

CITY OF BARNESVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023

Prepared by:
Barnesville Finance Department

CITY OF BARNESVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Barnesville**, Georgia (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, each major fund and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the City's Net Pension Liability (Assets) and Related Ratios (on pages 40 and 41) and the Schedule of City Contributions – Retirement Plan (on pages 42 and 43) to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedules of Expenditures of Special Purpose Local Option Sales Tax ("SPLOST") proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121 and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax ("TSPLOST") proceeds is presented for purposes of additional analysis as required by the O.C.G.A. §48-8-269.5 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds and the Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax Proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
March 28, 2024

BASIC FINANCIAL STATEMENTS

CITY OF BARNESVILLE, GEORGIA

STATEMENT OF NET POSITION SEPTEMBER 30, 2023

| ASSETS | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Cash and cash equivalents | \$ 6,878,066 | \$ 4,280,475 | \$ 11,158,541 |
| Investments | - | 5,543,911 | 5,543,911 |
| Taxes receivable | 91,879 | - | 91,879 |
| Accounts receivable, net of allowances | 929,281 | 1,553,826 | 2,483,107 |
| Due from other governments | 196,067 | - | 196,067 |
| Internal balances | 20,104 | (20,104) | - |
| Inventories | - | 489,961 | 489,961 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 1,759,034 | 1,759,034 |
| Capital assets: | | | |
| Nondepreciable | 918,164 | 1,706,143 | 2,624,307 |
| Depreciable, net | 12,137,934 | 25,738,676 | 37,876,610 |
| Total assets | <u>21,171,495</u> | <u>41,051,922</u> | <u>62,223,417</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension | 1,054,455 | 514,323 | 1,568,778 |
| Deferred charges on refundings | - | 977,314 | 977,314 |
| Total deferred outflows or resources | <u>1,054,455</u> | <u>1,491,637</u> | <u>2,546,092</u> |
| LIABILITIES | | | |
| Accounts payable | 81,652 | 636,013 | 717,665 |
| Accrued liabilities | 23,175 | 48,993 | 72,168 |
| Unearned revenues | 2,409,518 | - | 2,409,518 |
| Customer deposits payable | - | 244,005 | 244,005 |
| Financed purchase due within one year | 74,175 | - | 74,175 |
| Financed purchase due in more than one year | 269,156 | - | 269,156 |
| Notes payable due within one year | - | 294,989 | 294,989 |
| Notes payable due in more than one year | - | 1,645,553 | 1,645,553 |
| Bonds payable due within one year | - | 500,000 | 500,000 |
| Bonds payable due in more than one year | - | 20,115,000 | 20,115,000 |
| Net pension liability due in more than one year | 1,426,325 | 695,709 | 2,122,034 |
| Total liabilities | <u>4,284,001</u> | <u>24,180,262</u> | <u>28,464,263</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension | 27,095 | 73,798 | 100,893 |
| Total deferred inflows of resources | <u>27,095</u> | <u>73,798</u> | <u>100,893</u> |
| NET POSITION | | | |
| Net investment in capital assets | 12,712,767 | 5,866,591 | 18,579,358 |
| Restricted for: | | | |
| Debt service | - | 1,388,615 | 1,388,615 |
| Economic development | 1,569 | - | 1,569 |
| Capital projects | 4,331,987 | - | 4,331,987 |
| Unrestricted | 868,531 | 11,034,293 | 11,902,824 |
| Total net position | <u>\$ 17,914,854</u> | <u>\$ 18,289,499</u> | <u>\$ 36,204,353</u> |

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

CITY OF BARNESVILLE, GEORGIA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenues and Changes in Net Position | | |
|--------------------------------------|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 1,917,211 | \$ 1,139,932 | \$ - | \$ - | \$ (777,279) | \$ - | \$ (777,279) |
| Public safety | 2,258,651 | 232,850 | 159,806 | - | (1,865,995) | - | (1,865,995) |
| Public works | 2,349,689 | - | - | 1,179,893 | (1,169,796) | - | (1,169,796) |
| Parks and recreation | 442,943 | - | - | - | (442,943) | - | (442,943) |
| Housing and economic development | 23,057 | - | - | - | (23,057) | - | (23,057) |
| Interest on long-term debt | 5,230 | - | - | - | (5,230) | - | (5,230) |
| Total governmental activities | 6,996,781 | 1,372,782 | 159,806 | 1,179,893 | (4,284,300) | - | (4,284,300) |
| Business-type activities: | | | | | | | |
| Water and sewer | 4,461,303 | 4,787,490 | - | - | - | 326,187 | 326,187 |
| Electric | 8,679,161 | 10,338,588 | - | - | - | 1,659,427 | 1,659,427 |
| Solid waste | 1,100,088 | 951,264 | - | - | - | (148,824) | (148,824) |
| Total business-type activities | 14,240,552 | 16,077,342 | - | - | - | 1,836,790 | 1,836,790 |
| Total primary government | \$ 21,237,333 | \$ 17,450,124 | \$ 159,806 | \$ 1,179,893 | (4,284,300) | 1,836,790 | (2,447,510) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 690,274 | - | 690,274 |
| Sales taxes | | | | | 1,127,697 | - | 1,127,697 |
| Insurance premium tax | | | | | 557,847 | - | 557,847 |
| Franchise taxes | | | | | 132,708 | - | 132,708 |
| Other taxes | | | | | 24,595 | - | 24,595 |
| Transfers | | | | | 153,565 | (153,565) | - |
| Total general revenues and transfers | | | | | 2,686,686 | (153,565) | 2,533,121 |
| Change in net position | | | | | (1,597,614) | 1,683,225 | 85,611 |
| Net position, beginning of year | | | | | 19,512,468 | 16,606,274 | 36,118,742 |
| Net position, end of year | | | | | \$ 17,914,854 | \$ 18,289,499 | \$ 36,204,353 |

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

CITY OF BARNESVILLE, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2023

| ASSETS | General | 2017 SPLOST | American Rescue Plan | TSPLOST | Nonmajor Fund Hotel/Motel | Total Governmental Funds |
|---|---------------------|---------------------|-------------------------|---------------------|------------------------------|--------------------------------|
| Cash and cash equivalents | \$ 332,628 | \$ 1,225,304 | \$ 2,409,518 | \$ 2,910,616 | \$ - | \$ 6,878,066 |
| Taxes receivable, net | 90,310 | - | - | - | 1,569 | 91,879 |
| Accounts receivable, net | 929,281 | - | - | - | - | 929,281 |
| Due from other governments | - | 196,067 | - | - | - | 196,067 |
| Due from other funds | 20,104 | - | - | - | - | 20,104 |
| Total assets | <u>\$ 1,372,323</u> | <u>\$ 1,421,371</u> | <u>\$ 2,409,518</u> | <u>\$ 2,910,616</u> | <u>\$ 1,569</u> | <u>\$ 8,115,397</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 81,652 | \$ - | \$ - | \$ - | \$ - | \$ 81,652 |
| Accrued liabilities | 23,175 | - | - | - | - | 23,175 |
| Unearned revenues | - | - | 2,409,518 | - | - | 2,409,518 |
| Total liabilities | <u>104,827</u> | <u>-</u> | <u>2,409,518</u> | <u>-</u> | <u>-</u> | <u>2,514,345</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - intergovernmental | 132,308 | - | - | - | - | 132,308 |
| Unavailable revenue - property taxes | 145,001 | - | - | - | - | 145,001 |
| Total deferred inflows of resources | <u>277,309</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>277,309</u> |
| FUND BALANCES | | | | | | |
| Restricted for: | | | | | | |
| Economic development | - | - | - | - | 1,569 | 1,569 |
| Capital projects | - | 1,421,371 | - | 2,910,616 | - | 4,331,987 |
| Unassigned | 990,187 | - | - | - | - | 990,187 |
| Total fund balances | <u>990,187</u> | <u>1,421,371</u> | <u>-</u> | <u>2,910,616</u> | <u>1,569</u> | <u>5,323,743</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 1,372,323</u> | <u>\$ 1,421,371</u> | <u>\$ 2,409,518</u> | <u>\$ 2,910,616</u> | <u>\$ 1,569</u> | |

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | |
|---|----------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 13,056,098 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 277,309 |
| These deferred outflows of resources consist of pension related experience differences, assumption changes and contributions. | 1,054,455 |
| Net pension liability is not a financial liability in governmental fund activities and, therefore, is not reported in the governmental funds. | (1,426,325) |
| These deferred inflows of resources consist of pension related differences between projected and actual earnings on plan investments. | (27,095) |
| Certain liabilities are not due and payable in the current period and are, therefore, not reported in the funds. | (343,331) |
| Net position of governmental activities | <u>\$ 17,914,854</u> |

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

CITY OF BARNESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

| | General | 2017 SPLOST | American Rescue Plan | TSPLOST | Nonmajor Fund Hotel/Motel | Total Governmental Funds |
|---|-------------|----------------|-------------------------|--------------|------------------------------|--------------------------------|
| REVENUES | | | | | | |
| Property taxes | \$ 690,274 | \$ - | \$ - | \$ - | \$ - | \$ 690,274 |
| Sales taxes | 1,127,697 | - | - | - | - | 1,127,697 |
| Franchise taxes | 132,708 | - | - | - | - | 132,708 |
| Insurance premium taxes | 557,847 | - | - | - | - | 557,847 |
| Other taxes | 6,009 | - | - | - | 18,586 | 24,595 |
| Charges for services | 142,791 | - | - | - | - | 142,791 |
| Licenses and permits | 299,176 | - | - | - | - | 299,176 |
| Intergovernmental | 159,806 | 1,179,893 | - | - | - | 1,339,699 |
| Fines and forfeitures | 232,850 | - | - | - | - | 232,850 |
| Other revenues | 696,546 | - | - | 1,419 | - | 697,965 |
| Total revenues | 4,045,704 | 1,179,893 | - | 1,419 | 18,586 | 5,245,602 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 1,822,295 | - | - | - | - | 1,822,295 |
| Public safety | 2,127,822 | - | - | - | - | 2,127,822 |
| Public works | 1,039,104 | 64,751 | - | 691,282 | - | 1,795,137 |
| Parks and recreation | 238,912 | - | - | - | - | 238,912 |
| Housing and economic development | - | - | - | - | 23,057 | 23,057 |
| Capital outlay | - | 1,549,325 | - | - | - | 1,549,325 |
| Debt service: | | | | | | |
| Principal | 44,651 | - | - | - | - | 44,651 |
| Interest | 5,230 | - | - | - | - | 5,230 |
| Total expenditures | 5,278,014 | 1,614,076 | - | 691,282 | 23,057 | 7,606,429 |
| Excess (deficiency) of revenues over (under) expenditures | (1,232,310) | (434,183) | - | (689,863) | (4,471) | (2,360,827) |
| OTHER FINANCING SOURCES | | | | | | |
| Transfers in | 1,186,840 | - | - | - | 4,815 | 1,191,655 |
| Financed purchase | 154,497 | - | - | - | - | 154,497 |
| Total other financing sources | 1,341,337 | - | - | - | 4,815 | 1,346,152 |
| Net change in fund balances | 109,027 | (434,183) | - | (689,863) | 344 | (1,014,675) |
| Fund balances, beginning of year | 881,160 | 1,855,554 | - | 3,600,479 | 1,225 | 6,338,418 |
| Fund balances, end of year | \$ 990,187 | \$ 1,421,371 | \$ - | \$ 2,910,616 | \$ 1,569 | \$ 5,323,743 |

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

CITY OF BARNESVILLE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Amounts reported for governmental activities in the Statement of Activities are different because:

| | | |
|---|----|-------------|
| Net change in fund balances - total governmental funds. | \$ | (1,014,675) |
|---|----|-------------|

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

| | | | |
|----------------|----|------------------|-----------|
| Capital outlay | \$ | 242,237 | |
| Depreciation | | <u>(651,257)</u> | (409,020) |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

-

| | | | |
|-------------------------|----|---------------|-----------|
| Other financing sources | \$ | (154,497) | |
| Principle | | <u>44,651</u> | (109,846) |

financial resources and, therefore, are not reported as expenditures in governmental funds.

| | | |
|---|--|-----------------|
| Change in net pension liability, deferred inflows and outflows of resources | | <u>(64,073)</u> |
|---|--|-----------------|

| | | |
|---|----|---------------------------|
| Change in net position of governmental activities | \$ | <u><u>(1,597,614)</u></u> |
|---|----|---------------------------|

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

CITY OF BARNESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

| | Budgeted Amounts | | | Variance with Final Budget |
|---|------------------|-------------|-------------|----------------------------------|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Property taxes | \$ 659,964 | \$ 659,964 | \$ 690,274 | \$ 30,310 |
| Sales taxes | 1,030,000 | 1,030,000 | 1,127,697 | 97,697 |
| Franchise taxes | 131,200 | 131,200 | 132,708 | 1,508 |
| Insurance premium taxes | 530,000 | 530,000 | 557,847 | 27,847 |
| Other taxes | 18,500 | 18,500 | 6,009 | (12,491) |
| Charges for services | 69,100 | 69,100 | 142,791 | 73,691 |
| Licenses and permits | 271,000 | 271,000 | 299,176 | 28,176 |
| Intergovernmental | 56,000 | 56,000 | 159,806 | 103,806 |
| Fines and forfeitures | 330,500 | 330,500 | 232,850 | (97,650) |
| Other revenues | 295,956 | 295,956 | 696,546 | 400,590 |
| Total revenues | 3,392,220 | 3,392,220 | 4,045,704 | 653,484 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government: | | | | |
| Executive | 161,440 | 161,440 | 167,409 | (5,969) |
| Administrative services | 855,224 | 855,224 | 925,839 | (70,615) |
| Contract services | 638,500 | 638,500 | 729,047 | (90,547) |
| Total general government | 1,655,164 | 1,655,164 | 1,822,295 | (167,131) |
| Public safety: | | | | |
| Police | 1,827,037 | 1,827,037 | 1,642,760 | 184,277 |
| Fire | 492,444 | 492,444 | 485,062 | 7,382 |
| Total public safety | 2,319,481 | 2,319,481 | 2,127,822 | 191,659 |
| Public works: | | | | |
| Highways and streets | 847,975 | 847,975 | 991,354 | (143,379) |
| Cemetery | 49,000 | 49,000 | 47,750 | 1,250 |
| Total public works | 896,975 | 896,975 | 1,039,104 | (142,129) |
| Culture and recreation: | | | | |
| Recreation | 6,400 | 6,400 | 1,935 | 4,465 |
| Civic center | 225,267 | 225,267 | 236,977 | (11,710) |
| Total culture and recreation | 231,667 | 231,667 | 238,912 | (7,245) |
| Housing and economic development: | | | | |
| City Hall | \$ 28,000 | \$ 28,000 | \$ - | \$ 28,000 |
| Total housing and economic development | 28,000 | 28,000 | - | 28,000 |
| Debt service | | | | |
| Principal | - | - | 44,651 | (44,651) |
| Interest | - | - | 5,230 | (5,230) |
| Total debt service | - | - | 49,881 | (49,881) |
| Total expenditures | 5,131,287 | 5,131,287 | 5,278,014 | (146,727) |
| Deficiency of revenues under expenditures | (1,739,067) | (1,739,067) | (1,232,310) | 506,757 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 1,739,067 | 1,739,067 | 1,186,840 | (552,227) |
| Financed purchase | - | - | 154,497 | 154,497 |
| Total other financing sources, net | 1,739,067 | 1,739,067 | 1,341,337 | (397,730) |
| Net change in fund balances | - | - | 109,027 | 109,027 |
| Fund balances, beginning of year | 881,160 | 881,160 | 881,160 | - |
| Fund balances, end of year | \$ 881,160 | \$ 881,160 | \$ 990,187 | \$ 109,027 |

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

CITY OF BARNESVILLE, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2023

| | Water and Sewer Fund | Electric Fund | Nonmajor Fund Solid Waste Fund | Total |
|---|-------------------------|------------------|--------------------------------------|---------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 2,590,618 | \$ 1,689,857 | \$ - | \$ 4,280,475 |
| Investments | - | 5,543,911 | - | 5,543,911 |
| Restricted assets, cash | 1,388,615 | 370,419 | - | 1,759,034 |
| Accounts receivable, net of allowances | 1,036,255 | 456,941 | 60,630 | 1,553,826 |
| Inventories | 92,505 | 397,456 | - | 489,961 |
| Total current assets | 5,107,993 | 8,458,584 | 60,630 | 13,627,207 |
| NON-CURRENT ASSETS | | | | |
| Capital assets: | | | | |
| Nondepreciable | 735,546 | 838,915 | 131,682 | 1,706,143 |
| Depreciable, net of accumulated depreciation | 25,262,759 | 191,533 | 284,384 | 25,738,676 |
| Total non-current assets | 25,998,305 | 1,030,448 | 416,066 | 27,444,819 |
| Total assets | 31,106,298 | 9,489,032 | 476,696 | 41,072,026 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension | 267,555 | 221,417 | 25,351 | 514,323 |
| Deferred charges on refundings | 977,314 | - | - | 977,314 |
| Total deferred outflows of resources | 1,244,869 | 221,417 | 25,351 | 1,491,637 |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | 8,769 | 627,244 | - | 636,013 |
| Accrued liabilities | 47,133 | 1,520 | 340 | 48,993 |
| Current portion - notes payable | 294,989 | - | - | 294,989 |
| Customer deposits payable | 13,550 | 230,455 | - | 244,005 |
| Due to other funds | 20,104 | - | - | 20,104 |
| Payable from restricted assets: | | | | |
| Revenue bonds payable, current portion | 500,000 | - | - | 500,000 |
| Total current liabilities | 884,545 | 859,219 | 340 | 1,744,104 |
| NON-CURRENT LIABILITIES | | | | |
| Revenue bonds payable, net of current portion | 20,115,000 | - | - | 20,115,000 |
| Notes payable, net of current portion | 1,645,553 | - | - | 1,645,553 |
| Net pension liability | 361,913 | 299,504 | 34,292 | 695,709 |
| Total non-current liabilities | 22,122,466 | 299,504 | 34,292 | 22,456,262 |
| Total liabilities | 23,007,011 | 1,158,723 | 34,632 | 24,200,366 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension | 57,928 | 14,239 | 1,631 | 73,798 |
| Total deferred inflows of resources | 57,928 | 14,239 | 1,631 | 73,798 |
| NET POSITION | | | | |
| Net investment in capital assets | 4,420,077 | 1,030,448 | 416,066 | 5,866,591 |
| Restricted for debt service | 1,388,615 | - | - | 1,388,615 |
| Unrestricted | 3,477,536 | 7,507,039 | 49,718 | 11,034,293 |
| Total net position | \$ 9,286,228 | \$ 8,537,487 | \$ 465,784 | \$ 18,289,499 |

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

CITY OF BARNESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

| | Water and Sewer Fund | Electric Fund | Nonmajor Fund Solid Waste Fund | Total |
|--|-------------------------|---------------------|--------------------------------------|----------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 4,523,564 | \$ 9,530,868 | \$ 951,264 | \$ 15,005,696 |
| Licenses and permits | - | 3,069 | - | 3,069 |
| Interest revenue | - | 153,122 | - | 153,122 |
| Other services | 263,926 | 651,529 | - | 915,455 |
| Total operating revenues | <u>4,787,490</u> | <u>10,338,588</u> | <u>951,264</u> | <u>16,077,342</u> |
| OPERATING EXPENSES | | | | |
| Personnel services | 1,007,451 | 660,930 | 127,292 | 1,795,673 |
| Purchased or contracted services | 442,738 | 164,365 | 873,050 | 1,480,153 |
| Purchased power | - | 7,360,673 | - | 7,360,673 |
| Supplies | 307,896 | 87,650 | 50,594 | 446,140 |
| Miscellaneous | 1,101,898 | 375,816 | 10,497 | 1,488,211 |
| Depreciation | 1,015,977 | 29,727 | 38,655 | 1,084,359 |
| Total operating expenses | <u>3,875,960</u> | <u>8,679,161</u> | <u>1,100,088</u> | <u>13,655,209</u> |
| Operating income (loss) | <u>911,530</u> | <u>1,659,427</u> | <u>(148,824)</u> | <u>2,422,133</u> |
| NON-OPERATING EXPENSES | | | | |
| Interest expense | (585,343) | - | - | (585,343) |
| Total non-operating expenses | <u>(585,343)</u> | <u>-</u> | <u>-</u> | <u>(585,343)</u> |
| CAPITAL CONTRIBUTIONS | <u>783,937</u> | <u>59,738</u> | <u>194,415</u> | <u>1,038,090</u> |
| TRANSFERS | | | | |
| Transfers out | (418,425) | (883,114) | - | (1,301,539) |
| Transfers in | - | - | 109,884 | 109,884 |
| Total transfers | <u>(418,425)</u> | <u>(883,114)</u> | <u>109,884</u> | <u>(1,191,655)</u> |
| Change in net position | 691,699 | 836,051 | 155,475 | 1,683,225 |
| Net position, beginning of year | <u>8,594,529</u> | <u>7,701,436</u> | <u>310,309</u> | <u>16,606,274</u> |
| Net position, end of year | <u>\$ 9,286,228</u> | <u>\$ 8,537,487</u> | <u>\$ 465,784</u> | <u>\$ 18,289,499</u> |

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

CITY OF BARNESVILLE, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

| | Water and Sewer Fund | Electric Fund | Nonmajor Fund Solid Waste Fund | Total |
|---|-------------------------|---------------------|--------------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 4,916,972 | \$ 10,399,200 | \$ 949,442 | \$ 16,265,614 |
| Payments to suppliers | (1,947,165) | (8,520,233) | (934,027) | (11,401,425) |
| Payments to employees | (920,554) | (656,698) | (125,299) | (1,702,551) |
| Net cash provided by (used in) operating activities | <u>2,049,253</u> | <u>1,222,269</u> | <u>(109,884)</u> | <u>3,161,638</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Transfers out | (418,425) | (883,114) | - | (1,301,539) |
| Transfers in | - | - | 109,884 | 109,884 |
| Net cash provided by (used in) non-capital financing activities | <u>(418,425)</u> | <u>(883,114)</u> | <u>109,884</u> | <u>(1,191,655)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | (1,384,957) | (59,738) | (194,415) | (1,639,110) |
| Principal paid on bonds | (495,000) | - | - | (495,000) |
| Principal paid on notes payable | (294,989) | - | - | (294,989) |
| Capital contributions | 783,937 | 59,738 | 194,415 | 1,038,090 |
| Interest paid | (585,587) | - | - | (585,587) |
| Net cash used in capital and related financing activities | <u>(1,976,596)</u> | <u>-</u> | <u>-</u> | <u>(1,976,596)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | - | (70,002) | - | (70,002) |
| Net cash used in investing activities | <u>-</u> | <u>(70,002)</u> | <u>-</u> | <u>(70,002)</u> |
| Change in cash and cash equivalents | <u>(345,768)</u> | <u>269,153</u> | <u>-</u> | <u>(76,615)</u> |
| Cash and cash equivalents: | | | | |
| Beginning of year | <u>4,325,001</u> | <u>1,791,123</u> | <u>-</u> | <u>6,116,124</u> |
| End of year | <u>\$ 3,979,233</u> | <u>\$ 2,060,276</u> | <u>\$ -</u> | <u>\$ 6,039,509</u> |
| Classified as: | | | | |
| Cash and cash equivalents | \$ 2,590,618 | \$ 1,689,857 | \$ - | \$ 4,280,475 |
| Restricted assets, cash | 1,388,615 | 370,419 | - | 1,759,034 |
| | <u>\$ 3,979,233</u> | <u>\$ 2,060,276</u> | <u>\$ -</u> | <u>\$ 6,039,509</u> |

(Continued)

CITY OF BARNESVILLE, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

| | Water and Sewer Fund | Electric Fund | Nonmajor Fund Solid Waste Fund | Total |
|--|-------------------------|---------------------|--------------------------------------|---------------------|
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 911,530 | \$ 1,659,427 | \$ (148,824) | \$ 2,422,133 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 1,015,977 | 29,727 | 38,655 | 1,084,359 |
| (Increase) decrease in assets: | | | | |
| Accounts receivable | 109,378 | 56,264 | (1,822) | 163,820 |
| Inventories | (7,516) | (185,359) | - | (192,875) |
| Deferred outflows of resources - pension | (195,887) | (124,863) | (15,950) | (336,700) |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable | (87,670) | (346,637) | - | (434,307) |
| Accrued liabilities | 553 | 267 | 114 | 934 |
| Customer deposits | - | 4,348 | - | 4,348 |
| Net pension liability | 361,913 | 299,504 | 34,292 | 695,709 |
| Net OPEB liability | 40,460 | 54,509 | 5,307 | 100,276 |
| Due to other funds | 20,104 | - | - | 20,104 |
| Deferred inflows of resources - pension | (119,589) | (224,918) | (21,656) | (366,163) |
| Net cash provided by (used in) operating activities | <u>\$ 2,049,253</u> | <u>\$ 1,222,269</u> | <u>\$ (109,884)</u> | <u>\$ 3,161,638</u> |

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

NOTES TO FINANCIAL STATEMENTS

CITY OF BARNESVILLE, GEORGIA

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Barnesville, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

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. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture and recreation, education, public improvements, planning and zoning, water, sewer and electric services and general administrative services.

In conformity with generally accepted accounting principles, as set forth in the Statement of GASB No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, as amended, the component units' financial statements have been included as either blended or discretely presented. As of September 30, 2023, the City does not have any component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental grants and investment income associated with the current fiscal period are all considered to be susceptible to accrual and, therefore, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Special Purpose Local Option Sales Tax ("SPLOST") 2017 Fund** is a capital projects fund that accounts for the financing and construction of facilities and improvements in accordance with the SPLOST 2017 referendum.

The **American Rescue Plan Act ("ARPA") Fund** is used to account for grant funds awarded to the County as part of the State and Local Fiscal Recovery Fund under the American Rescue Plan Act of 2021.

The **Transportation Special Purpose Local Option Sales Tax ("TSPLOST") Fund** is a capital projects fund that accounts for the financing of construction and improvements in accordance with the TSPLOST referendum.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the operation of the water and sewerage system including all revenues from sources applicable to these operations and all expenses of the operation.

The **Electric Fund** accounts for the operation and maintenance of the City's electric facilities.

Additionally, the City reports the following nonmajor funds:

The **Special Revenue Fund** accounts for the City's revenues and expenditures related to the Hotel/Motel tax levied during the year.

The **Enterprise Fund** accounts for the operation and maintenance of the City's solid waste facilities.

Amounts reported as program revenues include: 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Deposits

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Statutes authorize the City to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, repurchase agreements and Georgia Fund 1, the Local Government Investment Pool.

Cash deposits are reported at carrying amount, which reasonably estimates fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible.

F. Inventories

Inventories are valued at cost, which approximates market, using the first in/first out ("FIFO") method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

G. Prepaid Expenditures/Expenses

Prepaid items are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure/expense is made for goods or services that were purchased for consumption, but not consumed as of September 30.

H. Restricted Assets

Restricted assets consist of customer deposits for utility services and funds required to be placed in a separate account to be used to retire Georgia Environmental Finance Authority ("GEFA") debt as it matures.

I. Capital Assets

Capital assets, which include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond one year are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Buildings, except those that are an ancillary part of a network of infrastructure assets, will not be considered infrastructure assets. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

Capital assets are depreciated over their estimated useful lives unless they are inexhaustible. Inexhaustible assets such as land improvements are not depreciated.

Depreciation is reported in the government-wide Statement of Activities and in the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| Description | Governmental Activities Estimated Lives | Business-Type Activities Estimated Lives |
|--|--|---|
| Land Improvements | 20 Years | 20 Years |
| Building 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 |

J. Compensated Absences

Sick leave benefits are not paid at termination, neither does the unused vacation rollover to the subsequent year. Therefore, compensated absences are not accrued.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bond using the straight-line method, which approximates the effective interest method. The gain/loss on defeasance of bonds is presented as an increase/decrease to the face amount of bonds payable and is being amortized over the life of the bonds through interest expense. Bond issuance costs are expensed in the period incurred.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has four items that qualify for reporting in this category. They are the deferred amounts related to pension (three items) and the deferred charge on refunding reported in the government-wide Statement of Net Position. The deferred amounts relate to pension differences between expected and actual experience, changes in actuarial investment earnings change, and contributions subsequent to measurement date. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance/net asset that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category; unavailable revenue (two items), which arises only under a modified accrual basis of accounting, and deferred inflows related to pensions (one item). The governmental funds report unavailable revenues from property taxes and other receivables, which are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The deferred amounts relate to pension differences between projected and actual on pension plan investments and the differences between expected and actual experience.

M. 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 position”.

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:

- **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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

Fund Balance (Continued) –

- **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 or the City's Finance Director to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. Positive unassigned fund balance may be reported only in the General Fund. Negative unassigned fund balances may be reported in all governmental funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance 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:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. The net investment in capital assets 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 position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Barnesville Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

The City adopts an annual operating budget for the General Fund and each special revenue fund. A project budget is adopted for the 2017 SPLOST Fund and the TSPLOST 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 a management control device during the year for all budgeted funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Excess Expenditures Over Appropriations

| <u>Department</u> | <u>Excess</u> |
|-------------------------|---------------|
| General Fund: | |
| General government | |
| Administrative services | \$ 70,615 |
| Contract services | 90,547 |
| Executive | 5,969 |
| Public works | |
| Highways and streets | 143,379 |
| Culture and recreation | |
| Civic center | 11,710 |
| Debt service: | |
| Principal | 44,651 |
| Interest | 5,230 |

These over expenditures were funded with greater than anticipated revenues.

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of September 30, 2023 are summarized as follows:

Amounts as presented on the entity-wide Statement of Net Position:

| | |
|--|-----------------------------|
| Cash and cash equivalents | \$ 11,158,541 |
| Investments | 5,543,911 |
| Restricted cash and cash equivalents | <u>1,759,034</u> |
| Total | <u><u>\$ 18,461,486</u></u> |
| | |
| Cash deposited with financial institutions | \$ 11,928,959 |
| Cash deposited with Georgia Fund 1 | 988,616 |
| Investments in the Municipal Competitive Trust | <u>5,543,911</u> |
| Total | <u><u>\$ 18,461,486</u></u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of September 30, 2023, the City's investment in Georgia Fund 1 was rated AA+ by Standard & Poor's. The City's investment in the Municipal Competitive Trust was not rated.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At September 30, 2023, the City had the following investments:

| Investment | Rating | Fair Value | Investment Maturity (Years) Less than 1 |
|-----------------------------|--------|---------------------|---|
| Georgia Fund 1 | AA+ | \$ 988,616 | \$ 988,616 |
| Municipal Competitive Trust | N/A | 5,543,911 | 5,543,911 |
| | | <u>\$ 6,532,527</u> | <u>\$ 6,532,527</u> |

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value investments as of September 30, 2023:

| Investment | Level 1 | Level 2 | Level 3 | Fair Value |
|--|---------------------|-------------|-------------|---------------------|
| Municipal Competitive Trust | \$ 5,543,911 | \$ - | \$ - | \$ 5,543,911 |
| | <u>\$ 5,543,911</u> | <u>\$ -</u> | <u>\$ -</u> | 5,543,911 |
| Investments not subject to level disclosure: | | | | |
| Georgia Fund 1 | | | | 988,616 |
| | | | | <u>\$ 6,532,527</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued). Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. Investments classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2023, all of the deposits for the City were fully collateralized in accordance with the state statutes.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

A. Accounts Receivable

Receivables at September 30, 2023 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>2017 SPLOST Fund</u> | <u>Nonmajor Hotel/Motel Tax Fund</u> | <u>Water and Sewer Fund</u> |
|-----------------------------------|----------------------------|-----------------------------|--|---------------------------------|
| Receivables: | | | | |
| Taxes | \$ 90,310 | \$ - | \$ 1,569 | \$ - |
| Accounts | 929,281 | - | - | 1,590,218 |
| Due from other governments | - | 196,067 | - | - |
| Gross receivables | <u>1,019,591</u> | <u>196,067</u> | <u>1,569</u> | <u>1,590,218</u> |
| Less allowance for uncollectibles | - | - | - | 553,963 |
| Net total receivables | <u><u>\$ 1,019,591</u></u> | <u><u>\$ 196,067</u></u> | <u><u>\$ 1,569</u></u> | <u><u>\$ 1,036,255</u></u> |

| | <u>Electric Fund</u> | <u>Nonmajor Solid Waste Fund</u> | <u>Total</u> |
|-----------------------------------|--------------------------|--|----------------------------|
| Receivables: | | | |
| Taxes | \$ - | \$ - | \$ 91,879 |
| Accounts | 1,284,734 | 203,650 | 4,007,883 |
| Due from other governments | - | - | 196,067 |
| Gross receivables | <u>1,284,734</u> | <u>203,650</u> | <u>4,295,829</u> |
| Less allowance for uncollectibles | 827,793 | 143,020 | 1,524,776 |
| Net total receivables | <u><u>\$ 456,941</u></u> | <u><u>\$ 60,630</u></u> | <u><u>\$ 2,771,053</u></u> |

B. 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, 2023, the levy occurred on November 1, 2022. Real and personal property taxes were due on December 31, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2023 is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|------------------|----------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 918,164 | \$ - | \$ - | \$ 918,164 |
| Total | <u>918,164</u> | <u>-</u> | <u>-</u> | <u>918,164</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and plant | 13,322,072 | 44,877 | - | 13,366,949 |
| Machinery and equipment | 508,545 | 18,181 | (48,000) | 478,726 |
| Vehicles | 1,122,836 | 179,179 | (232,980) | 1,069,035 |
| Infrastructure | 8,208,500 | - | - | 8,208,500 |
| Total | <u>23,161,953</u> | <u>242,237</u> | <u>(280,980)</u> | <u>23,123,210</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (6,315,401) | (269,223) | - | (6,584,624) |
| Machinery and equipment | (265,623) | (30,964) | 48,000 | (248,587) |
| Vehicles | (705,433) | (123,056) | 232,980 | (595,509) |
| Infrastructure | (3,328,542) | (228,014) | - | (3,556,556) |
| Total | <u>(10,614,999)</u> | <u>(651,257)</u> | <u>280,980</u> | <u>(10,985,276)</u> |
| Total assets, being depreciated, net | <u>12,546,954</u> | <u>(409,020)</u> | <u>-</u> | <u>12,137,934</u> |
| Governmental activities capital assets, net | <u>\$ 13,465,118</u> | <u>\$ (409,020)</u> | <u>\$ -</u> | <u>\$ 13,056,098</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------------|-------------|----------------------|
| Business-type activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,567,029 | \$ - | \$ - | \$ 1,567,029 |
| Construction in progress | - | 139,114 | - | 139,114 |
| Total | <u>1,567,029</u> | <u>139,114</u> | <u>-</u> | <u>1,706,143</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and plant | 28,033,716 | - | - | 28,033,716 |
| Machinery and equipment | 373,369 | 84,004 | - | 457,373 |
| Vehicles | 984,017 | 361,270 | - | 1,345,287 |
| Infrastructure | 19,792,048 | 1,054,722 | - | 20,846,770 |
| Total | <u>49,183,150</u> | <u>1,499,996</u> | <u>-</u> | <u>50,683,146</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and plant | (17,382,370) | (401,625) | - | (17,783,995) |
| Machinery and equipment | (274,595) | (20,788) | - | (295,383) |
| Vehicles | (553,962) | (150,000) | - | (703,962) |
| Infrastructure | (5,649,184) | (511,946) | - | (6,161,130) |
| Total | <u>(23,860,111)</u> | <u>(1,084,359)</u> | <u>-</u> | <u>(24,944,470)</u> |
| Total assets, being depreciated, net | <u>25,323,039</u> | <u>415,637</u> | <u>-</u> | <u>25,738,676</u> |
| Business-type activities capital assets, net | <u>\$ 26,890,068</u> | <u>\$ 554,751</u> | <u>\$ -</u> | <u>\$ 27,444,819</u> |

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 35,218 |
| Public safety | 119,545 |
| Public works | 292,463 |
| Culture and recreation | 204,031 |
| Total depreciation expense - governmental activities | <u>\$ 651,257</u> |
| Business-type activities: | |
| Water and sewer | \$ 1,015,977 |
| Electric | 29,727 |
| Solid waste | 38,655 |
| Total depreciation expense - business-type activities | <u>\$ 1,084,359</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

Long-term liability activity for the year ended September 30, 2023 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|---------------------|---------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Net pension liability | \$ (207,217) | \$ 1,907,346 | \$ (273,804) | \$ 1,426,325 | \$ - |
| Financed purchase | 233,485 | 154,497 | (44,651) | 343,331 | 74,175 |
| Governmental activities Long-term liabilities | <u>\$ 26,268</u> | <u>\$ 2,061,843</u> | <u>\$ (318,455)</u> | <u>\$ 1,769,656</u> | <u>\$ 74,175</u> |
| Business-type activities: | | | | | |
| Notes payable | \$ 2,235,531 | \$ - | \$ (294,989) | \$ 1,940,542 | \$ 294,989 |
| Revenue bonds payable | 21,110,000 | - | (495,000) | 20,615,000 | 500,000 |
| Net pension liability | (100,276) | 930,333 | (134,348) | 695,709 | - |
| Business-type activities Long-term liabilities | <u>\$ 23,245,255</u> | <u>\$ 930,333</u> | <u>\$ (924,337)</u> | <u>\$ 23,251,251</u> | <u>\$ 794,989</u> |

A. Notes payable

Notes payable outstanding for business-type activities for the City as of September 30, 2023 are as follows:

| <u>Description</u> | <u>Original Amount</u> | <u>Interest Rate</u> | <u>Due Date</u> | <u>Amount</u> |
|--------------------|----------------------------|----------------------|-----------------|---------------------|
| GEFA Loan DW08003 | \$ 2,433,874 | 0% | 2033 | \$ 1,247,361 |
| GEFA Loan DW99001 | 3,465,911 | 0% | 2027 | 693,181 |
| | | | | <u>\$ 1,940,542</u> |

Debt service requirements to maturity on the notes payable are as follows:

| <u>Year Ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|---------------------|-----------------|---------------------|
| 2024 | \$ 294,989 | \$ - | \$ 294,989 |
| 2025 | 294,989 | - | 294,989 |
| 2026 | 294,989 | - | 294,989 |
| 2027 | 294,989 | - | 294,989 |
| 2028 | 121,694 | - | 121,694 |
| 2029 – 2033 | 608,469 | - | 608,469 |
| 2034 | 30,423 | - | 30,423 |
| Total | <u>\$ 1,940,542</u> | <u>\$ -</u> | <u>\$ 1,940,542</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Revenue bonds payable

Revenue bonds payable outstanding for business-type activities for the City as of September 30, 2023 are as follows:

| Description | Original Amount | Interest Rate | Due Date | Amount |
|--------------|-----------------|------------------|----------|----------------------|
| Series 2020A | \$ 18,585,000 | 0.501% to 2.533% | 2046 | \$ 17,550,000 |
| Series 2020B | 3,355,000 | 0.501% to 2.533% | 2046 | 3,065,000 |
| | | | | <u>\$ 20,615,000</u> |

The City of Barnesville Water and Sewerage Revenue Refunding Bonds, Series 2020A and Series 2020B, were issued in November 2020. The Series 2020A bonds were issued to provide funds to, together with other monies available or to be made available to the City, (i) advance refund the City's \$19,935,000 in aggregate principal amount of Water and Sewerage Revenue Refunding and Improvement Bonds, Tax-Exempt Series 2011A, (ii) pay a portion of the cost of a municipal bond insurance policy and a debt service reserve insurance policy for the Bonds, and (iii) pay a portion of the costs associated with the issuance of the bonds. The Series 2020B Bonds are being issued to provide funds to, together with other monies available or to be made available to the City, (i) advance refund the City's \$3,830,000 in aggregate principal amount of Water and Sewerage Revenue Improvement Bonds, Tax-Exempt Series 2011C; (ii) pay a portion of the cost of the Insurance Policy and the Reserve Policy for the Bonds; and (iii) pay a portion of the costs associated with the issuance of the bonds. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2011A and 2011C Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The City determined that advance refunding the Series 2011A and Series 2011C Bonds with the Series 2020A and 2020B Bonds would reduce the City's total debt service payments by approximately \$6 million on an aggregate basis. The Series 2011A and Series 2011C Bonds are special obligations of the City, payable solely from and secured by a pledge of and lien on revenues derived by the City's water system. The Series 2020A and 2020B are not a debt or a general obligation or a pledge of the full faith and credit of the State of Georgia or the City. Issuance of the Bonds will not obligate the State or the City to levy or pledge any form of taxation for the payment thereof. No holder of the Bonds will ever have the right to compel any exercise of the taxing power of the State or the City to pay the Bonds or interest thereon, nor to enforce payment thereof against any other property of the State or the City, nor shall the Bonds constitute a charge, lien or encumbrance legal or equitable, upon any property of the State or the City other than the revenues of the System pledged to the payment thereof.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Revenue bonds payable (Continued)

Debt service requirements to maturity on the revenue bonds payable are as follows:

| Year Ending September 30, | Principal | Interest | Total |
|------------------------------|----------------------|---------------------|----------------------|
| 2024 | \$ 500,000 | \$ 541,298 | \$ 1,041,298 |
| 2025 | 505,000 | 536,438 | 1,041,438 |
| 2026 | 505,000 | 530,772 | 1,035,772 |
| 2027 | 515,000 | 523,707 | 1,038,707 |
| 2028 | 695,000 | 522,058 | 1,217,058 |
| 2029 – 2033 | 3,800,000 | 2,372,159 | 6,172,159 |
| 2034 – 2038 | 4,805,000 | 1,868,073 | 6,673,073 |
| 2039 – 2043 | 5,535,000 | 1,124,345 | 6,659,345 |
| 2044 and 2045 | 3,755,000 | 240,983 | 3,995,983 |
| Total | <u>\$ 20,615,000</u> | <u>\$ 8,259,833</u> | <u>\$ 28,874,833</u> |

C. Financed Purchase

Financed Purchase outstanding for governmental activities for the City as of September 30, 2023 are as follows:

| Description | Original Amount | Interest Rate | Due Date | Amount |
|----------------------------------|--------------------|---------------|----------|-------------------|
| Police Vehicle Financed Purchase | \$ 233,485 | 2.24% | 2027 | \$ 189,149 |
| Car Financed Purchase | 154,182 | 3.90% | 2027 | 154,182 |
| | | | | <u>\$ 343,331</u> |

The City of Barnesville police vehicle financed purchase agreement was issued in December 2021. The financed purchase agreement was issued to provide funds to purchase seven Ford Explorers for the police department in the amount of \$233,485. The City is obligated, beginning December 17, 2022, to make five annual payments of \$49,881. The agreement bears interest rate of 2.24% annually.

The City of Barnesville police vehicle financed purchase agreement was issued in December 2022. The financed purchase agreement was issued to provide funds to purchase seven Ford Explorers for the police department in the amount of \$154,182. The City is obligated, beginning December 22, 2023, to make five annual payments of \$34,536. The agreement bears interest rate of 3.90% annually.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

C. Financed Purchase (Continued)

Debt service requirements to maturity on the financed purchase payable are as follows:

| <u>Year Ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|-------------------|------------------|-------------------|
| 2024 | \$ 74,175 | \$ 10,243 | \$ 84,418 |
| 2025 | 76,310 | 8,108 | 84,418 |
| 2026 | 78,511 | 5,906 | 84,417 |
| 2027 | 80,781 | 3,636 | 84,417 |
| 2028 | 33,554 | 1,296 | 34,850 |
| Total | <u>\$ 343,331</u> | <u>\$ 29,189</u> | <u>\$ 372,520</u> |

NOTE 7. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City of Barnesville Retirement Plan (the “Plan”) is administered through the Georgia Municipal Employee Benefit System (“GMEBS”), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefits are provided by the Plan. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com, by writing to:

Georgia Municipal Association
Risk Management and Employee Benefit Services
201 Pryor Street, NW
Atlanta, Georgia 30303
or by calling (404) 688-0472.

B. Plan Membership

As of January 1, 2023, pension plan membership consisted of the following:

| | |
|--|-----------|
| Retirees, beneficiaries, and the disabled receiving benefits | 50 |
| Terminated plan members entitled to but not yet receiving benefits | 12 |
| Active plan members | 25 |
| | <u>87</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. City contributions to the Plan were \$273,901 for the fiscal year ended September 30, 2023.

D. Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2022.

Actuarial Assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.25% |
| Salary increases | 2.25% plus service based merit increases |
| Investment rate of return | 7.375% |

Mortality rates were based on the gender-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25%. The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

D. Net Pension Liability of the City

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2022, are summarized in the following table:

| Asset Class | Target Allocation | Long-term expected real rate of return* |
|-----------------------|-------------------|---|
| Domestic equity | 45 % | 6.40 % |
| International equity | 20 % | 6.80 % |
| Domestic fixed income | 20 % | 0.40 % |
| Real estate | 10 % | 3.90 % |
| Global fixed income | 5 % | 0.46 % |
| Cash | - % | |
| Total | 100 % | |

* Rates shown are net of the 2.25% assumed rate of inflation

E. Discount Rate

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

F. Changes in the Net Pension Liability (Asset) of the City

The changes in the components of the net pension liability (asset) of the City for the fiscal year ended September 30, 2023 were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
|---|--|--|--|
| Beginning Balance | \$ 11,513,238 | \$ 11,820,731 | \$ (307,493) |
| Changes for the year: | | | |
| Service cost | 99,213 | - | 99,213 |
| Interest | 830,972 | - | 830,972 |
| Differences between expected and actual experience | (114,211) | - | (114,211) |
| Contributions - employer | - | 293,941 | (293,941) |
| Net investment income | - | (1,888,504) | 1,888,504 |
| Benefit payments, including refunds of employee contributions | (690,073) | (690,073) | - |
| Administrative expense | - | (18,990) | 18,990 |
| Net changes | <u>125,901</u> | <u>(2,303,626)</u> | <u>2,429,527</u> |
| Ending Balance | <u>\$ 11,639,139</u> | <u>\$ 9,517,105</u> | <u>\$ 2,122,034</u> |

The required Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

| | 1% Decrease (6.375%) | Current Discount Rate (7.375%) | 1% Increase (8.375%) |
|------------------------------|---------------------------------|---|---------------------------------|
| City's net pension liability | \$ 3,370,749 | \$ 2,122,034 | \$ 1,065,757 |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued)

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 a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2022 and the current sharing pattern of costs between employer and employee.

H. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of \$431,096. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 87,856 | \$ (100,893) |
| Net difference between projected and actual earnings on pension plan investments | 1,207,021 | - |
| City contributions subsequent to the measurement date | 273,901 | - |
| Total | <u>\$ 1,568,778</u> | <u>\$ (100,893)</u> |

City contributions subsequent to the measurement date of \$273,901 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending September 30,</u> | |
|--------------------------------------|---------------------|
| 2024 | \$ 263,326 |
| 2025 | 192,190 |
| 2026 | 189,473 |
| 2027 | 548,995 |
| Total | <u>\$ 1,193,984</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 8. 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.

NOTE 9. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the five-county central Georgia area, is a member of the McIntosh Trail Regional Development and is required to pay annual dues thereto. During its fiscal year ended September 30, 2023, the City paid \$6,334 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated ("O.C.G.A.") §50-8-34, which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

McIntosh Trail Regional Development
Hill Street
Griffin, Georgia 30223

NOTES TO FINANCIAL STATEMENTS

NOTE 10. COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

B. Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

C. Agreements with the Municipal Electric Authority of Georgia

The Municipal Electric Authority of Georgia ("MEAG") is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by state law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit unless any such profits inure to the benefit of the public. As of September 30, 2023, the City is an electric utility participant in MEAG and obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City 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 participating City has guaranteed a portion of the unpaid debt based on its individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. 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. Payments to MEAG are made monthly based on kWh usage. The total payments under these contracts amounted to \$7,360,673 in 2023.

At September 30, 2023, the outstanding debt of MEAG was approximately \$8.16 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately \$64,504,605 at September 30, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. HOTEL/MOTEL LODGING TAX

The City was in compliance with the provisions of O.C.G.A. §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 \$18,586. The City has a contractual agreement with the Barnesville-Lamar County Chamber of Commerce to remit 40% of the hotel/motel tax collections. The City remitted \$5,797 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 financial statements as verification of the expenditure of the hotel/motel collections.

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2023 is as follows:

| | <u>Payable Fund</u> |
|-----------------|---------------------|
| Receivable Fund | Water Fund |
| General Fund | \$ 20,104 |
| Total | <u>\$ 20,104</u> |

These balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers:

| | <u>Transfers out</u> | | |
|------------------|----------------------|-------------------|---------------------|
| Transfers In | Water Fund | Electric Fund | Total |
| Solid Waste Fund | \$ 109,884 | \$ - | \$ 109,884 |
| Hotel/Motel Fund | - | 4,815 | 4,815 |
| General Fund | 308,541 | 878,299 | 1,186,840 |
| Total | <u>\$ 418,425</u> | <u>\$ 883,114</u> | <u>\$ 1,301,539</u> |

Transfers are used to: 1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them and 2) use unrestricted revenues collected in the Electric Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BARNESVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

| | 2023 | 2022 | 2021 | 2020 |
|---|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | |
| Service cost | \$ 99,213 | \$ 94,831 | \$ 96,402 | \$ 89,815 |
| Interest on total pension liability | 830,972 | 801,164 | 787,966 | 750,487 |
| Differences between expected and actual experience | (114,211) | 175,710 | (60,937) | 218,332 |
| Changes of assumptions | - | - | - | 257,450 |
| Benefit payments, including refunds of member contributions | (690,073) | (653,764) | (632,020) | (657,755) |
| Net change in total pension liability | 125,901 | 417,941 | 191,411 | 658,329 |
| Total pension liability - beginning | 11,513,238 | 11,095,297 | 10,903,886 | 10,245,557 |
| Total pension liability - ending (a) | 11,639,139 | 11,513,238 | 11,095,297 | 10,903,886 |
| Plan fiduciary net position | | | | |
| Contributions - employer | 293,941 | 270,762 | 241,038 | 249,981 |
| Net investment income | (1,888,504) | 2,366,960 | 883,075 | 267,928 |
| Benefit payments, including refunds of member contributions | (690,073) | (653,764) | (632,020) | (657,755) |
| Administrative expenses | (18,990) | (21,089) | (19,336) | (18,659) |
| Net change in plan fiduciary net position | (2,303,626) | 1,962,869 | 472,757 | (158,505) |
| Plan fiduciary net position - beginning | 11,820,731 | 9,857,862 | 9,385,105 | 9,543,610 |
| Plan fiduciary net position - ending (b) | 9,517,105 | 11,820,731 | 9,857,862 | 9,385,105 |
| City's net pension liability (asset) - ending (a) - (b) | \$ 2,122,034 | \$ (307,493) | \$ 1,237,435 | \$ 1,518,781 |
| Plan fiduciary net position as a percentage of the total pension liability | 81.8% | 102.7% | 88.8% | 86.1% |
| Covered payroll | \$ 2,953,000 | \$ 3,026,535 | \$ 3,133,420 | \$ 2,891,083 |
| Net pension liability as a percentage of covered payroll | 71.9% | -10.2% | 39.5% | 52.5% |

| 2019 | 2018 | 2017 | 2016 |
|--------------|--------------|--------------|--------------|
| \$ 88,788 | \$ 98,515 | \$ 89,881 | \$ 100,023 |
| 728,210 | 717,234 | 693,648 | 644,765 |
| 93,119 | 247,374 | (40,150) | 312,639 |
| - | (187,124) | - | - |
| (570,477) | (449,422) | (428,669) | (424,679) |
| 339,640 | 426,577 | 314,710 | 632,748 |
| 9,905,917 | 9,479,340 | 9,164,630 | 8,531,882 |
| 10,245,557 | 9,905,917 | 9,479,340 | 9,164,630 |
| 273,222 | 226,428 | 223,688 | 216,720 |
| 880,983 | 1,192,873 | 819,553 | 94,168 |
| (570,477) | (449,422) | (428,669) | (424,679) |
| (19,566) | (20,720) | (11,523) | (13,426) |
| 564,162 | 949,159 | 603,049 | (127,217) |
| 8,979,448 | 8,030,289 | 7,427,240 | 7,554,457 |
| 9,543,610 | 8,979,448 | 8,030,289 | 7,427,240 |
| \$ 701,947 | \$ 926,469 | \$ 1,449,051 | \$ 1,737,390 |
| 93.1% | 90.6% | 84.7% | 81.0% |
| \$ 2,668,684 | \$ 2,758,383 | \$ 2,755,710 | \$ 2,619,051 |
| 26.3% | 33.6% | 52.6% | 66.3% |

CITY OF BARNESVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS RETIREMENT PLAN FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

| | 2023 | 2022 | 2021 | 2020 |
|---|--------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 273,091 | \$ 293,941 | \$ 270,762 | \$ 241,037 |
| Contributions in relation to the actuarially determined contribution | 273,091 | 293,941 | 270,762 | 241,037 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 3,042,221 | \$ 2,953,000 | \$ 3,026,535 | \$ 3,133,420 |
| Contributions as a percentage of covered payroll | 9.0% | 10.0% | 8.9% | 7.7% |

Notes to the Schedule:

| | |
|----------------------------------|---|
| Valuation Date | January 1, 2023 |
| Cost Method | Projected Unit Credit |
| Actuarial Asset Valuation Method | Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value. |
| Assumed Rate of Return | |
| On Investments | 7.375% |
| Projected Salary Increases | 2.25%, plus service based merit increases |
| Cost-of-living Adjustment | 2.25% |
| Amortization Method | Closed level dollar for unfunded liability |
| Remaining Amortization Period | Varies for the bases, with a net effective amortization period of 10 years |

The schedule will present 10 years of information once it is accumulated.

| 2019 | 2018 | 2017 | 2016 |
|--------------|--------------|--------------|--------------|
| \$ 249,980 | \$ 252,638 | \$ 247,012 | \$ 214,434 |
| 249,980 | 252,638 | 247,012 | 214,434 |
| \$ - | \$ - | \$ - | \$ - |
| \$ 2,891,083 | \$ 2,668,684 | \$ 2,758,383 | \$ 2,755,710 |
| 8.6% | 9.5% | 9.0% | 7.8% |

SUPPLEMENTARY INFORMATION

CITY OF BARNESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS 2017 ISSUE FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

| Project Description | Original Estimated Cost | Revised Estimated Cost | Expenditures | | |
|---|-------------------------------|------------------------------|---------------------|---------------------|---------------------|
| | | | Prior Years | Current Year | Total |
| Improvements to water and sewer system | \$ 1,649,235 | \$ 1,649,235 | \$ 796,282 | \$ 974,650 | \$ 1,770,932 |
| Paving, resurfacing and construction of roads (Including drainage and sidewalks) | 550,000 | 550,000 | 498,569 | 116,407 | 614,976 |
| Equipment | 700,000 | 700,000 | 509,593 | 432,447 | 942,040 |
| Construction and renovation of public facilities | 660,000 | 660,000 | 550,923 | 90,572 | 641,495 |
| | <u>\$ 3,559,235</u> | <u>\$ 3,559,235</u> | <u>\$ 2,355,367</u> | <u>\$ 1,614,076</u> | <u>\$ 3,969,443</u> |

CITY OF BARNESVILLE, GEORGIA

**SCHEDULE OF EXPENDITURES OF
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2021 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

| <u>Project Description</u> | <u>Original Estimated Cost</u> | <u>Current Estimated Cost</u> | <u>Expenditures</u> | | |
|----------------------------|------------------------------------|-----------------------------------|------------------------|---------------------|-------------------|
| | | | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
| Resurfacing projects | \$ 4,392,000 | \$ 4,392,000 | \$ - | \$ 691,282 | \$ 691,282 |
| Total | <u>\$ 4,392,000</u> | <u>\$ 4,392,000</u> | <u>\$ -</u> | <u>\$ 691,282</u> | <u>\$ 691,282</u> |

COMPLIANCE SECTION



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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
March 28, 2024

CITY OF BARNESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued on whether the
financial statements audited were prepared
in accordance with GAAP

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

____ Yes X None Reported

Noncompliance material to financial statements noted?

____ Yes X No

Federal Awards

There was not an audit of major federal award programs as of September 30, 2023 due to the total amount expended being less than \$750,000.

CITY OF BARNESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

Not applicable.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF BARNESVILLE, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

STATUS OF PRIOR YEAR AUDIT FINDINGS

2022-001 – General Accounting Matters/Close-Out Procedures

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles ("GAAP") require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable and available. Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: During our audit, we noted accounting, reporting and reconciling not being properly performed and reviewed consistently during the fiscal year which required a significant effort to close the City's 2022 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed September 30, 2022. Specifically, we noted a lack of timely and accurate financial and non-financial information needed.

Status: Resolved.