of the system.

During the year, the City retired \$160,000 or .5 percent of the outstanding balance of the Series 2011 Bonds.

Outstanding Borrowings as of September 30, 2012
(in thousands of dollars)

	Governmental Activities		Business Activities		Total	
	2012	2011	2012	2011	2012	2011
Notes Payable	\$ -----	\$ -----	\$ 4,530	\$ 241	\$ 4,530	\$ 241
Revenue Bonds	-----	-----	24,250	3,230	24,250	3,230
Landfill Postclosure	-----	-----	345	388	345	388
Customer Deposits	-----	-----	330	278	330	278
Total	\$ ----- =====	\$ ----- =====	\$ 29,455 =====	\$ 4,137 =====	\$ 29,455 =====	\$ 4,137 =====

See Notes 3-F and 3-G for additional information about the City's long-term debt.

Economic Conditions Affecting the City

The City has begun the construction of the 2.4 mgd wastewater treatment plant. This is the largest project ever undertaken by the City. The need for additional treatment capacity and more stringent environmental requirements necessitated this major project. Future economic growth will help spread the burden of debt service across a larger customer base in the years ahead. Some improvement in certain sectors of the economy has been recognized. However, the City's economy lags behind the national economy and will not be recognized locally for 12-18 months after measurable improvements are seen nationally.

We have for the past six months experienced a reduction in sales tax proceeds. This anomaly will affect our current year (2012/2013) budget and likely require some mid-term adjustments.

Overall, the City's economic condition is unchanged and sound. As the economy recovers, the City is poised well to take advantage of private investment in the housing, commercial, and industrial sectors. Management continues to closely scrutinize projects and operational changes that might impact operating costs.

Contacting the City's Financial Management

This financial report is designated to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have, questions about this report or would like to request additional information, contact the City at (770) 358-0181 or visit the City's Website at www.cityofbarnesville.com.

Basic Financial Statements

Government-wide Financial Statements

City of Barnesville
STATEMENT OF NET POSITIONS
September 30, 2012

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 483,511	\$ 1,047,283	\$ 1,530,794	\$ 46,239
Temporary Cash Investments	-----	131,317	131,317	81,592
Receivables (Net)	1,793,122	1,211,408	3,004,530	190
Internal Balances	< 304,692>	304,692	-----	-----
Inventories	-----	314,192	314,192	-----
Total Current Assets	<u>\$ 1,971,941</u>	<u>\$ 3,008,892</u>	<u>\$ 4,980,833</u>	<u>\$ 128,021</u>
NonCurrent Assets				
Restricted Cash and Cash Equivalents	\$ 742,633	\$ 522,866	\$ 1,265,499	\$ -----
Investments	-----	16,900,324	16,900,324	62,400
Capital Assets				
Land	1,246,681	866,474	2,113,155	-----
Construction in Progress	1,001,028	1,943,569	2,944,597	-----
Depreciable Buildings, Property, and Equipment (Net)	4,457,617	27,292,002	31,749,619	23,159
Total NonCurrent Assets	<u>\$ 7,447,959</u>	<u>\$ 47,525,235</u>	<u>\$ 54,973,194</u>	<u>\$ 85,559</u>
TOTAL ASSETS	<u>\$ 9,419,900</u>	<u>\$ 50,534,127</u>	<u>\$ 59,954,027</u>	<u>\$ 213,580</u>
Deferred Outflows of Resources				
Current Portion of Deferred Loss on Refunding	\$ -----	\$ 130,584	\$ 130,584	\$ -----
Total Deferred Outflows of Resources	<u>\$ -----</u>	<u>\$ 130,584</u>	<u>\$ 130,584</u>	<u>\$ -----</u>
Total Assets and Deferred Outflow Resources	<u>\$ 9,419,900</u>	<u>\$ 50,664,711</u>	<u>\$ 60,084,611</u>	<u>\$ 213,580</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 32,507	\$ 635,742	\$ 668,249	\$ 320
Employee Christmas Fund	82,455	-----	82,455	-----
Current Portion of Long-Term Obligations	-----	333,296	333,296	-----
Accrued Interest Payable	-----	77,059	77,059	-----
Total Current Liabilities	<u>\$ 114,962</u>	<u>\$ 1,046,097</u>	<u>\$ 1,161,059</u>	<u>\$ 320</u>
NonCurrent Liabilities				
Deposits-Utilities	\$ -----	\$ 329,829	\$ 329,829	\$ -----
NonCurrent Portion of Long-Term Obligations	-----	28,446,310	28,446,310	-----
Net Pension Obligation	144,439	-----	144,439	-----
Postclosure- Landfill	-----	344,956	344,956	-----
Total NonCurrent Liabilities	<u>\$ 144,439</u>	<u>\$ 29,121,095</u>	<u>\$ 29,265,534</u>	<u>\$ -----</u>
TOTAL LIABILITIES	<u>\$ 259,401</u>	<u>\$ 30,167,192</u>	<u>\$ 30,426,593</u>	<u>\$ 320</u>
NET POSITION				
Investment in Capital Assets, Net of Related Debt	\$ 6,705,326	\$ 1,245,380	\$ 7,950,706	\$ 23,159
Restricted For:				
Operating Reserves	-----	669,662	669,662	-----
Debt Service	-----	1,617,603	1,617,603	-----
Capital Projects	803,039	-----	803,039	-----
Sewer Plant Construction	-----	14,613,059	14,613,059	-----
Unrestricted	1,652,134	2,351,815	4,003,949	190,101
Total Net Position	<u>\$ 9,160,499</u>	<u>\$ 20,497,519</u>	<u>\$ 29,658,018</u>	<u>\$ 213,260</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 9,419,900</u>	<u>\$ 50,664,711</u>	<u>\$ 60,084,611</u>	<u>\$ 213,580</u>

The accompanying notes are an integral part of the financial statements.

City of Barnesville
STATEMENT OF ACTIVITIES
September 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government:								
Government Activities:								
General Government	\$ 1,473,457	\$ 118,725	\$ -----	\$ 441,395	\$< 913,427>	\$ -----	\$< 913,427>	\$ -----
Police	1,463,556	527,135	44,837	-----	< 891,584>	-----	< 891,584>	-----
Fire	453,993	500	-----	-----	< 450,483>	-----	< 450,483>	-----
Street and Right of Way	672,451	2,410	94,076	208,229	< 377,736>	-----	< 377,736>	-----
Cemetery and Recycle Center	71,321	17,151	-----	-----	< 54,170>	-----	< 54,170>	-----
Culture and Recreation	263,236	57,464	-----	-----	< 205,772>	-----	< 205,772>	-----
Total Governmental Activities	\$ 4,395,934	\$ 723,385	\$ 128,913	\$ 649,534	\$< 2,893,172>	\$ -----	\$< 2,893,172>	\$ -----
Business-Type Activities:								
Sanitation	\$ 657,112	\$ 715,523	\$ -----	\$ -----	\$ -----	\$ 58,411	\$ 58,411	\$ -----
Electric	6,799,557	7,917,432	-----	-----	-----	1,117,875	1,117,875	-----
Water and Sewer	2,839,499	3,132,934	-----	4,269,384	-----	4,861,970	4,861,970	-----
Industrial Development	-----	-----	-----	748,901	-----	748,901	748,901	-----
Total Business-Type Activities	\$10,286,167	\$11,765,939	\$ -----	\$ 5,018,285	\$ -----	\$ 6,487,157	\$ 6,487,157	\$ -----
Total Primary Government					\$< 2,893,172>	\$ 6,487,157	\$ 3,593,985	\$ -----
Component Units:								
Library	\$ 203,723	\$ 14,179	\$ 189,481	\$ -----	\$ -----	\$ -----	\$ -----	\$< 64>
General Revenues								
Taxes:								
Property					\$ 437,141	\$ -----	\$ 437,141	\$ -----
Franchise					116,704	-----	116,704	-----
Hotel/Motel					17,628	-----	17,628	-----
Sales					558,729	-----	558,729	-----
Intangible					3,049	-----	3,049	-----
Motor Vehicle					32,161	-----	32,161	-----
Insurance Premium					336,535	-----	336,535	-----
Malt Beverage					160,441	-----	160,441	-----
Liquor					34,851	-----	34,851	-----
Investment Earnings					2,183	43,814	45,997	2,805
Miscellaneous					359,856	-----	359,856	-----
Special Item- Increase in Market Value of Stock					-----	-----	-----	8,000
Special Item- Increase in Market Value of Investments					-----	3,296	3,296	-----
Outflows					-----	< 1,225,133>	< 1,225,133>	-----
Transfers, Net					< 1,334,364>	< 699,452>	< 2,032,816>	-----
Total General Revenues, Special Items, and Transfers					\$ 724,913	\$<1,876,475>	\$< 1,151,562>	\$ 19,805
Change in Net Position					\$< 2,168,259>	\$ 4,610,692	\$ 2,442,423	\$ 19,741
Net Position - Beginning					11,328,759	15,886,837	27,215,595	202,519
Net Position - Ending					\$ 9,160,499	\$20,497,519	\$ 29,658,018	\$ 213,260

The accompanying notes are an integral part of the financial statements

Fund Financial Statements

Governmental Funds

City of Barnesville
BALANCE SHEET
Governmental Funds
September 30, 2012

	GOVERNMENTAL FUND TYPES			
	MAJOR FUNDS			
		CAPITAL PROJECTS		
	GENERAL	SPLOST 2005	SPLOST 2011	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents (Note 2)	\$ 483,511	\$ -----	\$ -----	\$ 483,511
Receivables				
Taxes	44,838	-----	-----	44,838
Fines	1,267,257	-----	-----	1,267,257
Other	422,091	-----	58,936	481,027
Due from other Funds	-----	13,270	-----	13,270
Restricted Assets				
Cash and Cash Equivalents	11,800	356,910	373,923	742,633
TOTAL ASSETS	\$ 2,229,497	\$ 370,180	\$ 432,859	\$ 3,032,536
LIABILITIES				
Accounts Payable	\$ 28,867	\$ -----	\$ -----	\$ 28,867
Christmas Fund	82,455	-----	-----	82,455
Accrued Liabilities	3,630	-----	-----	3,630
Due to Other Funds	317,972	-----	-----	317,972
TOTAL LIABILITIES	\$ 432,924	\$ -----	\$ -----	\$ 432,924
FUND BALANCES				
Restricted	\$ -----	\$ 370,180	\$ 432,859	\$ 803,039
Assigned	104,357	-----	-----	104,357
Unassigned	1,692,216	-----	-----	1,692,216
TOTAL FUND BALANCES	\$ 1,796,573	\$ 370,180	\$ 432,859	\$ 2,599,612
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,229,497 =====	\$ 370,180 =====	\$ 432,859 =====	\$ 3,032,536 =====

The accompanying notes are an integral part of the financial statements.

City of Barnesville
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Positions
September 30, 2012

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Total Fund Balances – Governmental Funds	\$ 2,599,612
Capital Assets used in Governmental Activities are not Financial Resources and therefore are not Reported in the Funds	6,705,326
Long-Term Liabilities are not due and payable in the current period and accordingly are not Reported in the Funds:	
Net Pension Obligation	<u>< 144,439 ></u>
Net Positions (Deficit) of Governmental Activities	\$ 9,160,499 =====

The accompanying notes are an integral part of the financial statements.

City of Barnesville
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Funds
September 30, 2012

	MAJOR FUNDS		CAPITAL PROJECTS		NON MAJOR FUND	TOTAL GOVERNMENTAL FUNDS
	GENERAL	SPECIAL REVENUE	SPLOST 2005	SPLOST 2011	OTHER FUNDS	
REVENUES						
Taxes	\$ 1,679,610	\$ -----	\$ -----	\$ -----	\$ 17,628	\$ 1,697,238
Licenses and Permits	118,725	-----	-----	-----	-----	118,725
Departmental	733,573	-----	-----	-----	-----	733,573
Intergovernmental	-----	208,229	5,473	432,951	-----	646,653
Other	362,039	-----	2,855	26	-----	364,920
Total Revenues	<u>\$ 2,893,947</u>	<u>\$ 208,229</u>	<u>\$ 8,328</u>	<u>\$ 432,977</u>	<u>\$ 17,628</u>	<u>\$ 3,561,109</u>
EXPENDITURES						
Current-Operations						
Administrative and General	\$ 1,442,903	\$ -----	\$ -----	\$ 118	\$ -----	\$ 1,443,021
Police	1,386,814	-----	-----	-----	-----	1,386,814
Fire	366,818	-----	-----	-----	-----	366,818
Street and Right of Way	558,536	-----	-----	-----	-----	558,536
Cemetery and Recycle Center	66,136	-----	-----	-----	-----	66,136
Civic Center - Cultural	155,705	-----	-----	-----	26,894	182,599
Swimming Pool - Recreation	33,823	-----	-----	-----	-----	33,823
Capital Outlay						
Current Operations	58,153	208,229	246,698	-----	-----	513,080
Debt Service						
Principal Retirement	-----	-----	-----	-----	-----	-----
Interest	-----	-----	-----	-----	-----	-----
Total Expenditures	<u>\$ 4,068,888</u>	<u>\$ 208,229</u>	<u>\$ 246,698</u>	<u>\$ 118</u>	<u>\$ 26,894</u>	<u>\$ 4,550,827</u>
EXCESS REVENUES OVER <UNDER>	<u>\$ <1,174,941></u>	<u>\$ -----</u>	<u>\$ < 238,370></u>	<u>\$ 432,859</u>	<u>\$ < 9,266></u>	<u>\$ < 989,718></u>
OTHER FINANCING SOURCES (USES)						
Transfers In	\$ 1,265,247	\$ -----	\$ -----	\$ -----	\$ -----	\$ 1,265,247
Transfers Out	-----	-----	< 566,795>	-----	-----	< 566,795>
Total Other Financing Sources (Uses)	<u>\$ 1,265,247</u>	<u>\$ -----</u>	<u>\$ < 566,795></u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 698,452</u>
NET CHANGE IN FUND BALANCES	\$ 90,306	\$ -----	\$ < 805,165>	\$ 432,859	\$ < 9,266>	\$ < 291,266>
FUND BALANCES- BEGINNING OF YEAR	<u>1,706,267</u>	<u>-----</u>	<u>1,175,345</u>	<u>-----</u>	<u>9,266</u>	<u>2,890,878</u>
FUND BALANCES- END OF YEAR	<u>\$ 1,796,573</u> =====	<u>\$ -----</u> =====	<u>\$ 370,180</u> =====	<u>\$ 432,859</u> =====	<u>\$ -----</u> =====	<u>\$ 2,599,612</u> =====

The accompanying notes are an integral part of the financial statements.

City of Barnesville

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities September 30, 2012

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances- Total Governmental Funds \$< 291,266>

Government Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities the cost of these Assets is Allocated over their estimated Useful Lives and Reported as Depreciation Expense. This is the Amount by which Capital Outlays exceeded Depreciation in the Current Period.

Purchases of Fixed Assets	\$ 513,080	
Depreciation Expense	< 343,347>	169,733

The Net Effect of Various Miscellaneous Transactions involving Capital Assets and other (i.e. Sales, Trade-ins, and Donations) is to Decrease Net Assets.

Transfer to Completed Capital Projects to Proprietary Funds < 2,032,816>

The Issuance of Long-Term Debt (e.g. Bonds, Leases) Provides Current Financial Resources to Governmental Funds, while the Repayment of the Principal Long-Term Debt consumes the Current Financial Resources of the Governmental Funds. Neither Transaction, however, has any effect on Net Assets. This Amount is the Net Effect of these Differences in the Treatment of Long-Term Debt and Related Items.

Some Expenses Reported in the Statement of Activities do not require the use of Current Financial Resources and therefore, are not Reported as Expenditures in Governmental Funds.

Increase in Net Pension Obligation < 13,910>

Revenues in the Statement of Activities that do not Provide Current Financial Resources are not Reported as Revenues in the Funds.

Change in Net Position- Governmental Activities \$< 2,168,259>

The accompanying notes are an integral part of the financial statements.

Proprietary Funds

City of Barnesville
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2012

	UTILITIES MAJOR FUNDS			NON-MAJOR FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	TOTALS
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 89,768	\$ 176,956	\$ 639,749	\$ 140,810	\$ 1,047,283
Temporary Cash Investments	-----	-----	131,317	-----	131,317
Receivables-Accounts	768,951	-----	435,482	-----	1,204,433
Other Receivable	6,975	-----	-----	-----	6,975
Interfund	316,532	-----	134,991	-----	451,523
Inventories of Supplies at Cost	272,794	-----	41,398	-----	314,192
Total Current Assets	<u>\$ 1,455,020</u>	<u>\$ 176,956</u>	<u>\$ 1,382,937</u>	<u>\$ 140,810</u>	<u>\$ 3,155,723</u>
Non-Current Assets					
Restricted Assets					
Cash and Cash Equivalents	\$ 522,866	\$ -----	\$ -----	\$ -----	\$ 522,866
Investments	-----	-----	16,900,324	-----	16,900,324
Property					
Electrical and Sanitation Systems, Net of Accumulated Depreciation	246,129	14,445	-----	-----	260,574
Water and Sewerage Systems, Net of Accumulated Depreciation	-----	-----	27,031,428	-----	27,031,428
Land	-----	94,240	427,488	344,746	866,474
Construction in Progress	-----	-----	1,488,786	454,783	1,943,569
Total Non-Current Assets	<u>\$ 768,995</u>	<u>\$ 108,685</u>	<u>\$ 45,848,026</u>	<u>\$ 799,529</u>	<u>\$ 47,525,235</u>
TOTAL ASSETS	<u>\$ 2,224,015</u>	<u>\$ 285,641</u>	<u>\$ 47,230,963</u>	<u>\$ 940,339</u>	<u>\$ 50,680,958</u>
Deferred Outflows of Resources					
Current Portion of Deferred Loss On Refunding	\$ -----	\$ -----	\$ 130,584	\$ -----	\$ 130,584
Total Deferred Outflows of Resources	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 130,584</u>	<u>\$ -----</u>	<u>\$ 130,584</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 546,122	\$ 40,954	\$ 48,666	\$ -----	\$ 635,742
Current Portion of Bonds Payable	-----	-----	160,000	-----	160,000
Current Portion of Notes Payable	-----	-----	173,296	-----	173,296
Accrued Interest Payable	-----	-----	77,059	-----	77,059
Total Current Liabilities	<u>\$ 546,122</u>	<u>\$ 40,954</u>	<u>\$ 459,021</u>	<u>\$ -----</u>	<u>\$ 1,046,097</u>
Long-Term Liabilities					
Bonds Payable	\$ -----	\$ -----	\$ 24,090,000	\$ -----	\$ 24,090,000
Deposits- Utilities	316,279	-----	13,550	-----	329,829
Due to Other Funds	-----	1,335	16,322	129,174	146,831
Notes Payable	-----	-----	4,356,310	-----	4,356,310
Postclosure- Landfill	-----	344,956	-----	-----	344,956
Total Long-Term Liabilities	<u>\$ 316,279</u>	<u>\$ 346,291</u>	<u>\$ 28,476,182</u>	<u>\$ 129,174</u>	<u>\$ 29,267,926</u>
TOTAL LIABILITIES	<u>\$ 862,401</u>	<u>\$ 387,245</u>	<u>\$ 28,935,203</u>	<u>\$ 129,174</u>	<u>\$ 30,314,023</u>
NET POSITION					
Invested in Capital Assets Net of Related Debt	\$ 246,129	\$ 108,685	\$ 91,037	\$ 799,529	\$ 1,245,380
Restricted For:					
Sewer Plant Construction	-----	-----	14,613,059	-----	14,613,059
Debt Retirement	-----	-----	1,617,603	-----	1,617,603
Operating Reserves	-----	-----	669,662	-----	669,662
Unrestricted	<u>1,115,485</u>	<u>< 210,289 ></u>	<u>1,434,983</u>	<u>11,636</u>	<u>2,351,815</u>
TOTAL NET POSITION	<u>\$ 1,361,614</u>	<u>\$ < 101,604 ></u>	<u>\$ 18,426,344</u>	<u>\$ 811,165</u>	<u>\$ 20,497,519</u>

The accompanying notes are an integral part of the financial statements.

City of Barnesville
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
Proprietary Funds
September 30, 2012

	UTILITIES MAJOR FUNDS			NON-MAJOR FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	TOTALS
OPERATING REVENUES					
Charges for Service	\$ 7,195,862	\$ 662,076	\$ 3,072,056	\$ -----	\$ 10,929,994
Miscellaneous	721,570	53,447	60,028	-----	835,045
Intergovernmental	-----	-----	-----	748,901	748,901
TOTAL OPERATING REVENUES	<u>\$ 7,917,432</u>	<u>\$ 715,523</u>	<u>\$ 3,132,084</u>	<u>\$ 748,901</u>	<u>\$ 12,513,940</u>
OPERATING EXPENSES					
Personal Services	\$ 640,812	\$ 181,211	\$ 459,512	\$ -----	\$ 1,281,535
Contractual Services	5,956,270	389,748	751,586	-----	7,097,604
Supplies and Other Services	160,823	78,938	107,761	-----	347,522
Utilities	4,521	1,164	4,214	-----	9,899
Depreciation	11,479	1,524	808,530	-----	821,533
Bad Debts	25,652	4,527	16,250	-----	46,429
TOTAL OPERATING EXPENSES	<u>\$ 6,799,557</u>	<u>\$ 657,112</u>	<u>\$ 2,147,853</u>	<u>\$ -----</u>	<u>\$ 9,604,522</u>
OPERATING INCOME <LOSS>	<u>\$ 1,117,875</u>	<u>\$ 58,411</u>	<u>\$ 984,231</u>	<u>\$ 748,901</u>	<u>\$ 2,909,418</u>
NONOPERATING REVENUES <EXPENSES>					
Interest Revenue	\$ 7,306	\$ 839	\$ 33,478	\$ 2,191	\$ 43,814
Interest Expense	-----	-----	< 691,645>	-----	< 691,645>
Unrealized Gain on Investments	-----	-----	3,296	-----	3,296
TOTAL NONOPERATING REVENUE <EXPENSES>	<u>\$ 7,306</u>	<u>\$ 839</u>	<u>\$< 654,871></u>	<u>\$ 2,191</u>	<u>\$< 644,535></u>
NET INCOME <LOSS> BEFORE OUTFLOWS, TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>\$ 1,125,181</u>	<u>\$ 59,250</u>	<u>\$ 329,360</u>	<u>\$ 751,092</u>	<u>\$ 2,264,883</u>
OUTFLOWS					
Cost of Debt Issuance	\$ -----	\$ -----	\$< 1,002,794>	\$ -----	\$< 1,002,794>
Loss on Bond Refunding	-----	-----	< 222,339>	-----	< 222,339>
TOTAL OUTFLOWS	<u>\$< -----></u>	<u>\$< -----></u>	<u>\$< 1,225,133></u>	<u>\$< -----></u>	<u>\$< 1,225,133></u>
TRANSFERS					
Transfers In (Out)	<u>\$< 1,249,064></u>	<u>\$ -----</u>	<u>\$ 1,455,729</u>	<u>\$< 905,117></u>	<u>\$< 698,452></u>
Capital Contributions	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 4,269,384</u>	<u>\$ -----</u>	<u>\$ 4,269,384</u>
CHANGE IN NET ASSETS	<u>\$< 123,883></u>	<u>\$ 59,250</u>	<u>\$ 4,829,340</u>	<u>\$< 154,025></u>	<u>\$ 4,610,682</u>
NET ASSETS- BEGINNING OF YEAR	<u>1,485,497</u>	<u>< 160,854></u>	<u>13,597,004</u>	<u>965,190</u>	<u>15,886,837</u>
NET ASSETS- END OF YEAR	<u>\$ 1,361,614</u> =====	<u>\$< 101,604></u> =====	<u>\$ 18,426,344</u> =====	<u>\$ 811,165</u> =====	<u>\$ 20,497,519</u> =====

The accompanying notes are an integral part of the financial statements.

City of Barnesville
STATEMENT OF CASH FLOWS
Proprietary Funds
September 30, 2012

	UTILITIES MAJOR FUNDS			NON-MAJOR FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	TOTALS
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 7,061,939	\$ 657,549	\$ 2,969,113	\$ 5	\$ 10,688,606
Payments to Suppliers	< 6,106,219>	< 487,040>	< 948,962>	-----	< 7,542,221>
Payments to Employees	< 640,812>	< 181,211>	< 459,512>	-----	< 1,281,535>
Other Receipts (Payments)	721,570	53,447	60,028	748,901	1,583,946
Net Cash provided by Operating Activities	<u>\$ 1,036,478</u>	<u>\$ 42,745</u>	<u>\$ 1,620,667</u>	<u>\$ 748,906</u>	<u>\$ 3,448,796</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCIAL ACTIVITIES					
Post Closure Costs Paid	\$ -----	\$< 42,745>	\$ -----	\$ -----	\$< 42,745>
Deposits	37,876	-----	13,550	-----	51,426
Loans <To>/From Other Funds	115,749	-----	294,204	< 409,953>	-----
Transfers <To>/From Other Funds	< 1,249,064>	-----	1,455,729	< 905,117>	< 698,452>
Net Cash Provided(Used) by Non Capital and Related Financial Activities	<u>\$< 1,095,439></u>	<u>\$< 42,745></u>	<u>\$ 1,763,483</u>	<u>\$< 1,315,070></u>	<u>\$< 689,771></u>
CASH FLOW FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES					
Debt Proceeds (Net)	\$ -----	\$ -----	\$ 31,466,739	\$ -----	\$ 31,466,739
Proceeds from Capital Contributions	-----	-----	4,269,384	-----	4,269,384
Purchases of Capital Assets (Net)	-----	-----	<14,342,724>	-----	<14,342,724>
Principal Paid on Capital Debt	-----	-----	< 7,220,654>	-----	< 7,220,654>
Interest Paid on Capital Debt	-----	-----	< 691,645>	-----	< 691,645>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 13,481,100</u>	<u>\$ -----</u>	<u>\$ 13,481,100</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	\$ 7,306	\$ 839	\$ 33,478	\$ 2,191	\$ 43,814
Net Change in Temporary Cash Investments	-----	-----	<16,899,136>	-----	<16,899,136>
Unrealized Gain on Investments	-----	-----	3,296	-----	3,296
Net Cash Provided by Investing Activities	<u>\$ 7,306</u>	<u>\$ 839</u>	<u>\$<16,862,362></u>	<u>\$ 2,191</u>	<u>\$<16,852,026></u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$< 51,655>	\$ 839	\$ 2,888	\$< 563,973>	\$< 611,901>
Balance of Cash- Beginning of Year	<u>664,289</u>	<u>176,117</u>	<u>636,861</u>	<u>704,783</u>	<u>2,182,050</u>
Balance of Cash- End of Year	<u>\$ 612,634</u>	<u>\$ 176,956</u>	<u>\$ 639,749</u>	<u>\$ 140,810</u>	<u>\$ 1,570,149</u>
	=====	=====	=====	=====	=====

The accompanying notes are an integral part of the financial statements.

City of Barnesville
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
September 30, 2012

	UTILITIES MAJOR FUNDS			NON-MAJOR FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	TOTALS
Balance of Cash - End of Year	\$ 612,634	\$ 176,956	\$ 639,749	\$ 140,810	\$ 1,570,149
Reconciliation of Operating Income (Loss)					
To Net Cash Provided by Operating Activities					
Operating Income	\$ 1,117,875	\$ 58,411	\$ 984,231	\$ -----	\$ 2,160,517
Adjustments to Reconcile Operating Income					
to Net Cash Provided by Operating Activities					
Depreciation Expense	11,479	1,524	808,530	-----	821,533
Change in Assets and Liabilities					
Receivables, Net	< 108,271>	-----	< 86,693>	-----	< 194,964>
Inventories	14,127	< 17,190>	< 8,268>	-----	< 11,331>
Accounts Payable	1,268	-----	< 77,133>	-----	< 75,865>
Net Cash Provided by Operating Activities	\$ 1,036,478	\$ 42,745	\$ 1,620,667	\$ -----	\$ 2,699,890
	=====	=====	=====	=====	=====
Non-Cash Capital Financing Activities					
None					

The accompanying notes are an integral part of the financial statements.

Component Unit

Barnesville – Lamar County Library

Statement of Net Assets For the Fiscal Year Ended June 30, 2012

	PRIMARY GOVERNMENT	
	GOVERNMENTAL ACTIVITIES	
	2012	2011
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 46,239	\$ 44,640
Temporary Cash Investments	81,592	80,371
Receivables (Net)	190	190
Investments	62,400	54,400
Total Current Assets	<u>\$ 190,421</u>	<u>\$ 179,601</u>
Non Current Assets		
Capital Assets		
Depreciable Buildings, Property, and Equipment, Net	\$ 23,159	\$ 24,225
Total Non Current Assets	<u>\$ 23,159</u>	<u>\$ 24,225</u>
Total Assets	<u>\$ 213,580</u> =====	<u>\$ 203,826</u> =====
Liabilities		
Current Liabilities		
Accounts Payable	\$ 320	\$ 1,307
Total Current Liabilities	<u>\$ 320</u>	<u>\$ 1,307</u>
Net Assets		
Invested in Capital Assets	\$ 23,159	\$ 24,225
Unrestricted	190,101	178,294
Total Net Assets	<u>\$ 213,260</u>	<u>\$ 202,519</u>
Total Liabilities and Net Assets	<u>\$ 213,580</u> =====	<u>\$ 203,826</u> =====

The accompanying notes are an integral part of the financial statements.

Notes to the Basic Financial Statements

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

The City of Barnesville, Georgia (the "City"), which was founded in 1852, has a population of 6,300 living within an area of 6.2 square miles. The City is a Georgia municipal corporation and operates under a charter adopted April 1995, and is a City Manager/Mayor and Council form of government.

Note 1 – Summary of Significant Accounting Policies

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 also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

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

1-A. Reporting Entity

The reporting entity is comprised of the primary government, and component units and other organizations that are included to ensure that the financial statements are not misleading.

The component unit is a legally separate organization for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; the City is obligated for the debt of the organization.

The discretely presented component unit generally is reported only at the government-wide financial reporting level.

The component unit columns included on the government-wide financial statements identifies the financial data of the City's discretely presented component unit. It is reported separately to emphasize that it is legally separate from the City.

The following component unit is discretely presented in the reporting entity:

Barnesville-Lamar County Library (the Library) – The Library operates under a Board Member form of government and provides the following services: research material, computer services, education programs, reading programs as well as a wide variety of books for use by Lamar County residents. The financial statements for the Library can be obtained at the City Hall of Barnesville, Georgia or the Library, Thomaston Street, Barnesville, Georgia.

Barnesville Downtown Development Authority – The DDA operates under a Board Member form of government and will provide the following services: promotion of downtown merchants and downtown enhancements. The authority is dormant at present with no assets or liabilities.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements – The government-wide financial statements include a statement of net assets and a statement of activities. These statements report financial information for the City as a whole. All funds other than fiduciary activities are included at the government-wide reporting level. Individual funds are not displayed at this reporting level, but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

The statement of activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds. The fiduciary funds are reported by type.

Fund Accounting – The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

Governmental Funds – Governmental funds are those through which most governmental functions typically 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. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's governmental funds:

General Fund – Major Fund - The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

Special Revenue – Major Fund (CDBG) – This fund is used to administer the Department of Community Affairs Block Grants. The grants are for water facilities, street improvement, flood and drainage improvements, and urban housing improvements.

Special Revenue – Non Major Fund (Hotel/Motel Tax) – This fund is used to account for the hotel/motel tax collected and to disburse forty percent to the chamber of commerce for tourism. Per state law forty percent of the tax collected is to be expended on tourism.

Capital Projects–Major Fund – This fund's purpose is to administer the Special Purpose Local Option Sales Tax projects.

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise funds.

Electric Fund – Major Fund – This fund is used to account for the operations of the City's electric.

Sanitation Fund – Major Fund – This fund is used to account for the operations of the City's sanitation.

Water and Sewer System Fund – Major Fund - This fund is used for the operation of the City's water and sewer system which renders services to the residents and businesses located within the City.

Industrial Development Fund – This fund is used for the operation of the City's industrial residents' and potential industrial residents' needs.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

1-C. 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 City are included on the statement of net assets. The statement of activities reports revenues and expenses, including depreciation.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus in these financial statements. 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 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 the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

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

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting and fiduciary funds use the accrual basis of accounting. Proprietary funds use the accrual basis of accounting on both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within twelve months of year-end.

Revenues – Non-exchange Transactions – Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place and on the modified accrual basis, it is recognized in the year received (i.e., when considered available). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 3-C). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, franchise fees, interest and federal and state grants.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) are recorded as deferred revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Deferred Inflow/Outflow of Resources – Deferred inflow and outflow of resources are certain items that were previously classified as Assets or Liabilities but do not meet the criteria for an asset or liability; such as deferred revenue defined above and deferred gains and losses on bond debt refunding.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

1-E. Assets, Liabilities and Fund Equity

1-E-1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the government or governmental agency
- Obligations of any corporation of the government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations

1-E-2. Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the government-wide statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-4. Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditure in the governmental fund types when consumed.

1-E-5. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise funds' statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of two thousand five hundred dollars. The City's infrastructure consists of roads, bridges and water and sewer lines. Improvements (i.e., betterments) to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized. Infrastructure acquired prior to implementation of a statement 34 are reported in some instances.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

All reported capital assets are depreciated except for land, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 years	20 years
Buildings and Plant* <i>*Includes Water and Sewer lines.</i>	40 years	40 – 50 years
Machinery and Equipment	5 – 10 years	5 – 30 years
Vehicles	5 – 7 years	5 – 7 years
Infrastructure	10 – 65 years	40 – 50 years

1-E-6. Compensated Absences

Neither vacation nor sick leave benefits are paid at termination neither does the unused vacation rollover to the subsequent year. Therefore, compensated absences are not accrued.

1-E-7. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 these funds.

1-E-8. Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as current charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts and bond issuance costs are not deferred.

At government fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an outflow of resources.

1-E-9. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balances are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

1-E-10. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, electric and sanitation programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each program.

1-E-11. Non-Operating Revenues and Expenses

Non-operating revenues are those revenues not generated directly from the primary activity of the proprietary funds. For the City, these revenues are interest revenues generated from cash holdings. Non-operating expenses are not considered necessary costs incurred to provide the good or service related to the primary activity of each program. The City's proprietary non-operating expenses are interest expense incurred on the related debt and amortization of a deferred loss.

1-E-12. Contributions of Capital

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

1-E-13. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and the after non-operating revenues/expenses section in proprietary funds. Repayments from fund responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

1-E-14. 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.

1-E-15. Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information

The City adopts an annual operating budget for the general fund, each special revenue fund and each enterprise fund. A project budget is adopted for each projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental funds' budgets are adopted on a basis consistent with GAAP, except that outstanding encumbrances at year-end are reported as budgetary expenditures. Enterprise fund budgets are adopted on a basis consistent with GAAP, except that outstanding encumbrances at year-end are reported as budgetary expenses.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

- The City Manager may transfer funds from one object or purpose to another within the same department.
- The City Council may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as management control device during the year for all budgeted funds.

2-B. Excess of Expenditures Over Appropriations

The following funds reported expenditures/expenses over appropriations:

Fund	Appropriation	Encumbrances/Expenditures	Over-Appropriation
NONE			

Note 3 – Detailed Notes on All Funds

3-A. Deposits and Investments

Deposits – The bank balance is classified into three categories of credit risk: 1) cash that is insured or collateralized with securities held by the City or by its agent in its name, 2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and 3) uncollateralized bank accounts including any bank balance that is collateralized with securities held by the pledging institution's trust department or agent but not in the City's name. The Georgia Fund one is sponsored by the State of Georgia (Oversight Agency) for the investment of local government funds.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

The City's deposits are classified as follows at September 30, 2012:

	Category			Bank Balance	Carrying Amount
	1	2	3		
Primary Government	\$ 389 =====	\$ ----- =====	\$ 2,628 =====	\$ 3,017 =====	\$ 2,796 =====
Component Unit:					
Barnesville-Lamar					
County Library	\$ 46 =====	\$ ----- =====	\$ ----- =====	\$ 46 =====	\$ 46 =====

Custodial Credit Risk – Deposits Primary Government – The City has deposits that are not completely collateralized as in the bank has pledged the securities but the pledged securities are not in the City's name. In this case, the City does not need to address this issue in the corrective action plan. The credit risks the City could face with uncollateralized deposits are critical financial stress on the depositor financial institution or in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or the collateral securities that are in possession of an outside party. The Financial institution is in good standing, no fear of risk of loss is present. The City's deposit policy is in conjunction with the State deposit policies; the City does not have a separate custodial credit risk policy.

Investments – Primary Government – Investments of the City are categorized below to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the City's agent in the City's name holds the securities. Category 2 includes uninsured and unregistered investments for which the counterparty's trust department or agent in the City's name holds the securities. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name.

The City also participates in the Georgia Fund I, the office of Treasury and Fiscal Services is the oversight of the agency. The interest rate risk for the Georgia One Fund is 5.32 annually and the credit rating is AAAf/S1.

(Amounts Expressed in Thousands)	Category			Carrying Amount/ Fair Value
Investment Instrument	1	2	3	
Georgia Fund One	\$ 1.7	\$ -----	\$ -----	\$ 1.7
U.S. Government Securities	10,017			10,017
City of Barnesville				
Certificates of deposit	131	-----	-----	131
Money Market	6,881.7			6,881.7
Barnesville-Lamar County Library				
Certificates of deposit	82	-----	-----	82
Market Securities	62	-----	-----	62
Grand Total	\$17,175.4 =====	\$ ----- =====	\$ ----- =====	\$17,175.4 =====

Cash and Cash Equivalents Reconciliation:

	Primary Government
Fund Reporting Level:	
Governmental Funds – Balance Sheet	\$ 1,226,144
Proprietary Fund Type Statement of Net Assets	1,570,149
Total Carrying Amount	\$ 2,796,293 =====

3-B. Receivables

Receivables at September 30, 2012, consisted of taxes, fines, and accounts (billings for user charges). Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

3-C. Property Taxes

Normally, property tax levies are set by the City Council in September of each year for collection in the following fiscal year beginning September 1. Lamar County spreads all levies over assessable property. Taxes are levied annually by the City and for the year ended September 30, 2012, the levy occurred on October 8, 2012 and real and personal property taxes were due on December 31, 2012. Property taxes receivable become a lien on January 9 and are recorded in the General Fund usually in October or November of each fiscal year.

3-D. Capital Assets

Capital asset activity for the year ended September 30, 2012, was as follows:

(Amounts Expressed in Thousands)

	Balance 10/1/11	Additions	Transfers In <Out>	Balance 9/30/12
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 1,247	\$ -----	\$ -----	\$ 1,247
Construction in Progress	<u>2,775.5</u>	<u>258.5</u>	<u>< 2,033></u>	<u>1,001</u>
Total Non-Depreciable Capital Assets:	<u>\$ 4,022.5</u>	<u>\$ 258.5</u>	<u>\$ < 2,033></u>	<u>\$ 2,248</u>
 Depreciable Capital Assets:				
Land Improvements	\$ 171	\$ -----	\$ -----	\$ 171
Buildings and Plant	2,252	74	-----	2,326
Machinery and Equipment	1,446	21	-----	1,467
Vehicles	455	37	-----	492
Infrastructure	<u>3,385</u>	<u>122</u>	<u>-----</u>	<u>3,507</u>
Total Depreciable Capital Assets	<u>\$ 7,739</u>	<u>\$ 254</u>	<u>\$ -----</u>	<u>\$ 7,963</u>
Total Non and Depreciable Capital Assets	<u>\$ 11,731.5</u>	<u>\$ 512.5</u>	<u>\$ < 2,033></u>	<u>\$ 10,211</u>
 Accumulated Depreciation				
Land Improvements	\$ 45	\$ -----	\$ -----	\$ 45
Buildings and Plant	687	63	-----	750
Machinery and Equipment	992	111	-----	1,103
Vehicles	473	29	-----	502
Infrastructure	<u>966</u>	<u>140</u>	<u>-----</u>	<u>1,106</u>
Total Accumulated Depreciation	<u>\$ 3,163</u>	<u>\$ 343</u>	<u>\$ -----</u>	<u>\$ 3,506</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,568.5</u>	<u>\$ 169.5</u>	<u>\$ < 2,033></u>	<u>\$ 6,705</u>
	=====	=====	=====	=====
 Governmental Activities Depreciation Expense				
General Government		\$ 16		
Police		77		
Fire		84		
Street and Right of Way		114		
Cemetery and Recycle Center		5		
Culture and Recreation		<u>47</u>		
Total Governmental Activities Depreciation Expense		<u>\$ 343</u>		
		=====		

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

(Amounts Expressed in Thousands)

	Balance 10/1/11	Additions	Transfers In <Out>	Balance 9/30/12
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$ 267	\$ -----	\$ -----	\$ 267
Construction in Progress	2,305	1,489	< 1,850>	1,944
Total Non-Depreciable Capital Assets	\$ 3,172	\$ 1,489	\$< 1,850>	\$ 2,211
Depreciable Capital Assets:				
Buildings and Plant	\$ 16,296	\$ 503	\$ -----	\$ 16,799
Machinery and Equipment	1,407	-----	26	1,433
Vehicles	126	-----	34	220
Infrastructure	6,068	1,913	13,677	21,658
Total Depreciable Capital Assets	\$ 23,907	\$ 2,416	\$ 13,737	\$ 40,170
Total Non and Depreciable Capital Assets	\$ 27,129	\$ 3,905	\$ 11,947	\$ 42,981
Accumulated Depreciation				
Buildings and Plant	\$ 2,275	\$ 290	\$ -----	\$ 2,565
Machinery and Equipment	507	18	66	591
Vehicles	171	3	28	202
Infrastructure	1,595	311	1,415	3,321
Total Accumulated Depreciation	\$<12,542>	\$< 822>	\$< 1,509>	\$<12,279>
Business-Type Activities Capital Assets, Net	\$ 16,581	\$ 3,083	\$ 10,438	\$ 30,102
Component Unit:				
Barnesville-Lamar County Library				
Depreciable Capital Assets	\$ 112	\$ -----	\$ -----	\$ 112
Less Accumulated Depreciation	< 82>	< 1>	-----	< 89>
Component Unit Capital Assets, Net	\$ 24	\$< 1>	\$ -----	\$ 23

3-E. Interfund Balances and Transfers

Interfund balances at September 30, 2012, consisted of the following amounts. The interfund balances are not expected to be paid in one year from the date of the financial statements and have existed for more than one year and the original purpose of the interfund balances were to finance capital acquisitions in other funds.

(Amounts Expressed in Thousands)	Payable From:				
	General Fund	Industrial Development Fund	Water & Sewer	Sanitation	Total
Payable To:					
General Fund	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----
Electric Fund	170	129	16.5	1	316.5
Water and Sewer Fund	134.5	-----	-----	-----	134.5
Capital Projects	13	-----	-----	-----	13
Total	\$ 317.5	\$ 129	\$ 16.5	\$ 1	\$ 464

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

Interfund transfers for the year ended September 30, 2012, consisted of the following:

(Amounts Expressed in Thousands)	Transfers From:				Total	Capital Projects SFLOST-2003
	Industrial Development Fund	Water and Sewer Fund	Electric Fund	Capital Projects SFLOST-2003		
Transfers To:						
General Fund	\$ -----	\$ 16	\$ 1,249	\$ -----	\$ 1,265	\$ -----
Water and Sewer Fund*	903	-----	-----	567	1,472	2,032.5
	<u>\$ 903</u>	<u>\$ 16</u>	<u>\$ 1,249</u>	<u>\$ 567</u>	<u>\$ 2,737</u>	<u>\$ *2,032.5</u>

*Transfer of completed SFLOST Projects to Water and Sewer Fund.

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to return money to the fund from which it was originally provided, once a project is completed.

All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

3-F. Revenue Bonds Payable

The City of Barnesville experienced a financial loss on the defeasement of the GEFA loan and the refunding of a portion of the Series 1992 Bonds. The financial loss of \$208,515 was amortized over twenty five years, the life of the Series 1998 Bonds, until the refunding of the 1998 Bonds, then the balance of the unamortized loss was recognized in its entirety. These Bonds were refunded in 2011-2012 fiscal year.

The City issued refunding Revenue and Improvement Bond Series 2011-A, 2011-B and 2011-C on December 20, 2012. The refunding bonds extinguished the Series 1998 and 2003 Bonds debt of \$3,240,000 and the GEFA 2004-L31WS loan of \$237,988. Also the Refunding Revenue and Improvement Bonds of 2011 extinguished GEFA 2001 L87-WS loan and USDA Bonds Payable of \$3,460,050 in the aggregate. The GEFA 2001 L87-WS loan and USDA Bonds Payable were assumed by the City due to the transfer of assets, liabilities and operations of the Lamar County Water and Sewer Authority.

The principal amount of \$3,240,000 plus the redemption premium of \$114,259 related to the Series 1998 and 2003 Bonds has been deposited into escrow by the underwriter to extinguish the entire debt of the Series 1998 and 2003 Bonds. The amount of debt that has been redeemed is \$3,240,000 for the Series 1998 and 2003 Bonds and \$2,869,811 for the USDA Bonds. The Revenue Refunding and Improvement 2011 A, B and C Bonds paid all the expenses incident to the issuance of the bonds as well as provided approximately \$16,432,000 in additional funds to be used for extending and improving the water and sewerage system by acquiring, constructing and installing certain facilities, including new wastewater treatment facilities and all real and personal property necessary or convenient thereto.

The City of Barnesville suffered a financial loss on the defeasement of the GEFA loan and Series 1998 and 2003 Bonds. The financial loss of \$261,169 is being amortized over two years, the life of the Series 2011-B Bonds. The unrecognized loss on the refunded 1998 Bonds was \$91,754 and is recognized in its entirety in the current year. The City is in compliance with Bond ordinance in regards to Article 5, Section 502(I) which requires retaining six months of aggregated operating expenses to meet the working capital needs of the system.

The following is a summary of revenue bond transactions of the City for the year ended September 30, 2012.

Name	Interest Rate	Balance Beginning of Year	Additions (Reductions) in Indebtedness	Balance End of Year
*1998 Series	3.70% to 4.20%	\$ 1,950,000	\$ < 1,950,000 >	\$ -----
**2003 Series	3.38% to 3.38%	1,280,000	< 1,280,000 >	-----
***2011-A Series	2.50% to 4.25%	-----	19,935,000	19,935,000
^2011-B Series	0.65% to 1.60%	-----	485,000	485,000
^^2011-C Series	2.50% to 4.25%	-----	3,830,000	3,830,000
		<u>\$ 3,230,000</u>	<u>\$ 21,020,000</u>	<u>\$ 24,250,000</u>
		=====	=====	=====

*Original issue amount \$ 3,000,000 - Purpose to Construct Water and Sewer Treatment Plant
**Original issue amount \$ 3,295,000 - Purpose to Construct Water and Sewer Treatment Plant
***Original issue amount \$19,935,000 - Purpose to Construct Water and Sewer Treatment Plant
^Original issue amount \$ 645,000 - Purpose to Construct Water and Sewer Treatment Plant
^^Original issue amount \$ 3,830,000 - Purpose to purchase additional water lines and other assets of Lamar County Water and Sewerage Authority

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

The annual principal maturities of the debt during the years following 2012 are as follows:

Year	2011-A	2011-B	2011-C
2013	\$ -----	\$ 160,000	\$ -----
2014	-----	160,000	-----
2015	-----	165,000	-----
2016	70,000	-----	70,000
2017	75,000	-----	75,000
2018-2022	1,280,000	-----	405,000
2023-2027	1,650,000	-----	470,000
2028-2032	2,875,000	-----	550,000
2033-2037	4,120,000	-----	675,000
2038-2042	5,035,000	-----	810,000
2043-2046	4,830,000	-----	775,000
	<u>\$19,935,000</u>	<u>\$ 485,000</u>	<u>\$ 3,830,000</u>

Year	2011-A Interest	2011-B Interest	2011-C Interest
2013	\$ 775,281	\$ 5,920	\$ 143,494
2014	775,281	4,480	143,494
2015	775,281	2,640	143,494
2016	775,281	-----	143,494
2017	773,531	-----	141,744
2018-2022	3,795,080	-----	677,295
2023-2027	3,572,980	-----	612,901
2028-2032	3,215,506	-----	530,200
2033-2037	2,556,000	-----	411,875
2038-2042	1,660,200	-----	266,675
2043-2046	523,818	-----	84,147
	<u>\$19,198,239</u>	<u>\$ 13,040</u>	<u>\$ 3,298,813</u>

Interest expense for 2012 amounted to \$624,871 for the above and has been expended within the accompanying financial statements.

Mandatory Redemption – The 2011-A Bonds maturing on September 1, 2033 are term bonds subject to the scheduled mandatory redemption prior to maturity in part (the actual Term Bonds to be redeemed to be selected by lot in such manner as may be designated by the Bond Registrar) at a redemption price equal of 100 percent of the principal amount thereof, plus accrued interest to the redemption date, in the following principal amounts and on the dates as set forth below (the September 1, 2033, 2036, 2039, 2041, 2043, and 2046 amounts to be paid rather than redeemed):

Dates	Principal Amount
September 1, 2030	\$ 570,000
September 1, 2031	595,000
September 1, 2032	620,000
September 1, 2033	745,000
September 1, 2034	795,000
September 1, 2035-2039	4,475,000
September 1, 2040-2044	5,455,000
September 1, 2045-2046	2,515,000
	<u>\$ 15,770,000</u>
	=====

The 2011-C Bonds maturing on September 1, 2033 are term bonds subject to scheduled mandatory redemption prior to maturity in part (the actual Term Bonds to be redeemed to be selected by lot in such manner as may be designated by the City) at a redemption price equal to 100 percent of the principal amount thereof, plus accrued interest to the redemption date, in the following principal amounts and on the dates as set forth below (the September 1, 2033, 2039, 2041, 2043, and 2046 amounts to be paid rather than redeemed):

Dates	Principal Amount
September 1, 2030	\$ 110,000
September 1, 2031	115,000
September 1, 2032	120,000
September 1, 2033	125,000
September 1, 2034	130,000
September 1, 2035-2039	725,000
September 1, 2040-2044	875,000
September 1, 2045-2046	405,000
	<u>\$ 2,605,000</u>
	=====

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

3-G. Notes Payable

General Obligation Debt – The General obligation debt currently outstanding as of September 30, 2012, is as follows:

General Long-Term Interfund Debt

Balance Beginning of Year	Addition (Reduction)	Balance End of Year
\$ 313,963	\$ 4,009	\$ 317,972

Enterprise Funds – The following is a summary of the notes payable of the City as of September 30, 2012:

Note payable to Georgia Environmental Facilities Authority (GEFA)
with interest at 0% per annum. Original debt amount of \$2,772,728
Purpose to construct Water Lines \$ 2,642,757

The annual principal maturities of the above debt during the years following 2012 are as follows:

	GEFA
2013	\$ 173,296
2014	173,296
2015	173,296
2016	173,296
2017	173,296
2018-2023	866,480
2024-2028	909,797
	<u>\$ 2,642,757</u>
	=====

Note payable to Georgia Environmental Facilities Authority (GEFA)
with interest at 0% per annum. Original debt amount of \$2,433,874.
Purpose to construct water lines (amount drawn to date) \$*1,886,849

**Not finalized*

Changes in Long-term Debt – Changes in the City's long-term obligations consisted of the following for the year ended September 30, 2012:

	Outstanding 10/1/2011	Additions	Reductions	Outstanding 9/30/2012	Amounts Due in One Year
Business-Type Activities					
USDA Water Bonds	\$ -----	\$ 2,269,811	\$2,269,811	\$ -----	\$ -----
Water & Sewer Revenue Bonds (Waterline extension and plants)	3,230,000	24,410,000	3,390,000	24,250,000	160,000
Water and Sewer Customer Deposits (Net)	-----	13,550	-----	13,550	Not Known
GEFA Debt (Water line extension)	240,632	5,249,817	960,843	4,529,606	173,296
Landfill Post Closure	327,701	-----	42,745	344,956	N/A
Electric and Sanitation Customer Deposits (Net)	278,403	37,876	-----	316,279	Not Known
Total Business-Type Activities	<u>\$4,136,736</u>	<u>\$32,561,054</u>	<u>\$7,263,399</u>	<u>\$29,434,391</u>	<u>\$ 333,296</u>
	=====	=====	=====	=====	=====

3-H. Pensions

Plan Description – The City's defined benefit pension plan, the City of Barnesville Retirement Plan, provides retirement, disability, and death benefits to plan members and beneficiaries. The City of Barnesville Retirement Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The benefit provisions and all other requirements are established by City ordinance. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the City of Barnesville Retirement Plan. That report may be obtained by writing to Georgia Municipal Association, Employee Benefit Section, 201 Pryor Street, SW, Atlanta, Georgia 30303-3606.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

As of January 1, 2012, the date of the most recent actuarial valuation, there were 106 participants consisting of the following:

Retirees and Beneficiaries currently receiving benefits	42
Vested Terminated Employees not yet receiving benefits	8
Active Employees	56
Total	106

At the most recent valuation date, January 1, 2012, the funded status of the Plan was as follows:

(Amounts Expressed in Thousands)						
Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL/(UAAL) (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3)/(5)
1/1/2010	\$ 6,410	\$ 6,869	\$ 459	93.32%	\$ 1,799	25.52%
1/1/2011	6,713	6,962	256	96.33%	1,966	13.03%
1/1/2012	6,654	7,429	775	90.90%	2,033	39.03%

Schedule of Employer Contributions				
Year Ended 9/30	Actual City Contribution	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2010	\$ 307	\$ 337	90.8%	\$ 77
2011	281	335	83.9%	131
2012	333	347	96.0%	144

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1 2012.

Funding Policy – The funding policy for the City of Barnesville Retirement Plan is to contribute an actuarially determined amount equal to the recommended contribution each year. The City makes all contributions to the City of Barnesville Plan. The City is required to contribute at an actuarially determined rate; the current rate is 16.63% of annual covered payroll.

Annual Pension Cost – For the year ended September 30, 2012, the City's annual pension cost was \$346,995 for the City of Barnesville Retirement Plan. The recommended contribution of \$346,995 was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increases for inflation of 3.0% per year and for merit or seniority of .5% per year, and (c) 3.5% cost of living adjustment. The period, and related method, for amortizing the unfunded actuarial accrued liability is level dollar over 30 year for the initial unfunded accrued liability, 15 years for actuarial gains and losses; 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The amortization period for the unfunded actuarial accrued liability varies for the bases, with a net effective amortization period of 14 years. The amortization period for the unfunded actuarial accrued liability is closed as of the latest actuarial valuation. The method for determining the actuarial value of assets is part of GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets.

The smoothing technique gradually incorporates investment performance that exceeds or falls short of the expected return 7.75%, which is the valuation's investment return assumption.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

The City's actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the year ended September 30, 2012 is as follows:

Annual required contribution	\$ 181,568
Interest on net pension obligation (asset)	55,737
Adjustments to annual required contribution	109,690
Annual pension cost	\$ 346,995
Contributions made	333,085
Increase in net pension obligation	\$ 13,910
Net pension obligation (asset), beginning of year	130,529
Net pension obligation (asset), end of year	\$ 144,439

The estimated interest adjustment has been calculated by applying a 2.0% rate of return to the beginning of the year balance of the net pension obligation (asset).

3-I. Equity

Net Assets – Net assets on the government-wide statement of net assets as of September 30, 2012 are as follows:

	(Amounts Expressed in Thousands)	
	Governmental Activities	Business-Type Activities
Invested in capital assets, net of related debt:		
Cost of Capital Assets	\$ 13,211.5	\$ 42,981
Less Accumulated Depreciation	< 3,506.5>	< 12,879>
Book Value	\$ 6,705	\$ 30,102
Less Capital Related Debt	-----	< *28,857>
Invested in capital assets, net of related debt	\$ 6,705	\$ 1,245
	=====	=====

*Capital Debt \$28,780 plus accrued interest of \$77.

Fund Balances – Fund balance assignments at the fund reporting level as of September 30, 2012 are as follows:

Unreserved, Assigned Fund Balances:

Nature and Purpose of Assignments	General
Cemetery Perpetual Care	\$ 104,357

3-J. Contracts

The City entered into contract with Dependable Waste, Inc. to provide the City with waste disposal. The cost of the service is passed on to the residents. The contract will continue until September 30, 2014. The City at present provides the recycling services to residents.

3-K. Compliance with Legal Provisions

Grants – In the year ended September 30, 2012, the City received payments from the State of Georgia as follows:

NONE

Expenditures from the capital outlay grant funds were for acquisition and maintenance of capital outlay items as required by law. The general purpose funds are to be expended for general purposes and none of the general purpose grant funds will be used to pay salaries of elected officials.

Federal Laws – Grants – The City received federal grant funds from the Department of Community Affairs in the amount of \$208,239. The grant funds are for street improvements, flood drainage, water facilities and urban housing improvements. The multi-jurisdictional Drug Task Force reimbursed the City \$5,647 for salaries that originated from the U.S. Department of Justice. Also, the Department of Transportation funded a grant in the amount of \$84,076 to the City for paving projects.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

Hotel/Motel Tax – The City was in compliance with the provisions of OCGA-48-13-51 which require the City to meet the expenditures requirement for the levying and collecting of hotel/motel tax. The amount of funds expended as provided within the Code Section 36-81-7 during the fiscal year is \$26,894. The percentage of expenditures to collections is 153%. The City has a contractual agreement with the Barnesville-Lamar County Chamber of Commerce to remit forty percent of the hotel/motel tax collections. The City remitted \$6,508 in hotel/motel tax collections during the fiscal year to the Barnesville-Lamar County Chamber of Commerce. The Barnesville-Lamar County Chamber of Commerce provides the City with annual audited financial statements as verification of the expenditure of the hotel/motel collections. The amount owed in hotel/motel tax by the City to the Barnesville-Lamar County Chamber of Commerce at September 30, 2012 is \$0.

3-L. Other Required Individual Fund Disclosures

The Non-major Special Revenue Fund had a deficit of \$9,266 and the Capital Projects Fund SPLOST 2005 had a deficit of \$566,795 for the fiscal year ending September 30, 2012. The fund has a \$0 and \$370,180 respectively surplus to offset future deficits. Deficit fund balances or retained earnings balances of individual funds: The Sanitation Fund has a deficit of \$101,604. The deficit is due to the separation of the Electric and Sanitation Funds in the prior years.

3-M. Commitment and Contingencies

Agreements with Municipal Electric Authority of Georgia

During 1976, the City, along with 45 other cities and one county, all political subdivisions of the State of Georgia, entered into a Power Sales Contract with the Municipal Electric Authority of Georgia, a public corporation and instrumentally of the State of Georgia.

Under the terms of the agreement, the Authority agrees to provide, and the Cities are obligated to purchase, all of the Cities' bulk power supply requirements for a period not to exceed 50 years. The Cities have agreed to purchase all their future power and energy requirements in excess of that received by the Cities through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the Authority. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each City has guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by the Authority. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations.

At September 30, 2012, the outstanding debt of the Authority was approximately \$8.81 billion. The City's guarantee varies by individual projects undertaken by the Authority.

On January 1, 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust"), which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the Trust's beneficiaries a means to mitigate the expected differential between market rates for power and the costs of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust created two types of funds, which are held by MEAG in the name of the City. The first type represents amounts that are available to the City for withdrawal without restriction. The second type represents amounts that are available to the City in the form of a loan or as off-set to billings from MEAG for power usage if certain criteria related to the difference between the cost of power generated by MEAG facilities and the market rates for power are met.

Note 4 – Other Notes

4-A. Closure and Postclosure Care Requirements

GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", require certain disclosures be reported relating to the closure and postclosure care.

The current estimated cost of postclosure is \$344,956.

*** The amount of post closure costs actually paid in the current year is \$42,745.*

The City owned and operated the city landfill until 1992. The landfill was closed in 1992 in order to meet the State of Georgia Solid Waste Reduction requirements. The solid waste disposal has been contracted with an outside source (see Note 4-K).

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

The estimated costs of postclosure are based on the landfill capacity used to date. The landfill capacity used to date is 100 percent. The estimated remaining landfill life is zero years. The current estimated postclosure costs recognized for the year ending are \$ 0. The nature of the estimates and the potential for changes are due to inflation or deflation, technology or applicable laws or regulations.

The source of the estimated cost of postclosure care requirements are regulated by the Environmental Protection Division of the Environmental Protection Agency. The nature of the postclosure care requirements consist of well monitoring, laboratory analysis, and inspections. The estimated cost of postclosure decreased due to environmental changes and requirements stipulated by the Environmental Protection Division. Requirements for post closure are being fulfilled.

*The postclosure costs vary from year to year based on the EPD's requirements for well testing.

4-B. Risk Management

The City 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 City is a member of the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle, and property damage risks.

The City participates in the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The fund was established to insure members for liabilities imposed under workers' compensation and employers' liability laws. The fund is obligated to provide for the cost of claims and related interest incurred by the City under the Workers' Compensation Law of Georgia along with the cost of investigating, negotiation, and defending such claims. The fund is intended to be self-sustaining through member premiums. Accordingly, the City is required to pay an annual premium to the fund.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self insurance funds and a risk management services to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City must participate at all times in at least one fund, which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative
- To allow GIRMA and its agent's reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys claim adjusters, Service Company, and any agent, employee, officer, or independent contractor of GIRMA relating to the purposes of GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in GIRMA or any fund established by GIRMA being required to pay claim for loss or injuries to municipal property when such loss or injury is within the scope of the protection of a fund or funds in which the City participates.
- The City retains the first \$1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to \$1,000 deductible.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding for compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false, or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceed the City's insurance coverage during the past three years.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2012

4-C. Contingent Liabilities

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

4-D. Joint Venture

Under Georgia law, the City, in conjunction with other municipalities and counties in the five county Central Georgia area, is a member of the McIntosh Trail Regional Development (RDC). Membership in the RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes representation from each county and municipality of the area, as well as representatives from the private sector and other governmental entities. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements for the RDC are available from:

McIntosh Trail Regional Development
Hill Street
Griffin, Ga 30223

4-E. Related Organizations

The Barnesville Housing Authority, Conventional, and Section 8 are deemed to be related organizations of the City. The financial statements of the related organization are not included in the City of Barnesville's audited financial statements.

Required Supplementary Information

City of Barnesville
PENSION FUND
Required Supplementary Information (Unaudited)
For the Year Ended September 30, 2012

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ACTUARIAL ACCRUED LIABILITY (AAL) (B)	UNFUNDED EXCESS AAL (UAAL) (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL (C)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A) /C)
01/01/03	\$ 4,663	\$ 5,449	\$ 786	85.600%	\$ 1,392	56.460%
01/01/04	4,878	5,981	1,103	81.600%	1,435	76.860%
09/01/05	5,202	6,234	1,032	83.400%	1,395	73.980%
09/01/06	5,503	6,559	1,056	83.900%	1,545	68.350%
09/01/07	5,855	6,888	1,033	85.011%	1,700	60.740%
09/01/08	6,183	7,329	1,146	83.370%	1,754	65.300%
09/01/09	5,671	7,692	2,021	73.730%	1,777	113.730%
01/01/10	6,410	6,869	459	93.320%	1,799	25.520%
01/01/11	6,713	6,968	256	96.330%	1,966	13.000%
01/01/12	6,654	7,429	775	89.560%	2,033	38.130%

City of Barnesville
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
 Budget and Actual-General Fund Types
For the Year Ended September 30, 2012

	GENERAL FUND (MAJOR FUND)			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Taxes				
2011 Property	\$ 435,488	\$ 437,141	\$ 437,141	\$ -----
Sales	595,000	558,729	558,729	-----
Intangible and Transfer	4,000	3,048	3,048	-----
Motor Vehicle	30,603	32,161	32,161	-----
Public Utilities Franchise	117,146	116,704	116,704	-----
Insurance Premium	332,000	336,535	336,535	-----
Malt Beverage	155,000	160,441	160,441	-----
Liquor	25,425	34,851	34,851	-----
	<u>\$ 1,694,662</u>	<u>\$ 1,679,610</u>	<u>\$ 1,679,610</u>	<u>\$ -----</u>
Business License and Permits	<u>\$ 109,950</u>	<u>\$ 118,725</u>	<u>\$ 118,725</u>	<u>\$ -----</u>
Departmental Revenues				
Police	\$ 397,900	\$ 571,972	\$ 571,972	\$ -----
Fire	-----	500	500	-----
Street and Right of Way	2,600	86,486	86,486	-----
Cemetery	19,000	17,151	17,151	-----
Civic Center	43,500	54,007	54,007	-----
Swimming Facilities	2,100	3,457	3,457	-----
	<u>\$ 465,100</u>	<u>\$ 733,573</u>	<u>\$ 733,573</u>	<u>\$ -----</u>
Other Revenues				
Rental Income	\$ 248,064	\$ 265,886	\$ 265,886	\$ -----
Tax Interest	5,100	8,651	8,651	-----
Miscellaneous	25	85,319	85,319	-----
Interest Earned	500	2,183	2,183	-----
	<u>\$ 253,689</u>	<u>\$ 362,039</u>	<u>\$ 362,039</u>	<u>\$ -----</u>
TOTAL REVENUE-CARRIED FORWARD	<u>\$ 2,523,401</u>	<u>\$ 2,893,947</u>	<u>\$ 2,893,947</u>	<u>\$ -----</u>

City of Barnesville
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
 Budget and Actual-General Fund Types
For the Year Ended September 30, 2012
 (Continued)

	GENERAL FUND (MAJOR FUND)			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
TOTAL REVENUES- BROUGHT FORWARD	\$ 2,523,401	\$ 2,893,947	\$ 2,893,947	\$ -----
EXPENDITURES				
Current Operations				
Administrative and General	\$ 1,192,414	\$ 1,442,903	\$ 1,442,903	\$ -----
Police	1,319,115	1,386,814	1,386,814	-----
Fire	318,207	366,818	366,818	-----
Street and Right of Way	479,010	558,536	558,536	-----
Cemetery and Recycle Center	47,300	66,136	66,136	-----
Civic Center	142,445	155,705	155,705	-----
Swimming Facilities	36,020	33,823	33,823	-----
Capital Outlay				
Current Operations	50,000	58,153	58,153	-----
Debt Service				
Principle	-----	-----	-----	-----
Interest	-----	-----	-----	-----
Total Expenditures	\$ 3,584,511	\$ 4,068,888	\$ 4,068,888	\$ -----
EXCESS REVENUE OVER <UNDER> EXPENDITURES	\$ <1,061,110>	\$ <1,174,941>	\$ <1,174,941>	\$ -----
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,061,110	\$ 1,265,247	\$ 1,265,247	\$ -----
Transfers Out	-----	-----	-----	-----
Loan Proceeds	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ 1,061,110	\$ 1,265,247	\$ 1,265,247	\$ -----
NET CHANGE IN FUND BALANCES	\$ -----	\$ 90,306	\$ 90,306	\$ -----
FUND BALANCE- BEGINNING OF YEAR	-----	1,706,267	1,706,267	-----
FUND BALANCE- END OF YEAR	\$ ----- =====	\$ 1,796,573 =====	\$ 1,796,573 =====	\$ ----- =====

City of Barnesville
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
 Budget and Actual-Special Revenue Fund Types
 (Does Not Include Trust Fund Data)
For the Year Ended September 30, 2012

	CDBG (MAJOR FUND)			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental	\$ 240,000	\$ 208,229	\$ 208,229	\$ -----
Interest	-----	-----	-----	-----
TOTAL REVENUES	<u>\$ 240,000</u>	<u>\$ 208,229</u>	<u>\$ 208,229</u>	<u>\$ -----</u>
EXPENDITURES				
Current				
Miscellaneous	\$ -----	\$ -----	\$ -----	\$ -----
Program Payments	-----	-----	-----	-----
Capital Outlay				
Current Operations	240,000	208,229	208,229	
Debt Service				
Principal	-----	-----	-----	-----
Total Expenditures	<u>\$ 240,000</u>	<u>\$ 208,229</u>	<u>\$ 208,229</u>	<u>\$ -----</u>
EXCESS REVENUES OVER <UNDER> EXPENDITURES	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	\$ -----	\$ -----	\$ -----	\$ -----
Transfers In	-----	-----	-----	-----
Total Other Financing Sources (Uses)	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>
NET CHANGE IN FUND BALANCES	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>
FUND BALANCE - BEGINNING OF YEAR	-----	-----	-----	-----
FUND BALANCE - END OF YEAR	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>
	=====	=====	=====	=====

Supplementary Information

Governmental Funds

City of Barnesville
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
 Budget and Actual-Capital Project Fund
 (Does Not Include Trust Fund Data)
For the Year Ended September 30, 2012

	SPLOST 2005 (MAJOR FUND)			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental (Sales Tax)	\$ -----	\$ 5,473	\$ 5,473	-----
Interest	-----	2,855	2,855	\$ -----
TOTAL REVENUES	<u>\$ -----</u>	<u>\$ 8,328</u>	<u>\$ 8,328</u>	<u>\$ -----</u>
EXPENDITURES				
Current				
Miscellaneous	\$ -----	\$ -----	\$ -----	\$ -----
Program Payments	-----	-----	-----	-----
Capital Outlay				
Current Operations	-----	246,698	246,698	-----
Total Expenditures	<u>\$ -----</u>	<u>\$ 246,698</u>	<u>\$ 246,698</u>	<u>\$ -----</u>
EXCESS REVENUES OVER <UNDER> EXPENDITURES	<u>\$ -----</u>	<u>\$< 238,370></u>	<u>\$< 238,370></u>	<u>\$ -----</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	\$ -----	\$< 566,795>	\$< 566,795>	\$ -----
Total Other Financing Sources (Uses)	<u>\$ -----</u>	<u>\$< 566,795></u>	<u>\$< 566,795></u>	<u>\$ -----</u>
NET CHANGE IN FUND BALANCES	<u>\$ -----</u>	<u>\$< 805,165></u>	<u>\$< 805,165></u>	<u>\$ -----</u>
FUND BALANCE- BEGINNING OF YEAR	-----	1,175,345	1,175,345	-----
FUND BALANCE- END OF YEAR	<u>\$ -----</u> =====	<u>\$ 370,180</u> =====	<u>\$ 370,180</u> =====	<u>\$ -----</u> =====

City of Barnesville
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
 Budget and Actual-Capital Project Fund
 (Does Not Include Trust Fund Data)
For the Year Ended September 30, 2012

	SPLOST 2011 (MAJOR FUND)			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental (Sales Tax)	\$ 400,000	\$ 432,951	\$ 432,951	-----
Interest	-----	26	26	\$ -----
TOTAL REVENUES	\$ 400,000	\$ 432,977	\$ 432,977	\$ -----
EXPENDITURES				
Current				
Miscellaneous	\$ -----	\$ 118	\$ 118	\$ -----
Program Payments	-----	-----	-----	-----
Capital Outlay				
Current Operations	400,000	-----	-----	-----
Total Expenditures	\$ 400,000	\$ 118	\$ 118	\$ -----
EXCESS REVENUES OVER <UNDER> EXPENDITURES	\$ -----	\$ 432,859	\$ 432,859	\$ -----
OTHER FINANCING SOURCES (USES)				
Transfers Out	\$ -----	\$ -----	\$ -----	\$ -----
Total Other Financing Sources (Uses)	\$ -----	\$ -----	\$ -----	\$ -----
NET CHANGE IN FUND BALANCES	\$ -----	\$ 432,859	\$ 432,859	\$ -----
FUND BALANCE- BEGINNING OF YEAR	-----	-----	-----	-----
FUND BALANCE- END OF YEAR	\$ ----- =====	\$ 432,859 =====	\$ 432,859 =====	\$ ----- =====

City of Barnesville
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
 Budget and Actual-Special Revenue Fund Types
 (Does Not Include Trust Fund Data)
For the Year Ended September 30, 2012

	HOTEL / MOTEL TAX (NON-MAJOR FUND)			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Hotel-Motel Tax	\$ 16,740	\$ 17,628	\$ 17,628	\$ -----
TOTAL REVENUES	\$ 16,740	\$ 17,628	\$ 17,628	\$ -----
EXPENDITURES				
Current				
Cultural and Recreation (Tourism)	\$ 16,556	\$ 26,894	\$ 26,894	\$ -----
Total Expenditures	\$ 16,556	\$ 26,894	\$ 26,894	\$ -----
EXCESS REVENUES OVER <UNDER> EXPENDITURES	\$ 184	\$< 9,266>	\$< 9,266>	\$ -----
NET CHANGE IN FUND BALANCES	\$ -----	\$< 9,266>	\$< 9,266>	\$ -----
FUND BALANCE- BEGINNING OF YEAR	-----	9,266	9,266	-----
FUND BALANCE- END OF YEAR	\$ ----- =====	\$ ----- =====	\$ ----- =====	\$ ----- =====

City of Barnesville
General Fund
**SCHEDULE OF ADMINISTRATIVE
AND GENERAL EXPENDITURES**
For the Year Ended September 30, 2012

	2012	2011
Salaries	\$ 276,377	\$ 269,902
Employee Benefits	97,016	91,343
Contract Labor	41,046	36,000
Legal and Professional Fees	152,412	170,957
Dues and Subscriptions	3,814	3,789
Advertising	783	2,019
Industrial Development Authority-Donation	75,000	72,000
E.P. Roberts Center	58,466	60,309
Office Supplies	7,403	27,443
Travel	3,600	3,600
Training Courses	4,337	5,196
Postage	20,936	23,100
Insurance	252,214	241,701
Utilities and Telephone	12,535	27,394
Public Property Expenditure	31,925	24,700
Maintenance Agreement	27,869	24,164
Repairs and Maintenance	8,766	6,898
Miscellaneous	335	25,600
McIntosh Trail RDC	6,755	6,351
Lamar County Health Clinic	500	500
Radio Contract	936	2,073
Flint River Regional Library	11,851	11,615
Barnesville-Lamar County Library	186,356	187,556
Phone System/Software*	11,265	6,995
	<hr/>	<hr/>
Total Expenditures	\$1,292,497	\$1,331,205
	=====	=====

*Considered Capital Outlay

City of Barnesville
General Fund
**SCHEDULE OF ADMINISTRATIVE
AND GENERAL EXPENDITURES
MAYOR AND COUNCIL**
For the Year Ended September 30, 2012

	2012	2011
Mayor and Council Salaries / Benefits	\$ 110,290	\$ 110,242
Mayor and Council Travel	19,895	20,100
Mayor and Council School and Training	27,535	22,666
Mayor and Council Supplies	2,449	2,669
Mayor and Council Telephone	<u>1,502</u>	<u>1,412</u>
Total Expenditures	\$ 161,671 =====	\$ 157,089 =====

*Mayor's Office

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
POLICE DEPARTMENT
For the Year Ended September 30, 2012

	2012	2011
REVENUES		
Fines	\$ 521,848	\$ 511,418
Accident Reports	481	563
Miscellaneous	2,073	12,010
Parking Violations	2,720	2,800
Interest	13	37
Intergovernmental Revenues	44,837	62,040
	<hr/>	<hr/>
Total Revenues	\$ 571,972	\$ 588,868
EXPENDITURES		
Salaries	\$ 780,791	\$ 777,398
Employee Benefits	357,117	371,419
Supplies	24,792	28,083
Repairs and Maintenance	28,796	58,151
Maintenance of Prisoners	14,138	6,458
Utilities	8,627	7,764
Gas and Oil	60,403	52,363
Tires and Tire Repairs	7,125	2,586
Uniforms	4,924	6,768
Dues and Subscriptions (Computer)	8,865	10,584
Radio Contract	1,348	2,120
Travel and Training Courses	6,454	5,686
Miscellaneous	909	14,180
Traffic Court Judge, Indigent Defense & Solicitor	30,400	35,400
Peace Officers and Prosecutions	21,496	27,523
Peace Officers' Annuity Benefits	7,308	9,606
GA Crime Victims Emergency Fund	6,502	5,914
Drug Testing	-----	996
Jr Police/Community Projects	1,365	1,842
New Equipment and Vehicles*	46,888	35,892
Crime Lab and Brain and Spinal Injury Funds	1,381	1,257
County Drug Abuse Treatment	10,723	9,051
Driver Education and Training Fund	3,350	3,491
	<hr/>	<hr/>
Total Expenditures	\$ 1,433,702	\$ 1,474,532
EXCESS EXPENDITURES OVER REVENUES	\$< 861,730> =====	\$< 885,664> =====

*Reported under Capital Outlay on other Statements and Schedules

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
FIRE DEPARTMENT
For the Year Ended September 30, 2012

	2012	2011
REVENUES		
Intergovernmental	\$ -----	\$ 74,100
Miscellaneous	500	2,179
	<hr/>	<hr/>
Total Revenues	\$ 500	\$ 76,279
EXPENDITURES		
Salaries	\$ 227,642	\$ 221,016
Employee Benefits	83,054	80,312
Supplies	8,866	3,884
Fire Calls and Drills	16,795	14,526
Gas and Oil	5,326	3,206
Radio Contract	1,889	969
Uniforms	4,705	990
Utilities	7,096	7,166
Retirement- Voluntary Firemen	4,235	3,960
Repairs and Maintenance	4,996	6,993
Debt Service	-----	*52,190
Drug Testing and Certifications	2,214	2,977
Miscellaneous	-----	250
New Equipment*	-----	82,825
	<hr/>	<hr/>
Total Expenditures	\$ 366,818	\$ 481,264
EXCESS EXPENDITURES OVER REVENUES	\$< 366,318> =====	\$< 404,985> =====

*Reported as Capital Outlay on other statements and schedules.

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
STREET AND RIGHT OF WAY DEPARTMENT
For the Year Ended September 30, 2012

	2012	2011
REVENUES		
Intergovernmental	\$ 84,076	\$ -----
Miscellaneous (Donation)	100	515
Animal Control	<u>2,310</u>	<u>3,049</u>
Total Revenues	<u>\$ 86,486</u>	<u>\$ 3,564</u>
EXPENDITURES		
Salaries	\$ 81,731	\$ 83,431
Contract Labor	4,000	2,979
Employee Benefits	31,963	33,102
Supplies	39,968	68,378
Tires and Tire Repairs	1,526	349
Radio Contract	4,592	1,893
Gas and Oil	27,637	20,592
Utilities	2,653	2,869
Miscellaneous	4,216	27,414
Repairs (Including Service Agreements)	16,284	14,621
Public Works Contract	251,447	324,573
Street Mowing Contract	61,084	60,625
State Contract	18,022	19,585
Animal Control	<u>13,413</u>	<u>-----</u>
Total Expenditures	<u>\$ 558,536</u>	<u>\$ 660,411</u>
EXCESS EXPENDITURES OVER REVENUES	\$< 472,050> =====	\$< 656,847> =====

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
CEMETERY AND RECYCLE CENTER DEPARTMENT
For the Year Ended September 30, 2012

	2012	2011
REVENUES		
Sale of Cemetery Lots	\$ 5,900	\$ 4,025
Opening Graves	11,000	16,450
Recycle Center	<u>251</u>	<u>7</u>
Total Revenues	<u>\$ 17,151</u>	<u>\$ 20,482</u>
EXPENDITURES		
Salaries	\$ 14,060	\$ 137,508
Contract Labor	12,500	29,463
Supplies	3,715	6,171
Miscellaneous	1,392	3,841
Utilities	269	1,124
Mowing Contract	<u>34,200</u>	<u>35,870</u>
Total Expenditures	<u>\$ 66,136</u>	<u>\$ 213,977</u>
EXCESS EXPENDITURES OVER REVENUES	\$< 48,985> =====	\$< 193,495> =====

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
CIVIC CENTER
For the Year Ended September 30, 2012

	<u>2012</u>	<u>2011</u>
REVENUES		
Miscellaneous-Rentals	\$ 21,890	\$ 22,276
Membership Fees	<u>32,117</u>	<u>30,273</u>
Total Revenues	\$ 54,007	\$ 52,549
EXPENDITURES		
Salaries	\$ 43,116	\$ 82,643
Supplies	15,493	13,045
Employee Benefits	23,423	20,998
Utilities	2,175	2,178
Miscellaneous	759	3,220
Uniforms	-----	527
Repairs	7,628	1,137
Drug Testing	-----	144
Contract Labor	<u>63,111</u>	<u>21,412</u>
Total Expenditures	\$ 155,705	\$ 145,304
EXCESS EXPENDITURES OVER REVENUES	\$< 101,698> =====	\$< 92,755> =====

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
SWIMMING FACILITIES
For the Year Ended September 30, 2012

	2012	2011
REVENUES		
Fees	\$ 3,457	\$ 3,183
Total Revenues	<u>\$ 3,457</u>	<u>\$ 3,183</u>
EXPENDITURES		
Salaries	\$ 25,590	\$ 26,341
Supplies	4,449	9,374
Employee Benefits	1,957	2,015
Utilities	772	619
Drug Testing	630	315
Repairs	<u>425</u>	<u>109</u>
Total Expenditures	<u>\$ 33,823</u>	<u>\$ 38,773</u>
EXCESS EXPENDITURES OVER REVENUES	\$< 30,366> =====	\$< 35,590> =====

City of Barnesville
General Fund
SCHEDULE OF TAX DIGEST FOR YEAR 2010
AND TAX COLLECTIONS
For the Year Ended September 30, 2012

	DIGEST VALUATIONS	TAXES ON VALUATIONS	AMOUNT OF TAXES ON DIGEST
SUMMARY OF AD VALOREM TAXES			
Digest of Taxpayers	\$105,825,818	\$ 429,970	
NODS	2,890	14	
Less Freeport Credit	-----	-----	
Public Utilities	<u>1,996,284</u>	<u>8,111</u>	
TOTAL ASSESSMENT	\$107,824,992	\$ 438,095	\$ 438,095
	=====	=====	
Net Charge-Ons/Charge Offs			< 362 >
TOTAL TAX DIGEST			\$ 437,733
Collection of 2011 Taxes			< 415,758 >
TOTAL 2011 TAXES RECEIVABLE			\$ 21,975
TOTAL PRIOR YEAR'S TAXES RECEIVABLE			<u>22,865</u>
TOTAL TAXES RECEIVABLE			\$ 44,840
			=====

Proprietary Funds

City of Barnesville

Proprietary Funds

DEPARTMENT OF SCHEDULE OF REVENUES AND EXPENDITURES ELECTRIC, SANITATION, AND INDUSTRIAL DEVELOPMENT FUND

For the Year Ended September 30, 2012

	ELECTRIC	SANITATION	INDUSTRIAL DEVELOPMENT	TOTALS
OPERATING REVENUES				
Charges for Service	\$ 7,195,862	\$ 662,076	\$ -----	\$ 7,857,938
Miscellaneous (MEAG)	721,570	-----	-----	721,570
Intergovernmental	-----	-----	748,901	748,901
Total Operating Revenues	<u>\$ 7,917,432</u>	<u>\$ 662,076</u>	<u>\$ 748,901</u>	<u>\$ 9,328,409</u>
OPERATING EXPENSES				
Personal Services				
Salaries	\$ 454,788	\$ 123,655	\$ -----	\$ 578,443
Employee Benefits	186,024	57,556	-----	243,580
Total Personal Services	<u>\$ 640,812</u>	<u>\$ 181,211</u>	<u>\$ -----</u>	<u>\$ 822,023</u>
Operating Expenses				
Contractual Services	\$ 5,956,270	\$ 389,748	\$ -----	\$ 6,346,018
Supplies	57,333	7,246	-----	64,579
Gas and Oil	22,446	25,487	-----	47,933
Repairs and Maintenance	11,661	16,985	-----	28,646
System Improvements	7,376	-----	-----	7,376
Waste Disposal Fees	-----	22,824	-----	22,824
Miscellaneous	62,007	4,265	-----	66,272
Utilities	4,521	1,164	-----	5,685
Depreciation	11,479	1,524	-----	13,003
Total Operating Expenses	<u>\$ 6,133,093</u>	<u>\$ 469,243</u>	<u>\$ -----</u>	<u>\$ 6,602,336</u>
Other Expenses				
Bad Debts	\$ 25,652	\$ 4,527	\$ -----	\$ 30,179
Total Other Expenses	<u>\$ 25,652</u>	<u>\$ 4,527</u>	<u>\$ -----</u>	<u>\$ 30,179</u>
Total Expenses	<u>\$ 6,799,557</u>	<u>\$ 654,981</u>	<u>\$ -----</u>	<u>\$ 7,454,538</u>
OPERATING INCOME <LOSS>	<u>\$ 1,117,875</u>	<u>\$ 7,095</u>	<u>\$ 748,901</u>	<u>\$ 1,873,871</u>
NONOPERATING REVENUE <EXPENSE>				
Interest Revenue	\$ 7,306	\$ 839	\$ 2,191	\$ 10,336
TOTAL NONOPERATING REVENUE <EXPENSE>	<u>\$ 7,306</u>	<u>\$ 839</u>	<u>\$ 2,191</u>	<u>\$ 10,336</u>
NET INCOME <LOSS>	<u>\$ 1,125,181</u> =====	<u>\$ 7,934</u> =====	<u>\$ 751,092</u> =====	<u>\$ 1,884,207</u> =====

City of Barnesville
Proprietary Funds
DEPARTMENT OF SCHEDULE OF REVENUES AND EXPENDITURES
WATER AND SEWERAGE FUND
For the Year Ended September 30, 2012

	WATER	SEWERAGE	TOTALS
OPERATING REVENUES			
Charges for Service	\$ 1,741,526	\$ 1,330,530	\$ 3,072,056
Miscellaneous	30,014	30,014	60,028
Capacity Recovery Fees	-----	-----	-----
Total Operating Revenues	<u>\$ 1,771,540</u>	<u>\$ 1,360,544</u>	<u>\$ 3,132,084</u>
OPERATING EXPENSES			
Personal Services			
Salaries	\$ 345,812	\$ -----	\$ 345,812
Employee Benefits	113,700	-----	113,700
Total Personal Services	<u>\$ 459,512</u>	<u>\$ -----</u>	<u>\$ 459,512</u>
Operating Expenses			
Contractual Services	\$ 362,484	\$ 325,991	\$ 688,475
Contract Labor	63,111	-----	63,111
Supplies and Materials	50,336	-----	50,336
Utilities	4,214	-----	4,214
Depreciation	562,477	246,053	808,530
Equipment Repairs	38,611	-----	38,611
Miscellaneous	17,168	1,646	18,814
Total Operating Expenses	<u>\$ 1,098,401</u>	<u>\$ 573,690</u>	<u>\$ 1,672,091</u>
Other Expenses			
Bad Debts	\$ 8,125	\$ 8,125	\$ 16,250
Total Other Expenses	<u>\$ 8,125</u>	<u>\$ 8,125</u>	<u>\$ 16,250</u>
Total Expenses	<u>\$ 1,566,038</u>	<u>\$ 581,815</u>	<u>\$ 2,147,853</u>
OPERATING INCOME <LOSS>	<u>\$ 205,502</u>	<u>\$ 778,729</u>	<u>\$ 984,231</u>
NONOPERATING REVENUE <EXPENSE>			
Interest Revenue	\$ 16,739	\$ 16,739	\$ 33,478
Interest Expense	< 437,299>	< 254,346>	< 691,645>
Unrealized Gain on Investments	1,648	1,648	3,296
TOTAL NONOPERATING REVENUE <EXPENSE>	<u>\$< 418,912></u>	<u>\$< 235,959></u>	<u>\$< 654,871></u>
NET INCOME <LOSS>	<u>\$< 213,410></u> =====	<u>\$ 542,770</u> =====	<u>\$ 329,360</u> =====

City of Barnesville
Proprietary Funds
COMBINED SCHEDULE OF CHANGES IN RESERVED FUND NET ASSETS
WATER AND SEWERAGE DEBT RETIREMENT FUND
All Enterprise Funds
For the Year Ended September 30, 2012

	2011 A, B & C BOND SERIES			TOTALS
	DEBT SERVICE	DEBT SERVICE RESERVE	RENEWAL & EXTENSION FUND	WATER AND SEWAGE DEBT RETIREMENT FUND
REVENUES				
Interest Income	\$ 145	\$ 1,099	\$ 327	\$ 1,571
EXPENSES				
Interest Expense	\$ 624,871	\$ -----	\$ -----	\$ 624,871
TOTAL EXPENSES	\$ 624,871	\$ -----	\$ -----	\$ 624,871
INCOME (LOSS) BEFORE TRANSFERS	\$< 624,726>	\$ 1,099	\$ 327	\$< 623,300>
TRANSFERS				
To General & Renewal Fund	\$ -----	\$ -----	\$ -----	\$ -----
From Water and Sewerage Fund	666,170	-----	-----	666,170
From Debt Service Reserve	-----	-----	-----	-----
TOTAL TRANSFERS	\$ 666,170	\$ -----	\$ -----	\$ 666,170
NET INCOME	\$* 41,444	\$ 1,099	\$ 327	\$ 42,870
	=====	=====	=====	=====

* Not including Principal Reduction of \$160,000.

Grant Information

COMMUNITY DEVELOPMENT BLOCK GRANT
Source & Applicable of Funds Schedule

City of Barnesville
10p-x-085-2-5306
For the Period Ending September 30, 2012

Total Program Year 2010 Funds Allocated to Recipient	\$ 500,000
Less: Total Program Year 2010 Funds Drawn by Recipient	426,626
Funds still available from Program Year 2010 Resources	73,374
Total Program Year 2010 Funds Drawn and Received by Recipient	426,626
Less: Funds Applied and Expended to Program Year 2010 Costs	<u>426,626</u>
Total Program Year 2010 Funds held by Recipient	\$ ----- =====

STATEMENT OF SOURCE AND USE OF FUNDS

Community Development Block Grant 10p-x-085-2-5306 City of Barnesville	Year Ended	
	September 30, 2012	
	A-21A-00	P-03J-01
Funds Draw Down Prior Years	\$ -----	\$ 218,397
Funds Draw Down Current Year	-----	<u>208,229</u>
Total Funds Draw Down	<u>\$ -----</u>	<u>\$ 426,626</u>
Funds Disbursed Prior Years	\$ -----	\$ 218,397
Funds Disbursed Current Year	-----	<u>208,229</u>
Total Funds Disbursed	<u>\$ -----</u>	<u>\$ 426,626</u>
Cash on Hand September 30, 2012	\$ ----- =====	\$ ----- =====

***Special Purpose Local Option
Sales and Use Tax Schedule***

City of Barnesville
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
For the Year Ended September 30, 2012

PROJECT - 2005	ORIGINAL ESTIMATED COSTS	EXPENDITURES		TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
		PRIOR YEARS	CURRENT YEAR		
Storm Drain & Sidewalk	\$ 691,728	\$ 578,036	\$ 112,369	\$ 690,405	99%
Public Works	386,000	289,625	-----	289,625	75%
Paving	150,949	76,750	9,934	86,684	57%
Water/Sewer Lines Improvements	1,332,290	903,063	323,390	1,226,453	92%
Housing Redevelopment	200,000	200,000	-----	200,000	100%
Water/Sewer Plant Improvements	232,000	144,325	243,405	387,730	167%
Renovation - City Hall	137,500	145,466	74,385	219,851	160%
Facilities	-----	119,522	50,010	169,532	100%
Total	\$3,130,467 =====	\$2,456,787 =====	\$ 813,493 =====	\$3,270,280 =====	

*A transfer of \$566,795 was made to Enterprise funds for Capital Outlay. This amount is included in current year expenditures.

PROJECT - 2011	ORIGINAL ESTIMATED COSTS	EXPENDITURES		TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
		PRIOR YEARS	CURRENT YEAR		
Paving, Resurfacing and Construction of Roads (Including Drainage and Sidewalks)	\$ 664,967	\$ -----	\$ -----	\$ -----	0%
Construction and Equipping Other Public Projects (Landfill)	785,381	-----	-----	-----	0%
Construction and Renovation of Public Facilities (Library and Summers Field)	1,082,143	-----	118	118	0%
Improvements to Water and Sewer Systems	1,197,672	-----	-----	-----	0%
	\$3,730,163 =====	\$ ----- =====	\$ 118 =====	\$ 118 =====	

Report on Internal Control

J. Robyn Underwood
Certified Public Accountant
302-A Taylor Street
Barnesville, Georgia 30204

Phone: (770) 358 - 3787
Fax: (770) 358 - 3787

Member:
American Institute of
Certified Public Accountants

**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 (No Material Weaknesses Identified; No Significant
Deficiencies and Reportable Instances of Noncompliance, and Other Matters Identified)**

Honorable Mayor and Members
of the City Council
Barnesville, Georgia

We have audited the financial statements of the City of Barnesville, Georgia as of and for the year ended September 30, 2012, and have issued our report thereon dated December 22, 2012. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Barnesville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Barnesville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Barnesville's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We did not identify any certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Barnesville's statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The report is intended solely for the information and use of management, Members of the City Council, others within the entity, State and Federal Awarding Agencies, and Pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

J. Robyn Underwood, CPA
December 22, 2012

Schedule of Findings and Questioned Costs

City of Barnesville
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2012

As of September 30, 2012, the schedule of findings and questioned costs pertain to the following:

Findings: (Internal Control Structure) related to the financial statements which are to be reported in accordance with Government Auditing Standards.

None.

As of September 30, 2012, the schedule of findings and questioned costs pertain to the following:

Findings: No findings or questioned costs were noted pertaining to Federal Awards.

Prior Year Findings

None.