City of Barnesville, Georgia

Annual Financial Report

For The Year Ended September 30, 2014

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City of Barnesville, Georgia
Annual Financial Report
For The Year Ended September 30, 2014

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Independent Auditor's Report

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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, 2014, 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, 2014, 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, the pension information on page 38 and the budgetary comparison beginning on page 39 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 SPLOST schedule is the responsibility of management and was 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 December 15, 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
December 15, 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, 2014. 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 2014 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 $15.98 million.

Overall expenses totaled $15.9 million.

Overall the net change in fund balance was a decrease of $492,566 which was caused mainly by expending the SPLOST proceeds of the SPLOST Fund 2011 per the approved voters' referendum.

The net change in the General Fund balance was a decrease of $146,191 due to the decrease in police fines and an increase in capital outlay.

As of September 30, 2014, the City's General Fund reported an unassigned fund balance of $1.07 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	Fund Financial Statements: 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, 2014 and 2013

Table 2: Condensed Statement of Net Positions

	Governmental Activities	
	2014	2013
Assets		
Current and Other Assets	$ 1,423,932	$ 1,879,092
Capital Assets	6,898,150	7,432,057
Total Assets	$ 8,322,082	$ 9,311,149
Liabilities		
Other Liabilities	$ 248,772	$ 271,366
Long-term Liabilities	4,078	11,349
Total Liabilities	$ 252,850	$ 282,715
Net Positions		
Net Investment in Capital Assets	$ 6,838,150	$ 7,312,057
Restricted	59,051	409,596
Unrestricted	1,172,031	1,306,781
Total Net Positions	$ 8,069,232	$ 9,028,434

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	
	2014	2013
Assets		
Current and Other Assets	$ 9,104,310	$ 16,800,370
Capital Assets	41,438,308	33,518,003
Total Assets	$ 50,542,618	$ 50,318,373
Liabilities		
Other Liabilities	$ 1,319,294	$ 1,023,819
Long-term Liabilities	28,368,292	29,311,938
Total Liabilities	$ 29,687,586	$ 30,335,757
Net Positions		
Net Investment in Capital Assets	$ 12,869,540	$ 4,447,731
Restricted	6,420,694	13,983,014
Unrestricted	1,564,798	1,551,871
Total Net Positions	$ 20,855,032	$ 19,982,616

Condensed Statement of Activities

Table 3 (shown below) presents the City's condensed statement of activities for the year ended September 30, 2014 and 2013. Over time, increases and decreases in net positions measure whether the City's financial position is improving or deteriorating.

Table 3: Condensed Statement of Activities
(Expressed in thousands of dollars)

	Governmental Activities	Business Activities	Total	Governmental Activities Prior Year	Business Activities Prior Year
Revenues:					
Program:					
Charges for Services	$ 416	$ 12,213	$ 12,629	$ 579	$ 12,203
Operating Grants & Contributions	11	-----	11	111	-----
Capital Grants & Contributions	691	1,495	2,186	683	866
General:					
Property Taxes	634	-----	634	422	-----
Sales Taxes	597	-----	597	664	-----
Other Taxes	849	-----	849	813	-----
Interest	.5	12	12.5	-----	49
Other	334	-----	334	359	< 37>
Total Revenues	$ 3,532.5	$ 13,720	$ 17,252.5	$ 3,631	$ 13,081
Program Expenses:					
General Government	$ 1,175	$ -----	$ 1,175	$ 1,057	$ -----
Police	1,494	-----	1,494	1,442	-----
Fire	389	-----	389	348	-----
Street and Right of Way	585	-----	585	482	-----
Cemetery	50	-----	50	48	-----
Culture and Recreation	262.5	-----	262.5	255	-----
Interest on Debt	2	-----	2	-----	-----
Industrial Development	-----	15	15	-----	15
Water and Sewer	-----	3,934	3,934	-----	3,545
Electric	-----	7,292	7,292	-----	7,148
Sanitation	-----	706	706	-----	727
Total Expenses	$ 3,957.5	$ 11,947	$ 15,904.5	$ 3,632	$ 11,435
Excess (deficiency)	$< 425>	$ 1,773	$ 1,348	$< 1>	$ 1,646
Special Items	-----	-----	-----	-----	< 3>
Transfers	< 534>	< 901>	< 1,435>	591	< 892>
Change in Net Positions	$< 959>	$ 872	$< 87>	$ 590	$ 751
Beginning Net Positions	$ 9,028	$ 19,983	$ 29,011	$ 8,438	$ 19,232
Ending Net Positions	$ 8,069	$ 20,855	$ 28,924	$ 9,028	$ 19,983

During the year ending September 30, 2014, the net positions of the government activities decreased $959,202 or 10.62%. Total revenues for FYE 2014 decreased by $99,796 or 2.74%. The decrease was due to several factors. The main reasons for the decrease was the decrease in grants received and the transfer of capital assets to the sanitation fund. Charges for services decreased $164,770 or 28.43% was mainly due to a decrease in police fines. Total expenses for FYE 2014 increased by $324,910 or 8.94%. The main reasons for the increase in expenses in FYE 2014 was due to the increase in public safety and public works personnel and operating expenses.

The other governmental functions experienced a slight increase in expenses over the prior year as operating costs were rose. Approximately 17.9% of the City's revenues came from property taxes and approximately 40.9% came from other taxes. Approximately 11.8% of the City's revenues came from charges for services and approximately 29.3% 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 47.59% related to public safety, 16.05% related to public works, 29.69% related to general governmental activities. Although total expenses have increased 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, 2014 and 2013.

Table 4: Program Expenses and Revenues for Governmental Activities

2014

Programs	Program Expenses	*Net Program Expenses (Revenues)
General Government	$ 1,175	$ 512
Public Safety	1,883	1,640
Public Works	635	518
Culture and Recreation	263	168
Interest on Debt	2	2
Totals	$ 3,958	$ 2,840

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

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

The cost of all proprietary (business-type) activities this year was $11,946,958 and additionally the business-type activities earned $11,740 in interest from idle cash and investments. Within the total business-type activities of the City, these activities reported a $1,761,631 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 $1,235,160 with $59,501 reported as restricted, $104,555 reported as assigned, and $1,071,554 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 $1,071,554 and total fund balance was $1,176,109. 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 27.24% of total General Fund expenditures, while total fund balance represents 29.9%. The net change in the General Fund's fund balance for the year ended September 30, 2014, was a decrease of $146,191 or 11.05%. The reason for the decrease in the fund balance was mainly due to increases in expenditures of public safety and public works operations. .

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, 2014 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, 2014, the City reported $6,898,150 in capital assets for governmental activities and $41,438,308 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 2014 has been a slow recovery. Revenues such as sales tax declined from the previous year. 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 landfill project (Splost Funding) was completed during the past fiscal year. Also, the Georgia Environmental Financing Agency loan and project was finalized and the debt service repayment has begun.

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, 2014

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 321,846	$ 1,242,670	$ 1,564,516
Temporary Cash Investments	-----	131,450	131,450
Receivables (Net)	1,323,587	923,222	2,246,809
Internal Balances	< 222,753>	222,753	-----
Inventories	-----	271,482	271,482
Total Current Assets	$ 1,422,680	$ 2,791,577	$ 4,214,257
NonCurrent Assets			
Restricted Cash and Cash Equivalents	$ 1,252	$ 519,031	$ 520,283
Investments	-----	5,793,702	5,793,702
Capital Assets			
Land	1,246,681	931,474	2,178,155
Construction in Progress	208,977	-----	208,977
Depreciable Buildings, Property, and Equipment (Net)	5,442,492	40,506,834	45,949,326
Total NonCurrent Assets	$ 6,899,402	$ 47,751,041	$ 54,650,443
TOTAL ASSETS	$ 8,322,082	$ 50,542,618	$ 58,864,700
LIABILITIES			
Current Liabilities			
Accounts Payable	$ 98,465	$ 721,443	$ 819,908
Employee Christmas Fund	90,307	-----	90,307
Current Portion of Long-Term Obligations	60,000	520,836	580,836
Accrued Interest Payable	-----	77,015	77,015
Total Current Liabilities	$ 248,772	$ 1,319,294	$ 1,568,066
NonCurrent Liabilities			
Deposits-Utilities	$ -----	$ 320,360	$ 320,360
NonCurrent Portion of Long-Term Obligations	-----	28,047,932	28,047,932
Net Pension Obligation	4,078	-----	4,078
Postclosure- Landfill	-----	-----	-----
Total NonCurrent Liabilities	$ 4,078	$ 28,368,292	$ 28,372,370
TOTAL LIABILITIES	$ 252,850	$ 29,687,586	$ 29,940,436
NET POSITIONS			
Net Investment in Capital Assets	$ 6,838,150	$ 12,869,540	$ 19,707,690
Restricted For:			
Operating Reserves	-----	1,505,412	1,505,412
Debt Service	-----	1,637,268	1,637,268
Capital Projects	59,051	-----	59,051
Plant Construction	-----	3,278,014	3,278,014
Unrestricted	1,172,031	1,564,798	2,736,829
Total Net Position	$ 8,069,232	$ 20,855,032	$ 28,924,264
TOTAL LIABILITIES AND NET POSITION	$ 8,322,082	$ 50,542,618	$ 58,864,700

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

City of Barnesville
STATEMENT OF ACTIVITIES
September 30, 2014

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	$ 1,175,011	$ 100,699	$ -----	$ 562,019	$< 512,293>	$ -----	$< 512,293>
Public Safety (Police)	1,493,549	232,136	10,972	-----	< 1,250,441>	-----	< 1,250,441>
Public Safety (Fire)	389,297	-----	-----	-----	< 389,297>	-----	< 389,297>
Public Works (Streets)	584,991	11,585	-----	83,321	< 490,085>	-----	< 490,085>
Cemetery	50,149	21,900	-----	-----	< 28,249>	-----	< 28,249>
Culture and Recreation	262,563	48,380	-----	46,122	< 168,061>	-----	< 168,061>
Interest on Long Term Debt	1,825	-----	-----	-----	< 1,825>	$ -----	< 1,825>
Total Governmental Activities	$ 3,957,385	$ 414,700	$ 10,972	$ 691,462	$< 2,840,251>		$< 2,840,251>
Business-Type Activities:							
Sanitation	$ 705,881	$ 663,214	$ -----	$ 1,434,766	$ -----	$ 1,392,099	$ 1,392,099
Electric	7,291,702	8,181,529	-----	-----	-----	889,827	889,827
Water and Sewer	3,934,156	3,368,540	-----	60,540	-----	< 505,076>	< 505,076>
Industrial Development	15,219	-----	-----	-----	-----	< 15,219>	< 15,219>
Total Business-Type Activities	$11,946,958	$12,213,283	$ -----	$ 1,495,306	$ -----	$ 1,761,631	$ 1,761,631
Total Primary Government					$< 2,840,251>	$ 1,761,631	$< 1,078,620>
General Revenues							
Taxes:							
Property					$ 633,636	$ -----	$ 633,636
Franchise					135,303	-----	135,303
Hotel/Motel					13,475	-----	13,475
Sales					597,486	-----	597,486
Intangible					2,485	-----	2,485
Motor Vehicle					168,239	-----	168,239
Insurance Premium					367,172	-----	367,172
Malt Beverage					133,957	-----	133,957
Liquor					28,226	-----	28,226
Investment Earnings					501	11,740	12,241
Miscellaneous					334,380	-----	334,380
Transfers, Net					< 533,811>	< 900,955>	< 1,434,766>
Total General Revenues, Special Items, and Transfers					$ 1,881,049	$< 889,215>	$ 991,834
Change in Net Position					$< 959,202>	$ 872,416	$< 86,786>
Net Position - Beginning					9,028,434	19,982,616	29,011,050
Net Position - Ending					$ 8,069,232	$20,855,032	$ 28,924,264

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, 2014

	GOVERNMENTAL FUND TYPES — MAJOR FUNDS: GENERAL	CAPITAL PROJECTS: SPLOST 2011	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents (Note 2)	$ 321,846	$ -----	$ 321,846
Receivables			
Taxes	100,841	-----	100,841
Fines	689,526	-----	689,526
Other	471,621	-----	471,621
Due from other Funds	19,600	-----	19,600
Intergovernmental	-----	61,599	61,599
Restricted Assets			
Cash and Cash Equivalents	-----	1,252	1,252
TOTAL ASSETS	$ 1,603,434	$ 62,851	$ 1,666,285
LIABILITIES			
Accounts Payable	$ 78,763	$ -----	$ 78,763
Christmas Fund	90,307	-----	90,307
Accrued Liabilities	19,702	-----	19,702
Due to Other Funds	238,553	3,800	242,353
TOTAL LIABILITIES	$ 427,325	$ 3,800	$ 431,125
FUND BALANCES			
Restricted for Capital Projects	$ -----	$ 59,051	$ 59,051
Assigned - Cemetery	104,555	-----	104,555
Unassigned	1,071,554	-----	1,071,554
TOTAL FUND BALANCES	$ 1,176,109	$ 59,051	$ 1,235,160
TOTAL LIABILITIES AND FUND BALANCES	$ 1,603,434	$ 59,051	$ 1,666,285

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, 2014

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

Total Fund Balances – Governmental Funds	$ 1,235,160
Capital Assets used in Governmental Activities are not Financial Resources and therefore are not Reported in the Funds	6,898,150
Long-Term Liabilities are not due and payable in the current period and accordingly are not Reported in the Funds:	
Net Pension Obligation	< 4,078>
Note Payable	< 60,000>
Net Positions (Deficit) of Governmental Activities	$ 8,069,232

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, 2014

	MAJOR FUNDS		CAPITAL PROJECTS	NON MAJOR FUND	
	GENERAL	SPECIAL REVENUE	SPLOST 2011	OTHER FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	$ 2,066,504	$ -----	$ -----	$ 13,475	$ 2,079,979
Licenses and Permits	100,699	-----	-----	-----	100,699
Departmental	384,274	-----	-----	-----	384,274
Intergovernmental	-----	7,967	624,076	-----	632,043
Other	334,881	-----	118	-----	334,999
Total Revenues	$ 2,886,358	$ 7,967	$ 624,194	$ 13,475	$ 3,531,994
EXPENDITURES					
Current-Operations					
Administrative and General	$ 1,159,217	$ 7,967	$ -----	$ -----	$ 1,167,184
Police	1,400,113	-----	-----	-----	1,400,113
Fire	386,975	-----	-----	-----	386,975
Street and Right of Way	478,960	-----	-----	-----	478,960
Cemetery and Recycle Center	50,149	-----	-----	-----	50,149
Civic Center - Cultural	162,038	-----	-----	13,475	175,513
Swimming Pool - Recreation	38,633	-----	-----	-----	38,633
Capital Outlay					
Current Operations	195,594	-----	970,569	-----	1,166,163
Debt Service					
Principal Retirement	60,000	-----	-----	-----	60,000
Interest	1,825	-----	-----	-----	1,825
Total Expenditures	$ 3,933,504	$ 7,967	$ 970,569	$ 13,475	$ 4,925,515
EXCESS REVENUES OVER <UNDER>	$<1,047,146>	$ -----	$< 346,375>	$ -----	$<1,393,521>
OTHER FINANCING SOURCES (USES)					
Transfers In	$ 900,955	$ -----	$ -----	$ -----	$ 900,955
Transfers Out	-----	-----	-----	-----	-----
Loan Proceeds	-----	-----	-----	-----	-----
Total Other Financing Sources (Uses)	$ 900,955	$ -----	$ -----	$ -----	$ 900,955
NET CHANGE IN FUND BALANCES	$< 146,191>	$ -----	$< 346,375>	$ -----	$< 492,566>
FUND BALANCES- BEGINNING OF YEAR	1,322,300	-----	405,426	-----	1,727,726
FUND BALANCES- END OF YEAR	$ 1,176,109	$ -----	$ 59,051	$ -----	$ 1,235,160

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, 2014

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

Net Change in Fund Balances- Total Governmental Funds		$< 492,566>
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	$ 1,166,163	
Depreciation Expense	< 265,304>	900,859
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		<1,434,766>
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.		60,000
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		7,271
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		$< 959,202>

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

Proprietary Funds

City of Barnesville
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2014

	UTILITIES MAJOR FUNDS			NON-MAJOR FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	TOTALS
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 89,816	$ -----	$ 856,808	$ 296,046	$ 1,242,670
Temporary Cash Investments	-----	-----	131,450	-----	131,450
Receivables-Accounts	209,000	-----	90,732	-----	299,732
Other Receivable	6,975	-----	616,515	-----	623,490
Interfund	414,929	-----	150,580	-----	565,509
Inventories of Supplies at Cost	212,736	-----	58,746	-----	271,482
Total Current Assets	$ 933,456	$ -----	$ 1,904,831	$ 296,046	$ 3,134,333
Non-Current Assets					
Restricted Assets					
Cash and Cash Equivalents	$ 519,031	$ -----	$ -----	$ -----	$ 519,031
Investments	-----	-----	5,793,702	-----	5,793,702
Property					
Electrical and Sanitation Systems, Net of Accumulated Depreciation	262,561	1,207,268	-----	-----	1,469,829
Water and Sewerage Systems, Net of Accumulated Depreciation	-----	-----	38,441,240	-----	38,441,240
Industrial Facilities, Net of Accumulated Depreciation	-----	-----	-----	595,765	595,765
Land	-----	94,240	427,488	409,746	931,474
Construction in Progress	-----	-----	-----	-----	-----
Total Non-Current Assets	$ 781,592	$ 1,301,508	$ 44,662,430	$ 1,005,511	$ 47,751,041
TOTAL ASSETS	$ 1,715,048	$ 1,301,508	$ 46,567,261	$ 1,301,557	$ 50,894,374
LIABILITIES					
Current Liabilities					
Accounts Payable	$ 641,933	$ 47,835	$ 21,672	$ 10,000	$ 721,440
Current Portion of Bonds Payable	-----	-----	165,000	-----	165,000
Current Portion of Notes Payable	-----	-----	355,836	-----	355,836
Accrued Interest Payable	-----	-----	77,015	-----	77,015
Total Current Liabilities	$ 641,933	$ 47,835	$ 619,523	$ -----	$ 1,319,291
Long-Term Liabilities					
Bonds Payable	$ -----	$ -----	$ 23,765,000	$ -----	$ 23,765,000
Deposits- Utilities	306,810	-----	13,550	-----	320,360
Due to Other Funds	-----	1,335	114,719	226,702	342,756
Notes Payable	-----	-----	4,282,935	-----	4,282,935
Postclosure- Landfill	-----	-----	-----	-----	-----
Total Long-Term Liabilities	$ 306,810	$ 1,335	$ 28,176,204	$ 226,702	$ 28,711,051
TOTAL LIABILITIES	$ 948,743	$ 49,170	$ 28,795,727	$ 236,702	$ 30,030,342
NET POSITION					
Net Investment in Capital Assets	$ 262,561	$ 1,301,508	$ 10,299,960	$ 1,005,511	$ 12,869,540
Restricted For:					
Plant Construction	-----	-----	3,278,014	-----	3,278,014
Debt Retirement	-----	-----	1,637,268	-----	1,637,268
Operating Reserves	-----	-----	1,505,412	-----	1,505,412
Unrestricted	503,744	< 49,170>	1,050,880	59,344	1,564,798
TOTAL NET POSITION	$ 766,305	$ 1,252,338	$ 17,771,534	$ 1,064,855	$ 20,855,032

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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, 2014

	UTILITIES MAJOR FUNDS			NON-MAJOR FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	TOTALS
OPERATING REVENUES					
Charges for Service	$ 7,931,529	$ 647,746	$ 3,367,136	$ -----	$ 11,946,411
Miscellaneous	250,000	15,468	1,404	-----	266,872
Intergovernmental	-----	-----	60,540	-----	60,540
TOTAL OPERATING REVENUES	$ 8,181,529	$ 663,214	$ 3,429,080	$ -----	$ 12,273,823
OPERATING EXPENSES					
Personal Services	$ 635,106	$ 198,979	$ 644,196	$ -----	$ 1,478,281
Contractual Services	6,450,543	428,822	872,318	-----	7,751,683
Supplies and Other Services	155,140	69,882	397,198	-----	622,220
Utilities	5,254	1,003	5,710	-----	11,967
Depreciation	13,522	1,524	1,070,843	15,219	1,101,108
Bad Debts	32,137	5,671	20,559	-----	58,367
TOTAL OPERATING EXPENSES	$ 7,291,702	$ 705,881	$ 3,010,824	$ 15,219	$ 11,023,626
OPERATING INCOME <LOSS>	$ 889,827	$< 42,667>	$ 418,256	$< 15,219>	$ 1,250,197
NONOPERATING REVENUES <EXPENSES>					
Interest Revenue	$ 574	$ 186	$ 10,466	$ 514	$ 11,740
Interest Expense	-----	-----	< 923,332>	-----	< 923,332>
TOTAL NONOPERATING REVENUE <EXPENSES>	$ 574	$ 186	$< 912,866>	$ 514	$< 911,592>
NET INCOME <LOSS> BEFORE OUTFLOWS, TRANSFERS AND CAPITAL CONTRIBUTIONS	$ 890,401	$< 42,481>	$< 494,610>	$< 14,705>	$ 338,605
TRANSFERS					
Transfers In (Out)	$< 1,006,599>	$< 51,726>	$ -----	$ 157,370	$< 900,955>
Capital Contributions	$ -----	$ 1,434,766	$ -----	$ -----	$ 1,434,766
CHANGE IN NET POSITIONS	$< 116,198>	$ 1,340,559	$< 494,610>	$ 142,665	$ 872,416
NET POSITIONS - BEGINNING OF YEAR	882,503	< 88,221>	18,266,144	922,190	19,982,616
NET POSITIONS - END OF YEAR	$ 766,305	$ 1,252,338	$ 17,771,534	$ 1,064,855	$ 20,855,032

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

City of Barnesville
STATEMENT OF CASH FLOWS
Proprietary Funds
September 30, 2014

	UTILITIES MAJOR FUNDS			NON-MAJOR FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	TOTALS
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from Customers	$ 7,909,653	$ 647,746	$ 3,409,751	$ -----	$ 11,967,150
Payments to Suppliers	< 6,552,996>	< 504,703>	< 1,279,301>	-----	< 8,337,000>
Payments to Employees	< 635,106>	< 198,979>	< 644,196>	-----	< 1,478,281>
Other Receipts (Payments)	250,000	15,468	60,540	10,000	336,008
Net Cash provided by Operating Activities	$ 971,551	$< 40,468>	$ 1,546,794	$ 10,000	$ 2,487,877
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCIAL ACTIVITIES					
Post Closure Costs Paid	$ -----	$< 324,099>	$ -----	$ -----	$< 324,099 >
Deposits	< 7,441>	-----	-----	-----	< 7,441>
Loans <To>/From Other Funds	-----	-----	< 83,567>	60,069	< 23,498>
Transfers <To>/From Other Funds	< 1,006,599>	< 51,726>	-----	157,370	< 900,955>
Net Cash Provided(Used) by Non Capital and Related Financial Activities	$< 1,014,040>	$< 375,825>	$< 83,567>	$ 217,439	$< 1,255,993>
CASH FLOW FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES					
Debt Proceeds (Net)	$ -----	$ -----	$ -----	$ -----	$ -----
Proceeds from Capital Contributions	-----	1,434,766	-----	-----	1,434,766
Purchases of Capital Assets (Net)	< 41,433>	< 1,195,869>	< 7,673,221>	< 110,890>	< 9,021,413>
Principal Paid on Capital Debt	-----	-----	< 424,566>	-----	< 424,566>
Interest Paid on Capital Debt	-----	-----	< 923,332>	-----	< 923,332>
Net Cash Provided (Used) by Capital and Related Financing Activities	$< 41,433>	$ 238,897	$< 9,021,119>	$< 110,890>	$< 8,934,545>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	$ 574	$ 186	$ 10,466	$ 514	$ 11,740
Net Change in Temporary Cash Investments	-----	-----	7,574,836	-----	7,574,836
Net Cash Provided by Investing Activities	$ 574	$ 186	$ 7,585,302	$ 514	$ 7,586,576
Net Increase (Decrease) in Cash and Cash Equivalents	$< 83,348>	$< 177,210>	$ 27,410	$ 117,063	$< 116,085>
Balance of Cash- Beginning of Year	692,195	177,210	829,398	178,983	1,877,786
Balance of Cash- End of Year	$ 608,847	$ -----	$ 856,808	$ 296,046	$ 1,761,701
	===========	===========	===========	===========	===========

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

City of Barnesville
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
September 30, 2014

	UTILITIES MAJOR FUNDS			NON-MAJOR FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	TOTALS
Balance of Cash - End of Year	$ 608,847	$ -----	$ 856,808	$ 296,046	$ 1,761,701
Reconciliation of Operating Income (Loss) To Net Cash Provided by Operating Activities					
Operating Income	$ 889,827	$< 42,667>	$ 418,256	$< 15,219>	$ 1,250,197
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation Expense	13,522	1,524	1,070,843	15,219	1,101,108
Change in Assets and Liabilities					
Receivables, Net	< 21,876>	-----	61,770	-----	39,894
Inventories	< 6,442>	675	< 4,815>	-----	< 10,582>
Accounts Payable	96,520	-----	663	10,000	107,183
Accrued Interest	-----	-----	77	-----	77
Net Cash Provided by Operating Activities	$ 971,551	$< 40,468>	$ 1,546,794	$ 10,000	$ 2,487,877
Non-Cash Capital Financing Activities					
Landfill Postclosure Improvements		$ 1,434,766			

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 2011 SPLOST, presented individually.

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net positions, 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, 2014:

	Category 1	Category 2	Category 3	Bank Balance	Carrying Amount
Primary Government	$ 254	$ -----	$ 2,003	$ 2,257	$ 2,085

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
City of Barnesville				
Certificates of deposit	131	-----	-----	131
Money Market	5,792	-----	-----	5,792
Grand Total	$ 5,924.7	$ -----	$ -----	$ 5,924.7

Cash and Cash Equivalents Reconciliation:

	Primary Government
Fund Reporting Level:	
Governmental Funds - Balance Sheet	$ 323,098
Proprietary Fund Type Statement of Net Positions	1,761,701
Total Carrying Amount	$ 2,084,799

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3-B. Receivables

Receivables at September 30, 2014, 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, 2013, the levy occurred on October 25, 2013 real and personal property taxes were due on December 31, 2013. Property taxes receivable become a lien on January 24, 2014, 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, 2014, was as follows:

(Amounts Expressed in Thousands)

	Balance 10/1/13	Additions	Transfers In <Out>	Balance 9/30/14
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$ 1,247	$ -----	$ -----	$ 1,247
Construction in Progress	673	971	< 1,435>	209
Total Non-Depreciable Capital Assets:	$ 1,920	$ 971	$< 1,435>	$ 1,456
Depreciable Capital Assets:				
Land Improvements	$ 171	$ -----	$ -----	$ 171
Buildings and Plant	2,468	-----	-----	2,468
Machinery and Equipment	1,555	48	-----	1,603
Vehicles	492	69	-----	561
Infrastructure	4,587	78	-----	4,665
Total Depreciable Capital Assets	$ 9,273	$ 195	$ -----	$ 9,468
Total Non and Depreciable Capital Assets	$ 11,193	$ 1,166	$< 1,435>	$ 10,924
Accumulated Depreciation				
Land Improvements	$ 45	$ -----	$ -----	$ 45
Buildings and Plant	805	55	-----	860
Machinery and Equipment	1,140	41	-----	1,181
Vehicles	527	28	-----	555
Infrastructure	1,244	141	-----	1,385
Total Accumulated Depreciation	$ 3,761	$ 265	$ -----	$ 4,026
Governmental Activities Capital Assets, Net	$ 7,432	$ 901	$< 1,435>	$ 6,898

Governmental Activities Depreciation Expense	
General Government	$ 15
Police	93
Fire	2
Street and Right of Way	106
Cemetery	-
Culture and Recreation	49
Total Governmental Activities Depreciation Expense	$ 265

(Amounts Expressed in Thousands)

	Balance 10/1/13	Additions	Transfers In <Out>	Balance 9/30/14
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	$ 867	$ 65	$ -----	$ 932
Construction in Progress	125	46	< 171>	-----
Total Non-Depreciable Capital Assets	$ 992	$ 111	$< 171>	$ 932
Depreciable Capital Assets:				
Buildings and Plant	$ 22,690	$ 7,580	$ 1,944	$ 22,690
Machinery and Equipment	1,493	-----	-----	1,493
Vehicles	220	49	-----	220
Infrastructure	21,954	85	< 661>	21,954
Total Depreciable Capital Assets	$ 46,357	$ 7,714	$ 1,367	$ 55,438
Total Non and Depreciable Capital Assets	$ 47,349	$ 7,825	$ 1,196	$ 56,370
Accumulated Depreciation				
Buildings and Plant	$ 8,953	$ 586	$ -----	$ 9,539
Machinery and Equipment	604	20	-----	624
Vehicles	202	7	-----	209
Infrastructure	4,072	455	-----	4,560
Total Accumulated Depreciation	$<13,831>	$< 1,101>	$< ----->	$<14,932>
Business-Type Activities Capital Assets, Net	$ 33,518	$ 6,724	$< 1,196>	$ 41,438

3-E. Interfund Balances and Transfers

Interfund balances at September 30, 2014, 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	$ -----	$ 16	$ -----	$ -----	$ 16
Electric Fund	170	129	115	1	415
Water and Sewer Fund	69	82	-----	-----	151
Total	$ 239	$ 227	$ 115	$ 1	$ 582

Interfund transfers for the year ended September 30, 2014, consisted of the following:

(Amounts Expressed in Thousands)	Transfers From:	
Transfers To:	Electric Fund	Sanitation Fund
General Fund	$ 901	$ -----
Sanitation Fund	76	-----
Industrial	30	127.5
	$ 1,007	$ 127.5

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, 2014.

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%	325,000	160,000	165,000
^^2011-C Series	2.50% to 4.25%	3,830,000	-----	3,830,000
		$24,090,000	$< 160,000>	$ 23,930,000

*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 2014 are as follows:

Year	2011-A	2011-B	2011-C
2015	$ -----	$ 165,000	$ -----
2016	70,000	-----	70,000
2017	75,000	-----	75,000
2018	125,000	-----	75,000
2019	275,000	-----	80,000
2020-2024	1,510,000	-----	430,000
2025-2029	2,110,000	-----	495,000
2030-2034	3,325,000	-----	600,000
2035-2039	4,475,000	-----	725,000
2040-2044	5,455,000	-----	875,000
2045-2046	2,515,000	-----	405,000
	$19,935,000	$ 165,000	$ 3,830,000

Year	2011-A Interest	2011-B Interest	2011-C Interest
2015	$ 775,281	$ 2,640	$ 143,494
2016	775,281	-----	143,494
2017	773,531	-----	141,744
2018	771,656	-----	139,869
2019	768,531	-----	137,994
2020-2024	3,713,356	-----	652,919
2025-2029	3,462,625	-----	583,289
2030-2034	2,986,000	-----	486,875
2035-2039	2,219,000	-----	356,875
2040-2044	1,240,916	-----	199,350
2045-2046	161,500	-----	25,925
	$17,647,677	$ 2,640	$ 3,011,828

Interest expense for 2014 amounted to $923,255 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 .s follows:

United Bank (Short Term Loan) - $60,000*

Annual Principal maturity for debt for years follo

	Principal
2015	$ 60,000

*Purchase of 110 Merchant's Way

General Long-Term Interfund Debt

Balance Beginning of Year	f Year
$ 199,255	53

Enterprise Funds – The following is a summ 014:

Note payable to Georgia Environmental F
with interest at 0% per annum. Original debt amou...
Purpose to construct Water Lines

The annual principal maturities of the above debt during the years following 2014 are as follows:

	GEFA
2015	$ 173,296
2016	173,296
2017	173,296
2018	173,296
2019	173,296
2020-2024	866,480
2025-2028	563,205
	$ 2,296,165

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) $ 2,342,604

	GEFA
2015	$182,540
2016	182,540
2017	182,540
2018	182,540
2019	182,540
2020-2024	912,700
2025-2029	517,204
	$ 2,342,604

Changes in Long-term Debt – Changes in the City's long-term obligations consisted of the following for the year ended September 30, 2014:

	Outstanding 10/1/2013	Additions	Reductions	Outstanding 9/30/2014	Amounts Due in One Year
General Fund Activities					
United Bank	$ 120,000	$ -----	$ 60,000	$ 60,000	$ 60,000
Business-Type Activities					
Water & Sewer Revenue Bonds					
(Waterline extension and plants)	$24,090,000	-----	160,000	23,930,000	165,000
Water and Sewer Customer Deposits (Net)	13,550	-----	-----	13,550	Not Known
GEFA Debt (Water line extension)	4,903,337	-----	264,566	4,638,771	355,836
Landfill Post Closure	324,099	-----	324,099	-----	N/A
Electric and Sanitation Customer Deposits (Net)	314,251	-----	7,441	306,810	Not known
Total Business-Type Activities	$29,645,237	$ -----	$ 756,106	$28,889,131	$ 520,836

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, 2014, 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, 2014, 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)
1/1/2012	$ 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%
1/1/2014	7,467	8,043	576	92.80%	2,095	27.40%

Schedule of Employer Contributions

Year Ended 9/30	Actual City Contribution	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2012	$ 333	$ 347	96.9%	$ 144
2013	375	366	102.6%	11
2014	222	228	97.3%	4

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 2014.

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 9.98% of annual covered payroll.

Annual Pension Cost – For the year ended September 30, 2014, the City's annual pension cost was $228,200 for the City of Barnesville Retirement Plan. The recommended contribution of $214,434 was determined as part of the January 1, 2014 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

Annual Pension Cost-*continued*

13 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, 2014 is as follows:

Annual required contribution	$ 202,759
Interest on net pension obligation (asset)	45,036
Adjustments to annual required contribution	< 33,361>
Annual pension cost	$ 214,434
Contributions made	221,705
Decrease in net pension obligation	7,271
Net pension obligation (asset), beginning of year	11,349
Net pension obligation (asset), end of year	$ 4,078

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, 2014 are as follows:

(Amounts Expressed in Thousands)

Net Investment in capital assets:	Governmental Activities	Business-Type Activities
Cost of Capital Assets	$ 10,924	$ 56,370
Less Accumulated Depreciation	< 4,026>	< 14,932>
Book Value	$ 6,898	$ 41,438
Less Capital Related Debt	60	< *28,647>
Net Investment in capital assets	$ 6,838	$ 12,791

**Capital Debt $28,569 plus accrued interest of $77.*

Fund Balances – Fund balance assignments at the fund reporting level as of September 30, 2014 are as follows:

Assigned Fund Balances:

Nature and Purpose of Assignments	General
Cemetery Perpetual Care	$ 104,555

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, 2017. The City at present provides the recycling services to residents.

3-K. Compliance with Legal Provisions

Grants – In the year ended September 30, 2014, the City received payments from the State of Georgia as follows:

Georgia Environmental Financing Agency - $ 60,540

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 $7,967. The grant funds are for street improvements, flood drainage, water facilities and urban housing improvements. The multi-jurisdictional Drug Task Force reimbursed the City $990 for salaries that originated from the U.S. Department of Justice. The City received $9,982 in grant funds from the Justice Department of purchase of police vests.

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 $13,475. 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 $5,390 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, 2014 is $0.

3-L. Other Required Individual Fund Disclosures

The Capital Projects Fund SPLOST 2011 had a deficit of $346,375for the fiscal year ending September 30, 2014. The fund has a $59,051 surplus to offset future deficits. The Electric Fund has an operating deficit of $116,198 due to transfers to the General Fund, Sanitation Fund and Industrial Fund. The Water and Sewer Fund has an operating deficit of $494,610 largely in part to the noncash item of depreciation.

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 $0.
*** The amount of post closure costs actually paid in the current year is $324,099.*

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, 2014

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%
01/01/14	7,467	8,043	576	92.840%	2,095	27.470%

City of Barnesville

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Budget and Actual-General Fund Types

For the Year Ended September 30, 2014

	GENERAL FUND (MAJOR FUND)			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Taxes				
2013 Property	$ 610,015	$ 633,636	$ 633,636	$ -----
Sales	600,000	597,486	597,486	-----
Intangible and Transfer	2,700	2,485	2,485	-----
Motor Vehicle	50,000	168,239	168,239	-----
Public Utilities Franchise	136,200	135,303	135,303	-----
Insurance Premium	320,000	367,172	367,172	-----
Malt Beverage	155,000	133,957	133,957	-----
Liquor	31,500	28,226	28,226	-----
	$ 1,905,415	$ 2,066,504	$ 2,066,504	$ -----
Business License and Permits	$ 101,800	$ 100,699	$ 100,699	$ -----
Departmental Revenues				
Police	$ 376,900	$ 243,108	$ 243,108	$ -----
Fire	-----	-----	-----	-----
Street and Right of Way	2,200	70,886	70,886	-----
Cemetery	20,000	21,900	21,900	-----
Civic Center	43,500	44,921	44,921	-----
Swimming Facilities	2,150	3,459	3,459	-----
	$ 444,750	$ 384,274	$ 384,274	$ -----
Other Revenues				
Rental Income	$ 271,556	$ 274,356	$ 274,356	$ -----
Tax Interest	5,500	5,798	5,798	-----
Miscellaneous	14,525	54,226	54,226	-----
Interest Earned	275	501	501	-----
	$ 291,856	$ 334,881	$ 334,881	$ -----
TOTAL REVENUE-CARRIED FORWARD	$ 2,743,821	$ 2,886,358	$ 2,886,358	$ -----

City of Barnesville
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Budget and Actual-General Fund Types
For the Year Ended September 30, 2014
(Continued)

	GENERAL FUND (MAJOR FUND)			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
TOTAL REVENUES- BROUGHT FORWARD	$ 2,743,821	$ 2,886,358	$ 2,886,358	$ -----
EXPENDITURES				
Current Operations				
Administrative and General	$ 966,435	$ 1,159,217	$ 1,159,217	$ -----
Police	1,292,129	1,400,113	1,400,113	-----
Fire	359,876	386,975	386,975	-----
Street and Right of Way	414,781	478,960	478,960	-----
Cemetery	47,300	50,149	50,149	-----
Civic Center	149,739	162,038	162,038	-----
Swimming Facilities	39,729	38,633	38,633	-----
Capital Outlay				
Current Operations	96,050	195,594	195,594	-----
Debt Service				
Principle	-----	60,000	60,000	-----
Interest	-----	1,825	1,825	-----
Total Expenditures	$ 3,366,039	$ 3,933,504	$ 3,933,504	$ -----
EXCESS REVENUE OVER <UNDER> EXPENDITURES	$< 622,218>	$<1,047,146>	$<1,047,146>	$ -----
OTHER FINANCING SOURCES (USES)				
Transfers In	$ 622,218	$ 900,955	$ 900,955	$ -----
Transfers Out	-----	-----	-----	-----
Loan Proceeds	-----	-----	-----	-----
Total Other Financing Sources (Uses)	$ 622,218	$ 900,955	$ 900,955	$ -----
NET CHANGE IN FUND BALANCES	$ -----	$< 146,191>	$< 146,191>	$ -----
FUND BALANCE- BEGINNING OF YEAR	-----	1,322,300	1,322,300	-----
FUND BALANCE- END OF YEAR	$ -----	$ 1,176,109	$ 1,176,109	$ -----

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, 2014

	CDBG (MAJOR FUND)			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental	$ 7,000	$ 7,967	$ 7,967	$ -----
Interest	-----	-----	-----	-----
TOTAL REVENUES	$ 7,000	$ 7,967	$ 7,967	$ -----
EXPENDITURES				
Current				
Miscellaneous	$ -----	$ -----	$ -----	$ -----
Program Payments	7,000	7,967	7,967	-----
Capital Outlay				
Current Operations	-----	-----	-----	
Debt Service				
Principal	-----	-----	-----	-----
Total Expenditures	$ 7,000	$ 7,967	$ 7,967	$ -----
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, 2014

	SPLOST 2011 (MAJOR FUND)			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental (Sales Tax)	$ 600,000	$ 624,076	$ 624,076	-----
Interest	-----	118	118	$ -----
TOTAL REVENUES	$ 600,000	$ 624,194	$ 624,194	$ -----
EXPENDITURES				
Current				
Miscellaneous	$ -----	$ -----	$ -----	$ -----
Program Payments	-----	-----	-----	-----
Capital Outlay				
Current Operations	600,000	970,569	970,569	-----
Total Expenditures	$ 600,000	$ 970,569	$ 970,569	$ -----
EXCESS REVENUES OVER <UNDER> EXPENDITURES	$ -----	$< 346,375>	$< 346,375>	$ -----
OTHER FINANCING SOURCES (USES)				
Transfers Out	$ -----	$ -----	$ -----	$ -----
Total Other Financing Sources (Uses)	$ -----	$ -----	$ -----	$ -----
NET CHANGE IN FUND BALANCES	$ -----	$< 346,375>	$< 346,375>	$ -----
FUND BALANCE- BEGINNING OF YEAR	-----	405,426	405,426	-----
FUND BALANCE- END OF YEAR	$ -----	$ 59,051	$ 59,051	$ -----

Supplementary Information

Governmental Funds

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, 2014

	HOTEL / MOTEL TAX (NON-MAJOR FUND)			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Hotel-Motel Tax	$ 15,000	$ 13,475	$ 13,475	$ -----
TOTAL REVENUES	$ 15,000	$ 13,475	$ 13,475	$ -----
EXPENDITURES				
Current				
Cultural and Recreation (Tourism)	$ 15,000	$ 13,475	$ 13,475	$ -----
Total Expenditures	$ 15,000	$ 13,475	$ 13,475	$ -----
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, 2014

	2014	2013
Salaries	$ 213,786	$ 202,384
Employee Benefits	73,266	72,393
Contract Labor	53,704	52,919
Legal and Professional Fees	55,556	49,342
Dues and Subscriptions	3,351	6,329
Advertising	1,246	2,964
Industrial Development Authority-Donation	75,000	75,000
E.P. Roberts Center	73,231	61,959
Office Supplies	17,881	36,932
Travel	3,600	3,796
Training Courses	3,269	7,086
Postage	30,009	25,281
Insurance	255,353	240,036
Utilities and Telephone	19,393	14,377
Public Property Expenditure	15,116	22,934
Maintenance Agreement	31,589	25,492
Repairs and Maintenance	7,499	8,260
Miscellaneous	15,322	2,872
McIntosh Trail RDC	6,537	6,591
Lamar County Health Clinic	500	500
Debt Service	61,825	-----
Flint River Regional Library	-----	5,808
Barnesville-Lamar County Library	50,333	98,183
Heating/Air Unit*	-----	7,925
Building (110 Merchants Way)*	-----	120,000
Total Expenditures	$1,067,366	$1,149,363

599,912

Considered Capital Outlay

City of Barnesville

General Fund

SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENDITURES

MAYOR AND COUNCIL

For the Year Ended September 30, 2014

10,200 salary
95,939 benefits

	2014	2013
Mayor and Council Salaries / Benefits	$ 106,139	$ 108,799
Mayor and Council Travel	20,100	20,100
Mayor and Council School and Training	22,145	17,821
Mayor and Council Supplies	4,359	3,031
Mayor and Council Telephone	933	1,312
Total Expenditures	$ 153,676	$ 151,043

City of Barnesville

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES

POLICE DEPARTMENT

For the Year Ended September 30, 2014

	2014	2013
REVENUES		
Fines	$ 204,847	$ 368,316
Accident Reports	252	391
Miscellaneous	18,571	26,542
Parking Violations	1,005	895
Interest	4	11
Intergovernmental Revenues	22,603	55,404
Total Revenues	$ 247,282	$ 451,559
EXPENDITURES		
Salaries	$ 865,942	$ 806,027
Employee Benefits	294,580	294,340
Supplies	45,079	27,988
Repairs and Maintenance	31,662	28,192
Maintenance of Prisoners	6,307	35,914
Utilities	13,247	13,088
Gas and Oil	64,599	58,798
Tires and Tire Repairs	2,837	3,703
Uniforms	7,761	6,766
Dues and Subscriptions (Computer)	6,898	7,524
Travel and Training Courses	6,515	8,048
Miscellaneous	73	12,461
Traffic Court Judge, Indigent Defense & Solicitor	27,700	30,500
Peace Officers and Prosecutions	13,914	18,315
Peace Officers' Annuity Benefits	5,007	6,098
GA Crime Victims Emergency Fund	3,550	3,928
Drug Testing	792	258
Jr. Police/Community Projects	-----	1,638
New Equipment*	117,513	74,738
Crime Lab and Brain and Spinal Injury Funds	653	703
County Drug Abuse Treatment	1,879	3,570
Driver Education and Training Fund	1,118	2,233
Total Expenditures	$ 1,517,626	$ 1,444,830
EXCESS EXPENDITURES OVER REVENUES	$<1,270,344>	$< 993,271>

*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, 2014

	2014	2013
REVENUES		
Miscellaneous	$ -----	$ -----
Total Revenues	$ -----	$ -----
EXPENDITURES		
Salaries	$ 234,469	$ 211,013
Employee Benefits	87,203	80,057
Supplies	9,938	7,968
Fire Calls and Drills	7,618	10,478
Gas and Oil	1,874	3,595
Radio Contract	2,558	2,790
Uniforms	6,635	2,027
Utilities	8,730	7,215
Retirement- Voluntary Firemen	3,960	3,960
Repairs and Maintenance	22,523	15,233
Drug Testing	143	126
Miscellaneous	1,324	395
Total Expenditures	$ 386,975	$ 344,857
EXCESS EXPENDITURES OVER REVENUES	$< 386,975>	$< 344,857>

City of Barnesville

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES
STREET AND RIGHT OF WAY DEPARTMENT

For the Year Ended September 30, 2014

	2014	2013
REVENUES		
Intergovernmental	$ 59,301	$ 55,274
Miscellaneous (Surplus)	9,852	7,335
Animal Control	1,733	2,657
Total Revenues	$ 70,886	$ 65,266
EXPENDITURES		
Salaries	$ 80,222	$ 41,594
Contract Labor	135,191	74,976
Employee Benefits	52,131	36,483
Supplies	40,650	47,146
Tires and Tire Repairs	1,193	2,209
Radio Contract	7,673	8,370
Gas and Oil	23,593	13,945
Utilities	2,541	3,538
Miscellaneous	7,543	253
Repairs (Including Service Agreements)	14,767	16,651
Public Works Contract	-----	17,404
Street Mowing Contract	64,620	64,620
State Contract	18,104	19,513
Animal Control	30,732	21,133
Street Paring*	78,063	------
Total Expenditures	$ 557,023	$ 367,835
EXCESS EXPENDITURES OVER REVENUES	$< 486,137>	$< 302,569>

<52,001> animal Control

*Reported under capital outlay on other statements and schedules.

505,022

City of Barnesville

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES

CEMETERY DEPARTMENT

For the Year Ended September 30, 2014

	2014	2013
REVENUES		
Sale of Cemetery Lots	$ 9,600	$ 11,175
Opening Graves	12,300	9,400
Miscellaneous	---	300
Total Revenues	$ 21,900	$ 20,875
EXPENDITURES		
Contract Labor	$ 11,625	$ 14,450
Miscellaneous	4,524	930
Mowing Contract	34,000	32,725
Total Expenditures	$ 50,149	$ 48,105
EXCESS EXPENDITURES OVER REVENUES	$< 28,249>	$< 27,230>

City of Barnesville

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES

CIVIC CENTER

For the Year Ended September 30, 2014

	2014	2013
REVENUES		
Miscellaneous-Rentals	$ 19,204	$ 18,993
Membership Fees	25,717	30,812
Total Revenues	$ 44,921	$ 49,805
EXPENDITURES		
Salaries	$ 91,739	$ 82,235
Supplies	10,299	12,032
Employee Benefits	25,814	28,355
Utilities	651	2,161
Miscellaneous	-----	5,923
Uniforms	1,592	1,133
Repairs	9,043	-----
Drug Testing	-----	63
Contract Labor	22,900	26,129
Total Expenditures	$ 162,038	$ 158,031
EXCESS EXPENDITURES OVER REVENUES	$< 117,117>	$< 108,226>

City of Barnesville

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES

SWIMMING FACILITIES

For the Year Ended September 30, 2014

	2014	2013
REVENUES		
Fees	$ 3,459	$ 2,514
Total Revenues	$ 3,459	$ 2,514
EXPENDITURES		
Salaries	$ 28,781	$ 24,952
Supplies	6,473	7,686
Employee Benefits	2,202	1,909
Utilities	862	1,026
Drug Testing	315	630
Repairs	-----	170
Total Expenditures	$ 38,633	$ 36,373
EXCESS EXPENDITURES OVER REVENUES	$< 35,174>	$< 33,859>

City of Barnesville

General Fund

SCHEDULE OF TAX DIGEST FOR YEAR 2013 AND TAX COLLECTIONS

For the Year Ended September 30, 2014

	DIGEST VALUATIONS	TAXES ON VALUATIONS	AMOUNT OF TAXES ON DIGEST
SUMMARY OF AD VALOREM TAXES			
Digest of Taxpayers	$ 89,992,661	$ 619,466	
NODS	-----	-----	
Public Utilities	2,292,921	10,311	
TOTAL ASSESSMENT	$ 92,285,582	$ 629,777	$ 629,777
Net Charge-Ons/Charge Offs			2,482
TOTAL TAX DIGEST			$ 632,259
Collection of 2013 Taxes			< 567,357>
TOTAL 2013 TAXES RECEIVABLE			$ 64,902
TOTAL PRIOR YEAR'S TAXES RECEIVABLE			35,939
TOTAL TAXES RECEIVABLE			$ 100,841

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, 2014

	ELECTRIC	SANITATION	INDUSTRIAL DEVELOPMENT	TOTALS
OPERATING REVENUES				
Charges for Service	$ 7,731,529	$ 647,746	$ -----	$ 8,579,275
Miscellaneous (MEAG)	250,000	15,468	-----	265,468
Total Operating Revenues	$ 8,181,529	$ 663,214	$ -----	$ 8,844,743
OPERATING EXPENSES				
Personal Services				
Salaries	$ 458,630	$ 131,403	$ -----	$ 590,033
Employee Benefits	176,476	67,576	-----	244,052
Total Personal Services	$ 635,106	$ 198,979	$ -----	$ 834,085
Operating Expenses				
Contractual Services	$ 6,450,543	$ 428,822	$ -----	$ 6,879,365
Supplies	107,663	2,978	-----	110,641
Gas and Oil	20,858	24,041	-----	44,899
Repairs and Maintenance	10,210	12,655	-----	22,865
Waste Disposal Fees	-----	15,350	-----	15,350
Miscellaneous	16,409	14,858	-----	31,267
Utilities	5,254	1,003	-----	6,257
Depreciation	13,522	1,524	15,219	30,265
Total Operating Expenses	$ 6,624,459	$ 501,231	$ 15,219	$ 7,140,909
Other Expenses				
Bad Debts	$ 32,137	$ 5,671	$ -----	$ 37,808
Total Other Expenses	$ 32,137	$ 5,671	$ -----	$ 37,808
Total Expenses	$ 7,291,702	$ 705,881	$ 15,219	$ 8,012,802
OPERATING INCOME <LOSS>	$ 889,827	$< 42,667>	$< 15,219>	$ 831,941
NONOPERATING REVENUE <EXPENSE>				
Interest Revenue	$ 574	$ 186	$ 514	$ 1,274
Contributed Capitol Completed SPLOST Project	$ -----	$ 1,434,766	$ -----	$ 1,434,766
NET INCOME <LOSS>	$ 890,401	$ 1,392,285	$< 14,705>	$ 2,267,981

City of Barnesville

Proprietary Funds

DEPARTMENT OF SCHEDULE OF REVENUES AND EXPENDITURES

WATER AND SEWERAGE FUND

For the Year Ended September 30, 2014

	WATER	SEWERAGE	TOTALS
OPERATING REVENUES			
Charges for Service	$ 1,688,692	$ 1,678,444	$ 3,367,136
Miscellaneous	702	702	1,404
Intergovernmental	60,540	-----	60,540
Total Operating Revenues	$ 1,749,934	$ 1,679,146	$ 3,429,080
OPERATING EXPENSES			
Personal Services			
Salaries	$ 494,745	$ -----	$ 494,745
Employee Benefits	149,451	-----	149,451
Total Personal Services	$ 644,196	$ -----	$ 644,196
Operating Expenses			
Contractual Services	$ 468,641	$ 394,042	$ 862,683
Contract Labor	9,635	-----	9,635
Supplies and Materials	168,257	124,794	293,051
Utilities	5,710	-----	5,710
Depreciation	677,185	393,658	1,070,843
Equipment Repairs	42,207	18,184	60,391
Miscellaneous	14,732	29,024	43,756
Total Operating Expenses	$ 1,386,367	$ 959,702	$ 2,346,069
Other Expenses			
Bad Debts	$ 10,380	$ 10,179	$ 20,559
Total Other Expenses	$ 10,380	$ 10,179	$ 20,559
Total Expenses	$ 2,040,943	$ 969,881	$ 3,010,824
OPERATING INCOME <LOSS>	$< 291,009>	$ 709,265	$ 418,256
NONOPERATING REVENUE <EXPENSE>			
Interest Revenue	$ 5,233	$ 5,233	$ 10,466
Interest Expense	< 461,666>	< 461,666>	< 923,332>
TOTAL NONOPERATING REVENUE <EXPENSE>	$< 456,433>	$< 456,433>	$< 912,866>
NET INCOME <LOSS>	$< 747,442>	$ 252,832	$< 494,610>

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, 2014

	2011 A, B & C BOND SERIES			TOTALS
	DEBT SERVICE	DEBT SERVICE RESERVE	RENEWAL & EXTENSION FUND	WATER AND SEWAGE DEBT RETIREMENT FUND
REVENUES				
Interest Income	$ 403	$ 2,049	$ 1,039	$ 3,491
EXPENSES				
Interest Expense	$ 923,255	$ -----	$ -----	$ 923,255
TOTAL EXPENSES	$ 923,255	$ -----	$ -----	$ 923,255
INCOME (LOSS) BEFORE TRANSFERS	$< 922,852>	$ 2,049	$ 1,039	$< 919,764>
TRANSFERS				
To General & Renewal Fund	$ -----	$ -----	$ -----	$ -----
From Water and Sewerage Fund	1,083,255	-----	-----	1083,255
From Debt Service Reserve	-----	-----	-----	-----
TOTAL TRANSFERS	$ 1,083,255	$ -----	$ -----	$ 1083,255
NET INCOME	$* 160,403	$ 2,049	$ 1,039	$ 163,491

* Not including Principal Reduction of $160,000.

Grant Information

COMMUNITY DEVELOPMENT BLOCK GRANT
Source & Applicable of Funds Schedule

City of Barnesville
06B-X-085-2-3191
For the Period Ending September 30, 2014

Total Program Year 2006 Funds Allocated to Recipient	$ 807,967
Less: Total Program Year 2006 Funds Drawn by Recipient	807,967
Less: Total Program Year 2006 Funds Deobligated by Recipient	-
Funds still available from Program Year 2006 Resources	-----
Total Program Year 2006 Funds Drawn and Received by Recipient	807,967
Less: Funds Applied and Expended to Program Year 2006 Costs	807,967
Total Program Year 2006 Funds held by Recipient	$ -----

STATEMENT OF SOURCE AND USE OF FUNDS

Community Development Block Grant
06B-X-085-2-3191
City of Barnesville

Year Ended September 30, 2014

	H-003-05	H-001-01	A-21A-00	H-008-00
Funds Draw Down Prior Years	$ 389,958	$ 296,887	$ 56,000	$ 57,156
Funds Draw Down Current Year	-----	-----	7,967	-----
Total Funds Draw Down	$ 389,958	$ 296,887	$ 63,967	$ 57,156
Funds Disbursed Prior Years	$ 389,958	$ 296,887	$ 56,000	$ 57,156
Funds Disbursed Current Year	-----	-----	7,967	-----
Total Funds Disbursed	$ 389,958	$ 296,887	$ 63,967	$ 57,156
Cash on Hand September 30, 2014	$ -----	$ -----	$ -----	$ -----

Special Purpose Local Option Sales and Use Tax Information

J. Robyn Underwood, CPA

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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, 2014. 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, 2014, in conformity with accounting principles generally accepted in the United States of America.

J. Robyn Underwood, CPA
December 14, 2014

City of Barnesville
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
For the Year Ended September 30, 2014

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	$ -----	$ 24,020	$ 24,020	3.67%
Construction and Equipping Other Public Projects (Landfill)	785,381	527,881	906,885	1,434,766	100%
Construction and Renovation of Public Facilities (Library and Summers Field)	1,082,143	14,176	46,122	60,298	5.6%
Improvements to Water and Sewer Systems	1,197,672	131,360	*<6,459>	124,901	10.41%
	$3,730,163	$ 673,417	$ 970,368	$ 643,985	

*Return of supplies purchased in prior year.

Report on Internal Control

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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 (No 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, each major fund, and the aggregate remaining fund information of the City of Barnesville, Georgia as of and for the year ended September 30, 2014, and have issued our report thereon dated December 15, 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. The item is reported in the Schedule of Findings and Responses as item 14-01 and is to be considered a significant deficiency.

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 not identify any deficiencies in internal control that we consider to be material weaknesses; however, material weaknesses may exist that have not been identified.

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
December 15, 2014

Schedule of Findings and Questioned Costs

City of Barnesville
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2014

As of September 30, 2014, the schedule of findings and questioned costs pertain to the following:

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

13-01 Financial Reporting
Condition: The semi newly obtained financial software does not adequately report the financial status of the City. Effect: Account balances are incorrect, and unauthorized entries to the financial statements are posted. Cause: The financial software appears to possess errors. Remedy: Continue to communicate with the software provider to resolve issues. Management's Response: We concur with the finding. We have contacted our software provider with our concerns and requested their prompt attention in resolving the software's issues. This finding should be resolved by May 30, 2015.

(Compliance and Other Matters) related to the financial statements which are to be reported in accordance with Government Auditing Standards

None.

As of September 30, 2014, the schedule of findings and questioned costs pertain to the following:

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

Prior Year Findings

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

None.

(Compliance and Other Matters) related to the financial statements which are to be reported in accordance with Government Auditing Standards

13-01 Financial Reporting
Condition: The newly obtained financial software does not adequately report the financial status of the City. Effect: Account balances are incorrect, errors in posting procedures occur, postings of funds received are not processed by the software and unauthorized entries to the financial statements are posted. Cause: The financial software appears to be inadequate. Remedy: Obtain a compatible and sufficient software program. Management's Response: We concur with the finding. We have contacted our software provider with our concerns and requested their prompt attention in resolving the software's issues. This finding should be resolved by June 30, 2014.
**This item has been semi-corrected.*

13-02 Internal Control over Financial Reporting
Condition: Corrective action was not implemented in a timely fashion to remedy deficiencies in the new financial reporting software which resulted in inaccurate financial reporting. Effect: The financial statements are not reflecting the accurate financial position of the City. Remedy: The City Finance Director should implement more effective and timely monitoring and corrective actions to identify and correct reporting inaccuracies. Management's Response: We concur with the finding. The City Finance Director is in the process of implementing more effective and timely monitoring procedures once the software issues are resolved that include monthly analysis of accounts to ensure proper software functionality. **This finding has been corrected.*