City of Barnesville, Georgia
Annual Financial Report
For The Year Ended September 30, 2013
TABLE OF CONTENTS
Financial Section

City of Barnesville, Georgia
Annual Financial Report
For The Year Ended September 30, 2012
TABLE OF CONTENTS (Continued)
Financial Section

Independent Auditor's Report

J. Robyn Underwood, CPA
Member of American Institute of Certified Public Accountants
302-A Taylor Street • Barnesville, GA 30204
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Barnesville, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the City of Barnesville as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page three, and the budgetary comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Barnesville's basic financial statements. The introductory information and the SPLOST schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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. The supplementary information is presented for purposes of additional analysis and is not required part of the financial statements and in the auditor's opinion, the supplementary information is fairly stated, in all material respects, in relation to the 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 January 5, 2014 on our consideration of the City of Barnesville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Barnesville's internal control over financial reporting and compliance.

J. Robyn Underwood, CPA
Barnesville, Georgia
January 5, 2014

Management's Discussion and Analysis

As management of City of Barnesville, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of City of Barnesville for the fiscal year ended September 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

Key financial highlights for FYE 2013 are as follows:

The City's combined net positions totaled $29 million. Of this amount, unrestricted net positions amounted to $2.8 million.

Combined revenue totaled $16.4 million.

Overall expenses totaled $15.1 million.

Overall the net change in fund balance was a decrease of $149,856 which was caused by expending the SPLOST proceeds of the SPLOST Fund 2005 per the approved voters' referendum.

The net change in the General Fund balance was an increase of $247,757.

As of September 30, 2013, the City's General Fund reported an unassigned fund balance of $1.38 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to City of Barnesville, Georgia's basic financial statements. The City's basic financial statements consist of the following elements:

Government-wide Financial Statements

Government-wide financial statements provide both long-term and short-term information about the City's overall financial condition. Changes in the City's financial position may be measured over time by increases and decreases in the Statement of Net Positions. Information on how the City's net positions changed during the fiscal year is presented in the Statement of Activities.

Fund Financial Statements

Fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental and proprietary funds.

Notes to the Financial Statements

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

Refer to Note 1 to the financial statements for more detailed information on the elements of the financial statements. Table 1 (shown below) summarizes the major features of the basic financial statements.

Table 1: Major Features of the Basic Financial Statements

	Government-wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire State government (except fiduciary funds) and the City's component units	• Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private business
Required Financial Statements	• Statement of Net Positions • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Positions • Statement of Revenues, Expenditures, and Changes in Net Positions • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	• Revenues for which cash is received during or soon after the end of the year • Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Analysis

Condensed Statement of Net Positions

Table 2 (shown below) presents the City's condensed statement of net positions as of September 30, 2013 and 2012.

Table 2: Condensed Statement of Net Positions

	Governmental Activities	
	2013	2012
Assets		
Current and Other Assets	$ 1,879,092	$ 2,714,574
Capital Assets	7,432,057	6,705,326
Total Assets	$ 9,311,149	$ 9,419,900
Liabilities		
Other Liabilities	$ 271,366	$ 114,962
Long-term Liabilities	11,349	144,439
Total Liabilities	$ 282,715	$ 259,401
Net Positions		
Net Investment in Capital Assets	$ 7,312,057	$ 6,705,326
Restricted	409,596	803,039
Unrestricted	1,306,781	1,652,134
Total Net Positions	$ 9,028,434	$ 9,160,499

The largest component of the City's net positions is its investment in capital assets (e.g. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net positions are not available for future spending. Restricted net positions represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion of net positions is unrestricted, which can be used to finance government operations.

	Business-Type Activities	
	2013	2012
Assets		
Current and Other Assets	$ 16,800,370	$ 20,432,082
Capital Assets	33,518,003	30,102,045
Total Assets	$ 50,318,373	$ 50,534,127
Deferred Outflows	$ -----	$ 130,584
Liabilities		
Other Liabilities	$ 1,023,819	$ 1,046,097
Long-term Liabilities	29,311,938	29,121,095
Total Liabilities	$ 30,335,757	$ 30,167,192
Net Positions		
Net Investment in Capital Assets	$ 4,447,731	$ 1,245,380
Restricted	13,983,014	16,900,324
Unrestricted	1,551,871	2,351,815
Total Net Positions	$ 19,982,616	$ 20,497,519

J. Robyn Underwood, CPA

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Honorable Mayor and
Members of the Council
Barnesville, Georgia

Gentlemen:

We have concluded our examination of the financial statements of the City of Barnesville, Georgia for the fiscal year ended September 30, 2013. As we noted in our engagement letter, our firm believes that an auditor's responsibilities should include recommendations to the entity being audited for needed improvements to the financial and managerial systems. This letter includes the major observations and recommendations that we felt should be brought to your attention.

Financial Records:
We found the financial documentation records to be in good order. However, the financial reporting implemented by the new financial software is not adequately meeting the City's financial needs. We made adjustments to adequately reflect the correct financial status of the City.

The rehab to the water treatment plant was completed and is in full operation and the waste water treatment plant is under construction with an estimated completion date of late 2014. The City extended water lines in the rural area of the County during FYE 2013.

Even though the City's debt service has increased substantially, the City is to be commended for meeting these obligations and all other financial obligations from the City's daily revenues and not from borrowed funds.

The SPLOST 2011 projects are under construction and the SPLOST 2005 projects are now completed.

The financial status of the various funds is as follows:
The General Fund had a fund balance increase of $247,757. Enterprise Funds had a combined increase of $751,125 after operating transfers to the General Fund of $892,108. The General Fund debt balance is $120,000. The Enterprise Funds increased its debt by $213,728 leaving a total debt balance of $28,993,334. We commend the City on the financial decisions made to improve the quality of its residents well being and the financial status of the City.

We certainly appreciate the cooperation and promptness extended by Kenny, Carolyn, Evelyn, Tammy, Beretha and Tammy during our engagement. We also appreciate the more than adequate working facilities provided to us. We will be available to discuss the matters reported and to answer any questions you may have on these items.

Sincerely,

J. Robyn Underwood, CPA, P.C.
January 5, 2014

J. Robyn Underwood, CPA

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J. Robyn Underwood, CPA, P.C.
January 5, 2014

The other governmental functions experienced a slight decrease in expenses over the prior year as operating costs were cut. Approximately 11.6% of the City's revenues came from property taxes and approximately 40.7% came from other taxes. Approximately 15.9% of the City's revenues came from charges for services and approximately 18.8% came from grants and other revenues. Although a majority of the City's expenses are financed by property taxes and other taxes, the City continues to rely heavily on revenues from charges for services to fund its budget. The City's expenses cover a range of services with 49.26% related to public safety, 13% related to public works, 29.1% related to general governmental activities. Although total expenses have decreased there has only been a minor shift in the allocation of resources.

Program Expenses and Revenues for Governmental Activities

Table 4 (shown below) presents program expenses and revenues for governmental activities for the year ended September 30, 2013 and 2012.

Table 4: Program Expenses and Revenues for Governmental Activities

2013

Programs	Program Expenses	*Net Program Expenses (Revenues)
General Government	$ 1,057	$ 325
Public Safety	1,790	1,338
Public Works	530	408
Culture and Recreation	255	189
Totals	$ 3,632	$ 2,260

2012

Programs	Program Expenses	*Net Program Expenses (Revenues)
General Government	$ 1,473.5	$ 913
Public Safety	1,915	1,342
Public Works	743.5	432
Culture and Recreation	263	206
Totals	$ 4,395	$ 2,893

** Net program expenses are mainly supported by taxes.*

The cost of all proprietary (business-type) activities this year was $11,434,318 and additionally the business-type activities earned $48,465 in interest from idle cash and investments. Within the total business-type activities of the City, these activities reported a $1,948,985 operating gain.

Financial Analysis of the City's Funds

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

As of the close of the year, the City's governmental funds reported a combined ending fund balance of $1,727,726 with $409,596 reported as restricted, $104,455 reported as assigned, and $1,213,675 as unassigned fund balance.

The General Fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $1,213,675 and total fund balance was $1,322,300. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. Unassigned fund balance represents 32.8% of total General Fund expenditures, while total fund balance represents 35.73%. The net change in the General Fund's fund balance for the year ended September 30, 2013, was an increase of $247,757 or 23.05%. The reason for the increase in the fund balance was mainly due to decreases in expenditures of general administration and the cemetery operations. One reason for the decrease in general administration was due to a decrease in salaries and legal expense. The cemetery operations were decreased and shifted to another fund.

General Fund Budgetary Highlights

During the year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; 3) increases in appropriations that become necessary to maintain services. The year ended September 30, 2013 budget was amended.

The actual operating revenues of the General Fund did not exceed the final budgeted amounts.

The actual operating expenditures of the General Fund did not exceed the final budgeted amounts.

Capital Asset and Long-term Debt Activity

At September 30, 2013, the City reported $7,432,057 in capital assets for governmental activities and $33,518,003 for business-type activities. Major capital asset transactions during the year were a real estate purchase, plant construction, landfill construction, and water line installation. Also, equipment was purchased for the police department as well as public works. Refer to Note 3-D to the financial statements for additional information on capital assets.

Economic Factors and Next Year's Budget and Rates

As with the rest of the State of Georgia, City of Barnesville's economic climate for FYE 2013 has been a slow recovery. Revenues such as sales tax appear to have increased and are creeping up. Even with the lower levels of taxes, the Special Local Option Sales Tax continues to assist the City in funding much needed capital outlay projects such as resurfacing, construction of landfill and plant facilities. The unemployment rate continues at a rate of 9.1% even though the City has been fortunate in having several industries locate in the area in the recent months. The revenues of the City continue to remain constant with the exception of a slight increase.

Difficult choices have been made as the FYE 2014 budget was developed, and it represents a balance between available resources and needs. This balance was achieved using the objectives and priorities established by the Council of the City of Barnesville.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions about this report or requests for additional financial information may be addressed to:

City of Barnesville
109 Forsyth Street
Barnesville, Georgia 30204
Telephone: (770) 358 – 0181
Website: www.cityofbarnesville.com

Basic Financial Statements

Government-wide Financial Statements

City of Barnesville
STATEMENT OF NET POSITIONS
September 30, 2013

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 482,968	$ 1,276,014	$ 1,758,982
Temporary Cash Investments	-----	131,383	131,383
Receivables (Net)	1,185,783	963,116	2,148,899
Internal Balances	< 199,255>	199,255	-----
Inventories	-----	260,225	260,225
Total Current Assets	$ 1,469,496	$ 2,829,993	$ 4,299,489
NonCurrent Assets			
Restricted Cash and Cash Equivalents	$ 409,596	$ 601,772	$ 1,011,368
Investments	-----	13,368,605	13,368,605
Capital Assets			
Land	1,246,681	866,474	2,113,155
Construction in Progress	673,174	125,430	798,604
Depreciable Buildings, Property, and Equipment (Net)	5,512,202	32,526,099	38,038,301
Total NonCurrent Assets	$ 7,841,653	$ 47,488,380	$ 55,330,033
TOTAL ASSETS	$ 9,311,149	$ 50,318,373	$ 59,629,522
LIABILITIES			
Current Liabilities			
Accounts Payable	$ 59,659	$ 613,585	$ 673,244
Employee Christmas Fund	91,707	-----	91,707
Current Portion of Long-Term Obligations	120,000	333,296	453,296
Accrued Interest Payable	-----	76,938	76,938
Total Current Liabilities	$ 271,366	$ 1,023,819	$ 1,295,185
NonCurrent Liabilities			
Deposits-Utilities	$ -----	$ 327,801	$ 327,801
NonCurrent Portion of Long-Term Obligations	-----	28,660,038	28,660,038
Net Pension Obligation	11,349	-----	11,349
Postclosure- Landfill	-----	324,099	324,099
Total NonCurrent Liabilities	$ 11,349	$ 29,311,938	$ 29,323,287
TOTAL LIABILITIES	$ 282,715	$ 30,335,757	$ 30,618,472
NET POSITIONS			
Net Investment in Capital Assets	$ 7,312,057	$ 4,447,731	$ 11,759,788
Restricted For:			
Police Operations	4,170	-----	4,170
Operating Reserves	-----	1,408,306	1,408,306
Debt Service	-----	1,725,086	1,725,086
Capital Projects	405,426	-----	405,426
Plant Construction	-----	10,849,622	10,849,622
Unrestricted	1,306,781	1,551,871	2,858,652
Total Net Position	$ 9,028,434	$ 19,982,616	$ 29,011,050
TOTAL LIABILITIES AND NET POSITION	$ 9,311,149	$ 50,318,373	$ 59,629,522

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

City of Barnesville
STATEMENT OF ACTIVITIES
September 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Positions – Primary Government: Governmental Activities	Business-Type Activities	Total
Primary Government:							
Government Activities							
General Government	$ 1,057,307	$ 100,140	$ -----	$ 632,447	$< 324,720>	$ -----	$< 324,720>
Police	1,441,452	396,144	55,404	-----	< 989,904>	-----	< 989,904>
Fire	348,072	-----	-----	-----	< 348,072>	-----	< 348,072>
Street and Right of Way	482,191	9,992	55,274	36,430	< 380,495>	-----	< 380,495>
Cemetery	48,105	20,875	-----	-----	< 27,230>	-----	< 27,230>
Culture and Recreation	255,348	52,319	-----	13,933	< 189,096>	-----	< 189,096>
Total Governmental Activities	$ 3,632,475	$ 579,470	$ 110,678	$ 682,810	$< 2,259,517>	$ -----	$< 2,259,517>
Business-Type Activities:							
Sanitation	$ 726,571	$ 662,661	$ -----	$ -----	$ -----	$< 63,910>	$< 63,910>
Electric	7,148,061	8,238,177	-----	-----	-----	1,090,116	1,090,116
Water and Sewer	3,544,567	3,301,875	-----	740,919	-----	498,227	498,227
Industrial Development	15,119	-----	-----	125,432	-----	110,313	110,313
Total Business-Type Activities	$11,434,318	$12,202,713	$ -----	$ 866,351	$ -----	$ 1,634,746	$ 1,634,746
Total Primary Government					$< 2,259,517>	$ 1,634,746	$< 624,771>
General Revenues							
Taxes:							
Property					$ 422,223	$ -----	$ 422,223
Franchise					149,484	-----	149,484
Hotel/Motel					12,894	-----	12,894
Sales					663,827	-----	663,827
Intangible					2,474	-----	2,474
Motor Vehicle					122,241	-----	122,241
Insurance Premium					350,497	-----	350,497
Malt Beverage					147,142	-----	147,142
Liquor					28,050	-----	28,050
Investment Earnings					533	48,465	48,998
Miscellaneous					359,467	-----	359,467
Loss on Sale of Investments					-----	< 36,855>	< 36,855>
Special Item - Decrease in Market Value of Investments					-----	< 3,123>	< 3,123>
Transfers, Net					590,650	< 892,108>	< 301,458>
Total General Revenues, Special Items, and Transfers					$ 2,849,482	$< 883,621>	$ 1,965,861
Change in Net Position					$ 589,965	$ 751,125	$ 1,341,090
Net Position - Beginning Restated					8,438,469	19,231,491	27,669,960
Net Position - Ending					$ 9,028,434	$19,982,616	$ 29,011,050

The accompanying notes are an integral part of the financial statements

Fund Financial Statements

Governmental Funds

City of Barnesville
BALANCE SHEET
Governmental Funds
September 30, 2013

	GOVERNMENTAL FUND TYPES		
	MAJOR FUNDS		
		CAPITAL PROJECTS	
	GENERAL	SPLOST 2011	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents (Note 2)	$ 482,968	$ -----	$ 482,968
Receivables			
Taxes	60,789	-----	60,789
Fines	672,754	-----	672,754
Other	452,240	-----	452,240
Restricted Assets			
Cash and Cash Equivalents	4,170	405,426	409,596
TOTAL ASSETS	$ 1,672,921	$ 405,426	$ 2,078,347
LIABILITIES			
Accounts Payable	$ 36,253	$ -----	$ 36,253
Christmas Fund	91,707	-----	91,707
Accrued Liabilities	23,406	-----	23,406
Due to Other Funds	199,255	-----	199,255
TOTAL LIABILITIES	$ 350,621	$ -----	$ 350,621
FUND BALANCES			
Restricted for Capital Projects	$ 4,170	$ 405,426	$ 409,596
Assigned - Cemetery	104,455	-----	104,455
Unassigned	1,213,675	-----	1,213,675
TOTAL FUND BALANCES	$ 1,322,300	$ 405,426	$ 1,727,726
TOTAL LIABILITIES AND FUND BALANCES	$ 1,672,921	$ 405,426	$ 2,078,347

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

City of Barnesville

Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Positions
September 30, 2013

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

Total Fund Balances – Governmental Funds – Restated	$ 1,727,726
Capital Assets used in Governmental Activities are not Financial Resources and therefore are not Reported in the Funds	7,432,057
Long-Term Liabilities are not due and payable in the current period and accordingly are not Reported in the Funds:	
Net Pension Obligation	< 11,349>
Note Payable	< 120,000>
Net Positions (Deficit) of Governmental Activities	$ 9,028,434

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

City of Barnesville
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
September 30, 2013

	MAJOR FUNDS		CAPITAL PROJECTS		NON MAJOR FUND	TOTAL
	GENERAL	SPECIAL REVENUE	SPLOST 2005	SPLOST 2011	OTHER FUNDS	GOVERNMENTAL FUNDS
REVENUES						
Taxes	$ 1,885,938	$ -----	$ -----	$ -----	$ 12,894	$ 1,898,832
Licenses and Permits	100,140	-----	-----	-----	-----	100,140
Departmental	590,019	-----	-----	-----	-----	590,019
Intergovernmental	-----	36,430	-----	645,587	-----	682,017
Other	359,989	-----	514	279	-----	360,782
Total Revenues	$ 2,936,086	$ 36,430	$ 514	$ 645,866	$ 12,894	$ 3,631,790
EXPENDITURES						
Current-Operations						
Administrative and General	$ 1,172,481	$ -----	$ 8	$ 125	$ -----	$ 1,172,614
Police	1,370,092	-----	-----	-----	-----	1,370,092
Fire	344,857	-----	-----	-----	-----	344,857
Street and Right of Way	367,835	-----	-----	-----	-----	367,835
Cemetery and Recycle Center	48,105	-----	-----	-----	-----	48,105
Civic Center - Cultural	158,031	-----	-----	-----	12,894	170,925
Swimming Pool - Recreation	36,373	-----	-----	-----	-----	36,373
Capital Outlay						
Current Operations	202,663	36,430	370,686	673,174	-----	1,282,953
Debt Service						
Principal Retirement	-----	-----	-----	-----	-----	-----
Interest	-----	-----	-----	-----	-----	-----
Total Expenditures	$ 3,700,437	$ 36,430	$ 370,694	$ 673,299	$ 12,894	$ 4,793,754
EXCESS REVENUES OVER <UNDER>	$< 764,351>	$ -----	$< 370,180>	$< 27,433>	$ -----	$<1,161,964>
OTHER FINANCING SOURCES (USES)						
Transfers In	$ 892,108	$ -----	$ -----	$ -----	$ -----	$ 892,108
Transfers Out	-----	-----	-----	-----	-----	-----
Loan Proceeds	120,000	-----	-----	-----	-----	120,000
Total Other Financing Sources (Uses)	$ 1,012,108	$ -----	$ -----	$ -----	$ -----	$ 1,012,108
NET CHANGE IN FUND BALANCES	$ 247,757	$ -----	$< 370,180>	$< 27,433>	$ -----	$< 149,856>
FUND BALANCES- BEGINNING OF YEAR - RESTATED	1,074,543	-----	370,180	432,859	-----	1,877,582
FUND BALANCES- END OF YEAR	$ 1,322,300	$ -----	$ -----	$ 405,426	$ -----	$ 1,727,726

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

City of Barnesville

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
September 30, 2013

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

Net Change in Fund Balances- Total Governmental Funds		$< 149,856>
Government Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities the cost of these Assets is Allocated over their estimated Useful Lives and Reported as Depreciation Expense. This is the Amount by which Capital Outlays exceeded Depreciation in the Current Period.		
Purchases of Fixed Assets	$ 1,282,953	
Depreciation Expense	< 254,764>	1,028,189
The Net Effect of Various Miscellaneous Transactions involving Capital Assets and other (i.e. Sales, Trade-ins, and Donations) is to Decrease Net Assets.		
Transfer of Completed Capital Projects to Proprietary Funds		< 301,458>
The Issuance of Long-Term Debt (e.g. Bonds, Leases) Provides Current Financial Resources to Governmental Funds, while the Repayment of the Principal Long-Term Debt consumes the Current Financial Resources of the Governmental Funds. Neither Transaction, however, has any effect on Net Positions. This Amount is the Net Effect of these Differences in the Treatment of Long-Term Debt and Related Items.		< 120,000>
Some Expenses Reported in the Statement of Activities do not require the use of Current Financial Resources and therefore, are not Reported as Expenditures in Governmental Funds.		
Decrease in Net Pension Obligation		133,090
Revenues in the Statement of Activities that do not Provide Current Financial Resources are not Reported as Revenues in the Funds.		-----
Change in Net Position- Governmental Activities		$ 589,965

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

Proprietary Funds

City of Barnesville
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2013

	UTILITIES MAJOR FUNDS			NON-MAJOR FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	TOTALS
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 90,423	$ 177,210	$ 829,398	$ 178,983	$ 1,276,014
Temporary Cash Investments	-----	-----	131,383	-----	131,383
Receivables-Accounts	187,124	-----	108,232	-----	295,356
Other Receivable	6,975	-----	660,785	-----	667,760
Interfund	414,929	-----	67,013	-----	481,942
Inventories of Supplies at Cost	206,294	-----	53,931	-----	260,225
Total Current Assets	$ 905,745	$ 177,210	$ 1,850,742	$ 178,983	$ 3,112,680
Non-Current Assets					
Restricted Assets					
Cash and Cash Equivalents	$ 601,772	$ -----	$ -----	$ -----	$ 601,772
Investments	-----	-----	13,368,605	-----	13,368,605
Property			1216		
Electrical and Sanitation Systems, Net of Accumulated Depreciation	234,650	12,923	-----	-----	247,573
Water and Sewerage Systems, Net of Accumulated Depreciation	-----	-----	31,838,862	-----	31,838,862
Industrial Facilities, Net of Accumulated Depreciation	-----	-----	-----	439,664	439,664
Land	-----	94,240	427,488	344,746	866,474
Construction in Progress	-----	-----	-----	125,430	125,430
Total Non-Current Assets	$ 836,422	$ 107,163	$ 45,634,955	$ 909,840	$ 47,488,380
TOTAL ASSETS	$ 1,742,167	$ 284,373	$ 47,485,697	$ 1,088,823	$ 50,601,060
LIABILITIES					
Current Liabilities					
Accounts Payable	$ 545,413	$ 47,160	$ 21,012	$ -----	$ 613,585
Current Portion of Bonds Payable	-----	-----	160,000	-----	160,000
Current Portion of Notes Payable	-----	-----	173,296	-----	173,296
Accrued Interest Payable	-----	-----	76,938	-----	76,938
Total Current Liabilities	$ 545,413	$ 47,160	$ 431,246	$ -----	$ 1,023,819
Long-Term Liabilities					
Bonds Payable	$ -----	$ -----	$ 23,930,000	$ -----	$ 23,930,000
Deposits- Utilities	314,251	-----	13,550	-----	327,801
Due to Other Funds	-----	1,335	114,719	166,633	282,687
Notes Payable	-----	-----	4,730,038	-----	4,730,038
Postclosure- Landfill	-----	324,099	-----	-----	324,099
Total Long-Term Liabilities	$ 314,251	$ 325,434	$ 28,788,307	$ 166,633	$ 29,594,625
TOTAL LIABILITIES	$ 859,664	$ 372,594	$ 29,219,553	$ 166,633	$ 30,618,444
NET POSITION					
Net Investment in Capital Assets	$ 234,650	$ 107,163	$ 3,273,016	$ 909,840	$ 4,524,669
Restricted For:					
Plant Construction	-----	-----	10,849,622	-----	10,849,622
Debt Retirement	-----	-----	1,725,086	-----	1,725,086
Operating Reserves	-----	-----	1,408,306	-----	1,408,306
Unrestricted	647,853	< 195,384>	1,010,114	12,350	1,474,933
TOTAL NET POSITION	$ 882,503	$< 88,221>	$ 18,266,144	$ 922,190	$ 19,982,616

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

City of Barnesville

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITIONS

Proprietary Funds

September 30, 2013

	UTILITIES MAJOR FUNDS			NON-MAJOR FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	TOTALS
OPERATING REVENUES					
Charges for Service	$ 8,169,826	$ 662,661	$ 3,284,267	$ -----	$ 12,116,754
Miscellaneous	68,351	-----	17,608	-----	85,959
Intergovernmental	-----	-----	439,461	125,432	564,893
TOTAL OPERATING REVENUES	$ 8,238,177	$ 662,661	$ 3,741,336	$ 125,432	$ 12,767,606
OPERATING EXPENSES					
Personal Services	$ 694,594	$ 160,254	$ 602,807	$ -----	$ 1,457,655
Contractual Services	6,215,290	458,597	742,994	-----	7,416,881
Supplies and Other Services	186,130	98,525	194,051	-----	478,706
Utilities	5,400	1,467	3,328	-----	10,195
Depreciation	11,479	1,522	923,951	15,119	952,071
Bad Debts	35,168	6,206	22,278	-----	63,652
TOTAL OPERATING EXPENSES	$ 7,148,061	$ 726,571	$ 2,489,409	$ 15,119	$ 10,379,160
OPERATING INCOME <LOSS>	$ 1,090,116	$< 63,910>	$ 1,251,927	$ 110,313	$ 2,388,446
NONOPERATING REVENUES <EXPENSES>					
Interest Revenue	$ 654	$ 254	$ 46,845	$ 712	$ 48,465
Interest Expense	-----	-----	< 924,574>	-----	< 924,574>
Unrealized Loss on Investments	-----	-----	< 3,123>	-----	< 3,123>
Loss on Sale of Investments	-----	-----	< 36,855>	-----	< 36,855>
TOTAL NONOPERATING REVENUE <EXPENSES>	$ 654	$ 254	$< 917,707>	$ 712	$< 916,087>
NET INCOME <LOSS> BEFORE OUTFLOWS, TRANSFERS AND CAPITAL CONTRIBUTIONS	$ 1,090,770	$< 63,656>	$ 334,220	$ 111,025	$ 1,472,359
OUTFLOWS					
Loss on Bond Refunding	$ -----	$ -----	$< 130,584>	$ -----	$< 130,584>
TOTAL OUTFLOWS	$ -----	$ -----	$< 130,584>	$ -----	$< 130,584>
TRANSFERS					
Transfers In (Out)	$< 969,147>	$ 77,039	$ -----	$ -----	$< 892,108>
Capital Contributions	$ -----	$ -----	$ 301,458	$ -----	$ 301,458
CHANGE IN NET POSITIONS	$ 121,623	$ 13,383	$ 505,094	$ 111,025	$ 751,125
NET POSITIONS - BEGINNING OF YEAR	760,880	< 101,604>	17,761,050	811,165	19,231,491
NET POSITIONS - END OF YEAR	$ 882,503	$< 88,221>	$ 18,266,144	$ 922,190	$ 19,982,616

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

City of Barnesville
STATEMENT OF CASH FLOWS
Proprietary Funds
September 30, 2013

	UTILITIES MAJOR FUNDS			NON-MAJOR FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	TOTALS
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from Customers	$ 8,115,751	$ 656,455	$ 3,236,384	$ -----	$ 12,008,590
Payments to Suppliers	< 6,341,029>	< 552,383>	< 980,560>	-----	< 7,873,972>
Payments to Employees	< 694,594>	< 160,254>	< 602,807>	-----	< 1,457,655>
Other Receipts (Payments)	68,351	-----	457,069	125,432	650,852
Net Cash provided by Operating Activities	$ 1,148,479	$< 56,182>	$ 2,110,086	$ 125,432	$ 3,327,815
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCIAL ACTIVITIES					
Post Closure Costs Paid	$ -----	$< 20,857>	$ -----	$ -----	$< 20,857>
Deposits	< 2,028>	-----	-----	-----	< 2,028>
Loans <To>/From Other Funds	< 98,397>	-----	166,375	37,459	105,437
Transfers <To>/From Other Funds	< 969,147>	77,039	-----	-----	< 892,108>
Net Cash Provided(Used) by Non Capital and Related Financial Activities	$< 1,069,572>	$ 56,182	$ 166,375	$ 37,459	$< 809,556>
CASH FLOW FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES					
Note Receivable for Sale of Asset	$ -----	$ -----	$< 660,785>	$ -----	$< 660,785>
Debt Proceeds (Net)	-----	-----	547,024	-----	547,024
Proceeds from Capital Contributions	-----	-----	301,458	-----	301,458
Purchases of Capital Assets (Net)	-----	-----	< 4,595,137>	< 125,430>	< 4,720,567>
Principal Paid on Capital Debt	-----	-----	< 333,296>	-----	< 333,296>
Interest Paid on Capital Debt	-----	-----	< 924,574>	-----	< 924,574>
Net Cash Provided (Used) by Capital and Related Financing Activities	$ -----	$ -----	$< 5,665,310>	$< 125,430>	$< 5,790,740>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	$ 654	$ 254	$ 46,845	$ 712	$ 48,465
Net Change in Temporary Cash Investments	-----	-----	3,531,653	-----	3,531,653
Net Cash Provided by Investing Activities	$ 654	$ 254	$ 3,578,498	$ 712	$ 3,580,118
Net Increase (Decrease) in Cash and Cash Equivalents	$ 79,561	$ 254	$ 189,649	$ 38,173	$ 307,637
Balance of Cash- Beginning of Year	612,634	176,956	639,749	140,810	1,570,149
Balance of Cash- End of Year	$ 692,195	$ 177,210	$ 829,398	$ 178,983	$ 1,877,786

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

City of Barnesville
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
September 30, 2013

	UTILITIES MAJOR FUNDS			NON-MAJOR FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	TOTALS
Balance of Cash - End of Year	$ 692,195	$ 177,210	$ 829,398	$ 178,983	$ 1,877,786
Reconciliation of Operating Income (Loss) To Net Cash Provided by Operating Activities					
Operating Income	$ 1,090,116	$< 63,910>	$ 1,251,927	$ 110,313	$ 2,388,446
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation Expense	11,479	1,522	923,951	15,119	952,071
Change in Assets and Liabilities					
Receivables, Net	< 18,907>	-----	< 25,484>	-----	< 44,391>
Inventories	66,500	6,206	< 12,533>	-----	60,173
Accounts Payable	< 709>	-----	< 27,654>	-----	< 28,363>
Accrued Interest	-----	-----	< 121>	-----	< 121>
Net Cash Provided by Operating Activities	$ 1,148,479	$< 56,182>	$ 2,110,086	$ 125,432	$ 3,327,815

Non-Cash Capital Financing Activities
None

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

Notes to the Basic Financial Statements

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

Note 1 – Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

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

1-A. Reporting Entity

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

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

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

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

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

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

1-B. Basis of Presentation

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

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

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

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

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

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

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

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

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

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

> ***General Fund*** – Major Fund - The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.
>
> ***Special Revenue*** – Major Fund (CDBG) – This fund is used to administer the Department of Community Affairs Block Grants. The grants are for water facilities, street improvement, flood and drainage improvements, and urban housing improvements.
>
> ***Special Revenue*** – Non Major Fund (Hotel/Motel Tax) – This fund is used to account for the hotel/motel tax collected and to disburse forty percent to the chamber of commerce for tourism. Per state law forty percent of the tax collected is to be expended on tourism.
>
> ***Capital Projects***–Major Fund – This fund's purpose is to administer the Special Purpose Local Option Sales Tax projects for the 2005 and the 2011 SPLOST, presented individually.

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

> ***Electric Fund*** – Major Fund – This fund is used to account for the operations of the City's electric.
>
> ***Sanitation Fund*** – Major Fund – This fund is used to account for the operations of the City's sanitation.
>
> ***Water and Sewer System Fund*** – Major Fund - This fund is used for the operation of the City's water and sewer system which renders services to the residents and businesses located within the City and water services to the residents of the county of Lamar.
>
> ***Industrial Development Fund*** – This fund is used for the operation of the City's industrial residents' and potential industrial residents' needs.

1-C. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net positions. The statement of activities reports revenues and expenses, including depreciation.

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

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

1-D. Basis of Accounting

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

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

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

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

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

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

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

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

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

1-E. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

1-E-2. Receivables

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

1-E-3. Interfund Balances

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

1-E-4. Consumable Inventories

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

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

1-E-5. Capital Assets

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

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

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

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

1-E-6. Compensated Absences

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

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds.

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

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

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

1-E-9. Fund Equity

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

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

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

Net Positions – Net positions represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. 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 positions are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net positions are reported as unrestricted.

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

1-E-10. Operating Revenues and Expenses

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

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

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

1-E-12. Contributions of Capital

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

1-E-13. Interfund Activity

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

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

1-E-14. Estimates

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

1-E-15. Comparative Data

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

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information

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

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

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

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

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

2-B. Excess of Expenditures Over Appropriations

The following funds reported expenditures/expenses over appropriations:

Fund	Appropriation	Encumbrances/Expenditures	Over-Appropriation
NONE			

Note 3 – Detailed Notes on All Funds

3-A. Deposits and Investments

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

The City's deposits are classified as follows at September 30, 2013:

	Category 1	Category 2	Category 3	Bank Balance	Carrying Amount
Primary Government	$ 258	$ -----	$ 2,562	$ 2,820	$ 2,770

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

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

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

(Amounts Expressed in Thousands)

Investment Instrument	Category 1	Category 2	Category 3	Carrying Amount/ Fair Value
Georgia Fund One	$ 1.7	$ -----	$ -----	$ 1.7
U.S. Government Securities	9,977			9,977
City of Barnesville				
Certificates of deposit	131	-----	-----	131
Money Market	3,390	-----	-----	3,390
Grand Total	$13,499.7	$ -----	$ -----	$13,499.7

Cash and Cash Equivalents Reconciliation:

	Primary Government
Fund Reporting Level:	
Governmental Funds - Balance Sheet	$ 892,564
Proprietary Fund Type Statement of Net Assets	1,877,786
Total Carrying Amount	$ 2,770,350

1215

3-B. Receivables

Receivables at September 30, 2013, consisted of taxes, fines, and accounts (billings for user charges).
Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

3-C. Property Taxes

Normally, property tax levies are set by the City Council in September of each year for collection in the following fiscal year beginning September 1. Lamar County spreads all levies over assessable property. Taxes are levied annually by the City and for the year ended September 30, 2012, the levy occurred on October 26, 2012 real and personal property taxes were due on December 31, 2012. Property taxes receivable become a lien on January 25, 2013, and are recorded in the General Fund usually in October or November of each fiscal year.

3-D. Capital Assets

Capital asset activity for the year ended September 30, 2013, was as follows:

(Amounts Expressed in Thousands)

	Balance 10/1/12	Additions	Transfers In <Out>	Balance 9/30/13
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$ 1,247	$ -----	$ -----	$ 1,247
Construction in Progress	1,001	673	< 1,001>	673
Total Non-Depreciable Capital Assets:	$ 2,248	$ 673	$< 1,001>	$ 1,920
Depreciable Capital Assets:				
Land Improvements	$ 171	$ -----	$ -----	$ 171
Buildings and Plant	2,326	443	< 301>	2,468
Machinery and Equipment	1,467	88	-----	1,555
Vehicles	492	-----	-----	492
Infrastructure	3,507	79	1,001	4,587
Total Depreciable Capital Assets	$ 7,963	$ 610	$ 700	$ 9,273
Total Non and Depreciable Capital Assets	$ 10,211	$ 1,283	$< 301>	$ 11,193
Accumulated Depreciation				
Land Improvements	$ 45	$ -----	$ -----	$ 45
Buildings and Plant	750	55	-----	805
Machinery and Equipment	1,103	37	-----	1,140
Vehicles	502	25	-----	527
Infrastructure	1,106	138	-----	1,244
Total Accumulated Depreciation	$ 3,506	$ 255	$ -----	$ 3,761
Governmental Activities Capital Assets, Net	$ 6,705	$ 1,028	$< 301>	$ 7,432

Governmental Activities Depreciation Expense	
General Government	$ 18
Police	72
Fire	3
Street and Right of Way	114
Cemetery and Recycle Center	-
Culture and Recreation	48
Total Governmental Activities Depreciation Expense	$ 255

(Amounts Expressed in Thousands)

	Balance 10/1/12	Additions	Transfers In <Out>	Balance 9/30/13
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	$ 867	$ -----	$ -----	$ 867
Construction in Progress	1,944	125	< 1,944>	125
Total Non-Depreciable Capital Assets	$ 2,811	$ 125	$< 1,944>	$ 992
Depreciable Capital Assets:				
Buildings and Plant	$ 16,799	$ 3,947	$ 1,944	$ 22,690
Machinery and Equipment	1,493	-----	-----	1,493
Vehicles	220	-----	-----	220
Infrastructure	21,658	957	< 661>	21,954
Total Depreciable Capital Assets	$ 40,170	$ 4,904	$ 1,283	$ 46,357
Total Non and Depreciable Capital Assets	$ 42,981	$ 5,029	$< 661>	$ 47,349
Accumulated Depreciation				
Buildings and Plant	$ 8,565	$ 388	$ -----	$ 8,953
Machinery and Equipment	591	13	-----	604
Vehicles	202	-----	-----	202
Infrastructure	3,521	551	-----	4,072
Total Accumulated Depreciation	$<12,879>	$< 952>	$< ----->	$<13,831>
Business-Type Activities Capital Assets, Net	$ 30,102	$ 4,077	$< 661>	$ 33,518

3-E. Interfund Balances and Transfers

Interfund balances at September 30, 2013, consisted of the following amounts. The interfund balances are not expected to be paid in one year from the date of the financial statements and have existed for more than one year and the original purpose of the interfund balances were to finance capital acquisitions in other funds.

(Amounts Expressed in Thousands)	Payable From:				
Payable To:	General Fund	Non-Major Fund	Water & Sewer	Sanitation	Total
General Fund	$ -----	$ -----	$ -----	$ -----	$ -----
Electric Fund	170	129	115	1	415
Water and Sewer Fund	29	37	-----	-----	66
Total	$ 199	$ 166	$ 115	$ 1	$ 481

Interfund transfers for the year ended September 30, 2013, consisted of the following:

(Amounts Expressed in Thousands)	Transfers From:
Transfers To:	Electric Fund
General Fund	$ 892
Sanitation Fund	77
	$ 969

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

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

3-F. Revenue Bonds Payable

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

The City of Barnesville suffered a financial loss on the defeasance of the GEFA loan and Series 1998 and 2003 Bonds. The financial loss of $261,169 is being amortized over two years, the remaining life of the 1998 Bonds. The unrecognized loss on the refunded 1998 Bonds was $91,754 and is recognized in its entirety in the current year. The City is in compliance with Bond ordinance in regards to Article 5, Section 502(1) which requires retaining six months of aggregated operating expenses to meet the working capital needs of the system.

The following is a summary of revenue bond transactions of the City for the year ended September 30, 2013.

Name	Interest Rate	Balance Beginning of Year	Additions (Reductions) in Indebtedness	Balance End of Year
*2011-A Series	2.50% to 4.25%	$19,935,000	$ -----	$ 19,935,000
^2011-B Series	0.65% to 1.60%	485,000	160,000	325,000
^^2011-C Series	2.50% to 4.25%	3,830,000	-----	3,830,000
		$24,250,000	$< 160,000>	$ 24,090,000

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

The annual principal maturities of the debt during the years following 2013 are as follows:

Year	2011-A	2011-B	2011-C
2014	$ -----	$ 160,000	$ -----
2015	-----	165,000	-----
2016	70,000	-----	70,000
2017	75,000	-----	75,000
2018	125,000	-----	75,000
2019-2023	1,465,000	-----	420,000
2024-2028	1,875,000	-----	575,000
2029-2033	3,085,000	-----	700,000
2034-2038	4,305,000	-----	840,000
2039-2043	5,240,000	-----	595,000
2044-2046	3,695,000	-----	480,000
	$19,935,000	$ 325,000	$ 3,830,000

Year	2011-A Interest	2011-B Interest	2011-C Interest
2014	$ 775,281	$ 4,480	$ 143,494
2015	775,281	2,640	143,494
2016	775,281	-----	143,494
2017	773,531	-----	141,744
2018	771,656	-----	139,869
2019-2023	3,757,306	-----	665,520
2024-2028	3,522,184	-----	598,432
2029-2033	3,106,625	-----	407,175
2034-2038	2,391,200	-----	384,874
2039-2043	1,456,075	-----	233,841
2044-2046	318,538	-----	53,212
	$18,422,958	$ 7,120	$ 3,058,149

Interest expense for 2013 amounted to $924,574 for the above and has been expended within the accompanying financial statements.

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

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

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

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

3-G. Notes Payable

General Obligation Debt – The General obligation debt currently outstanding as of September 30, 2013, is as follows:

United Bank (Short Term Loan) - $120,000*

*Purchase of 110 Merchant's Way

General Long-Term Interfund Debt

Balance Beginning of Year	Addition (Reduction)	Balance End of Year
$ 317,972	$ < 118,717>	$ 199,255

Enterprise Funds – The following is a summary of the notes payable of the City as of September 30, 2013:

Note payable to Georgia Environmental Facilities Authority (GEFA) with interest at 0% per annum. Original debt amount of $2,772,728 Purpose to construct Water Lines	$ 2,469,461

The annual principal maturities of the above debt during the years following 2013 are as follows:

	GEFA
2014	$ 173,296
2015	173,296
2016	173,296
2017	173,296
2018	173,296
2019-2023	866,480
2024-2028	736,501
	$ 2,469,461

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

**Not finalized*

Changes in Long-term Debt – Changes in the City's long-term obligations consisted of the following for the year ended September 30, 2013:

	Outstanding 10/1/2012	Additions	Reductions	Outstanding 9/30/2013	Amounts Due in One Year
Business-Type Activities					
Water & Sewer Revenue Bonds (Waterline extension and plants)	$24,250,000	-----	160,000	24,090,000	160,000
Water and Sewer Customer Deposits (Net)	13,550	-----	-----	13,550	Not Known
GEFA Debt (Water line extension)	4,529,606	547,027	173,296	4,903,337	173,296
Landfill Post Closure	344,956	-----	20,857	324,099	N/A
Electric and Sanitation Customer Deposits (Net)	316,279	-----	2,028	314,251	Not known
Total Business-Type Activities	$29,454,391	$ 547,027	$ 356,181	$29,645,237	$ 333,296

3-H. Pensions

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

As of January 1, 2013, the date of the most recent actuarial valuation, there were 106 participants consisting of the following:

Retirees and Beneficiaries currently receiving benefits	45
Vested Terminated Employees not yet receiving benefits	9
Active Employees	52
Total	106

At the most recent valuation date, January 1, 2013, the funded status of the Plan was as follows:

(Amounts Expressed in Thousands)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL/(UAAL) (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3)/(5)
1/1/2011	$ 6,713	$ 6,968	$ 256	96.33%	$ 1,966	13.00%
1/1/2012	6,654	7,429	775	90.00%	2,033	93.00%
1/1/2013	7,004	7,818	814	89.59%	2,213	36.78%

Schedule of Employer Contributions

Year Ended 9/30	Actual City Contribution	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2011	$ 281	$ 335	83.9%	$ 131
2012	333	347	96.9%	144
2013	375	366	102.6%	11

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1 2013.

Funding Policy – The funding policy for the City of Barnesville Retirement Plan is to contribute an actuarially determined amount equal to the recommended contribution each year. The City makes all contributions to the City of Barnesville Plan. The City is required to contribute at an actuarially determined rate; the current rate is 18.44% of annual covered payroll.

Annual Pension Cost – For the year ended September 30, 2013, the City's annual pension cost was $366,995 for the City of Barnesville Retirement Plan. The recommended contribution of $374,950 was determined as part of the January 1, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increases for inflation of 3.0% per year and for merit or seniority of .5% per year, and (c) 3.5% cost of living adjustment. The period, and related method, for amortizing the unfunded actuarial accrued liability is level dollar over 30 year for the initial unfunded accrued liability, 15 years for actuarial gains and losses; 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The amortization period for the unfunded actuarial accrued liability varies for the bases, with a net effective amortization period of 14 years. The amortization period for the unfunded actuarial accrued liability is closed as of the latest actuarial valuation. The method for determining the actuarial value of assets is part of GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets.

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

The City's actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the year ended September 30, 2013 is as follows:

Annual required contribution	$ 287,500
Interest on net pension obligation (asset)	57,865
Adjustments to annual required contribution	< 103,505>
Annual pension cost	$ 241,860
Contributions made	374,950
Decrease in net pension obligation	133,090
Net pension obligation (asset), beginning of year	144,439
Net pension obligation (asset), end of year	$ 11,349

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

3-I. Equity

Net Positions– Net positions on the government-wide statement of net positions as of September 30, 2013 are as follows:

(Amounts Expressed in Thousands)

Net Investment in capital assets:	Governmental Activities	Business-Type Activities
Cost of Capital Assets	$ 11,193	$ 47,349
Less Accumulated Depreciation	< 3,761>	< 13,831>
Book Value	$ 7,432	$ 33,518
Less Capital Related Debt	120	< *29,070>
Net Investment in capital assets	$ 7,312	$ 4,448

**Capital Debt $28,993 plus accrued interest of $77.*

Fund Balances – Fund balance assignments at the fund reporting level as of September 30, 2013 are as follows:

Assigned Fund Balances:

Nature and Purpose of Assignments	General
Cemetery Perpetual Care	$ 104,455

Restatements – The beginning fund balance of the General Fund was restated due to police fines included in accounts receivable that had expired; therefore, are considered uncollectible. The uncollectible police fines were from prior years. The amount of restatement is $<722,030>.

The retained earnings of the Electric Fund and the Water and Sewerage Fund were restated due to the reconciliation of the accounts receivables of the general ledger to the subsidiary ledger. The accounts receivables were adjusted to reflect the subsidiary ledger, i.e. actual collectible billings. The amount of restatement for the Electric Fund is $<600,734> and the restatement for the Water and Sewerage Fund is $<665,294>.

3-J. Contracts

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

3-K. Compliance with Legal Provisions

Grants – In the year ended September 30, 2013, the City received payments from the State of Georgia as follows:

NONE

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

Federal Laws – Grants – The City received federal grant funds from the Department of Community Affairs in the amount of $36,430. The grant funds are for street improvements, flood drainage, water facilities and urban housing improvements. The multi-jurisdictional Drug Task Force reimbursed the City $5,647 for salaries that originated from the U.S. Department of Justice. .

Hotel/Motel Tax – The City was in compliance with the provisions of OCGA-48-13-51 which require the City to meet the expenditures requirement for the levying and collecting of hotel/motel tax. The amount of funds expended as provided within the Code Section 36-81-7 during the fiscal year is $12,894. The percentage of expenditures to collections is 100%. The City has a contractual agreement with the Barnesville-Lamar County Chamber of Commerce to remit forty percent of the hotel/motel tax collections. The City remitted $4,601 in hotel/motel tax collections during the fiscal year to the Barnesville-Lamar County Chamber of Commerce. The Barnesville-Lamar County Chamber of Commerce provides the City with annual audited financial statements as verification of the expenditure of the hotel/motel collections. The amount owed in hotel/motel tax by the City to the Barnesville-Lamar County Chamber of Commerce at September 30, 2013 is $556.

3-L. Other Required Individual Fund Disclosures

The Capital Projects Fund SPLOST 2011 had a deficit of $27,433 and the Capital Projects Fund SPLOST 2005 had a deficit of $370,180 for the fiscal year ending September 30, 2013. The fund has a $405,426 and $0 respectively surplus to offset future deficits. Deficit fund balances or retained earnings balances of individual funds: The Sanitation Fund has a deficit of $88,221. The deficit is due to the expenses exceeding the revenues.

3-M. Commitment and Contingencies

Agreements with Municipal Electric Authority of Georgia

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

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

At September 30, 2012, the outstanding debt of the Authority was approximately $6.63 billion. The City's guarantee varies by individual projects undertaken by the Authority.

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

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

Note 4 – Other Notes

4-A. Closure and Postclosure Care Requirements

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

The current estimated cost of postclosure is $324,099.
*** The amount of post closure costs actually paid in the current year is $20,857.*

The City owned and operated the city landfill until 1992. The landfill was closed in 1992 in order to meet the State of Georgia Solid Waste Reduction requirements. The solid waste disposal has been contracted with an outside source (see Note 3-J).

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

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

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

4-B. Risk Management

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

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

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

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

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

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

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

4-C. Contingent Liabilities

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

4-D. Joint Venture

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

McIntosh Trail Regional Development
Hill Street
Griffin, Ga 30223

4-E. Related Organizations

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

Required Supplementary Information

City of Barnesville

PENSION FUND

Required Supplementary Information (Unaudited)

For the Year Ended September 30, 2013

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ACTUARIAL ACCRUED LIABILITY (AAL) (B)	UNFUNDED EXCESS AAL (UAAL) (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL (C)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A)/C)
01/01/03	$ 4,663	$ 5,449	$ 786	85.600%	$ 1,392	56.460%
01/01/04	4,878	5,981	1,103	81.600%	1,435	76.860%
09/01/05	5,202	6,234	1,032	83.400%	1,395	73.980%
09/01/06	5,503	6,559	1,056	83.900%	1,545	68.350%
09/01/07	5,855	6,888	1,033	85.011%	1,700	60.740%
09/01/08	6,183	7,329	1,146	83.370%	1,754	65.300%
09/01/09	5,671	7,692	2,021	73.730%	1,777	113.730%
01/01/10	6,410	6,869	459	93.320%	1,799	25.520%
01/01/11	6,713	6,968	256	96.330%	1,966	13.000%
01/01/12	6,654	7,429	775	89.560%	2,033	38.130%
01/01/13	7,004	7,818	814	89.580%	2,213	36.800%

City of Barnesville
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Budget and Actual-General Fund Types
For the Year Ended September 30, 2013

GENERAL FUND (MAJOR FUND)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Taxes				
2012 Property	$ 460,015	$ 422,223	$ 422,223	$ -----
Sales	629,771	663,827	663,827	-----
Intangible and Transfer	3,400	2,474	2,474	-----
Motor Vehicle	30,650	122,241	122,241	-----
Public Utilities Franchise	118,500	149,484	149,484	-----
Insurance Premium	316,000	350,497	350,497	-----
Malt Beverage	155,000	147,142	147,142	-----
Liquor	30,500	28,050	28,050	-----
	$ 1,743,836	$ 1,885,938	$ 1,885,938	$ -----
Business License and Permits	$ 115,536	$ 100,140	$ 100,140	$ -----
Departmental Revenues				
Police	$ 406,400	$ 451,559	$ 451,559	$ -----
Fire	-----	-----	-----	-----
Street and Right of Way	2,000	65,266	65,266	-----
Cemetery	19,500	20,875	20,875	-----
Civic Center	43,500	49,805	49,805	-----
Swimming Facilities	2,200	2,514	2,514	-----
	$ 473,650	$ 590,019	$ 590,019	$ -----
Other Revenues				
Rental Income	$ 271,556	$ 273,256	$ 273,256	$ -----
Tax Interest	5,200	5,609	5,609	-----
Miscellaneous	25	80,602	80,602	-----
Interest Earned	275	522	522	-----
	$ 277,056	$ 359,989	$ 359,989	$ -----
TOTAL REVENUE-CARRIED FORWARD	$ 2,610,078	$ 2,936,086	$ 2,936,086	$ -----

City of Barnesville

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Budget and Actual-General Fund Types

For the Year Ended September 30, 2013

(Continued)

	GENERAL FUND (MAJOR FUND)			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
TOTAL REVENUES- BROUGHT FORWARD	$ 2,610,078	$ 2,936,086	$ 2,936,086	$ -----
EXPENDITURES				
Current Operations				
Administrative and General	$ 1,133,206	$ 1,172,481	$ 1,172,481	$ -----
Police	1,335,693	1,370,092	1,370,092	-----
Fire	343,231	344,857	344,857	-----
Street and Right of Way	306,419	367,835	367,835	-----
Cemetery and Recycle Center	47,300	48,105	48,105	-----
Civic Center	146,723	158,031	158,031	-----
Swimming Facilities	38,186	36,373	36,373	-----
Capital Outlay				
Current Operations	88,483	202,663	202,663	-----
Debt Service				
Principle	-----	-----	-----	-----
Interest	-----	-----	-----	-----
Total Expenditures	$ 3,439,241	$ 3,700,437	$ 3,700,437	$ -----
EXCESS REVENUE OVER <UNDER> EXPENDITURES	$< 829,163>	$< 764,351>	$< 764,351>	$ -----
OTHER FINANCING SOURCES (USES)				
Transfers In	$ 829,163	$ 892,108	$ 892,108	$ -----
Transfers Out	-----	-----	-----	-----
Loan Proceeds	-----	120,000	120,000	-----
Total Other Financing Sources (Uses)	$ 829,163	$ 1,012,108	$ 1,012,108	$ -----
NET CHANGE IN FUND BALANCES	$ -----	$ 247,757	$ 247,757	$ -----
FUND BALANCE- BEGINNING OF YEAR RESTATED	-----	1,074,543	1,074,543	-----
FUND BALANCE- END OF YEAR	$ -----	$ 1,323,300	$ 1,323,300	$ -----

City of Barnesville

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Budget and Actual-Special Revenue Fund Types
(Does Not Include Trust Fund Data)
For the Year Ended September 30, 2013

	CDBG (MAJOR FUND)			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental	$ 73,374	$ 36,430	$ 36,430	$ -----
Interest	-----	-----	-----	-----
TOTAL REVENUES	$ 73,374	$ 36,430	$ 36,430	$ -----
EXPENDITURES				
Current				
Miscellaneous	$ -----	$ -----	$ -----	$ -----
Program Payments	-----	-----	-----	-----
Capital Outlay				
Current Operations	73,374	36,430	36,430	
Debt Service				
Principal	-----	-----	-----	-----
Total Expenditures	$ 73,374	$ 36,430	$ 36,430	$ -----
EXCESS REVENUES OVER <UNDER> EXPENDITURES	$ -----	$ -----	$ -----	$ -----
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	$ -----	$ -----	$ -----	$ -----
Transfers In	-----	-----	-----	-----
Total Other Financing Sources (Uses)	$ -----	$ -----	$ -----	$ -----
NET CHANGE IN FUND BALANCES	$ -----	$ -----	$ -----	$ -----
FUND BALANCE - BEGINNING OF YEAR	-----	-----	-----	-----
FUND BALANCE - END OF YEAR	$ -----	$ -----	$ -----	$ -----

City of Barnesville

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Budget and Actual-Capital Project Fund
(Does Not Include Trust Fund Data)
For the Year Ended September 30, 2013

	SPLOST 2005 (MAJOR FUND)			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental (Sales Tax)	$ -----	$ -----	$ -----	-----
Interest	-----	514	514	$ -----
TOTAL REVENUES	$ -----	$ 514	$ 514	$ -----
EXPENDITURES				
Current				
Miscellaneous	$ -----	$ 8	$ 8	$ -----
Program Payments	-----	-----	-----	-----
Capital Outlay				
Current Operations	-----	370,686	370,686	-----
Total Expenditures	$ -----	$ 370,694	$ 370,694	$ -----
EXCESS REVENUES OVER <UNDER> EXPENDITURES	$ -----	$< 370,180>	$< 370,180>	$ -----
OTHER FINANCING SOURCES (USES)				
Transfers Out	$ -----	$ -----	$ -----	$ -----
Total Other Financing Sources (Uses)	$ -----	$ -----	$ -----	$ -----
NET CHANGE IN FUND BALANCES	$ -----	$< 370,180>	$< 370,180>	$ -----
FUND BALANCE- BEGINNING OF YEAR	-----	370,180	370,180	-----
FUND BALANCE- END OF YEAR	$ -----	$ -----	$ -----	$ -----

Supplementary Information

Governmental Funds

City of Barnesville
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Budget and Actual-Capital Project Fund
(Does Not Include Trust Fund Data)
For the Year Ended September 30, 2013

SPLOST 2011 (MAJOR FUND)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental (Sales Tax)	$ 600,000	$ 645,587	$ 645,587	-----
Interest	-----	279	279	$ -----
TOTAL REVENUES	$ 600,000	$ 645,866	$ 645,866	$ -----
EXPENDITURES				
Current				
Miscellaneous	$ -----	$ 125	$ 125	$ -----
Program Payments	-----	-----	-----	-----
Capital Outlay				
Current Operations	600,000	673,174	673,174	-----
Total Expenditures	$ 600,000	$ 673,299	$ 673,299	$ -----
EXCESS REVENUES OVER <UNDER> EXPENDITURES	$ -----	$< 27,433>	$< 27,433>	$ -----
OTHER FINANCING SOURCES (USES)				
Transfers Out	$ -----	$ -----	$ -----	$ -----
Total Other Financing Sources (Uses)	$ -----	$ -----	$ -----	$ -----
NET CHANGE IN FUND BALANCES	$ -----	$< 27,433>	$< 27,433>	$ -----
FUND BALANCE- BEGINNING OF YEAR	-----	432,859	432,859	-----
FUND BALANCE- END OF YEAR	$ -----	$ 405,426	$ 405,426	$ -----

City of Barnesville
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Budget and Actual-Special Revenue Fund Types
(Does Not Include Trust Fund Data)
For the Year Ended September 30, 2013

	HOTEL / MOTEL TAX (NON-MAJOR FUND)			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Hotel-Motel Tax	$ 17,000	$ 12,894	$ 12,894	$ -----
TOTAL REVENUES	$ 17,000	$ 12,894	$ 12,894	$ -----
EXPENDITURES				
Current				
Cultural and Recreation (Tourism)	$ 17,000	$ 12,894	$ 12,894	$ -----
Total Expenditures	$ 17,000	$ 12,894	$ 12,894	$ -----
EXCESS REVENUES OVER <UNDER> EXPENDITURES	$ -----	$ -----	$ -----	$ -----
NET CHANGE IN FUND BALANCES	$ -----	$ -----	$ -----	$ -----
FUND BALANCE- BEGINNING OF YEAR	-----	-----	-----	-----
FUND BALANCE- END OF YEAR	$ -----	$ -----	$ -----	$ -----

City of Barnesville

General Fund

SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENDITURES

For the Year Ended September 30, 2013

	2013	2012
Salaries	$ 202,384	$ 276,377
Employee Benefits	72,393	97,016
Contract Labor	52,919	41,046
Legal and Professional Fees	49,342	152,412
Dues and Subscriptions	6,329	3,814
Advertising	2,964	783
Industrial Development Authority-Donation	75,000	75,000
E.P. Roberts Center	61,959	58,466
Office Supplies	36,932	7,403
Travel	3,796	3,600
Training Courses	7,086	4,337
Postage	25,281	20,936
Insurance	240,036	252,214
Utilities and Telephone	14,377	12,535
Public Property Expenditure	22,934	31,925
Maintenance Agreement	25,492	27,869
Repairs and Maintenance	8,260	8,766
Miscellaneous	2,872	335
McIntosh Trail RDC	6,591	6,755
Lamar County Health Clinic	500	500
Radio Contract	-----	936
Flint River Regional Library	5,808	11,851
Barnesville-Lamar County Library	98,183	186,356
Phone System/Software	-----	11,265
Heating/Air Unit*	7,925	-----
Building (110 Merchants Way)*	120,000	-----
Total Expenditures	$1,149,363	$1,292,497

*Considered Capital Outlay

City of Barnesville

General Fund

SCHEDULE OF ADMINISTRATIVE
AND GENERAL EXPENDITURES
MAYOR AND COUNCIL

For the Year Ended September 30, 2013

/ 10,200 Salary
/ 98,579 Benefits

	2013	2012
Mayor and Council Salaries / Benefits	$ 108,779	$ 110,290
Mayor and Council Travel	20,100	19,895
Mayor and Council School and Training	17,821	27,535
Mayor and Council Supplies	3,031	2,449
Mayor and Council Telephone	1,312	1,502
Total Expenditures	$ 151,043	$ 161,671

133,222

City of Barnesville

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES

POLICE DEPARTMENT

For the Year Ended September 30, 2013

	2013	2012
REVENUES		
Fines	$ 368,316	$ 521,848
Accident Reports	391	481
Miscellaneous	26,542	2,073
Parking Violations	895	2,720
Interest	11	13
Intergovernmental Revenues	55,404	44,837
Total Revenues	$ 451,559	$ 571,972
EXPENDITURES		
Salaries	$ 806,027	$ 780,791
Employee Benefits	294,340	357,117
Supplies	27,988	24,792
Repairs and Maintenance	28,192	28,796
Maintenance of Prisoners	35,914	14,138
Utilities	13,088	8,627
Gas and Oil	58,798	60,403
Tires and Tire Repairs	3,703	7,125
Uniforms	6,766	4,924
Dues and Subscriptions (Computer)	7,524	8,865
Radio Contract	-----	1,348
Travel and Training Courses	8,048	6,454
Miscellaneous	12,461	909
Traffic Court Judge, Indigent Defense & Solicitor	30,500	30,400
Peace Officers and Prosecutions	18,315	21,496
Peace Officers' Annuity Benefits	6,098	7,308
GA Crime Victims Emergency Fund	3,928	6,502
Drug Testing	258	-----
Jr Police/Community Projects	1,638	1,365
New Equipment*	74,738	46,888
Crime Lab and Brain and Spinal Injury Funds	703	1,381
County Drug Abuse Treatment	3,570	10,723
Driver Education and Training Fund	2,233	3,350
Total Expenditures	$ 1,444,830	$ 1,433,702
EXCESS EXPENDITURES OVER REVENUES	$< 993,271>	$< 861,730>

*Reported under Capital Outlay on other Statements and Schedules

City of Barnesville

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES

FIRE DEPARTMENT

For the Year Ended September 30, 2013

	2013	2012
REVENUES		
Miscellaneous	$ -----	$ 500
Total Revenues	$ -----	$ 500
EXPENDITURES		
Salaries	$ 211,013	$ 227,642
Employee Benefits	80,057	83,054
Supplies	7,968	8,866
Fire Calls and Drills	10,478	16,795
Gas and Oil	3,595	5,326
Radio Contract	2,790	1,889
Uniforms	2,027	4,705
Utilities	7,215	7,096
Retirement- Voluntary Firemen	3,960	4,235
Repairs and Maintenance	15,233	4,996
Drug Testing	126	2,214
Miscellaneous	395	-----
Total Expenditures	$ 344,857	$ 366,818
EXCESS EXPENDITURES OVER REVENUES	$< 344,857>	$< 366,318>

City of Barnesville

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES
STREET AND RIGHT OF WAY DEPARTMENT

For the Year Ended September 30, 2013

	2013	2012
REVENUES		
Intergovernmental	$ 55,274	$ 84,076
Miscellaneous (Surplus)	7,335	100
Animal Control	2,657	2,310
Total Revenues	$ 65,266	$ 86,486
EXPENDITURES		
Salaries	$ 41,594	$ 81,731
Contract Labor	74,976	4,000
Employee Benefits	36,483	31,963
Supplies	47,146	39,968
Tires and Tire Repairs	2,209	1,526
Radio Contract	8,370	4,592
Gas and Oil	13,945	27,637
Utilities	3,538	2,653
Miscellaneous	253	4,216
Repairs (Including Service Agreements)	16,651	16,284
Public Works Contract	17,404	251,447
Street Mowing Contract	64,620	61,084
State Contract	19,513	18,022
Animal Control	21,133	13,413
Total Expenditures	$ 367,835	$ 558,536
EXCESS EXPENDITURES OVER REVENUES	$< 302,569>	$< 472,050>

City of Barnesville

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES

CEMETERY DEPARTMENT

For the Year Ended September 30, 2013

	2013	2012
REVENUES		
Sale of Cemetery Lots	$ 11,175	$ 5,900
Opening Graves	9,400	11,000
Miscellaneous	300	251
Total Revenues	$ 20,875	$ 17,151
EXPENDITURES		
Salaries	$ -----	$ 14,060
Contract Labor	14,450	12,500
Supplies	-----	3,715
Miscellaneous	930	1,392
Utilities	-----	269
Mowing Contract	32,725	34,200
Total Expenditures	$ 48,105	$ 66,136
EXCESS EXPENDITURES OVER REVENUES	$< 27,230>	$< 48,985>

City of Barnesville

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES
CIVIC CENTER

For the Year Ended September 30, 2013

	2013	2012
REVENUES		
Miscellaneous-Rentals	$ 18,993	$ 21,890
Membership Fees	30,812	32,117
Total Revenues	$ 49,805	$ 54,007
EXPENDITURES		
Salaries	$ 82,235	$ 43,116
Supplies	12,032	15,493
Employee Benefits	28,355	23,423
Utilities	2,161	2,175
Miscellaneous	5,923	759
Uniforms	1,133	-----
Repairs	-----	7,628
Drug Testing	63	-----
Contract Labor	26,129	63,111
Total Expenditures	$ 158,031	$ 155,705
EXCESS EXPENDITURES OVER REVENUES	$< 108,226>	$< 101,698>

City of Barnesville

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES
SWIMMING FACILITIES

For the Year Ended September 30, 2013

	2013	2012
REVENUES		
Fees	$ 2,514	$ 3,457
Total Revenues	$ 2,514	$ 3,457
EXPENDITURES		
Salaries	$ 24,952	$ 25,590
Supplies	7,686	4,449
Employee Benefits	1,909	1,957
Utilities	1,026	772
Drug Testing	630	630
Repairs	170	425
Total Expenditures	$ 36,373	$ 33,823
EXCESS EXPENDITURES OVER REVENUES	$< 33,859>	$< 30,366>

City of Barnesville

General Fund

SCHEDULE OF TAX DIGEST FOR YEAR 2012
AND TAX COLLECTIONS

For the Year Ended September 30, 2013

	DIGEST VALUATIONS	TAXES ON VALUATIONS	AMOUNT OF TAXES ON DIGEST
SUMMARY OF AD VALOREM TAXES			
Digest of Taxpayers	$ 99,832,240	$ 412,907	
NODS	-----	-----	
Public Utilities	2,351,116	9,724	
TOTAL ASSESSMENT	$102,183,356	$ 422,631	
	============	============	$ 422,631
Net Charge-Ons/Charge Offs			< 807>
TOTAL TAX DIGEST			$ 421,824
Collection of 2012 Taxes			< 383,267>
TOTAL 2012 TAXES RECEIVABLE			$ 38,557
TOTAL PRIOR YEAR'S TAXES RECEIVABLE			22,232
TOTAL TAXES RECEIVABLE			$ 60,789
			===========

Proprietary Funds

City of Barnesville

Proprietary Funds

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

For the Year Ended September 30, 2013

	ELECTRIC	SANITATION	INDUSTRIAL DEVELOPMENT	TOTALS
OPERATING REVENUES				
Charges for Service	$ 8,169,826	$ 662,661	$ -----	$ 8,832,487
Miscellaneous (MEAG)	68,351	-----	-----	68,351
Intergovernmental	-----	-----	125,432	125,432
Total Operating Revenues	$ 8,238,177	$ 662,661	$ 125,432	$ 9,026,270
OPERATING EXPENSES				
Personal Services				
Salaries	$ 496,563	$ 90,650	$ -----	$ 587,213
Employee Benefits	198,031	69,604	-----	267,635
Total Personal Services	$ 694,594	$ 160,254	$ -----	$ 854,848
Operating Expenses				
Contractual Services	$ 6,215,290	$ 458,597	$ -----	$ 6,673,887
Supplies	142,272	6,874	-----	149,146
Gas and Oil	20,888	24,978	-----	45,866
Repairs and Maintenance	8,556	10,544	-----	19,100
Waste Disposal Fees	-----	19,347	-----	19,347
Miscellaneous	14,414	36,782	-----	51,196
Utilities	5,400	1,467	-----	6,867
Depreciation	11,479	1,522	15,119	28,120
Total Operating Expenses	$ 6,418,299	$ 560,111	$ 15,119	$ 6,993,529
Other Expenses				
Bad Debts	$ 35,168	$ 6,206	$ -----	$ 41,374
Total Other Expenses	$ 35,168	$ 6,206	$ -----	$ 41,374
Total Expenses	$ 7,148,061	$ 726,571	$ 15,111	$ 7,889,751
OPERATING INCOME <LOSS>	$ 1,090,116	$< 63,910>	$ 110,313	$ 1,136,519
NONOPERATING REVENUE <EXPENSE>				
Interest Revenue	$ 654	$ 254	$ 712	$ 1,620
TOTAL NONOPERATING REVENUE <EXPENSE>	$ 654	$ 254	$ 712	$ 1,620
NET INCOME <LOSS>	$ 1,090,770	$< 63,656>	$ 111,025	$ 1,138,139

City of Barnesville

Proprietary Funds

DEPARTMENT OF SCHEDULE OF REVENUES AND EXPENDITURES

WATER AND SEWERAGE FUND

For the Year Ended September 30, 2013

	WATER	SEWERAGE	TOTALS
OPERATING REVENUES			
Charges for Service	$ 1,675,170	$ 1,609,097	$ 3,284,267
Miscellaneous	797	16,811	17,608
Intergovernmental	439,461	-----	439,461
Total Operating Revenues	$ 2,115,428	$ 1,625,908	$ 3,741,336
OPERATING EXPENSES			
Personal Services			
Salaries	$ 457,369	$ -----	$ 457,369
Employee Benefits	145,438	-----	145,438
Total Personal Services	$ 602,807	$ -----	$ 602,807
Operating Expenses			
Contractual Services	$ 397,821	$ 329,816	$ 727,637
Contract Labor	15,357	-----	15,357
Supplies and Materials	72,647	64,371	137,018
Utilities	3,328	-----	3,328
Depreciation	577,109	346,842	923,951
Equipment Repairs	15,350	-----	15,350
Miscellaneous	41,683	-----	41,683
Total Operating Expenses	$ 1,123,295	$ 741,029	$ 1,864,324
Other Expenses			
Bad Debts	$ 11,139	$ 11,139	$ 22,278
Total Other Expenses	$ 11,139	$ 11,139	$ 22,278
Total Expenses	$ 1,737,241	$ 752,168	$ 2,489,409
OPERATING INCOME <LOSS>	$ 378,187	$ 873,740	$ 1,251,927
NONOPERATING REVENUE <EXPENSE>			
Interest Revenue	$ 23,422	$ 23,423	$ 46,845
Interest Expense	< 462,287>	< 462,287>	< 924,574>
Unrealized Loss on Investments	< 1,562>	< 1,561>	< 3,123>
Loss on Sale of Investments	< 18,427>	< 18,428>	< 36,855>
TOTAL NONOPERATING REVENUE <EXPENSE>	$< 458,854>	$< 458,853>	$< 917,707>
NET INCOME <LOSS>	$< 80,667>	$ 414,887	$ 334,220

City of Barnesville

Proprietary Funds

COMBINED SCHEDULE OF CHANGES IN RESERVED FUND NET POSITIONS
WATER AND SEWERAGE DEBT RETIREMENT FUND

All Enterprise Funds

For the Year Ended September 30, 2013

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

* Not including Principal Reduction of $160,000.

Grant Information

COMMUNITY DEVELOPMENT BLOCK GRANT

Source & Applicable of Funds Schedule

City of Barnesville
10p-x-085-2-5306
For the Period Ending September 30, 2013

Total Program Year 2010 Funds Allocated to Recipient	$ 500,000
Less: Total Program Year 2010 Funds Drawn by Recipient	463,056
Less: Total Program Year 2010 Funds Deobligated by Recipient	36,944
Funds still available from Program Year 2010 Resources	-----
Total Program Year 2010 Funds Drawn and Received by Recipient	463,056
Less: Funds Applied and Expended to Program Year 2010 Costs	463,056
Total Program Year 2010 Funds held by Recipient	$ -----

STATEMENT OF SOURCE AND USE OF FUNDS

Community Development Block Grant
10p-x-085-2-5306
City of Barnesville

	Year Ended September 30, 2013	
	A-21A-00	P-03J-01
Funds Draw Down Prior Years	$ -----	$ 426,626
Funds Draw Down Current Year	-----	36,430
Total Funds Draw Down	$ -----	$ 463,056
Funds Disbursed Prior Years	$ -----	$ 426,626
Funds Disbursed Current Year	-----	36,430
Total Funds Disbursed	$ -----	$ 463,056
Cash on Hand September 30, 2013	$ -----	$ -----

Special Purpose Local Option Sales and Use Tax Information

J. Robyn Underwood, CPA

Member of American Institute of Certified Public Accountants
302-A Taylor Street • Barnesville, GA 30204
Phone: (770) 358 – 3737 • Fax: (770) 358 – 3787 • UnderwoodCPA@aol.com

Independent Auditor's Report on Special County 1 Percent Sales and Use Tax Approved in special Election

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

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Barnesville, Georgia for the fiscal year ended September 30, 2013. This schedule is the responsibility of the City of Barnesville's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on our audit.

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

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121, on the accrual basis of accounting and is not intended to be a complete presentation of the City of Barnesville's revenues and expenditures.

In our opinion, the Schedule of Special Purpose of Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated costs, and the current and prior year expenditures for each project in the City of Barnesville's resolution or ordinance called for the tax for the fiscal year ended September 30, 2013, in conformity with accounting principles generally accepted in the United States of America.

J. Robyn Underwood, CPA
January 5, 2014

City of Barnesville

SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS

For the Year Ended September 30, 2013

PROJECT - 2005	ORIGINAL ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
Storm Drain & Sidewalk	$ 691,728	$ 690,405	$ 1,323	$ 690,405	99%
Public Works	386,000	289,625	60,144	349,769	75%
Paving	150,949	86,684	7,769	86,692	57%
Water/Sewer Lines Improvements	1,332,290	1,226,453	7,440	1,226,453	92%
Housing Redevelopment	200,000	200,000	-----	200,000	100%
Water/Sewer Plant Improvements	232,000	387,730	294,018	387,730	167%
Renovation - City Hall	137,500	219,851	-----	219,851	160%
Facilities	-----	169,532	-----	169,532	100%
Total	$3,130,467	$3,270,280	$ 370,694	$3,640,974	

**A transfer of $301,458 was made to Enterprise funds for Capital Outlay. This amount is included in current year expenditures. The 2005 SPLOST Fund was closed during the 2012-2013 year, 100% of the funds have been received and expended.*

PROJECT - 2011	ORIGINAL ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
Paving, Resurfacing and Construction of Roads (Including Drainage and Sidewalks)	$ 664,967	$ -----	$ -----	$ -----	0%
Construction and Equipping Other Public Projects (Landfill)	785,381	-----	527,881	527,881	67.2%
Construction and Renovation of Public Facilities (Library and Summers Field)	1,082,143	118	14,058	14,176	1.3%
Improvements to Water and Sewer Systems	1,197,672	-----	131,360	131,360	10.9%
	$3,730,163	$ 118	$ 673,299	$ 673,417	

Report on Internal Control

J. Robyn Underwood, CPA

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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 (Material Weaknesses Identified; Significant Deficiencies and Reportable Instances of Noncompliance, and Other Matters Identified)*

Honorable Mayor and Members
of the City Council
Barnesville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Barnesville, Georgia as of and for the year ended September 30, 2013, and have issued our report thereon dated January 5, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies or material weaknesses. 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 identify deficiencies in internal control that we consider to be material weaknesses; however, material weaknesses may exist that have not been identified. These items are reported in the Schedule of Findings and Responses as items 13-01 and 13-02 and are considered to be deficiencies that are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Barnesville's statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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

City of Barnesville's Response to Findings

The City of Barnesville's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

J. Robyn Underwood, CPA
January 5, 2014